

# Trading statement Q3 2023



GREEN  
HYDROGEN  
SYSTEMS

# Trading statement

## Q3 2023

### Business highlights

- In Q3 2023, an electrolyser unit was revenue recognised and delivered to the Swiss customer Gaznat for green methane production
  - Following that, in October 2023, additional electrolysers have been factory acceptance tested, and delivered
- Supply chain challenges for certain components impacted deliveries in Q3 2023 but are gradually resolved illustrated by the customer deliveries in October 2023
  - Green Hydrogen Systems sees a larger risk of not realising the revenue guidance for 2023 due to a concentration of A-Series factory acceptance tests, deliveries and thereby revenue recognition in the last two months of 2023
- The X-Series prototype test and validation progresses toward high-pressure hydrogen production at the GreenLab test site. Letter of Intent with BioCirc on test and supply of an X-Series unit signed in October
- Proceeds with a gross amount of DKK 719 million from the term loan and rights issue completed in July 2023 have been recognised in the balance sheets and are placed in AAA-rated bonds
- The market for electrolysers and green hydrogen continued to develop with focus on small-scale direct application projects
- Appointment of Peter Friis as interim Chief Executive Officer (CEO) and member of the Company's Executive Management in October 2023

### Guidance for 2023

Green Hydrogen Systems maintains guidance for 2023 as follows:

Revenue (DKK)	EBITDA (DKK)	CAPEX (DKK)
120 to 160 million	-280 to -240 million	270 to 300 million

Green Hydrogen Systems sees a larger risk of not realising the revenue guidance for 2023 due to a concentration of A-Series factory acceptance tests, deliveries and thereby revenue recognition in the last two months of 2023. The concentration of revenue in Q4 2023 originates from the previously communicated supply chain challenges related to critical component deliveries.



## Peter Friis, CEO of Green Hydrogen Systems comments:

*"We continue and accelerate the roll-out of electrolyzers to our customers as we head into the tail end of 2023. However, the high number of deliveries concentrated in Q4 2023 concerns me.*

*Ramping up customer deliveries and reaching new important hydrogen project milestones will support our ongoing sales efforts of converting the pipeline of non-binding offers to new orders to existing and new customers.*

*The testing and maturing of our X-Series 6MW prototype 1 is progressing at the project site in Skive, Denmark, and we see strong interest in our X-Series prototype 2 and X-Series product."*

### Conference call details

In connection with this announcement, Green Hydrogen Systems will host a conference call.

The conference call will be held on  
**1 November 2023 at 11:00-12:00 AM CET.**

Please visit [investor.greenhydrogen.dk](https://investor.greenhydrogen.dk) to access the presentation used for the meeting.

### Link to the webcast ›

DK: +45 89 87 50 45

International dial-in:

+44 20 4587 0498

Participant access code: 990814

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# Business highlights

## **Delivery and revenue recognition of A-Series electrolysers**

In Q3 2023, one A-Series electrolyser unit was revenue recognised and delivered to the Swiss customer Gaznat for a power-to-gas project where excess renewable electricity is used to produce green hydrogen and synthetic methane through a methanation process. In addition to the delivered electrolyser to Gaznat, in October 2023, additional electrolyser units were factory acceptance tested and delivered to customers. The electrolysers delivered in October are to be installed at customer sites in Norway and UK and will provide green hydrogen for shipping fuels and power generation. Green Hydrogen Systems will support the delivered electrolysers with on-site maintenance and remote monitoring as part of multi-year service agreements.

As communicated in late August, Green Hydrogen Systems is gradually resolving the sourcing challenges related to the supply of specific components, such as lye-heat exchangers and separator vessels, in the required volume and quality. A sourcing challenge that has significantly influenced product deliveries and revenue in Q2 and Q3 2023.

The revised delivery plan for Q4 2023 caters for the revenue required to reach the full-year revenue guidance range. The revised delivery plan relies on an expected and significant acceleration of component deliveries to allow for the scheduled electrolyser factory acceptance tests and customer shipments before the end of the year. Any delay in the component supply chain, in the electrolyser product finalisation or the needed factory acceptance tests will increase the risk of not realising the revenue guidance range for 2023 due to the extensive number of electrolyser units to be revenue recognised in the remaining of 2023.

## **X-Series prototype test and validation phase**

The development, test and validation of the first X-Series prototype are progressing at the GreenLab site in Skive, Denmark. The ongoing test programme consists of a series of interdependent and coordinated phases which started with basic software tests after the installation and commissioning phase, followed by tests where pressure is gradually increased up to the targeted performance values. While being performance tested, the prototype also undergoes a 3rd party safety and technical validation providing strong product performance evidence towards the ongoing customer dialogues.

Green Hydrogen Systems continues to be in good dialogue with existing and potential new customers for the possibility of partnering on a test site for the second X-Series prototype as well as sales of the first Mk. 1.0 units of the X-Series exemplified with the recent letter of intent with BioCirc (press release 5/2023). The Letter of Intent initiates the partnership between Green Hydrogen Systems and BioCirc for potential test and supply of a HyProvide® X1200 unit. Green Hydrogen Systems is pleased to cooperate with BioCirc on test and supply of an X-Series electrolyser unit, as it marks a significant milestone in both Green Hydrogen Systems' and BioCirc' commitment to advancing hydrogen technology and sustainable energy systems.

## **Market fundamentals**

During the third quarter of 2023, the market for electrolysers and green hydrogen continued to develop nationally, regionally, and globally. Established developers and new entrants to the Danish and European markets announced new green hydrogen projects and ambitious plans. In contrast, the general progress in maturing the announced project towards the final investment decision continues to lag behind schedule due to the persistent technology, commercial and regulatory risks. This lag in progress towards FID is primarily observed in the large-scale hydrogen and green fuels projects, while small-scale direct application projects seem less risk-restricted in their project progression.

# Key figures

DKK '000	Q3 2023	Q3 2022	9M 2023	9M 2022	2022
<b>Customer orders</b>					
Revenue					
Order backlog (MW)	18	13	18	13	13
<b>Profit/loss</b>					
Revenue	2,270	337	16,983	826	10,422
Operating profit/loss, EBIT	(118,733)	(59,910)	(314,226)	(207,243)	(282,967)
Net financials	(14,620)	(788)	(21,404)	(3,757)	(4,849)
Net profit/loss for the period	(131,979)	(59,323)	(331,506)	(206,876)	(282,316)
<b>Balance sheet</b>					
Balance sheet total	2,429,070	1,431,074	2,429,070	1,431,074	1,549,982
Equity	963,450	935,101	963,450	935,101	862,056
<b>Cash flows</b>					
Operating activities	(139,925)	(87,863)	(227,672)	(222,054)	(283,869)
Investing activities	(762,642)	(71,457)	(910,331)	(319,321)	(377,290)
Hereof investments in property, plant and equipment	(27,513)	(44,010)	(99,456)	(138,480)	(167,049)
Financing activities	839,151	154,604	1,115,739	330,636	489,574
Net cash flow for the period	(63,416)	(4,716)	(22,264)	(210,739)	(171,584)
<b>Employees</b>					
Average number of employees	295	251	293	233	242
<b>Key Ratios</b>					
Solvency ratio (%)	40%	65%	40%	65%	56%
Return on invested capital (%)	(6)%	(4)%	(17)%	(15)%	(20)%
Return on equity (%)	(16)%	(6)%	(36)%	(20)%	(28)%
<b>Other performance measures</b>					
EBITDA	(43,543)	(50,740)	(205,184)	(182,549)	(249,174)
EBITDA margin	(1,918)%	(15,055)%	(1,208)%	(22,100)%	(2,391)%
Intangible CAPEX	(15,797)	(27,498)	(99,558)	(88,841)	(128,573)
Tangible CAPEX	(27,513)	(44,010)	(99,456)	(138,480)	(167,049)
Total CAPEX	(43,310)	(71,508)	(199,014)	(227,321)	(295,622)
Net working capital	(79,936)	(41,405)	(79,936)	(41,405)	(43,694)
Free cash flow	(902,567)	(159,320)	(1,138,003)	(541,375)	(661,158)
Cash and cash equivalents*	710,172	470,591	710,172	470,591	340,382
FTE end of period	292	257	292	257	276

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

\* Including financial assets (listed bonds) that easily can be converted into cash with a repurchase agreement (repo) less related borrowings.

## 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 the Annual Report 2022 available at [greenhydrogen.dk](https://www.greenhydrogen.dk).