H1 2024

Interim report

GREEN HYDROGEN SYSTEMS

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Business highlights

- In the first half of 2024, total revenue, including service revenue, reached DKK 32.6 million. H1 2023 total revenue was DKK 14.0 million.
- In H1 2024, six electrolyser units passed factory acceptance test and were delivered at customer sites in Sweden, Germany, the Netherlands and the United Kingdom. In addition, two electrolyser units passed factory acceptance test after H1 and await shipment to customer sites.
- Firm order intake for nine A-Series units totaled 8.1 MW in the first half of 2024 with delivery scheduled for H2 2024 and into H1 2025. The total order backlog by end-June 2024 was 15.0 MW.
- The Company has identified a total of 550 MW of priority 1 larger scale hydrogen-related production projects in development globally. However, the Company is, along with the market, experiencing delays in the development of these projects and the adoption of green hydrogen technology.
- An optimised manufacturing flow and factory testing facility of the A-Series allows for increased customer deliveries of existing orders in H2 2024.
- The A-Series retrofit, and fleet optimisation program has been implemented with valuable improvements to performance and technology, sourcing, and product developments.
- The X-Series electrolyser product development progressed to reach technical proof of concept supported by third-party performance validation as well as positive results from additional reliability testing at the test site at Greenlab, Skive, Denmark.
- During the second half of 2024 ongoing reliability testing will expectedly lead to further product improvements of the commercial X-Series electrolyser product.
- With the technical proof of concept and positive reliability tests of the X-Series product, the Company is actively pursuing customer contract dialogues based on performance-related price structures or full commercial terms. The ability to obtain orders for the X-Series is material for the Company and its long-term financial and operational success. The Company plans to secure its first binding order for the X-Series before the end of 2024, and its mid-term financial targets are linked to achieving this goal.
- In the first six months of 2024 parts of the expanded production facilities in Kolding, Denmark, have been reconfigured to allow for X-Series module assembly.
- In parallel with the continued reliability testing and customer dialogues, and in light of the X-Series still being in the early stages of commercialisation, the Company has initiated work to optimise production costs, including undertaking a cost-out exercise, to ensure the competitiveness and profitability of the X-Series.
- Strategic collaboration agreements were signed with the German EPC service provider, Bilfinger, and the Danish EPC service provider, BWSC, in order to support the pursuit of sales and delivery into mid-scale hydrogen production facilities based on the X-Series product.
- Interim CEO, Peter Friis, was appointed permanent CEO, and Torben Hvid Larsen was appointed the position as Chief Technology Officer.
- The medium to long-term market drivers and regulatory development for European hydrogen and electrolysers continue to support the expectation of a significant demand increase, although the industry is experiensing delays in the development of hydrogen projects and the adoption of green hydrogen technology.
- The Company currently projects available capital reserves into 2025. These projections are based on the current business plan, which assumes sales of and accompanying pre-payments for the X-Series to materialise in H2 2024, cf. abovementioned. If such sales should not materialise, the Company may need to take additional measures to prolong the available capital reserves.

Guidance for 2024

Green Hydrogen Systems maintains the guidance for 2024 as announced on 8 February 2024 (company announcement 04/2024). Guidance for 2024 is summarised as follows:

Revenue (DKK)	CAPEX (DKK)
125 to 165 million	160 to 200 million

EBITDA (DKK)
(260) to (220) million

The revenue guidance range reflects the uncertainty of the exact timing of the electrolysers passing revenue recognition criteria within the 2024 calendar year. Furthermore, the exact delivery, site acceptance test (SAT), revenue recognition, and EBITDA may be negatively impacted by, e.g. supply chain disruptions, increasing component and raw material costs, general inflation, delays in product assembly and pandemics.

Peter Friis, CEO of Green Hydrogen Systems comments:

"We are pleased to report a sustained increase in customer deliveries and revenue growth throughout the first half of 2024, despite a challenged market. Equally important, we have achieved several technical milestones for our X-Series electrolyser and are steadily progressing towards securing our first binding customer agreements."

Conference call details

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

The conference call will be held on
27 August 2024 at 10:00-11:00 AM CEST.

Please visit **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 3936 2999

Participant access code: 665257

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Key figures

Seen over a five-year period, the development of the Company is described by the following financial highlights:

DKK '000	H1 2024	H1 2023	Full year 2023
Customer orders			
Order backlog (MW)	15.0	13.0	17.0
Profit/loss			
Revenue	32,607	14,713	41,979
Operating profit/loss, EBIT	(193,267)	(195,493)	(396,577)
Net financials	(21,030)	(6,784)	(15,119)
Net profit/loss for the year	(211,547)	(199,527)	(406,196)
Balance sheet			
Balance sheet total	2,210,422	1,761,668	2,366,022
Equity	673,080	659,287	881,826
Cash flows			
Operating activities	(193,104)	(87,748)	(280,219)
Investing activities	51,044	(147,689)	(799,989)
Hereof investments in property, plant and equipment	(62,651)	(90,206)	(140,833)
Financing activities	35,729	276,588	1,137,844
Net cash flow for the year	(106,331)	41,152	57,636
Employees			
Average number of employees	329	292	298
Key ratios			
Solvency ratio (%)	30%	37%	37%
Return on invested capital (%)	(11%)	(13%)	(21%)
Return on equity (%)	(32%)	24%	(48%)

DKK '000	H1 2024	H1 2023	Full year 2023
Other performance measures			
EBITDA	(132,910)	(161,641)	(267,465)
EBITDA margin	(408%)	(1,099%)	(637%)
Intangible CAPEX	(2,865)	(65,498)	(138,298)
Tangible CAPEX	(62,651)	(90,206)	(140,833)
Total CAPEX	(65,516)	(155,704)	(279,130)
Net working capital	(101,100)	25,775	(71,468)
Free cash flow	(142,060)	(235,437)	(1,080,208)
Cash and cash equivalents*	356,656	205,228	599,142
NIBD**	(45,689)	85,318	216,413
FTE end of period	323	307	295

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.

** Equals interest-bearing debt, including lease liabilities, fair value of derivatives hedging the underlying debt, less cash and bank balances as well as other interest-bearing assets.

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 2023 available at greenhydrogen.dk.

Business highlights

Delivery and revenue recognition of A-Series electrolysers

In the first half of 2024, six A-Series customer orders were delivered, and revenue was recognised totalling DKK 32.6 million in delivery and service revenue. This marks an increase compared to the DKK 14.0 million in total revenue recognised in the first half of 2023. Before shipping, the electrolyser deliveries passed factory acceptance test in close coordination with customers. Green Hydrogen Systems will continue to support the delivered electrolysers with onsite maintenance and remote monitoring and support as part of multi-year service agreements. During H1 2024, Green Hydrogen Systems has provided support for electrolysers in 9 countries.

New orders for A-Series totaling 8.1 MW confirmed the progress in Green Hydrogen Systems' manufacturing flow and ability to deliver modular pressurised A-Series alkaline electrolysers. These orders were signed by a repeat customer showing confidence and trust in Green Hydrogen Systems product and service offerings. The expected deliveries for the new orders are scheduled for H2 2024 and H1 2025.

During H1 2024 certain improvement potentials with the installed base of A-Series electrolysers were observed, analysed and implemented.

Furthermore, the improved and reliability-enhanced A-Series Mark 1.1 variant was assembled, and performance tested heading towards first delivery to customers.

Also, in H1 2024, the retrofit program to upgrade the A-Series Mark 1.0 progressed as planned and the A-Series fleet optimisation program began using remote monitoring and analytics to design and implement hardware and software upgrades for electrolysers at customer sites thereby advancing technology, sourcing, and production developments. Existing and new customers are increasingly shifting towards mid-sized hydrogen projects of 5-20 MW, where Green Hydrogen Systems is well positioned with the new X-Series product. Additionally, the X-Series is gaining positive attention from project developers targeting larger projects in the 50-100 MW range.

X-Series product progression

The development of the X-Series product progressed as planned in H1 2024. From the first hydrogen production in late 2023 at Greenlab Skive, Denmark, the prototype testing program has provided positive performance results throughout the period. A significant milestone was achieved for the X-Series product in February where techical proof of concept was reached and confirmed by a third-party performance validation. In June, the first phase of reliability testing was successfully completed. This progress has enabled the transition of commercial customer dialogues from initial discussions to binding agreements based on a performance-based price structure. A second phase of product reliability testing will continue in the coming months in parallel with the finalisation of the first contractual commitments. Green Hydrogen Systems expects to engage with customers on binding offers at full commercial terms beginning of September if reliability testing continues to show positive results.

Green Hydrogen Systems has observed an increased customer interest in the 6MW pressurised alkaline X-Series electrolyser product since the third-party technical concept validation and following the positive reliability testing. Numerous potential customers have participated in on-site demonstrations of product performance and hydrogen production at the test site at Greenlab Skive, Denmark. Several Letters of Intent for supply of X-Series units have been signed. Building on this strong interest, Green Hydrogen Systems has engaged with Bilfinger and BWSC, international Engineering, Procurement and Construction (EPC) service providers, to support and streamline the advancement of supplying electrolyser systems to customer hydrogen projects in Europe.

More than 550 MW of hydrogen-related production projects are currently in Green Hydrogen Systems' commercial priority pipeline, related to X-Series product delivery from 2025 to 2027. Subject to binding contractual commitment the X-Series is expected to be Green Hydrogen Systems' dominant product offering in 2025 catering initially for small to medium-sized hydrogen projects of 6 to 100 MW.

Streamlining of manufacturing

The manufacturing operation at the expanded production facilities in Kolding, Denmark was in the first six months of the year focused on bringing an increased number of A-Series electrolysers through the various customer delivery stages. Six electrolysers were factory acceptance tested and delivered in H1 2024. The A-series electrolysers underwent acceptance testing in July and August, resulting in additional revenue recognition for Q3.

Additionally, the manufacturing progress was influenced by needed technology improvement implementations observed in the fleet optimization program leading to in-house retrofits and reworks, while also adjusting the manufacturing processes concerning the upgrade from Mark 1.0 to 1.1 A-Series product.

An optimized sourcing strategy gradually increased quality component deliveries from a diversified set of suppliers and a reconfiguration of the workstations streamlined the production flow from Balance of Plant to full electrolyser system assembly before module and system testing. The implemented reconfigurations and optimisations throughout the sourcing and manufacturing process support an accelerated factory testing and delivery of A-Series electrolysers in the second half of 2024.

During H1 2024 the plans for the X-Series component sourcing and module manufacturing in the Kolding factory facilities were drawn and implemented in preparation for the first production of the new product offering. Additionally, manufacturing initiatives were taken to expand the current testing capability to ensure the scope and support for the envisaged ramp-up in modular testing capability from 2025 when the X-Series is expected to be the main focus for product assembly at the Kolding facility.

Market fundamentals and regulatory developments

Green Hydrogen Systems experiences longer sales cycles driven by time for project maturation with project developers and potential customers. Despite continued delayed hydrogen project developments across Europe, confidence remained strong in the gradual development of a European hydrogen market in H1 2024. The significant participation in the first auction under the European Hydrogen Bank indicated a robust pipeline of projects advancing towards the Final Investment Decision. The winning bidders will produce renewable hydrogen in Europe and receive subsidies to partially offset the cost difference between their production expenses and the current market price, largely set by non-renewable producers.

The seven selected projects, chosen from 132 bids, plan to produce 1.58 million tonnes of renewable hydrogen over ten years, preventing over 10 million tonnes of CO_2 emissions. These projects, located in four European countries, submitted bids for subsidies ranging from EUR 0.37 to EUR 0.48 per kilogram of renewable hydrogen. Bringing these projects to the final investment decision stage is vital for the sustainable growth of the European hydrogen market and essential for European electrolyser producers facing fierce competition from Chinese manufacturers benefiting from substantial state subsidies and loans.

In the first half of 2024, the European electrolyser industry, with support from Green Hydrogen Systems, through the industry organisations Hydrogen Europe and the Renewable Hydrogen Coalition, has advocated that public funding should prioritise projects that reinforce Europe's renewable hydrogen supply chain, avoiding a race to the bottom driven by pure price competition. The next years are critical for maintaining Europe's industrial leadership and strategic autonomy in electrolyser manufacturing. It is therefore essential that the Hydrogen Bank's second auction includes a resilience pre-qualification criterion, ensuring key electrolyser production steps occur in countries signatory to the WTO Government Procurement Agreement. This will promote fair competition and encourage investment in Europe, enhancing skills development and workforce attractiveness in the region in support for a sustainable European hydrogen market and electrolyser industry.

Financial performance

Profit or loss

DKK '000	H1 2024	H1 2023	Full year 2023
Revenue	32,607	14,713	41,979
Gross profit*	(61,494)	(87,198)	(127,378)
EBITDA	(132,910)	(161,641)	(267,465)
Operating profit, EBIT	(193,267)	(195,493)	(396,577)
Net financials	(21,030)	(6,784)	(15,119)
Net profit for the period	**(211,547)**	**(199,527)**	**(406,196)**

* Gross profit comprises revenue less direct production costs as well as indirect costs such as salaries, depreciation of production facilities and provisions for onerous customer contracts

Revenue
In H1 2024, revenue was DKK 30 million from product sales and DKK 2.6 million from other customer activities. This is an increase of DKK 17.9 million compared to H1 2023. Delivery of five customer orders contributed to the revenue increase. This is a continuation of the positive progress in customer deliveries from 2023, and Green Hydrogen Systems will support the customers with on-site service, maintenance, and remote support under a multi-year service agreement.

Gross profit and EBITDA
In H1 2024, gross profit and EBITDA were DKK -61.5 million and DKK -132.9 million, respectively compared to DKK –87.2 million and DKK -161.6 million in H1 2023. The negative development in EBITDA was a direct consequence of continued investments throughout the organisation with a focus on the finalisation of the A-Series as well as the development and prototype build of the X-Series. The organisational capabilities have been strengthened within the service organisation, production and administration which all are reflected in the number of employees.

Net financials and net profit
In H1 2024, net financials were DKK -21 million compared to DKK 6.8 million in H1 2023. The increase in financial expenses was due to increase in interest payments related to utilization of financial assets (triple-A rated Danish mortgage bonds) through Repurchasing Agreements (REPO).

Net profit was DKK -211.5 million compared to DKK -199.5 million in H1 2023.

Balance sheet and cash flow

DKK '000	H1 2024	H1 2023	Full year 2023
Total assets	2,210,422	1,761,668	2,366,022
Equity	673,080	659,287	881,826
Net cash flow	(106,331)	41,152	57,636
Cash and cash equivalents	356,656	207,228	599,142

Balance sheet
At the end of H1 2024, total assets were DKK 2,210 million compared to DKK 1,762 million end of H1 2024. This was mainly driven by an increase in current assets where financial assets at fair value through other comprehensive income have increased by DKK 291 million.

Furthermore, inventory has increased by DKK 60 million. Inventory consists of parts, subassemblies and materials as well as electrolysers delivered to customers sites but not revenue recognised yet.

Net cash flow, cash balance and capital management
In H1 2024, the net cash flow was DKK -106 million compared to DKK 41 million in the first half of 2023. The negative cash flow should be viewed as a result of the expected deficit for the first half results.

At the end of H1 2024, cash and cash equivalents amounted to DKK 356,656 million including financial assets and related borrowings.

Credit facilities, mortgage loan and term loans are restricted by a covenant requiring the Company to maintain cash and cash equivalents, including net position of the repo arrangement, at a certain level. The Company note that the compliance with the minimum cash covenant by end-2024 is associated with uncertainty and is dependent inter alia on securing the first binding orders and related pre-payments for the X-Series during H2 2024.

Management's statement

The Executive Management and Board of Directors have today considered and adopted the Interim Financial Statements for the first six months of 2024 for Green Hydrogen Systems A/S. The financial report has not been audited or reviewed by the Company's independent auditors.

The Interim Financial Statements is prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and additional requirements in the Danish Financial Statements Act.

In our opinion the Interim Financial Statements give a true and fair view of the financial position at 30 June 2024 of the Company and of the results of the Company operations for the first six months of 2024.

In our opinion, Management's statement 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.

Over and above the disclosures in the interim financial report, no changes in the Company's most significant risks and uncertainties have occurred relative to the disclosures in the annual report for 2023.

Kolding, 27 August 2024

Executive Management

Peter Friis

Ole Vesterbæk

Board of Directors

Thomas Broe-Andersen (Chairman)

Anders Jakob Vedel

Poul Due Jensen

Andreas Nauen

Karen Dyrskjøt Boesen

Lars Valsøe Bertelsen

Armin Schnettler

Income statement

Statement of profit or loss

DKK '000	Notes	H1 2024	H1 2023	Full year 2023
Revenue from contracts with customers	3	32,607	14,713	41,979
Production costs		(94,101)	(101,911)	(169,358)
Gross profit		**(61,494)**	**(87,198)**	**(127,378)**
Research and development costs		(53,792)	(37,685)	(128,933)
Sales and distribution costs		(18,891)	(20,218)	(37,662)
Administration costs		(59,090)	(50,394)	(102,603)
Operating profit/(loss) (EBIT)		**(193,267)**	**(195,493)**	**(396,577)**
Financial income		25,565	4,990	37,119
Financial expenses		(46,595)	(11,774)	(52,238)
Profit/(loss) before tax		**(214,297)**	**(202,277)**	**(411,696)**
Income tax	4	2,750	2,750	5,500
Profit/(loss) for the period		**(211,547)**	**(199,527)**	**(406,196)**

DKK	Notes	H1 2024	H1 2023	Full year 2023
Earnings per share attributable to shareholders		**(1.13)**	**(2.40)**	**(2.60)**
Diluted earnings per share attributable to shareholders		**(1.13)**	**(2.40)**	**(2.60)**

Income statement

Statement of comprehensive income

DKK '000	Notes	H1 2024	H1 2023	Full year 2023
Profit/(loss) for the period		(211,547)	(199,527)	(406,196)
Other comprehensive income				
Items that may be reclassified to profit or loss				
Changes in the fair value of debt instruments at fair value through other comprehensive income		2,802	6,495	3,420
Other comprehensive income for the period		**2,802**	**6,495**	**3,420**
Total comprehensive income for the period		**(208,745)**	**(193,032)**	**(402,776)**

Balance sheet

Assets sheet

DKK '000	Notes	H1 2024	H1 2023	Full year 2023
Intangible assets	5	279,991	242,990	261,535
Property, plant and equipment		370,341	369,064	381,069
Financial assets at fair value through other comprehensive income	6	573,582	448,103	929,267
Right-of-use assets		11,163	12,274	11,898
Income tax receivables		2,750	2,750	0
Deposits		261	652	652
Total non-current assets		**1,238,089**	**1,075,833**	**1,584,421**
Inventories		251,097	191,450	205,734
Trade receivables		47,298	28,209	51,876
Income tax receivables		5,500	5,500	5,500
Prepayments		22,431	19,186	4,223
Other receivables		14,933	12,364	14,329
Financial assets at fair value through other comprehensive income	6	584,429	292,633	346,900
Cash		46,645	136,492	152,976
Total current assets		**972,333**	**685,835**	**781,601**
Total assets		**2,210,422**	**1,761,688**	**2,366,022**

Balance sheet

Equity and liabilities sheet

DKK '000	Notes	H1 2024	H1 2023	Full year 2023
Share capital	7	187,734	83,437	187,734
Share premium		2,071,003	1,742,521	2,071,003
Reserve for development costs		225,157	184,162	199,397
Reserve for financial assets at fair value through other comprehensive income		(19,930)	(19,657)	(22,732)
Accumulated deficit		(1,790,884)	(1,331,177)	(1,553,577)
Total equity		**673,080**	**659,287**	**881,826**
Borrowings	8	395,548	112,027	375,419
Lease liabilities		6,797	7,873	7,310
Total non-current liabilities		**402,345**	**119,900**	**382,729**
Borrowings	8	852,264	676,264	834,264
Trade payables		46,556	69,308	47,405
Lease liabilities		4,811	4,492	4,863
Contract liabilities		141,317	101,232	102,314
Deferred income		11,527	35,203	17,425
Provisions		43,002	24,088	56,930
Other payables		35,521	71,894	38,266
Total current liabilities		**1,134,997**	**982,481**	**1,101,467**
Total liabilities		**1,537,343**	**1,102,381**	**1,484,196**
Total equity and liabilities		**2,210,422**	**1,761,668**	**2,366,022**

Statement of changes in equity

Equity

DKK '000	Share capital	Share premium	Reserve for development costs	Reserve for financial assets at fair value through other comprehensive income	Accumulated deficit	Total equity
Equity at 31 December 2023	**83,166**	**1,742,521**	**131,608**	**(26,152)**	**(1,069,088)**	**862,056**
Loss for the period	0	0	52,554	0	(252,081)	(199,527)
Other comprehensive income	0	0	0	6,495	0	6,495
Total comprehensive income for the period	**0**	**0**	**52,554**	**6,495**	**(252,081)**	**(193,032)**
Transactions with owners in their capacity as owners						
Capital increase, cash	271	0	0	0	0	271
Share-based payments	0	0	0	0	(10,008)	(10,008)
Total transactions with owners	**271**	**0**	**0**	**0**	**(10,008)**	**(9,736)**
Equity at 30 June 2023	**83,437**	**1,742,521**	**184,162**	**(19,657)**	**(1,331,177)**	**659,287**
Equity at 1 January 2024	**187,734**	**2,071,003**	**199,397**	**(22,732)**	**(1,553,577)**	**881,825**
Loss for the period	0	0	25,760	0	(237,307)	(211,547)
Other comprehensive income	0	0	0	2,802	0	2,802
Total comprehensive income for the period	**0**	**0**	**25,760**	**2,802**	**(237,307)**	**(208,745)**
Equity at 30 June 2024	**187,734**	**2,071,003**	**225,157**	**(19,930)**	**(1,790,884)**	**673,080**

Cash flow statement

Cash flow statement

DKK '000	Notes	H1 2024	H1 2023	Full year 2023
Loss for the period		(211,547)	(199,527)	(406,196)
Changes in net working capital		(4,680)	42,051	(45,458)
Adjustments		39,757	73,727	184,691
Interests received		27,769	7,195	40,345
Interests paid		(44,403)	(11,194)	(49,815)
Income taxes paid/received		0	0	5,500
Cash settlement, RSU program		0	0	(9,286)
Net cash flow from operating activities		**(193,104)**	**(87,748)**	**(280,219)**
Payment for property, plant and equipment		(2,865)	(65,498)	(140,833)
Payment for development costs		(62,651)	(90,206)	(138,298)
Payment for financial assets at fair value through other comprehensive income		0	0	(719,998)
Sale of financial assets at fair value through other comprehensive income		116,560	8,015	199,139
Net cash flow from investing activities		**51,044**	**(147,689)**	**(799,990)**
Principal elements of lease payments		(2,400)	(2,688)	(4,888)
Proceeds from borrowings		38,129	288,291	709,683
Proceeds from share issues		0	0	469,335
Transaction costs for equity issuance		0	0	(36,557)
Exercise of share-based payment program		0	271	271
Cash settlement, RSU program		0	(9.286)	0
Cash flow from financing activities		**35,279**	**276,588**	**1,137,845**
Net cash flow for the period		**(106,331)**	**41,151**	**57,636**
Cash, beginning of the period		152,976	95,340	95,340
Cash, at end of the period		**46,645**	**136,491**	**152,976**

Notes

Notes

Note 1

Summary of potentially material accounting policies

This condensed interim financial report for the first half year of 2024 is presented in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU and additional Danish disclsoure requirements regarding interim reporting by listed companies.
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 2023.

The accounting policies applied in preparing this interim financial report are consistent with those of the previous financial year, except for the adopdtion of new and amended standards as set out below. The financial statements for 2023 of the Company provides a full description of the Company's potentially material accounting policies.

New and amended accounting standards
As of 30 June 2024, the Company has implemented all amendments to the IFRS Accounting Standards effective as of 1 January 2024 as adopted by the EU. None of the amendments implemented have had any material impact on the Company's financial statement, nor are they expected to have so in the foreseeable future.

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 2024 interim financial report.

Note 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 uncer tainty 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 and judgements are applied are listed in note 2 Critical accounting estimates and judgements of the financial statements for 2023.

Valuation of inventories and onerous contracts
As at 31 December 2023, a write-down of inventory amounting to DKK 53,911 thousand was recognised due to expected negative margins on electrolysers under construction and late delivery rebates related to some of these electrolysers. As these onerous contracts related to units under construction dedicated to fulfill specific customer contracts, a write-down of inventories was recognised. Assumptions and estimates relating to a write-down of inventory are based on Management's expectations to materials and labour in determining the costs to complete the construction and timing of the delivery of these units.The write-down has been recognised in production costs. Thus, as at 30 June 2024 the write-down in inventories amounts to DKK 22,959 thousand.

At 31 December 2023, Management has in addition recongised a provision related to onerous customer contracts of DKK 52,570 thousand where the unavoidable costs of fulfilling the obligations under the contract exceed the contract amount. The separate provision is only recognised in excess of any write-down made on dedicated electrolysers included in inventory as described above. As at 30 June 2024 the total provision related to onerous customer contracts amounts to DKK 43,002 thousand.

Impairment of capitalized development costs
The Company continues to undertake internal development projects for the advancement of electrolysers and electrodes. As part of preparing the interim financial statements as of 30 June 2024, Management has assessed whehter there are any indicatations that either completed development projects or development projects in progress may be impaired. Despite the current macro-economic environment with high interest rate levels from inflation pressure. Managment finds in continuance with the description in note 2 to the financial statemetns for 2023 that the development projects proceed as expected and with no indication that the capitalised costs have over-run their operational and commercial value. Thus, no impairment tests have been made for the first six months of 2024.

Notes

Note 3

Revenue from contracts with customers

The following table displays revenue by product offering:

DKK '000	H1 2024	H1 2023
Product revenue	30,037	14,262
Service and other revenue	2,570	451
Total revenue by revenue recognition	**32,607**	**14,713**

For H1 2024, revenue recognised at a point in time includes only product revenue, as service and other revenue is recognised over time (H1 2023: revenue amouting to DKK 14,579 thousands was recognised at a point in time).

Note 4

Tax on profit for the period

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.

Note 5

Intangible assets

In the first half of 2024 the Company has continued its investments in continuous advancement and optimisation of the A-Series, improving design, documentation and product reliability as well as the stack efficiency and development and commercialisation of the upcoming X-Series platform. The total amount invested in development projects in H1 2023 is DKK 31 million.

Notes

Note 6

Financial assets at fair value through other comprehensive income

DKK '000	H1 2024	H1 2023	31 December 2023
Cost at January 1	1,296,992	776,133	776,133
Additions for the period	0	0	719,998
Disposals for the period	(116,560)	(8,015)	(199,139)
Cost at end of period	**1,180,432**	**768,118**	**1,296,992**
Accrued interest January 1	1,905	(4.939)	(4,939)
Accrued for the period	(4,396)	(2.785)	6,844
Accrued interest	**(2,490)**	**(7,725)**	**1,905**
Fair value adjustment at January 1	(22,732)	(26,152)	(26,152)
Fair value adjustment for the period	2,802	6.495	3,420
Fair value adjustment at end of period	**(19,930)**	**(19,657)**	**(22,732)**
Net book value at end of period	**1,158,011**	**740,736**	**1,276,166**
Financial assets at fair value through other comprehensive income			
Non-current assets	573,582	448,103	929.266
Current assets	584,429	292,633	346.900
Financial assets at fair value through other comprehensive income at end of period	**1,158,011**	**740,736**	**1.276.166**

During the period, the following gains and losses were recognised in the income statement and other comprehensive income related to the Company's financial asset at fair value through other comprehensive income:

DKK '000	H1 2024	H1 2023	31 December 2023
Listed bonds			
Gains / losses recognised in other comprehensive income	2,802	6,495	3,420
Interest expense from investments held at fair value through other comprehensive income recognised in the income statement	(2,192)	(580)	(2,423)
Listed bonds at end of period	**610**	**5,915**	**997**

Information about the fair value measurement of the listed bonds is provided in note 9.

Notes

Note 7

Share capital

The share capital comprise:

DKK '000	30 June 2024 Number of shares	30 June 2024 Nominal value (DKK)	30 June 2023 Number of shares	30 June 2023 Nominal value (DKK)	31 December 2023 Number of shares	31 December 2023 Nominal value (DKK)
Opening balancees	187,734	187,734	83,166	83,166	83,116	83,116
Capital increase, cash	0	0	271	271	104,568	104,568
Share capital (fully paid)	**187,734**	**187,734**	**83,437**	**83,437**	**787,734**	**187,734**

All shares have nominal value of DKK 1. All shares issued are fully paid. Each share carry one vote.

Notes

Note 8

Borrowings

The Company's borrowings consist of the following:

DKK '000	30 June 2024	30 June 2023	31 December 2023
Secured borrowings (repo)	848,000	672,000	830,000
Term loan facilities	287,607	0	265,391
Mortgage loans	112,205	116,291	114,292
Total borrowings	**1,247,812**	**788,291**	**1,209,683**
Current	852,264	676,264	834,264
Non-current	395,549	112,027	375,419
Total borrowings	**1,247,812**	**788,291**	**1,209,683**

At 30 June 2024, the Company's borrowings relating to the repurchase agreement (repo) involving the Company's holdings of listed bonds amount to DKK 848 million (2023: DKK 830 million). The secured borrowings in the repo are denominated in DKK and carry a variable interest rate (repo rate). Generally the borrowings have a maturity of 1 month, which though may be up to 12 months. Thus, the secured borrowings are all classified as current liabilities in the balance sheet.

As further described in the financial statements for 2023, the Company measures the related listed bonds at fair value through other comprehensive income. At 30 June 2024, the carrying amount of the listed bonds transferred under the repo amounts to DKK 848 million (2023: DKK 666 million).

DKK '000	Interest rate	Maturity	30 June 2024	31 December 2023
Mortgage loan with a 5 year fixed interest	5.74% - 5.78%	2042	85,329	86,974
Mortgage loan with variable interest	Cibor 3 + 1.55%	2043	28,430	28,927
Total mortgage loans			**113,759**	**115,901**

At 30 June 2024, the carrying amount of the assets pledged as security for the mortage credit financing agreement amount to DKK 292 million (2022: DKK 0 million).

Notes

Note 9

Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the Company in determining the fair values of the financial instruments since the 2022 financial statements of the Company. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the IFRS accounting standards.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in level 1. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

DKK '000	30 June 2024	31 December 2023
Recurring fair value measurements		
Financial assets at fair value through other comprehensive income:		
Listed bonds	1,158,011	1,276,166
Total financial assets - level 1	**1,158,011**	**1,276,166**
Financial liabilities measured at fair value		
Exit-payment derivatives	3,000	3,000
Total financial liabilities - level 3	**3,000**	**3,000**

For financial assets and liabilities of short-term nature, such as trade receivables and trade payables, the carrying amount approximates their fair value. For secured loans (repo) and mortgage loans carrying a variable interest rate with a total carrying amount of DKK 876,430 (2023: DKK 858,927 thousands), the fair value are not materially different from their carrying amounts, since the interest payable on those borrowings is close to current market rates.

At 30 June 2024, the carrying amount of mortgage loans with a fixed interest rate (5-years) amounts to DKK 85,329 thousand (2023; 86,974). The loans have a fair value of DKK # thousands (2023: 89,450 thousands) and is classified as level 2 in the fair value hierarchy as the fair value is based on quoted prices of the underlying bonds.

For term loan facilities the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is close to current level.

Exit-payment derivatives

Financial instruments categorised within level 3 comprise the exit-payment derivatives related to the loans from Danmarks Grønne Investeringsfond which privously have been repaid in full. Valuation methods remain unchanged from the description in note 23 to the financial statements for 2022 and with no significant changes in fair values.

Note 10

Events after the balance sheet date

No subsequent events have occurred after the balance sheet date that required adjustment to or disclosure in the interim financial statements of the Company.

Sustainability

The Sustainability key figures are selected based on their relevance. The selected key figures support some of the Company's strategic priorities within ESG and give an indication of the performance for the first half year. A broader selection of sustainability data can be found in the annual report.

Key figures

Environment, social and governance	Note	Target	H1 2024	Full year 2023
GHG emissions (scope 1 + 2*), tons CO_2e	1.1		65	205 (196)**
Employees (FTE end of period), number	1.2		323	295
Voluntary employee turnover, %	1.3	<15 % by 2024	21.3	21.7
Fatalities, numbers	1.4		0	0
Lost time injury rate (LTIR)	1.4	<2 by 2024	4.2	2.3

*Market-based
** Updates to the calculations has been conducted, see description under business highlights.

ESG business highlights

Employees and voluntary employee turnover

Development
The full-time equivalents (FTE) indicate how the Company scale and deploy its resources. The number of employees has increased by approx. 10 % the first half year of 2024 compared to end of 2023.
The employee turnover rate indicates how well the Company retain its talents and how efficient it operates. Reducing the employee turnover is a high priority for the Company to secure stability and focus on the strategy and a target of a voluntary turnover <15% is set for 2024. The voluntary turnover has slightly decreased the first half year of 2024, but is above target for 2024. However, the large resignation by end 2023 still impact the total voluntary turnover and looking at the last month, the voluntary leavers has decreased.

Actions
- The first viewpoint survey capturing the employee job satisfaction has been rolled out in first half year. This gives insight into areas which needs to be further improved to ensure a safe and caring work environment and retain our talents. Based on the survey several initiatives have been planned for starting with a 'speak up' campaign to increase the focus on the importance of a safe and respectful workplace. All employees are enrolled, and the campaign will continue for the rest of the year.

Safety

Development
LTIR has increased and are above target for 2024 as a result of an incident in the beginning of the year. Fatalities are remains 0.

Actions
- In first half year, the newly elected working environment organisation, called the SHE Committee, held its first meetings. The work started with a workshop in which it was discussed how the SHE Committee can support their colleagues in creating a safe working environment.
- A workplace assessment (Arbejdspladsvurdering) has been rolled out and the outcome communicated to the managers and the actions from this will continue during the year.
- Towards customers, a Risk Assessment Method Statement and additional risk assessments during retrofit at customers has been implemented.

- The Company has had supplier quality issues with critical products and has established an ongoing follow up with key suppliers regarding their performance. As a result of this, the Company has implemented a Big Incident process to ensure all in our organisation know how to act if it should ever be needed again.
- Internally, the first quality controls using tablets directly in the production lines and in each process has been implemented. After the first roll-out learnings are taken and the implementation in all processes will continue, where quality control is needed.
- At the end of June, the Company will be re-certified on ISO 9001, ISO 14001 and ISO 45001. The certificates will be renewed in August.

Greenhouse gas emissions

Development

The 2023 estimate for scope 2 emissions has been updated due to updated energy prices and a refund of prepaid energy for rented facilities. The update results in an increase of approx. 5% of total scope 1 and 2 emissions and ensure increased accuracy.

The half year estimate of total greenhouse gas emissions for scope 1 and 2 comprise approx. 31% of the full 2023 estimate.

The scope 1 emissions for half year 2024 are approx. 42% of the total scope 1 emissions for full year 2023, which mainly is due to a lower diesel consumption from vehicles. The fleet of company vehicles has been reduced and the share of hybrid and electrical vehicles has increased from approx. 50% to 75%.

For marked-based scope 2 emissions the half year estimate comprises approx. 10% of the total updated marked-based scope 2 emissions for full year 2023, which is mainly due to less electricity used for electrical and hybrid vehicles and a reduction in rented facilities, which was still paid for in 2023 though the production moved to the new premises and where guarantees of origin was not purchased.

If looking at scope 2 energy consumption for half year 2024 compared to full year 2023 these are increased by approx. 35% as significant amounts of electricity has been used at Greenlab Skive as a part of the testing of the X-serie electrolyser. However, as electricity is sourced through guarantee of origins the emissions are still reduced.

Actions

- In the first half year the scope 3 greenhouse gas emissions have been estimated and further progress on increasing the accuracy of the data is ongoing.
- The development of a reduction roadmap will be initiated in the coming months.

Notes, Sustainability

Note 1.0

Accounting policies

Principles for consolidation

The sustainability statement has been prepared on a consolidated basis as the financial statement covering Green Hydrogen Systems A/S.

Boundaries

An operational control approach is applied when reporting on ESG metrics. The boundary set for the ESG metrics covers what is within the control of the Company and might vary for the different ESG metrics.

Note 1.1

Greenhouse gas emissions

Greenhouse gas emissions

Greenhouse gas (GHG) emissions are calculated in accordance with the Greenhouse Gas Protocol. GHG included are gasses which contribute to global warming as defined in the Kyoto Protocol and are calculated in CO2-equivalents (CO2e) based on the global warming potential for different greenhouse gases as defined in IPCC Fifth Assessment report. Disclosure on scope 1 and 2 GHG emissions covers the assets and vehicles owned and/or controlled by the Company referred to as 'the Company'. This includes headquarter and production site as well as other leased facilities where the Company has activities including project sites.

Scope 1 emissions – Direct emissions

Scope 1 emissions cover the direct GHG emissions from the Company. The emissions within scope 1 are limited to greenhouse gas emissions from company vehicles leased long-term or owned by Green Hydrogen Systems and stationary combustion of diesel at site. Leased company vehicles include electric, hybrid, diesel, and petrol vehicles. Electrical vehicles are accounted for under scope 2. The emissions are calculated based on the fuel consumption obtained from leasing companies and invoices and multiplied with an emission factor. When fuel has been purchased and reimbursed via expense claims the spend in DKK has been converted

Note 1.1

Greenhouse gas emissions

(Continued)

into fuel consumption based on the energy price and multiplied with an emission factor. As purchases for hybrid vehicles cannot be divided into petrol and electricity a worst-case scenario is calculated estimating full purchase of petrol.

Scope 2 emissions – Indirect emissions

Scope 2 emissions cover indirect emissions from purchased energy from grid consumed by the Company within the reporting period. The emissions within scope 2 include heating and electricity, including electricity for company vehicles. Heating is supplied via heating pumps at the headquarter. The emissions are calculated based on energy consumption obtained via invoices and multiplied with an emission factor. For leased assets, prepaid (aconto) energy is paid via the rent and only spend-based data is available and used for calculating emissions by converting into energy consumption based on the energy price and multiplying with an emission factor. The scope 2 emissions are calculated as both location-based and market-based emissions in accordance with the Greenhouse Gas Protocol. The location-based emissions are calculated based on the emission factor for the national grid mix whereas the market-based emissions include the Company's purchase of Certificates of Origin and thus account for purchase of certificates for renewable energy.

Note 1.2

Full-time equivalents (FTE)

The FTE end of reporting period include all employees which are contractually employed and paid directly by the Company by end of period. This includes all employees on permanent and temporary contracts. External consultants are excluded. Redundant employees, released from all duties or not, are included until the expiry of notice period. The full-time equivalents (FTE) are calculated as the contractual work hours divided by the full-time work hours in accordance with a full-time contract for the specific position. The numbers of employees are registered within SAP BYD.

Note 1.3

Voluntary employee turnover

The turnover rate is defined as the number of voluntary leavers divided by the average number of employees in headcount over the last 12 months. This includes all employees on permanent and temporary contracts. External consultants are excluded.

Note 1.4

Lost time injury rate (LTIR) and fataliti Lost time injury rate (LTIR) and fatalities

Work-related injuries include employees exposed to an injury and fatalities are death of an employee while conducting work for or traveling on behalf of the Company. All employees are obliged to report any sickness or injury to their manager. Furthermore, all employees are expected to register and report any failures, deficiencies, accidents, observations, near misses and suggestions for improvements in the SHE app and these are collected monthly.

Injuries included in the metrics covers all employees with a GHS ID number and externals such as temporary persons working under supervision of a GHS person. Externals working under supervision of own company management is not included in the numbers.

The lost time injury rate is calculated as the lost time injuries per million working hours.

Lost time injuries cover injuries where the person is not able to come to work the following day. Working Hours are defined as working hours from GHS employees which have been reported in ProMark (for production) and in SAP BYD (for all other). Employees report their working hours and each manager approve the reported working hours.

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