



Q3 2024

# Interim report

# Trading statement Q3 2024

## Highlights

### Business

- In Q3 2024, Green Hydrogen Systems completed the performance test of the A-Series MK1.1 and delivered the first unit to Geo-Pura in Nottinghamshire, Ireland. Another A180 unit (MK1.0) was delivered to Ercross in Spain, and two A90 (MK1.0) units were delivered to PRF in Portugal.
- Going forward, Green Hydrogen Systems will focus solely on commercialising the X-Series and discontinue new A-Series sales. Green Hydrogen Systems will complete the existing A-Series order backlog by Q1 2025, and continue servicing delivered A-Series units.
- Revenue totaling DKK 33.7 million was recognised during the quarter.
- On October 9, Green Hydrogen Systems launched a combined cost-out and restructuring program aimed at reducing produc-

tion cost for the X-Series by 40-50% and reducing the FTE cost base by 40-50% compared to current levels, affecting around 100 employees.

- Implementation of the cost-out and restructuring program, which is expected to lead to one-off implementation costs of DKK 100-150 million to be incurred in 2024 and the first quarter of 2025, has been initiated and is progressing according to plan.
- To ensure the necessary capital reserves to complete the implementation of the cost-out and restructuring initiatives, the Company is seeking to strengthen its capital base with up to DKK 300 million by the end of 2024 and is in constructive dialogues with the largest shareholders and lenders to find a solution to the funding requirements. Green Hydrogen Systems is currently breaching its lender covenants and will deplete its capital reserves by early-2025 without additional funding.

- As a result of the financial situation in the Company, Green Hydrogen Systems has convened an extraordinary general meeting on November 14 to obtain broad authorisations from its shareholders to issue a number of shares (with or without pre-emption rights), convertible bonds or to issue warrants in connection with a rights issue.

### People & Organisation

- The Board of Directors appoints René Umlauf as new Chief Executive Officer (CEO) of Green Hydrogen Systems A/S. He will replace Peter Friis, who will step down after a year in the position.
- The Board of Directors would like to thank Peter Friis for his dedicated work in Green Hydrogen Systems A/S.
- René Umlauf will take over as CEO on 1st of November 2024. He has a Ph.D. in engineering and has previously been managing director and CSO in Rittal, and

CEO in MAN Diesel & Turbo and Siemens Renewable Energy and brings significant business transformation and restructuring experience to the business.

- In September, Green Hydrogen Systems appointed Michael Kaalund as Chief Financial Officer (CFO). Michael Kaalund will assume the position as of 1 November 2024.
- On October 1, Tina Kaiser joined Green Hydrogen Systems as new Chief People Officer (CPO).
- Green Hydrogen Systems merged its Technology and Operations & Supply Chain into a single Technology and Operations Organisation (CTOO). Led by CTO Torben Lillelund Hvid Larsen, the new structure will be fully implemented by Q4 2024 and streamline operations and project execution in 2024 and 2025.

## Guidance

- Green Hydrogen Systems maintains its guidance for 2024 revenue and EBITDA as announced on October 9. The guidance for 2024 is revenue of DKK 105 to 145 million.
- The guidance for 2024 with respect to EBITDA is DKK -260 to -220 million excluding restructuring costs incurred in 2024. EBITDA incl. restructuring costs is DKK -400 to -300 million dependent, among other things, on the actual timing and amount of the implementation costs realised in 2024.
- The guidance for 2024 with respect to CAPEX is adjusted to DKK 130-160 million (previously DKK 160-200 million) as a consequence of the combined cost-out and restructuring program.
- The mid – and long-term targets have been suspended and updated targets may be communicated. later, however, at the earliest in connection with the announcement of 2024 Annual Report in March 2025.



## Guidance for 2024

The guidance for 2024 is as follows:

<b>Revenue (DKK)</b>	<b>EBITDA incl. restructuring costs (DKK)</b>
105 to 145 million	(400) to (300) million
<b>EBITDA excl. restructuring costs (DKK)</b>	<b>CAPEX (DKK)</b>
(260) to (220) million	130 to 160 million

The revenue guidance range reflects the uncertainty of the exact timing of the electrolyzers 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.

EBITDA incl. restructuring costs is, among other things, dependent on the actual timing and amount of the implementation costs realised in 2024.



## Thomas Broe-Andersen, chairman of the Board of Directors comments:

*“Q3 has been a challenging period for Green Hydrogen Systems. With the current situation, Green Hydrogen Systems is facing, we need to execute a different strategy with the purpose of ensuring a sustainable and profitable future for Green Hydrogen Systems. On behalf of the board of directors, I would like to thank Peter Friis for his work and contribution as CEO of Green Hydrogen Systems since 2023. We have agreed to let another profile execute the important coming tasks we will be initiating in this turnaround of the company. We see René Umlauf as the right profile to take over as CEO with competencies from complex industries within the green transition as well as significant business transformation and restructuring experience. Alongside the Board of Directors, René Umlauf will be an important part in ensuring a solid foundation for the future.”*

### Conference call details

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

The conference call will be held on  
**30 October 2024 at 10:00-11:00 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 3936 2999

Participant access code:  
544736

### For more information please contact:

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# Key figures

DKK '000	Q3 2024	Q3 2023	Full Year 2023
<b>Customer orders</b>			
Order backlog (MW)	11	18	17
<b>Profit/loss</b>			
Revenue	66,266	16,983	41,979
Operating profit/loss, EBIT	(283,135)	(314,226)	(396,577)
Net financials	(17,614)	(21,404)	(15,119)
Net profit/loss for the period	(296,623)	(331,506)	(406,196)
<b>Balance sheet</b>			
Balance sheet total	2,163,808	2,429,070	2,366,022
Equity	574,534	963,450	881,826
<b>Cash flows</b>			
Operating activities	(275,906)	(227,672)	(280,219)
Investing activities	(39,055)	(910,331)	(799,989)
Hereof investments in property, plant and equipment	(95,611)	(99,456)	(140,833)
Financing activities	94,644	1,115,739	1,137,844
Net cash flow for the period	(142,207)	(22,264)	57,636
<b>Employees</b>			
Average number of employees	327	293	299
<b>Key Ratios</b>			
Solvency ratio (%)	27%	40%	37%
Return on invested capital (%)	(13)%	(17)%	(21)%
Return on equity (%)	(41)%	(36)%	(48)%

DKK '000	Q3 2024	Q3 2023	Full Year 2023
<b>Other performance measures</b>			
EBITDA	(191,476)	(205,184)	(267,465)
EBITDA margin	(289)%	(1,208)%	(637)%
Intangible CAPEX	(3,776)	(99,558)	(138,298)
Tangible CAPEX	(95,611)	(99,456)	(140,833)
Total CAPEX	(99,387)	(199,014)	(279,130)
Net working capital	(118,748)	(79,936)	(71,468)
Free cash flow	(236,851)	(1,138,003)	(1,080,208)
Cash and cash equivalents*	234,649	710,172	599,142

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 2023 available at [greenhydrogen.dk](https://www.greenhydrogen.dk).

# Business highlights

## X-Series progress

In Q3, The X-Series demonstrated robust performance and received third-party validation<sup>1</sup>, leading to its commercial release in September. This release was met with a positive market response and promising customer dialogues.

The technical and contractual documentation for the X-Series sales release was completed in Q3, enabling the opening of contractual negotiations with customers. Green Hydrogen Systems dedicated extra time and resources to the development, testing, and validation of the X-Series to ensure a reliable product before its commercial release.

This caused a substantial delay, but in return, the X-Series continues to evolve positively. Availability tests in Skive are finalising the validation period of the X-Series in Q4. The electrolyser has run more than 1500 hours with an average availability from 85-95% measured over 3x1 week of full-day operations.

The production facility in Kolding is preparing to start the production of the X-Series in Q4.

The X-Series is compatible with market requirements for small- and mid-size projects of 6-100 MW that are expected to be the most viable in the foreseeable future.<sup>2</sup>

<sup>1</sup> Methods & results were verified by 3<sup>rd</sup> party KIWA. Test protocols based on JRC Technical Report1 and plans were witnessed by 3<sup>rd</sup> party.

<sup>2</sup> Based on which projects are currently reaching FID and Green Hydrogen System's pipeline with number of +5 MW projects continuously increasing.

## A-Series completion

Green Hydrogen Systems completed the performance test of the A-Series MK1.1 and delivered the first unit to GeoPura in Nottinghamshire, Ireland in July. Another A180 unit (MK1.0) was delivered to Ercross in Spain, and two A90 (MK1.0) units were delivered to PRF in Portugal.

Additionally, stage 1 of the retrofit program was finished, and the engineering of fleet optimisation will continue throughout 2025. Retrofit primarily aims to increase availability and thereby the stability of systems in operation. The target is to complete Stage 2 of the retrofit by the end of 2025. Stage 2 aims to further stabilise the system and significantly improve uptime.

With 22 installed A-Series electrolysers and 12 more on the way, the A-Series is now producing clean energy in 9 countries and providing invaluable learnings and insights for future projects.

Green Hydrogen Systems is committed to the timely and safe execution of the A-Series project pipeline. Going forward, the company will focus on the successful commercialisation of the X-Series. The production of the A-Series is planned to be completed by Q1 2025, after which no additional A-Series units will be manufactured. Green Hydrogen Systems remains committed to servicing the A-Series for the duration of its lifetime.

## Adjusting to the current market situation

Green hydrogen continues to have potential to be a pivotal element in the green transition. However, the initial market expectations have been followed by a slower than anticipated market activity, including cancelled projects and postponed final investment decisions (FIDs). However, Green Hydrogen Systems still sees a strong market potential.

In response to these market challenges and the company's situation, the board and management have reviewed the company's strategy and initiated a significant cost-out and restructuring initiative, that will support the company's objective of becoming profitable. The cost-out program targets a 40-50% reduction of the production costs for the X-Series compared to current level and the restructuring of operations aims at reducing the cost base by at least 40-50% compared to the current level.

## Strengthening of capital base

On October 9, Green Hydrogen Systems launched a combined cost-out and restructuring program. To ensure the necessary capital reserves to complete the implementation of the initiatives, the company is seeking to strengthen its capital base with up to DKK 300 million by the end of 2024. The company is in constructive dialogues with its largest shareholders and lenders to find a solution to the funding requirements.

Green Hydrogen Systems has covered an extraordinary general meeting on November 14.







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