

Interim report

Q2 2021



GREEN
HYDROGEN
SYSTEMS

Following the successful listing on Nasdaq Copenhagen in June 2021, Green Hydrogen Systems delivers strong order backlog growth while scaling the production facility to 400 MW executing as planned in line with the targets towards 2025.

Performance highlights for Q2 2021

- Converting sales pipeline to firm customer orders with backlog increase of 6.2 MW or +1,000% compared to Q2 2020
- Revenue from customer contracts of DKK 1.6 million compared to DKK 0.3 million in Q2 2020
- Gross profit of DKK 1.2 million compared to DKK 0 million in Q2 2020
- Strong investor support in the recent listing of Green Hydrogen Systems at Nasdaq Copenhagen resulting in a solid cash position of DKK 1,121 million
- Positive commercial traction:
 - Three firm customer orders in Q2 2021 and further two orders in July and August 2021 totaling 4.3 MW confirming Green Hydrogen Systems' technology offering and price point in the focus markets Europe and OECD Asia
 - Decision made on factory expansion to an annual production capacity of 400 MW positioning Green Hydrogen Systems as a leading, global electrolyser manufacturer
 - Final grant preparation phase for a 100 MW electrolyser project as part of the EU's Horizon 2020 funding programme
 - Entering Master Supply Agreement concerning supply, operation, service and maintenance of electrolysers with up to 24 MW capacity to the GreenLab Skive project
 - Continued ramp-up and onboarding of competent resources supporting the growth objectives for the company

Accounting impact, non-cash

In Q2 2021, net profit was DKK -351 million of which DKK -317 million were related to an expected non-cash fair value adjustment mechanism derived from the convertible loan facility entered in December 2020 with A. P. Møller Holding, Nordic Alpha Partners and Norlys, as described in the Prospectus. The conversion of the loan at fair value has positively impacted equity by DKK 317 million offsetting the impact on net financials.

Guidance for 2021

The full year guidance for 2021 (updated 22 July 2021) is maintained:

- | | |
|----------------|-----------------------------------|
| • Revenue | DKK 40-60 million |
| • Gross profit | Broadly neutral in absolute terms |
| • EBITDA | DKK -105 to -115 million |
| • EBIT | DKK -120 to -130 million |
| • R&D | DKK 75-85 million |
| • CAPEX | DKK 135-145 million |

The guidance for 2021 assumes, that the operation will not be adversely affected by abnormal disruptions partly or fully preventing Green Hydrogen Systems from selling, producing and delivering the products and services.

Sebastian Koks Andreassen, CEO of Green Hydrogen Systems comments: *"During second quarter of 2021, the green hydrogen industry experienced strong sentiment from policy makers and investors in the EU, US and Asia. Visions and declarations of intent start turning into actual regulation moving societies towards a future where green hydrogen will play a central role in a sustainable energy system. With the recent IPCC report 'Climate Change 2021' the call for action has become even more evident. I'm pleased to see, that we in Green Hydrogen Systems have experienced this momentum in our customer dialogues and order intake, and with the recent decision on expanding our production capacity to 400 MW we will be positioned to take part of the future scale-up of the global green hydrogen value chain."*

Conference call details

In connection with the announcement of the interim financial report for the first 6 months of 2021, Green Hydrogen Systems will host a conference call for existing and potential new investors. **The conference call will take place 18 August 2021 at 10:30 CET.** Please visit investor.greenhydrogen.dk to access the presentation used for the meeting.



Conference call details
[https://webinars.on24.com/q4/
GreenHydrogen_Q2_2021](https://webinars.on24.com/q4/GreenHydrogen_Q2_2021)

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Forward-looking statements

This announcement contains forward-looking statements. Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'outlook', 'guidance', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

Please also refer to the overview of risk factors in page 9-37 of the Prospectus available at greenhydrogen.dk.



Q3 2021 Trading Statement

Date
2 November 2021



Annual Report 2021

Date
2 March 2022

For more info please contact:

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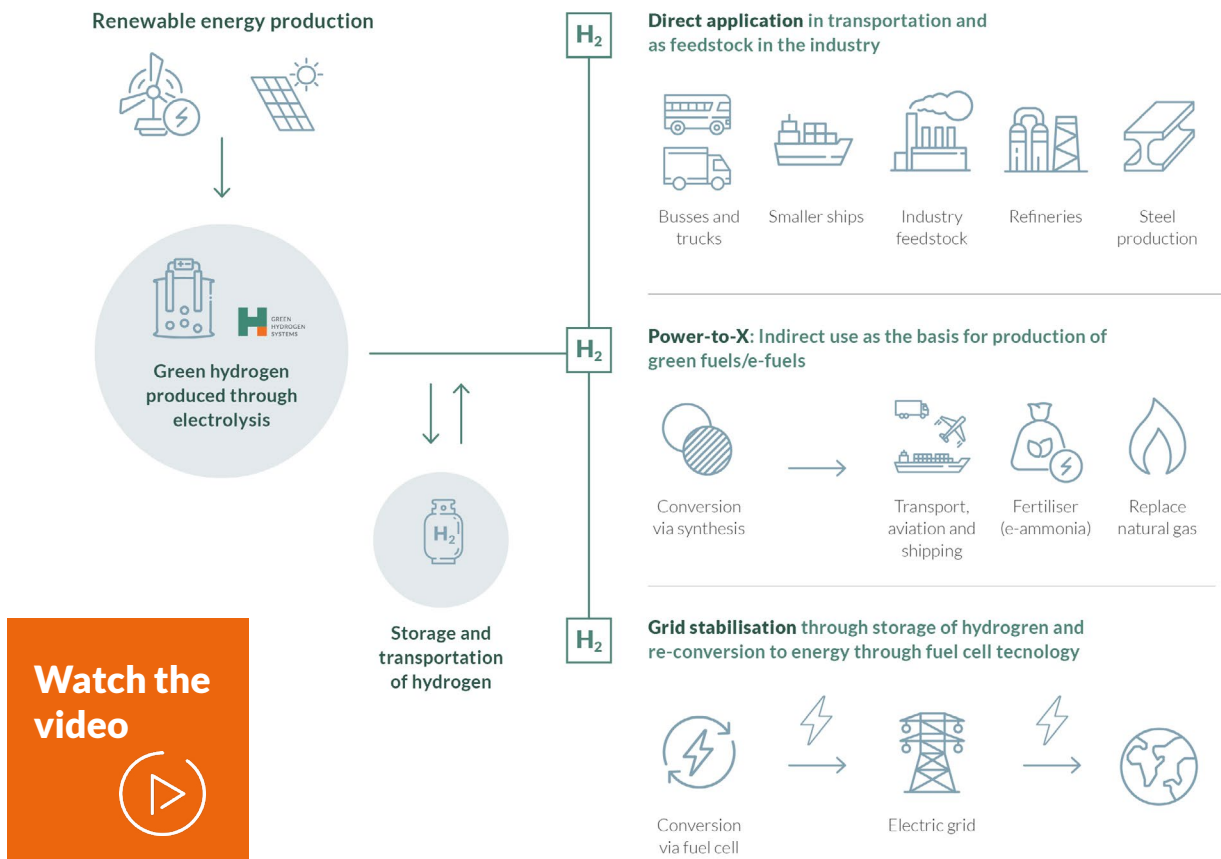
Key Figures

DKK '000	Q2 2021	Q2 2020	6M 2021	6M 2020	Full year 2020
Customer orders					
Order backlog end of period	57,000	6,500	57,000	6,500	38,500
Order backlog end of period (MW)	6.8	0.6	6.8	0.6	4.9
Profit & loss					
Revenue from contracts with customers	1,554	334	1,874	426	9,433
Operating profit, EBIT	-33,454	-10,718	-71,642	-18,828	-72,689
Net financials	-318,488	-296	-324,668	-322	-2,861
Net profit for the period	-350,567	-10,528	-392,560	-18,380	-73,241
Balance sheet					
Total assets	1,302,548	47,329	1,302,548	47,329	232,898
Equity	1,108,643	2,259	1,108,643	2,259	-4,077
Cash flows					
Operating activities	-26,463	12,809	-69,097	6,990	-25,172
Investing activities	-24,385	-5,471	-35,267	-6,701	-31,625
Financing activities	1,069,654	-493	1,069,845	-1,631	203,338
Free cash flow	-50,848	7,338	-104,364	289	-56,797
Cash and cash equivalents	1,121,434	8,070	1,121,434	8,070	155,953
Changes in net working capital	-4,578	22,065	-15,281	23,875	31,307
Employees					
Employees at the end of the period	89	32	89	32	52
Financial key ratios					
Solvency ratio (%)	85%	5%	85%	5%	-2%
Return on invested capital (%)	-46%	-8%	-52%	-42%	-53%
Return on equity (%)	-64%	53%	-72%	-161%	-890%
Other performance measures					
Gross profit	1,190	12	522	-60	-4,022
Gross profit margin	77%	4%	28%	-14%	-43%
Total R&D spend	25,433	3,614	12,885	6,461	20,385
EBITDA	-30,813	-10,043	-67,266	-17,558	-69,617
EBITDA margin	-1,983%	-3,007%	-3,589%	-4,122%	-738%
Intangible CAPEX	12,102	2,208	19,200	3,499	11,490
Tangible CAPEX	22,042	3,162	20,584	3,202	20,647
Total CAPEX	34,144	5,370	39,784	6,701	32,137

Green Hydrogen Systems in brief

Green Hydrogen Systems is a clean technology company and an electrolyser OEM (Original Equipment Manufacturer) established in 2007, headquartered in Kolding, Denmark. The Company develops, manufactures, and markets electrolysis systems and related services for the production of green hydrogen using renewable electricity.

Green hydrogen can play a central role at the heart of a future sustainable energy system covering all parts of global societies. Green hydrogen is an efficient, highly versatile, and completely carbon neutral energy carrier. Due to these characteristics, it can be used directly or indirectly in sectors which are otherwise hard to decarbonize, and it can be used to efficiently store and transport renewable energy. As a result, the demand for green hydrogen is surging, requiring a significant scale-up of electrolysis capacity.



Strong societal and political push to limit CO2 emissions

Globally there is a common goal of reducing CO2 emissions to curb climate change. 196 UN member states have signed the Paris Agreement to limit global warming. In Europe, the European Commission has increased its targets, and now require a 55% CO2 reduction by 2030. In Denmark, the similar target is to reduce emissions by 70% in 2030. At the time of the 2019 UN Climate Summit, 66 countries had announced net-zero carbon emissions targets by 2050.

Regulatory push in national hydrogen strategies

Governments are increasingly recognizing hydrogen's role in reaching CO2 reduction targets, particularly in sectors that are difficult to decarbonise. As a result, green hydrogen policies and strategies are adopted in many countries around the world. In 2020, France, Germany, the Netherlands, UK, Norway, Italy, Spain and Portugal announced ambitious national hydrogen strategies.

On top of this, EU announced a hydrogen strategy targeting 6 GW of installed green hydrogen capacity by 2024, and 40 GW by 2030, compared with the current around 0.3 GW installed green hydrogen capacity in the EU today. The EU estimates that reaching the green hydrogen targets for 2030 will require investments in electrolyzers of between EUR 24-42 billion.

Scaling production capacity to meet surging demand

Based on the growth in political and industrial interest, Green Hydrogen Systems is experiencing solid commercial momentum and with multiple installations already operating in Northern Europe, the company is scaling its operations to accommodate further growth. Green Hydrogen Systems has already been selected as electrolysis system provider in several projects involving well-reputed green energy companies.

Green Hydrogen Systems operates a 4,500 m² facility built to provide the highest levels of efficiency, quality and safety. The expected production capacity from the current factory is 75 MW per year by the end of 2021 while the recently decided second expansion phase will increase the capacity to 400 MW per year over the next years.

A product strategy with three main pillars

Competitive technology – Green Hydrogen Systems has explored different technologies and has decided to fully prioritise pressurised alkaline electrolysis as its core technology, which is well-positioned in terms of reliability, efficiency and physical footprint. It can operate dynamically at variable loads with fast ramp-up and down, which is key for integration with renewable power. Another advantage is that the electrolyzers do not require scarce, emission intensive and price-sensitive materials like iridium and platinum.

Modular and versatile solutions suited for serial production – Green Hydrogen Systems' standardised electrolyzers are based on a modular design, and each module can be used as a stand-alone electrolyser or combined in clusters for larger multi-MW and GW applications. All modules are pre-tested at the factory in Kolding before being shipped to the customer which allows for rapid deployment on-site. Furthermore, the standard modular design is suited for serial manufacturing at industrial scale which enables to drive down the costs for electrolyzers considerably.

Significant potential to reduce cost of hydrogen - While Green Hydrogen Systems has no influence over the cost of renewable energy, it can influence other factors affecting the cost of hydrogen for end-users. This includes cost of the electrolyser, installation, maintenance and energy conversion efficiency and continuously progressing to reduce costs of hydrogen to make it an even more compelling choice.

Business highlights

Customer orders

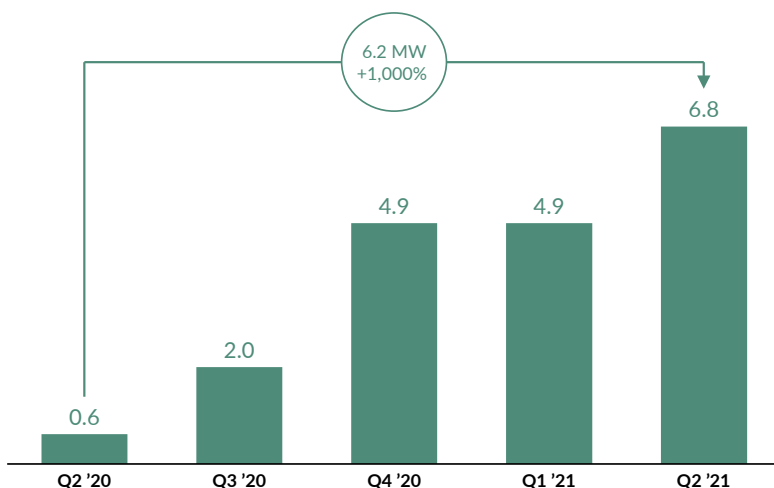
In Q2 2021 three orders totaling 2.0 MW were signed. The orders were signed with end-customers in United Kingdom, Australia and Chile, underlining the global focus and momentum in green hydrogen. The three orders were won in public tenders which further substantiates the competitiveness of Green Hydrogen Systems' technology and price point.

<p>0.9 MW</p> <p>United Kingdom based customer</p> <p>Capacity: 2x HyProvide A90 containerized electrolysers with a combined capacity of 0.9 MW</p> <p>Application: Transportation</p> <p>Other: Support services including on-site maintenance and remote monitoring as part of a 3 year service agreement</p> <p>Read more</p>	<p>0.6 MW</p> <p>Chile based customer</p> <p>Capacity: 2x HyProvide A60 containerized electrolysers with a combined capacity of 0.6 MW</p> <p>Application: Transportation</p> <p>Other: Support services including on-site maintenance and remote monitoring as part of a 3 year service agreement</p>	<p>0.5 MW</p> <p>Hydrogen Fuels Australia</p> <p>Capacity: 1x HyProvide A90 containerized electrolysers with a combined capacity of 0.5 MW</p> <p>Application: Transportation</p> <p>Other: Support services including on-site maintenance and remote monitoring as part of a 3 year service agreement</p> <p>Read more</p>
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The signed orders during Q2 2021 increased the total equipment backlog to 6.8 MW by the end of Q2 2021 – an increase of 6.2 MW or 1,000% compared to Q2 2020. A substantial part of the backlog of 6.8 MW is expected to be delivered in 2021 and corresponds to a total contract value of around DKK 57 million.

Order backlog

Megawatt (MW)



The commercial traction has continued during July and August where additional contracts of 2.3 MW have been signed with two new customers based in Germany and United Kingdom.

Both the signed orders in Q2 2021 and the recent two orders are entered outside Denmark on commercial terms underlining Green Hydrogen Systems as a well-positioned global electrolyser manufacturer.

Pipeline building up

In July 2020, the European Commission presented 'A hydrogen strategy for a climate-neutral Europe (the EU Green Deal)' to support the EU's commitment to reach carbon neutrality by 2050. Green hydrogen is set to be a key element to achieve Europe's clean energy transition with specific targets for green hydrogen production defined towards 2050. In 2020, a total electrolyser capacity of 0.2 GW was operating in Europe. Already by 2024, the capacity is expected to increase to 6 GW and further to 40 GW by 2030. Similar ambitions to the implementation of green hydrogen in national or regional energy strategies are present in Green Hydrogen Systems' other focus markets in OECD Asia covering Australia, Japan and South Korea.

The political focus on implementing green hydrogen in the energy systems is reflected in the continuous announcements of green hydrogen projects globally. With the current product offerings within the A-Series and the planned launch of the X-Series, Green Hydrogen Systems is able to target a wide range of projects focused on different end-use applications. This is also reflected in Green Hydrogen Systems' project pipeline with customer dialogs on projects varying from 0.5 MW to +1,000 MW.

Organisation, safety and employees

By the end of Q2 2021, Green Hydrogen Systems employed a total of 89 employees. This is an increase of 178% or 57 employees compared to Q2 2020. The rapid organisational growth is in line with the business plan of reaching more than 300 employees in 2025 as demand for Green Hydrogen Systems' product offering continues to grow. It is crucial for the ongoing product development and competitiveness to secure a strong technical capability in the organisation. The focus in technical and scientific competencies is reflected in the employee composition where approximately 50% of the employees are employed in highly technical functions including R&D and technical aspects of operations such as production technology, test and service.

Safety and health of Green Hydrogen Systems' employees and other stakeholders is the uncompromising priority number one. Green Hydrogen Systems continuously promotes an organizational culture with the safety mindset "take care" in all production processes in order to maintain awareness and take actions for a safe working environment. The Company monitors safety on a daily basis, and registers and handles potential incidents to track and improve health and safety aspects across the organisation – a crucial focus also in a fast growing organisation.



Project with
GreenLab
Skive

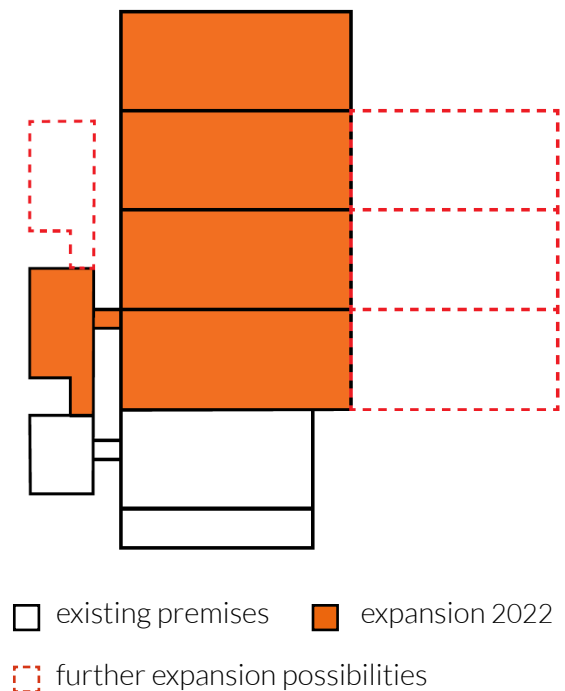
Other commercial highlights

Expansion of production facilities to 400 MW

During Q2 2021, Green Hydrogen Systems has explored opportunities of expanding its current manufacturing, R&D, and office facilities. A decision on a second expansion phase was made in July 2021 will lead to a production capacity increase from 75 MW to 400 MW. Further, the expansion will accommodate the expected organisational growth from 89 employees end of Q2 2021 to more than 300 employees by 2025.

The new facilities will optimise the production and accommodate the increasing demand for large-scale projects and significantly speed up the development and launch of the new product range called the X-Series positioning Green Hydrogen Systems as a leading, global electrolyser manufacturer.

In addition to the expansion project, Green Hydrogen Systems 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. Importantly, this ownership structure will provide maximum control, flexibility and independence to continue the company's growth.



GreenHyScale – a 100 MW electrolyser project as part of the EU's Horizon 2020 funding programme

In collaboration with a consortium of partners, Green Hydrogen Systems has applied for a grant under the EU's Horizon 2020 Framework Programme (H2020) to support a planned large-scale green hydrogen project called GreenHyScale. The project is currently in the grant preparation phase awaiting final confirmation from EU's representatives. As a first step in the project, a 6 MW electrolyser system will be demonstrated which subject to satisfactory performance may be expanded to a total of 100 MW capacity electrolysis plant. Green Hydrogen Systems will also develop and deliver a 7.5 MW electrolysis system for offshore deployment. The electrolysis plant will be located on or nearby the GreenLab Skive facility in Denmark. A potential grant agreement may provide an approximate 50% EU funding rate for Green Hydrogen Systems' development activities in the GreenHyScale project. If the full 100 MW electrolysis capacity is to be delivered to the GreenHyScale project, Green Hydrogen Systems will be the sole supplier of such electrolysis capacity.

Read more in the press release here: <https://greenhydrogen.dk/greenhyscale/>

GreenLab Skive – 24 MW Master Supply Agreement

In May 2021, Green Hydrogen Systems entered into a Master Supply Agreement concerning supply, operation, servicing and maintenance of electrolysers with up to 24 MW capacity split in two phases to the GreenLab Skive project in Denmark. Green Hydrogen Systems expects to deliver 29 A-Series A90 electrolyser units for the first phase in Q4 2022 and 26 A-Series A90 electrolyser units for the second phase in Q1 2023. For the first phase covering the initial 24 months of operation, Green Hydrogen Systems will be responsible for the operation of the 29 A90 electrolysers. 24 months after delivery, expectedly in Q4 2024, the project partners Lhyfe and Eurowind Energy will take over ownership and operational responsibility for the initial 29 A90 electrolysers. Ownership and operational responsibility for the second phase delivery of 26 A90 electrolysers is to transfer to Lhyfe and Eurowind Energy on delivery expectedly in Q1 2023. Equipment, service and other supplementary agreements are expected to be finalized in Q3 2021.

Read more in the press release here: <https://greenhydrogen.dk/partnership-with-eurowind-and-lhyfe/>

ISO certification

In July 2021, Green Hydrogen Systems achieved certification for the following ISO standards with expected release of certificates in September 2021:

- ISO9001 Quality management systems
- ISO14001 Environmental Management
- ISO45001 Occupational health and safety management systems

The adaptation and implementation of safety, health, environment and quality management processes in compliance with said standard helps ensure Green Hydrogen Systems to develop, produce, test, deliver, install and service world class efficient and reliable electrolyzer system for the benefit of the customers, while protecting the environment and keeping employees and users safe at all time. Furthermore, a standardized system forms the basic for continually improving systems and performance, while addressing and mitigating risks.

Medium-term targets 2025

Based on the expected development in the market for production of electrolysers and use of green hydrogen, Green Hydrogen Systems has established financial growth targets towards 2025. By 2025, Green Hydrogen Systems expects to deliver +200 MW of electrolyser capacity (6-7 MW in 2021) combined with service & maintenance activities for an install base of 300-400 MW resulting in an expected revenue of DKK +1,000 million. This corresponds to an average growth of more than 100% per year from 2020 to 2025 with the highest growth rates in the middle to the later part of the period.

Based on the realisation of cost efficiencies and scaling benefits following the increased demand for electrolyser capacity, Green Hydrogen Systems targets to realise a steady improvement in gross profit margin reaching a level of around 25% by 2025.

In line with the business plan, substantial investments will be targeted toward the continuation of R&D efforts, production scale-up and organisational ramp-up. These investments are expected to impact EBITDA the coming two to three years, leading to a planned decline in the absolute EBITDA level before gradual improvements that support the aspiration of reaching a high single-digit EBITDA margin in 2025.



**Project with
Siemens
Gamesa**

Financial performance

Profit & loss

DKK '000	Q2 2021	Q2 2020	6M 2021	6M 2020	Full year 2020
Profit & loss					
Revenue from customer contracts	1,554	334	1,874	426	9,433
Gross profit	1,190	12	522	-60	-4,022
Gross profit margin	77%	3.6%	28%	-14%	-43%
EBITDA	-30,813	-10,043	-67,266	-17,558	-69,617
Operating profit, EBIT	-33,454	-10,718	-71,642	-18,828	-72,689
Net financials	-318,488	-296	-324,668	-322	-2,861
Net profit for the period	-350,567	-10,528	-393,560	-18,380	-73,241

Revenue

In Q2 2021, revenue from customer contracts was DKK 1.6 million. This is an increase of DKK 1.3 million compared to Q2 2020. The revenue in Q2 2021 was mainly derived from a cancelled order entered in 2018.

Green Hydrogen Systems has been developing and testing the HyProvide A60 and A90 electrolyser models with planned commercial launch and delivery from second half 2021. Consequently and as planned, no customer orders have been delivered and revenue recognized in the first six months of 2021. However, a substantial part of the backlog of 6.8 MW is expected to be delivered and revenue recognized in the second half of 2021.

Gross profit

Gross profit was DKK 1.2 million corresponding to a gross profit margin of 77%. Gross profit was up by DKK 1.2 million compared to Q2 2020. Revenue from the cancelled order positively impacted gross profit as the equipment in question is capitalized for use in the R&D process hence not impacting direct costs and gross profit in Q2 2021.

EBITDA

In Q2 2021, EBITDA was DKK -31 million compared to DKK -10 million in Q2 2020. The negative development in EBITDA was a direct consequence of the planned upscaling of the organisation which has grown by 57 employees or 178% compared to Q2 2020. Further, in Q2 2021 EBITDA is negatively impacted by IPO related costs of DKK 10-15 million.

Net financials and net profit

In Q2 2021, net financial was DKK -318 million due to a non-cash fair value adjustment of a convertible loan facility entered in December 2020 with A. P. Møller Holding, Nordic Alpha Partners and Norlys. The risk of a non-cash adjustment impacting net financials was described in the Annual Report 2020 in note 21 and note 22. In Q2 2020 net financials were DKK -0.3 million.

Net profit was DKK -351 million in Q2 2021 compared to DKK -11 million in Q2 2020.

Balance sheet

DKK '000	Q2 2021	Q2 2020	6M 2021	6M 2020	Full year 2020
Balance sheet					
Total assets	1,302,548	47,329	1,302,548	47,329	232,898
Equity	1,108,643	2,259	1,108,643	2,259	-4,077
Free cash flow	-50,848	7,334	-104,364	289	-56,797
Cash and cash equivalents	1,121,434	8,070	1,121,434	8,070	155,953

Balance Sheet

As of 30 June 2021, total assets were DKK 1,303 million compared to DKK 47 million as of 30 June 2020. The increase was mainly driven by proceeds from Green Hydrogen Systems' listing at Nasdaq Copenhagen. Further, total assets have increased due to additions in intangible assets (R&D, product development), PPE and right-of-use assets. Likewise, equity increased by DKK 1,106 million compared to 30 June 2020 mainly due to proceeds from share issues in connection with the listing at Nasdaq Copenhagen.

Free cash flow and cash balance

In Q2 2021, free cash flow was DKK -51 million compared to DKK 7 million in Q2 2020. The negative free cash flow development of DKK 58 million was mainly due to an increase in inventories, negative development in net profit and additions to tangible and intangible assets. In Q2 2021, net cash flow was DKK 1,019 million as a result of proceeds from the share issue. Additional proceeds of DKK 165m from the IPO overallotment option in connection with the share issue was recognized in July 2021, hence not included in Q2 2021 cash flows. By the end of Q2 2021, cash and cash equivalents were DKK 1,121 million.

For details on related party transactions please refer to note 14.

Management's statement

The Executive Management and Board of Directors of Green Hydrogen Systems A/S have today considered and adopted the Interim Financial Statements for the first six months of 2021. The financial report has not been audited or reviewed by the Company's independent auditors.

The Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU.

In our opinion the Interim Financial Statements give a true and fair view of the financial position at 30 June 2021 of the Company and of the results of the Company operations for the first six months of 2021.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the period and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

Kolding, 18 August 2021

Executive Management

Sebastian Koks Andreassen

Kenneth Bergstrøm-Andersen

Board of Directors

Thyge Boserup (Chairman)

Troels Øberg (Vice Chairman)

Lars Valsøe Bertelsen

Christian Clausen

Thomas Thune Andersen

Jakob Fuhr Hansen

Simon Krogsgaard Ibsen

Karen-Marie Katholm

Financial statements

Statement of profit or loss

DKK '000	Notes	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Revenue from contracts with customers	4	1,554	334	1,874	426	9,433
Other operating income		363	260	638	1,601	2,793
Total revenue & operating income		1,917	594	2,512	2,027	12,226
Changes in inventory of finished goods and work in progress		9,582	876	10,558	1,574	36
Raw materials and consumables used		-14,293	-832	-17,539	-4,015	-17,208
Work performed by the Company and capitalised		10,251	2,077	16,804	3,268	10,485
Employee costs		-25,518	-7,330	-48,613	-12,036	-39,571
Other operating expenses	6	-12,752	-5,428	-30,988	-8,376	-35,585
Operating profit / (loss) before depreciation, amortisation and impairment losses (EBITDA)		-30,813	-10,043	-67,266	-17,558	-69,617
Depreciation and amortisation	9, 10, 11	-2,641	-675	-4,376	-1,270	-3,072
Operating profit/(loss) (EBIT)		-33,454	-10,718	-71,642	-18,828	-72,689
Financial income		0	0	0	0	2
Financial expenses		-318,488	-296	-324,668	-322	-2,861
Profit/(loss) before tax		-351,942	-11,014	-396,310	-19,150	-75,548
Income tax		1,375	486	2,750	770	2,307
Profit/(loss) for the period		-350,567	-10,528	-393,560	-18,380	-73,241
Earnings per share attributable to shareholders		-8.10	-0.47	-9.82	-0.83	-2.47
Diluted earnings per share attributable to shareholders		-8.10	-0.47	-9.82	-0.83	-2.47

Statement of comprehensive income

DKK '000	Notes	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Profit / (loss) for the period		-350,567	-10,528	-393,560	-18,380	-73,241
Total comprehensive income for the period		-350,567	-10,528	-393,560	-18,380	-73,241

Financial statements

Balance Sheet

Assets, DKK '000	Notes	30 June 2021	30 June 2020	31 December 2020
Intangible assets	9	34,138	9,547	16,459
Property, plant and equipment	10	40,062	3,340	20,635
Right-of-use assets	11	37,577	1,421	14,535
Income tax receivables		2,750	0	0
Deposits		7,152	3,222	6,205
Total non-current assets		121,679	17,530	57,834
Inventories		42,080	14,202	7,611
Trade receivables		886	856	4,052
Income tax receivables		2,527	2,145	2,527
Prepayments		1,962	147	227
Other receivables		11,980	4,379	4,694
Cash and cash equivalents		1,121,434	8,070	155,953
Total current assets		1,180,369	29,799	175,064
Total assets		1,302,548	47,329	232,898
Liabilities, DKK '000	Notes	30 June 2021	30 June 2020	31 December 2020
Share capital		77,862	22,204	36,805
Share premium		1,579,914	18,115	39,328
Reserve for treasury shares		0	-1,050	0
Reserve for development costs		23,036	7,059	12,147
Accumulated deficit		-572,169	-44,069	-92,357
Total equity		1,108,643	2,259	-4,077
Borrowings		19,392	2,988	170,287
Lease liabilities	11	32,944	817	12,303
Other payables		1,350	1,033	1,350
Total non-current liabilities		53,686	4,838	183,940
Borrowings		7,215	509	4,089
Trade payables	17	95,966	6,943	25,358
Lease liabilities	11	5,053	602	2,228
Contract liabilities		14,718	5,645	7,889
Deferred income		2,445	3,191	3,239
Provisions		2,976	485	984
Other payables		11,846	22,857	9,248
Total current liabilities		140,219	40,232	53,035
Total liabilities		193,905	45,070	236,975
Total equity and liabilities		1,302,548	47,329	232,898

Financial statements

Statement of changes in equity

DKK '000	Notes	Share capital	Share premium	Reserve for treasury shares	Reserve for development costs	Accumulated deficit	Total equity
Equity at 1 January 2020		22,204	18,115	0	5,002	-24,787	20,534
Profit / (loss) for the period		0	0	0	2,057	-20,437	-18,380
Total comprehensive income for the period		0	0	0	2,057	-20,437	-18,380
Transactions with owners in their capacity as owners							
Purchase of treasury shares		0	0	-1,050	0	0	-1,050
Share-based payments	5	0	0	0	0	1,155	1,155
Total transactions with owners		0	0	-1,050	0	1,155	105
Equity at 30 June 2020		22,204	18,115	-1,050	7,059	-44,069	2,259
Equity at 1 January 2021		36,805	39,328	0	12,147	-92,357	-4,077
Profit / (loss) for the period		0	0	0	10,889	-404,449	-393,560
Total comprehensive income for the period		0	0	0	10,889	-404,449	-393,560
Transactions with owners in their capacity as owners							
Capital increase, cash	12	27,556	1,073,193	0	0	0	1,100,750
Conversion of loan into shares, non-cash	12	12,047	465,258	0	0	0	477,305
Exercise of warrants	12	1,453	2,135	0	0	0	3,588
Share-based payments	5	0	0	0	0	14,243	14,243
Transaction costs for equity issuance		0	0	0	0	-89,606	-89,606
Total transactions with owners		41,056	1,540,586	0	0	-75,363	1,506,280
Equity at 30 June 2021		77,862	1,579,914	0	23,036	-572,169	1,108,643

Financial statements

Cash flow statement

DKK '000	Notes	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Profit/(loss) for the period		-350,566	-10,529	-393,560	-18,380	-73,241
Changes in net working capital	16	-4,578	22,065	-15,281	23,875	31,307
Adjustments	16	330,628	1,472	342,527	1,819	15,957
Interests paid		-1,948	-207	-2,783	-324	-572
Income taxes paid/received		0	0	0	0	1,372
Net cash flow from operating activities		-26,463	12,805	-69,097	6,990	-25,172
Payment for property, plant and equipment		-12,968	-3,162	-17,353	-3,202	-20,647
Payment for development costs and other intangibles		-11,417	-2,309	-17,914	-3,499	-10,978
Net cash flow from investing activities		-24,385	-5,471	-35,267	-6,701	-31,625
Principal elements of lease payments		-763	-166	-1,322	-254	-1,008
Proceeds from borrowings		6,537	0	6,537	0	202,997
Repayment of borrowings		-1,562	-327	-1,562	-327	-745
Proceeds from share issues		1,103,588	0	1,104,338	0	3,144
Transaction costs for equity issuance		-38,146	0	-38,146	0	0
Purchase of treasury shares		0	0	0	-1,050	-1,050
Net cash flow from financing activities		1,069,654	-493	1,069,845	-1,631	203,338
Net cash flow for the period		1,018,805	6,841	965,481	-1,342	146,541
Cash and cash equivalents, beginning of the period		102,629	1,229	155,953	9,412	9,412
Effects of exchange rate changes on cash and cash equivalents		0	0	0	0	0
Cash and cash equivalents at end of the period		1,121,434	8,070	1,121,434	8,070	155,953

Notes

Notes

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1. Basis of preparation of the interim financial report

This condensed interim financial report for the first half year of 2021 presented in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the IFRS financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out below. The financial statements for 2020 of the Company provides a full description of the Company's accounting policies.

Transaction costs related to equity issuance

Qualifying transaction costs incurred in connection with issuance of equity instruments are deducted from equity. Transaction costs incurred in anticipation of an issuance of equity instruments are deducted from equity as incurred. If the equity instruments are not subsequently issued, the transaction costs will be recognised as an expense. Where the qualifying transaction costs relate to listing of existing and new shares, the part of the total transaction costs deducted from equity are based on a ratio between management's expectations about the number of new shares compared to the number of existing shares.

Changes in accounting policies

As of 30 June 2021, the Company has implemented all new or amended accounting standards to the International Financial Reporting Standards effective as of 1 January 2021 as adopted by the EU. None of the new or amended standards are expected to have a significant impact on the financial statements.

In April 2021, the IASB ratified the IFRS Interpretations Committee's agenda decision regarding configuration and customisation costs in cloud computing arrangements. The agenda decision clarifies when a customer would be able to recognise an intangible asset for the configuration and customisation costs incurred. Green Hydrogen Systems are in the process of implementing a new ERP cloud solution that will support the Company's expected growth and the execution of the Company's strategy. During the first six months of 2021 the Company has incurred configuration and customisation costs related to its cloud based SAP implementation of DKK 1 million, which has been recognised as an intangible asset and presented within Intangible assets. As of 30 June 2021, the accumulated costs recognised in the balance sheet amounts to DKK 1.5 million. The Company is in the process of assessing the impact from this IFRIC agenda decision on its financial statements. The assessment is expected to be completed during the third quarter of 2021.

New accounting standards

The IASB has issued several new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the H1 2021 interim financial report. None of these are currently expected to have any significant impact on the financial statements of the Company when implemented.

2. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

The judgments, estimates and the related assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. Estimates and judgements are continually evaluated.

Primary financial statement line items in which more significant accounting estimates are applied are listed in note 2 *Critical accounting estimates and judgements* of the financial statements for 2020.

Notes

3. Operating segments

Green Hydrogen Systems A/S serves one segment, which is inherent in the way Executive Management considers and operates the Company. The costs related to the main nature of the business, being development and production of electrolysers for on-site hydrogen production, are not attributable to any specific revenue stream or customer type and are therefore borne centrally. The results of the single reporting segment, comprising the entire company, are shown in the statements of comprehensive income.

4. Revenue from contracts with customers

The following table displays revenue by product offering:

DKK '000	Q2 2021	Q2 2020	H1 2021	H1 2020
Product revenue	1,494	334	1,754	356
Service and other revenue	60	0	120	70
Total revenue by product offering	1,554	334	1,874	426
Revenue recognised at a point in time	1,494	334	1,754	356
Revenue recognised over time	60	0	120	70

The following table displays revenue by product application:

DKK '000	Q2 2021	Q2 2020	H1 2021	H1 2020
Power-to-X*	0	0	0	0
Transportation	60	334	120	404
Industry	1,494	0	1,754	22
Total revenue by product application	1,554	334	1,874	426

*Power-to-X relates to products for indirect use as the basis for the production of green fuels.

The following table displays external revenue by geographical areas:

DKK '000	Q2 2021	Q2 2020	H1 2021	H1 2020
Europe	1,554	334	1,874	426
Asia-Pacific	0	0	0	0
Rest of the world	0	0	0	0
Total revenue by geographical area	1,554	334	1,874	426

Notes

5. Share-based payment plans

Green Hydrogen Systems A/S established the 2020 warrant program as an incentive for members of the Board of Directors, Executive Management and selected key employees. Refer to note 7 in the 2020 financial statements for further details of the warrant program.

The warrant activity in the first six months of 2021 and 2020, respectively, is outlined below:

DKK '000	Number of warrants (thousands)	
	H1 2021	H1 2020
Outstanding warrants at 1 January	3,454	0
Granted during the period	133	0
Exercised during the period	-1,453	0
Forfeited during the period	-199	0
Outstanding warrants at 30 June	1,935	0

The outstanding warrants are exercisable as of 17 June 2022.

For warrants exercised during the first six months of 2021, the weighted-average share price at the date of exercise was DKK 40. The weighted-average exercise prices of warrants exercised were DKK 2.47.

In February 2021, 132,701 warrants (Q1 2020: nil) were granted with a weighted average exercise price of DKK 2.47 per warrant (Q1 2020: DKK nil) and a weighted average Black-Scholes fair market value of DKK 10.83 per warrant (Q1 2020: DKK nil).

The Company has in addition established a Restricted Stock Unit program as an incentive to the Company's executive board member. Refer to note 7 in the 2020 financial statements for further details.

Share-based compensation expenses related to the warrant program and RSU-program for the first six months of 2021 totaled DKK 14,244 thousand.

6. Other operating expenses

DKK '000	H1 2021	H1 2020
Sales and marketing costs	724	648
Administration costs	8,949	1,664
Consultancy services costs	13,239	3,676
Other general costs	8,076	2,388
	30,988	8,376

The increase in consultancy services costs incurred in the first six months of 2021 amounting to DKK 13,239 thousand (H1 2020: DKK 3,676 thousand) relate to non-recurring cost for external consultants in respect of the Company's initial public offering. Other general costs have increased over the period due to the increase of business activities and number of employees.

Notes

7. Financial expenses

DKK '000	H1 2021	H1 2020
Interest expense on borrowings	7,566	572
Interest expenses on lease liabilities	1,006	26
Foreign exchange rate adjustments, net	-59	14
Fair value loss on derivatives at fair value through profit or loss	317,439	0
Total financial expenses	325,952	612
Of which capitalized	-1,284	-291
Net financial income and expenses	324,668	322

The fair value loss on derivatives relates to change in fair value of the conversion option liability on the EUR-denominated loan facility as well as the exit-payment derivative on the loans from the Danish Green Investment Fund. For further details about the derivatives, reference is made to note 21 to the 2020 financial statements.

8. Income taxes

Current tax on losses for the periods are originating from the tax credit scheme for research and development costs, under which the tax value of accumulated tax losses up to DKK 25 million are paid to the Company. As Management expects the Company to incur research and development costs amounting to at least 25% of the DKK 25 million limit each quarter, the related income tax benefit is recognised on a straight-line basis.

Notes

9. Intangible assets

The intangible assets held by the Company increased primarily as a result of an increase in development projects in progress and acquisition of new software licenses.

DKK '000	Completed development projects	Other intangibles	Development projects in progress	Total
At 31 December 2020				
Cost	5,511	1,518	11,899	18,928
Accumulated amortisation and impairment	-1,837	-632	0	-2,469
Carrying amount 31 December 2020	3,674	886	11,899	16,459
Six months ended 30 June 2021				
Cost:				
At 1 January 2021	5,511	1,518	11,899	18,928
Additions during the period	3,190	4,055	11,955	19,200
At 30 June 2021	8,701	5,573	23,854	38,128
Accumulated amortisation and impairment:				
At 1 January 2021	-1,837	-632	0	-2,469
Amortisation for the period	-1,184	-337	0	-1,521
At 30 June 2021	-3,021	-969	0	-3,990
Carrying amount 30 June 2021	5,680	4,604	23,854	34,138

Notes

10. Property, plant and equipment

DKK '000	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Assets under construction	Total
At 31 December 2020					
Cost	0	11,043	10,198	0	21,241
Accumulated depreciations		-551	-55		-606
Carrying amount 31 December 2020	0	10,492	10,143	0	20,635
Six months ended 30 June 2021					
Cost:					
At 1 January 2021	0	11,043	10,198	0	21,241
Additions during the period	3,669	1,215	13,105	2,595	20,584
Transfers between categories	5,472	-9,738	68	4,198	0
At 30 June 2021	9,141	2,520	23,371	6,793	41,825
Accumulated depreciations:					
At 1 January 2021	0	-551	-55	0	-606
Depreciations for the period	-698	-265	-194	0	-1,157
Transfers between categories	-261	264	-3	0	0
At 30 June 2021	-959	-552	-252	0	-1,763
Carrying amount 30 June 2021	8,182	1,968	23,119	6,793	40,062

Notes

11. Leases

The Company has recognised the following amounts relating to leases:

DKK '000	30 June 2021	31 December 2020
Right-of-use assets		
Properties	33,202	12,285
Vehicles	2,381	2,250
Other equipment	1,994	0
	37,577	14,535
Additions to the right-of-use assets were	24,320	15,167

The additions to the right-of-use assets that occurred during the first six months of 2021 primarily related to the lease of the Company's new administrative building of DKK 19,806 thousand with commencement date in February 2021.

DKK '000	30 June 2021	31 December 2020
Lease liabilities		
Current	5,053	2,228
Non-current	32,944	12,303
	37,997	14,531

The contractual maturities of the lease payments are as follows:

DKK '000	Less than 1 year	Between 1 and 5 year	More than 5 years	Total
As at 30 June 2021				
Lease liabilities, current and non-current	5,378	17,619	32,922	55,919

DKK '000	Less than 1 year	Between 1 and 5 year	More than 5 years	Total
As at 31 December 2020				
Lease liabilities, current and non-current	2,283	6,330	12,432	21,045

DKK '000	H1 2021	H1 2020
Depreciation charge of right-of-use assets		
Properties	1,143	62
Vehicles	487	26
Other equipment	133	0
	1763	88

Notes

12. Share Capital

	A Shares		B Shares	
	30 june 2021	31 December 2020	30 june 2021	31 December 2020
Number '000	Number of shares	Number of shares	Number of shares	Number of shares
Changes in share capital				
Opening balance	10,231	9,891	26,574	12,313
Capital increase, cash	27,556	621	0	616
Exercise of warrants	1,453	739	0	0
Conversion of loan into shares	12,047	0	0	13,645
Conversion of shares	26,574	0	-26,574	0
Cancellation of treasury shares	0	-1,020	0	0
Total	77,862	10,231	0	26,574

27,500,000 shares of the capital increase in cash relate to the IPO in June 2021. In connection with the IPO the B shares were converted into A shares.

The company has in connection with the completed IPO incurred transaction cost for advisory, fees to Joint Global Coordinators etc. amounting to DKK 103 million of which DKK 90 million have been deducted to equity. As the listing included existing and new shares the part of the qualifying transaction costs deducted from equity is based on the ratio between the number of new and existing shares.

Notes

13. Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the group in determining the fair values of the financial instruments since the 2020 financial statements of the Company.

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed under the accounting standards. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for the Company's derivative financial liabilities:

The following table presents the Company's financial liabilities measured and recognised at fair value at 30 June 2021, 31 December 2020 and 30 June 2020 on a recurring basis:

DKK '000	30 June 2021	31 December 2020	30 June 2020
Financial liabilities measured at fair value (recurring basis)			
Conversion option liability	0	4,591	0
Exit-payment derivatives	3,399	3,411	0
	3,399	8,002	0

For financial assets and liabilities of short-term nature, such as trade receivables and trade payables, the carrying amount approximates their fair value. For borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is close to current market rates.

Conversion option liability

As described in note 21 to the Company's financial statements for 2020, the Company entered into a convertible loan facility in December 2020. The loan was convertible into B-shares with a fixed conversion rate of EUR 1.79 per B-share of nominally DKK 1 and is convertible upon discretion of the lenders as well as in certain exit scenarios. The loan was converted into 12,047,404 shares on 3 June 2021. At the date of conversion, the carrying amount of the loan, including the conversion option liability, was DKK 160.2 million.

Exit-payment derivatives

Exit-payment derivatives relate to the loans from Danmarks Grønne Investeringsfond and as a result of the IPO the Company is obligated to pay an Exit-fee. The fair value of the exit-payment derivatives (presented within borrowings in the balance sheet) are based on the probability weighted discounted cash flows reflecting possible triggering events, the probability and expected timing.

- Probability weighted cash flows: DKK 3,750,000
- Probability weighted time to maturity: 0.11 (3/12 = 0,25)

An increase in the probability weighted time to maturity will reduce the fair value of the exit-payment liability. However, Management does at the end of the reporting period not consider any significant change in the expected maturity to be a realistic alternative. The probability weighted cash flows reflects the maximum amount payable, which Management considers being the most realistic outcome.

The recurring fair value measurement required for the Company's financial liabilities are monitored by Management. The significant unobservable inputs are updated at least by the end of each reporting period to reflect Management's most recent expectations. There were no changes made to any of the valuation techniques applied as of 31 December 2020.

Notes

13. Fair value measurement of financial instruments (continued)

The following table presents the changes in level 3 items for the first half of 2021:

DKK '000	Con- version option liability	Exit- payment derivative	Total
Opening balance 1 January 2021	4,591	3,410	8,001
Fair value losses recognised in financial expenses*	317,100	-11	317,089
Excercise of conversion option	-321,691	0	-321,691
Closing balance 30 June 2021	0	3,399	3,399
* includes unrealised losses recognised in profit or loss attributable to balances held at the end of the reporting period	0	-11	-11

14. Related party transactions

Part of the capital increase that occurred during the first six months of 2021 amounting to DKK 10,388 thousand was made by members of the Board of Directors.

The Company entered into a convertible loan facility in December 2020. Nordic Alpha Partners Fund I K/S which was the controlling party at the beginning of the year converted a loan amounting to DKK 38.6 million in June 2021. An entity with significant influence also converted a loan amounting to DKK 115.8 million in June 2021. Refer to note 13 for further description of the loans.

Notes

15. Events after the balance sheet date

On July 22 2021 the Board of Directors 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.

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.

The Company has after the balance sheet date signed agreements amounting to DKK 213 million and expects over a three year period to 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.

Notes

16. Cash flow specifications

DKK '000	Q2 2021	Q2 2020	H1 2021	H1 2020
Changes to net working capital				
Decrease/(increase) in trade receivables	-508	629	3,166	11,745
Decrease/(increase) in deposits	0	0	-947	-3,177
Decrease/(increase) in other assets	-31,323	-5,197	-44,938	-8,907
Decrease/(increase) in prepayments	-780	75	-1,735	79
Decrease/(increase) in trade payables	19,374	4,354	20,540	1,302
Decrease/(increase) in other liabilities	6,296	22,204	1,804	22,833
Decrease/(increase) in contract liabilities	2,363	0	6,829	0
	-4,578	22,065	-15,281	23,875
Adjustments				
Income tax	-1,375	-486	-2,750	-770
Amortization of intangible assets	970	481	1,520	963
Depreciations of tangible assets and right-of-use assets	1,671	218	2,856	307
Share-based payment	6,018	1,149	14,244	1,155
Finance expenses, net	318,488	296	324,668	322
Other	4,856	-186	1,992	-158
	330,628	1,472	342,527	1,819

17. Trade payables

Trade payables include payables relating to the IPO amounting to DKK 61 million. Refer to note 6 and 12 and further information.