

Company announcement 21/2021

Green Hydrogen Systems adjusts its guidance for 2021

Kolding, Denmark, 29 September 2021 – Green Hydrogen Systems, a leading provider of efficient electrolyzers used in the on-site production of hydrogen based on renewable energy, announces an adjustment of its guidance for 2021 summarized as follows:

- Green Hydrogen Systems' updated A-Series product platform has formed the basis for its current order backlog, which has been planned for delivery towards late second half of 2021
- Drift in finalization of product design, component specifications and bills of material has over the past months caused certain knock-on effects and will cause a delay in delivery of the order backlog and consequently adjustment of guidance for 2021
- The general progression of Green Hydrogen Systems' operations, scale-up and commercial traction for 2022 as well as the expectations to the long-term plan and targets towards 2025 remain unchanged

Green Hydrogen Systems has produced and delivered its first-generation A-Series electrolyzers to a number of projects across Europe. Following that, the A-Series product platform has been upgraded to a more powerful electrolyser created from a revised technical design. The updated A-Series product platform has also formed basis for the current order backlog, which has been planned for assembly and delivery towards late second half of 2021.

While scaling the product performance Green Hydrogen Systems is also shifting its prototype assembly process to becoming serial production allowing for cost and scaling benefits as well as increasing assembly capacity. However, a drift in finalization of product design, component specifications, bills of material and workforce recruitment has over the past months caused certain knock-on effects into other elements of the assembly and test phases. It has now become evident that the compounding impact from these adverse effects will cause a delay in assembly and delivery of the order backlog.

As earlier communicated, the majority of the order backlog has been scheduled for delivery and revenue recognition in late second half of 2021, which has formed basis for the guidance for 2021. While delivery of orders will start taking place during Q4, the unforeseen events to the tight production planning and phasing of the delivery schedule entail a decline in the expected revenue guidance for 2021 to around DKK 5 million (previously DKK 40-60 million), hence postponing recognition of a significant proportion of the current backlog into 2022. The decline in expected revenue for 2021 is a consequence of the above-mentioned events and has not impacted actual order intake and pipeline progression which are developing as planned.

The delays in delivery of customer orders as well as increased raw material costs also impact the ability to realize the expected 2021 gross profit margin, EBITDA and EBIT. Additional costs impacting gross profit mainly relate to provision for loss and provision for late deliveries. Further, impacting both gross profit and EBITDA is

ramp-up of resources due to a more complex initial production of the A-Series as well as advanced project capabilities to support the future X-Series. As a consequence, guidance is adjusted as per below:

Revenue	Around DKK 5 million (previously, DKK 40-60 million)
Gross profit	Around DKK -15 million (previously, broadly neutral in absolute terms)
EBITDA	DKK -145 to -155 million (previously, DKK -105 to -115 million)
EBIT	DKK -160 to -170 million (previously DKK -120 to -130 million)
R&D	DKK 75-85 million (unchanged)
CAPEX	DKK 135-145 million (unchanged)

The delays in delivery of ongoing customer projects and the following changes to the 2021 guidance are overall attributable to scaling the organization, product and processes simultaneously and are as such to be considered as a combined start-up and one-off nature. The general progression of Green Hydrogen Systems' operations, scale-up and commercial traction for 2022 as well as the expectations to the long-term plan and targets towards 2025 remain unchanged.

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Green Hydrogen Systems in brief

Green Hydrogen Systems is a clean technology company and a leading provider of standardised and modular electrolysers 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.