

# Trading statement

Q1 2023



GREEN  
HYDROGEN  
SYSTEMS

# Trading statement

## Q1 2023

### Performance highlights

- In Q1 2023, two A-Series customer orders were delivered and revenue totalling DKK 14 million recognised
- Additional A-Series electrolysers shipped from the factory and are awaiting installation and site acceptance test prior to revenue recognition
- The X-Series prototype delivered for installation and test at GreenLab as part of the EU supported (up to) 100 MW GreenHyScale project
- New medium-term targets announced for 2026 with targeted revenue of more than DKK 1,200 million and positive EBITDA
- The Company targets a capital increase in Q2 2023 and is considering various combinations of debt and equity instruments to allow adequate flexibility in the process.

### Guidance for 2023

Green Hydrogen Systems maintains guidance for 2023 as follows:

Revenue (DKK)	EBITDA (DKK)	CAPEX (DKK)
120 to 160 million	-240 to -210 million	270 to 300 million

The revenue guidance range reflects the uncertainty of the exact timing of the electrolysers fulfilling revenue recognition criteria within the 2023 calendar year. Furthermore, the delivery dates, site acceptance test (SAT), revenue recognition and contribution to EBITDA may be negatively impacted by e.g. supply chain disruptions, increasing component and raw material costs, general inflation, delays in product assembly as well as delays and/or challenges at customer site not controlled by Green Hydrogen Systems.



## Sebastian Koks Andreassen, CEO of Green Hydrogen Systems comments:

*"In Q1 2023, the positive momentum continued and we delivered and revenue recognised additional two A-Series customer orders. Prior to delivery, these units were tested at our production facilities in Kolding, Denmark in close coordination with the customer teams. Furthermore, we have assembled, tested and shipped additional A-Series units for installation and site acceptance test.*

*By the end of Q1, we were pleased to announce the important milestone of delivering the X-Series prototype for site installation at GreenLab in Skive, Denmark. During Q2 and Q3 2023, the X-Series prototype will undergo commissioning, test and validation as important next steps towards a commercial product.*

*We continue to progress the capital raise as announced in January 2023, and we are in dialogue with several of our current larger shareholders regarding timing and structure of the capital increase."*

### Conference call

In connection with the announcement of the trading statement for Q1 2023, Green Hydrogen Systems will host a conference call.

The conference call will be held on  
**17 April 2023 at 13:00 CEST.**

### Join now

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# Business highlights

## A-Series

Following the delivery of the the first Mk1 version of the A-Series electrolyser by the end of 2022, two A-Series customer orders were delivered and revenue totalling DKK 14 million recognised in Q1 2023. The two Q1 deliveries follow successful acceptance tests in close coordination with customers. Green Hydrogen Systems will continue to support the delivered electrolysers with on-site maintenance and remote monitoring and support as part of multi-year service agreements. Furthermore, additional A-Series electrolysers were shipped from the factory and are awaiting installation and acceptance tests at customer sites, before the electrolysers will be revenue recognised.

During the rest of 2023, Green Hydrogen Systems will continue its efforts to scale its business with a focus on industrialising its production facilities for scalable serial production of the A-Series. These capabilities are being built up during the year aiming at increased production rate and efficiency.

During Q1 2023, the competitive position of Green Hydrogen Systems' modular pressurised alkaline electrolysers was confirmed by two orders from international customers of 7.2MW and 0.9MW respectively. These orders are expected for delivery and revenue recognition in the second half of 2023 and the first half of 2024.

## X-Series

As communicated in press release 03/2023, Green Hydrogen Systems delivered the first X-Series prototype for installation and site testing at GreenLab in Skive, Denmark, by end of March 2023. The X-Series prototype is a 6MW pressurised alkaline electrolyser, building on Green Hydrogen Systems' commercial A-Series stack technology. The X-Series prototype will be installed and tested on-site at GreenLab as an integrated part of the development of the GreenHyScale project. The Green-HyScale project is supported by funding from the European Union's Horizon 2020 programme and is expected to be scaled to 100MW of electrolysis capacity.

Upon the on-site X-Series prototype installation and subject to the planned testing during Q2 and Q3 2023 leading to a successful product validation, Green Hydrogen Systems targets the first sale of the commercial X-Series 6MW pressurised alkaline electrolyser during Q4 2023. The planned testing during Q2 and Q3 2023 may be delayed by events within or outside of the Company's control which may impact the timing of the commercialisation of the X-Series negatively.

## Medium-term targets

New medium-term targets were updated to include the financial development for 2026 (company announcement 04/2023). By 2026, Green Hydrogen Systems targets total revenue from customer contracts of more than DKK 1,200 million and a positive EBITDA. In 2025, the Company targets delivery and revenue recognition of 150 MW of electrolysis capacity corresponding to revenue of around DKK 1,000 million, including service revenue.

A successful development and commercial ramp-up of the X-Series with the first sale to customers targeted by the end of 2023 is expected to be a significant growth driver. From 2024, the X-Series will become the main contributor to revenue when the first X-Series electrolysers are to be delivered and revenue recognised and towards 2026, the importance of the X-Series will increase. Demand for the A-Series electrolysers is expected to continue around the same level as in 2023 based upon various de-central applications and projects.

While the Company currently observes increasing average selling prices per MW mainly due to inflation, the general assumption is a gradual decrease towards 2026 as the market and general competitive environment mature.

The revenue growth is expected to be the main contributor to the targeted EBITDA development. In addition, the Company's cost-out plan is expected to contribute to the gradual improvement in margins with COGS (Cost of Goods Sold) expected to be around 75% of revenue in 2026. The Company targets cost-out of 50% from the X-Series and 20-30% from the A-Series in 2026 compared to current cost levels.

The revenue and EBITDA development in the years until 2026 and the medium-term targets for 2026 are sensitive to a number of key assumptions, including particularly the future timing of the product validation of the X-Series and the subsequent sales and delivery. Furthermore, the cash flow towards 2026 will be negative due to the EBITDA development and continued investments, and thus the medium-term targets will be contingent on a potential capital increase in the first half of 2023.

### **Capital increase update**

In January 2023 (company announcement 04/2023) the Company announced a targeted capital increase of up to DKK 650 million in gross proceeds to support its continued investments and commercial development as well as the new medium-term targets.

Together with its advisers and main shareholders and based on current financial market sentiment, the Company has assessed not to pursue a rights issue in Q2 2023. Instead the Company's Board of Directors and its advisers will target raising part of the DKK 650 million in Q2 2023 through other combinations of debt and / or equity, including a convertible loan instrument. Thus, effort is now focused on establishing terms of a convertible loan solution with the Company's main shareholders. Such facility will aim to raise around half of the full capital need towards 2026, and any additional capital will be supported and raised at a stage where the Company has advanced the X-Series towards commercialisation by the end of 2023.

The contemplated timing and the targeted gross proceeds from the capital raise is a prerequisite for the Company's continued investments, commercial development in 2023 and towards 2026 to realise the new medium-term targets.

In order to maintain adequate flexibility in the capital raising process, the Board of Directors is seeking authorisation at the upcoming Annual General Meeting to issue debt instruments with access to conversion to shares (convertible debt) with and without pre-emption rights for existing shareholders. Such debt instruments can be issued alone or in conjunction with a rights issue with pre-emptive rights for existing shareholders as previously communicated, as well as with other models of raising equity or debt.

# Key figures

DKK '000	Q1 2023	Q1 2022	Full year 2022
<b>Customer orders</b>			
Order backlog end of period (MW)	20	12	13
<b>Profit &amp; loss</b>			
Revenue from contracts with customers	13,832	97	10,422
Operating profit, EBIT	(82,456)	(57,604)	(282,967)
Net financials	(1,367)	(1,428)	(4,849)
Net profit/loss for the year	(82,448)	(57,657)	(282,316)
<b>Balance sheet</b>			
Balance sheet total	1,735,289	1,228,340	1,549,982
Equity	782,046	1,102,462	862,056
<b>Cash flows</b>			
Operating activities	(80,692)	(60,396)	(283,869)
Investing activities	(55,716)	(57,950)	(377,290)
Hereof investments in property, plant and equipment	(20,840)	(26,419)	(167,049)
Financing activities	233,959	(1,088)	489,574
Net cash flow for the period	97,551	(119,433)	(171,584)
<b>Employees</b>			
Average number of employees	293	207	242
<b>Other performance measures</b>			
EBITDA	(73,303)	(50,215)	(249,174)
Intangible CAPEX	39,296	31,531	128,573
Tangible CAPEX	20,840	26,419	167,049
Total CAPEX	60,136	57,950	295,622

## 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).