

2024 HALF-YEAR RESULT



TOPSOE
Making Energy Transition

TOPSOE DELIVERS SOLID FINANCIAL RESULTS FOR FIRST HALF-YEAR 2024

- Revenue for the first six months was DKK 4,150 million (DKK 4,664 million in the same period 2023).
- EBIT before special items was 7% higher at DKK 503 million (DKK 472 million) as a result of higher gross margins and a strong focus on operating costs.
- 19% of revenue, around DKK 800 million, came from business related to technologies and solutions that enable the energy transition.
- Based on our current projections and first half-year result we expect revenue in the range of DKK 8,200–8,600 million (previous range DKK 8,300–8,800 million) and we expect EBIT margin in the higher end of the guided range (8.0–10.0%).



“In the first six months of 2024, our business has delivered solid results, and we’re on track to deliver yet another strong full-year result. We continue to see an increasing demand for our solutions for sustainable aviation fuel (SAF) and renewable diesel as well as hydrogen produced from either renewable energy or natural gas with carbon capture and storage. However, despite our growing pipeline, not enough projects are moving from ‘announced’ to ‘committed’, and this delay is posing a serious threat to the global target of reaching net zero by 2050. Clear regulatory guidance is urgently needed for further clean hydrogen projects to reach FID.”

ROELAND BAAN
CEO

MOVING THE ENERGY TRANSITION FORWARD IN AN UNCERTAIN MARKET

“We stay committed to supporting the energy transition and are excited to start operations at our first SOEC factory in Herring, Denmark by the end of the year. This is a big step forward in our capabilities to take a leading position in the energy transition – a position that will be further cemented with a potential factory in the U.S. Pending final investment decision on the U.S. factory, the two facilities combined would make Topsoe the largest SOEC manufacturer in the world.”

ROELAND BAAN
CEO

In the first six months of 2024, our business has delivered solid results, and we're on track to deliver yet another strong result for the full year. Our revenue and earnings remain solid, supported by strong margins.

To help fund further investments in energy transition solutions, we have successfully raised EUR 200 million in a green hybrid bond through our green finance framework. The proceeds of this bond will be used to support our ambitious growth plans.

The energy transition market needs to pick up pace

We continue to see strong demand for our technologies and solutions, especially within sustainable aviation fuel (SAF) and renewable diesel. Earlier this year, we successfully launched Zaffra, our joint venture with Sasol. Under the strong leadership of CEO Jan Toschka, Zaffra will be a leader in SAF production to enable the decarbonization of aviation globally.

We also see a strong interest in our solutions to produce hydrogen and derivatives from either renewable energy or from natural gas with carbon capture and storage. However, despite our growing pipeline, not enough projects are moving from 'announced' to 'committed', and this poses a serious threat to the global target of reaching net zero by 2050.

Delays in finalizing regulatory guidance, cost increases for CAPEX projects and high interest rates have led to a low conversion of announced projects to final investment decision. Clear, consistent and impactful policies and regulations are urgently needed for more energy transition projects to reach FID.

Ørsted recently announced that they will cease the development of FlagshipOne, Europe's largest e-methanol production facility, where Topsoe is the technology partner. The European liquid e-fuels market is developing slower than expected and needed.

This emphasizes the need for incentives and mandates that encourage investments, as well as strong partnerships across the full value chain, where especially off takers play a vital role in de-risking these nascent projects financially and getting them off the ground. The hydrogen industry is being built and scaled at high pace, and volatility must be expected. Globally, we continue to see a strong and unchanged need for e-fuels with a strong interest in Topsoe's e-fuel solutions.

Taking our SOEC technology further

Topsoe was awarded a more than \$135 million U.S. tax credit allocation under section 48C of the IRA to support construction of an SOEC factory in the U.S. Pending FID, the manufacturing facility will be built in Chesterfield, Virginia and further supported by a \$6 million grant from the Commonwealth Opportunity Fund.

We are also excited to start operations in our first SOEC factory in Herring, Denmark by the end of the year. The construction is moving forward as planned, and our SOEC technology has shown strong performance at the industrial test facility that was started earlier this year. Data from this facility confirmed the high efficiency of SOEC electrolysis and the high level of stability under industrial conditions.

Keeping our momentum

We stay committed to supporting the energy transition despite the uncertainty affecting the market. The world urgently needs to scale up energy transition technologies to break the emissions curve, and Topsoe will continue to exercise its leadership in this field.

Thank you to all our employees, customers and partners for helping us constantly improve and reach our goals.

Roeland Baan
CEO

BUSINESS HIGHLIGHTS FOR THE FIRST HALF OF 2024



Launching Zaffra to help decarbonize aviation

Together with global chemicals and energy company Sasol we have successfully launched our joint venture: Zaffra. Focusing on the development and delivery of SAF based on the unique combination of pioneering SAF technologies and operational excellence, Zaffra is set to become a key player at the forefront of the aviation industry's global transformation.

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Topsoe catalysts will help CHS produce diesel efficiently

We will deliver catalysts for CHS Refinery's new hydrocracking unit in the U.S. CHS Refinery will use most of the existing equipment from their mild hydrocracking unit, but will install new, larger reactors licensed by Shell. The entire unit will use our efficient catalysts to produce more diesel at the site.

Boosting Hydrogen production in South Korea

With our ammonia cracking technology H2RETAKETM we will help Approtium convert low-carbon ammonia back into hydrogen. Approtium plans to build an ammonia cracking plant to produce 75,000 metric tons of low-carbon hydrogen annually. The plant will be built in Ulsan, South Korea, and production is expected to start in 2027.

One of Southern Europe's largest renewable fuel plants

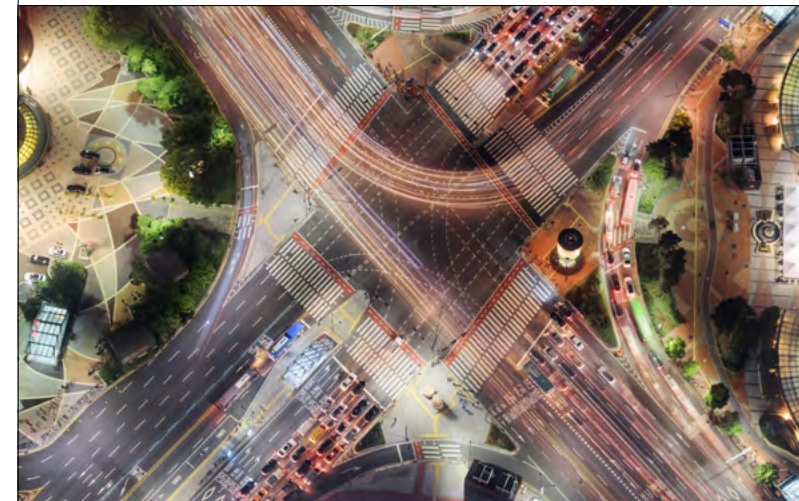
We will provide our HydroFlex™ technology for the production of sustainable aviation fuel (SAF) and renewable diesel at the new plant of Cepsa Bioenergía San Roque (CBSR) in Palos de la Frontera, Spain. The plant is a joint venture between Cepsa and Bio-Oils Energy, part of Apical Group. It will begin production in 2026 and is expected to produce 500,000 tons of SAF and renewable diesel annually.

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Proven SOEC technology performance

We are constructing our first industrial-scale SOEC electrolyzer manufacturing facility in Herning, Denmark, which goes into operation by the end of this year. In parallel, we are running rigorous tests at our SOEC test facilities in Lyngby and Frederikssund, Denmark. The latest results showcase a complete, stable, efficient, and resilient green hydrogen plant, helping to demonstrate how Topsoe's SOEC electrolyzer will play an integral role in hydrogen production over the coming years.

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SOEC electrolyzer manufacturing facility in the U.S.

We were awarded federal Section 48C tax credit from the Inflation Reduction Act to support construction of our second cutting-edge SOEC electrolyzer manufacturing factory. Pending final investment decision, the new factory will be built in Chesterfield, Virginia, and will help accelerate the U.S. domestic clean energy economy. The Governor of Virginia, Glenn Youngkin, and the Secretary of Commerce and Trade for the Commonwealth of Virginia, Caren Merrick, visited our headquarters in May to celebrate our announcement on the factory and our new Topsoe-sponsored STEM Scholarship Initiative for high school seniors from Chesterfield County.

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Putting solutions on the agenda

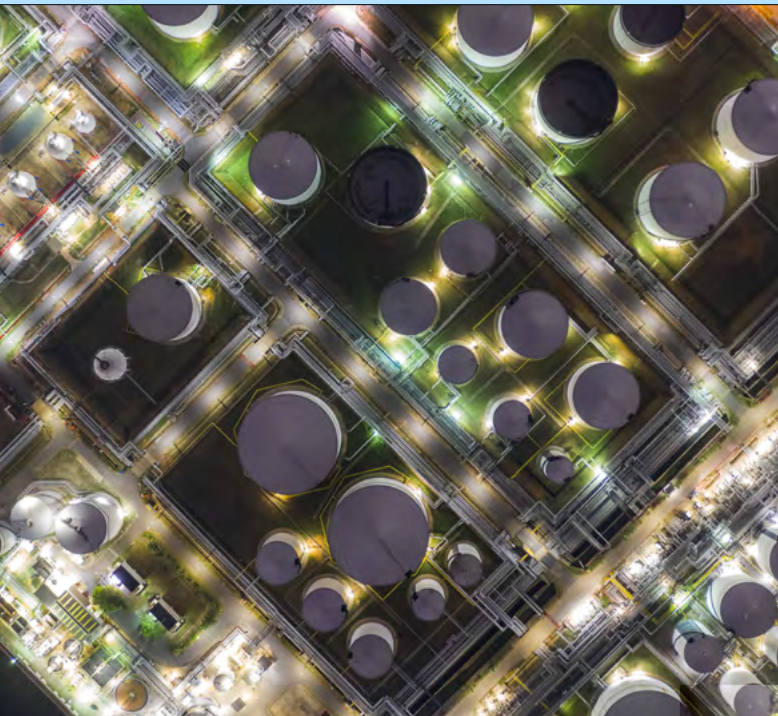
We continue to drive the conversation around the energy transition by engaging influential global public and private sector leaders. Among several events this year, we participated in Abu Dhabi Sustainability Week and Breakthrough Energy's events where we also discussed power-to-x solutions with Bill Gates. Topsoe was one of the initial 73 signatories of the Antwerp Declaration, which today has more than 1000 signatures from European companies. We are also part of Global Renewables Alliance's campaign to triple renewable energy capacity by 2030.



Braya Renewable Fuels produce renewable fuels on HydroFlex™

Canadian startup Braya Renewable Fuels converted a former petroleum refinery in Canada to produce renewable fuels. Braya's facility is successfully operating and producing renewable diesel at design capacity using our HydroFlex™ technology. Braya's plan is to increase capacity and also produce sustainable aviation fuel, and the facility is set up for an easy transition using our licensed technology.

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CF Industries to produce low-carbon ammonia

Combined with carbon capture & storage (CCS), our technology enables the production of industry leading low-carbon ammonia. We signed a license agreement with CF Industries, one of the world's largest producers of ammonia, CF Industries, have chosen Topsoe for the licensing and engineering supporting a front-end engineering and design (FEED) study of a new low-carbon SynCOR ammonia plant. It will have a capacity of 4,000 MTPD and be located in the U.S. Combined with carbon capture & storage (CCS), our technology enables the production of industry leading low-carbon ammonia.

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Raising EUR 200 million in green hybrid bonds

We have raised 200 million euros in a green hybrid bonds issuance. The capital raised will be invested in our SOEC manufacturing facilities and other energy transition technologies and solutions, and will help to support our goal of becoming net zero by 2040. The issuance is part of our green finance framework, which has been given a 'Dark Green Shading' by S&P Global Ratings.

KEY FINANCIAL FIGURES

	H1 2024	H1 2023	FY 2023
Income statement			
DKK million			
Revenue	4,150	4,664	9,416
Gross profit	1,888	1,712	3,564
EBITDA	685	653	1,356
Depreciation and amortization	-182	-181	-392
EBIT before special items	503	472	964
Special items	-9	-1	0
EBIT after special items	494	471	964
Net financial expenses, etc.	2	37	28
Net profit	386	410	775
Balance sheet			
DKK million			
Balance sheet total	10,579	8,880	9,758
Equity	5,292	3,317	3,704
Net working capital	1,761	1,755	1,189
Net interest-bearing debt	1,393	1,558	1,477

	H1 2024	H1 2023	FY 2023
Cash flow			
DKK million			
Cash flows from operating activities	13	-28	1,184
Cash flows from investing activities	-965	-674	-1,797
- of which investment in Property, plant and equipment	-858	-696	-1,726
Cash flows from financing activities	936	353	411
Net cash flow	-16	-349	-202
Employees			
Numbers			
Average number of employees	2,823	2,448	2,668
Ratios			
%			
Gross margin	45.5	36.7	37.9
EBITDA margin	16.5	14.0	14.4
EBIT before special items margin	12.1	10.1	10.2
EBIT after special items margin	11.9	10.1	10.2
Return on invested capital (ROIC)	13.9	15.6	16.0
Equity ratio	50.0	37.3	38.0
Return on equity	19.1	21.6	23.0
Leverage ratio	1.0	1.5	1.1

The ratios have been prepared in accordance with the Recommendations & Financial Ratios produced by the Danish Finance Society and CFA Society Denmark.

Consolidated income statement

DKK million	H1 2024	H1 2023	FY 2023
Revenue	4,150	4,664	9,416
Other operating income	48	45	77
Purchased equipment for contract work	-277	-222	-557
Raw materials and consumables used	-1,372	-1,979	-3,748
Other external expenses	-661	-796	-1,624
Gross profit	1,888	1,712	3,564
Staff costs	-1,203	-1,059	-2,208
EBITDA	685	653	1,356
Depreciation, amortization and impairment losses	-182	-181	-392
EBIT before special items	503	472	964
Special items	-9	-1	0
EBIT after special items	494	471	964
Result of investments in joint ventures and associated companies	4	0	-2
Financial income	105	154	298
Financial expenses	-103	-117	-270
Profit before tax	500	508	990
Tax	-114	-98	-215
Net profit	386	410	775
Attributable to:			
Owners of the parent company	386	412	775
Non-controlling interests	0	-2	0
Net profit	386	410	775
Earnings per share	1.00	1.07	2.01
Diluted earnings per shares	1.01	1.08	2.03

Consolidated statement of comprehensive income

DKK million	H1 2024	H1 2023	FY 2023
Net profit	386	410	775
Foreign currency translation adjustment	52	-50	-47
Fair value adjustment on cash flow hedges	10	0	-15
Other	0	0	-3
Items that will be reclassified to the income statement	62	-50	-65
Fair value adjustment of investments in other enterprises	1	8	8
Actuarial adjustments on pension obligations	0	0	3
Tax on pension obligations	0	-2	0
Items that will not be reclassified to the income statement	1	6	11
Other comprehensive income	63	-44	-54
Total comprehensive income	449	366	721
Attributable to:			
Owners of the parent company	449	368	733
Non-controlling interests	0	-2	-12
Total comprehensive income	449	366	721

Consolidated balance sheet

DKK million	H1 2024	H1 2023	FY 2023
Assets			
Rights	0	10	0
Patents	163	91	130
Software	136	54	72
Intangible assets under construction	70	79	107
Intangible assets	369	234	309
Land and buildings	436	370	398
Plant and machinery	620	643	599
Other fixtures and equipment	289	157	188
Property, plant and equipment under construction	3,173	1,713	2,542
Property, plant and equipment	4,518	2,883	3,727
Right-of-use assets	472	451	405
Deferred tax asset	6	13	6
Other non-current assets	397	350	361
Non-current assets	5,762	3,931	4,808
Inventories	2,266	2,420	2,141
Trade receivables	1,630	1,878	1,675
Contract assets	270	298	328
Tax receivable	42	9	37
Other receivables and prepayments	365	232	503
Cash	244	112	266
Current assets	4,817	4,949	4,950
Assets	10,579	8,880	9,758

DKK million	H1 2024	H1 2023	FY 2023
Equity and liabilities			
Share capital	386	386	386
Share premium	295	287	295
Treasury shares	-151	-149	-146
Reserves	179	148	117
Retained earnings	3,104	2,636	3,052
Equity attributed to the owners of the parent company	3,813	3,308	3,704
Hybrid capital	1,479	0	0
Non-controlling interests	0	9	0
Total equity	5,292	3,317	3,704
Pension obligations	37	34	36
Deferred tax	606	514	611
Provisions	136	219	184
Borrowings	510	952	563
Lease liabilities	482	443	426
Other payables	101	101	99
Non-current liabilities	1,872	2,263	1,919
Borrowings	473	121	594
Lease liabilities	68	56	56
Contract liabilities	1,311	1,789	1,376
Trade payables	1,002	808	1,519
Tax payable	85	53	9
Other payables	428	434	536
Deferred income	48	39	45
Current liabilities	3,415	3,300	4,135
Liabilities	5,287	5,563	6,054
Equity and liabilities	10,579	8,880	9,758

Consolidated cash flow statement

DKK million	H1 2024	H1 2023	FY 2023
EBITDA	685	653	1,356
Special items	-9	-1	18
Adjustments for non-cash items	2	19	-3
Change in working capital	-588	-667	-54
Interest received	7	26	56
Interest paid	-36	-37	-87
Corporate income tax paid	-48	-21	-102
Cash flow from operating activities	13	-28	1,184
Purchase of intangible assets	-99	-47	-162
Purchase of property, plant and equipment	-858	-696	-1,726
Purchase of non-current financial assets	-8	-2	-3
Sale of non-current financial assets	0	1	2
Dividend received	0	70	92
Cash flow from investing activities	-965	-674	-1,797

DKK million	H1 2024	H1 2023	FY 2023
Proceeds from borrowings	0	732	704
Repayment of borrowings	-166	-111	0
Proceeds from issuance of hybrid capital	1,479	0	0
Installments on lease liabilities	-37	-33	-66
Sale and purchase of treasury shares, net	-5	2	5
Received share capital	0	43	50
Dividend paid	-335	-280	-282
Cash flow from financing activities	936	353	411
Net cash flow	-16	-349	-202
Cash and cash equivalents at beginning of period	266	477	477
Net cash flow	-16	-349	-202
Foreign currency translation adjustments	-6	-16	-9
Cash and cash equivalents at end of period	244	112	266

Consolidated statement of changes in equity

DKK million	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Equity attributable to the owners of Topsoe A/S	Non-controlling interests	Hybrid capital	Total equity
Equity at January 1, 2024	386	295	-146	117	3,052	3,704	0	0	3,704
Net profit	0	0	0	0	386	386	0	0	386
Foreign currency translation adjustment	0	0	0	52	0	52	0	0	52
Fair value adjustment of cash flow hedges	0	0	0	10	0	10	0	0	10
Fair value adjustment of investments in other enterprises	0	0	0	0	1	1	0	0	1
Other comprehensive income	0	0	0	62	1	63	0	0	63
Comprehensive income	0	0	0	62	387	449	0	0	449
Purchase of own shares	0	0	-5	0	0	-5	0	0	-5
Dividend paid	0	0	0	0	-335	-335	0	0	-335
Issuance of hybrid capital	0	0	0	0	0	0	0	1,479	1,479
Transactions with owners	0	0	-5	0	-335	-340	0	1,479	1,139
Equity at June 30, 2024	386	295	-151	179	3,104	3,813	0	1,479	5,292
Equity at January 1, 2023	385	271	-151	197	2,502	3,204	12	0	3,216
Net profit	0	0	0	0	412	412	-2	0	410
Foreign currency translation adjustment	0	0	0	-49	0	-49	-1	0	-50
Fair value adjustment of investments in other enterprises	0	0	0	0	6	6	0	0	6
Other comprehensive income	0	0	0	-49	6	-43	-1	0	-44
Comprehensive income	0	0	0	-49	418	369	-3	0	366
Capital increase	1	16	0	0	0	17	0	0	17
Purchase of own shares	0	0	-4	0	0	-4	0	0	-4
Sale of own shares	0	0	6	0	0	6	0	0	6
Dividend paid	0	0	0	0	-280	-280	0	0	-280
Employee share program	0	0	0	0	-4	-4	0	0	-4
Transactions with owners	1	16	2	0	-284	-265	0	0	-265
Equity at June 30, 2023	386	287	-149	148	2,636	3,308	9	0	3,317

Notes

1.1 Revenue

DKK million	H1 2024	H1 2023	FY 2023
Revenue per region			
EMEA	1,528	1,789	3,678
Americas	1,596	1,922	3,846
Asia Pacific	1,026	953	1,892
Total revenue	4,150	4,664	9,416
Revenue per business area			
Catalysts	3,032	3,726	7,106
Technology	1,118	938	2,310
Total revenue	4,150	4,664	9,416
Revenue recognition methods			
Revenue recognized at a point in time	3,032	3,726	7,106
Catalyst revenue	3,032	3,726	7,106
Revenue recognized at a point in time	378	255	526
Revenue recognized over time	740	683	1,784
Technology revenue	1,118	938	2,310
Total revenue	4,150	4,664	9,416
Order backlog			
Order backlog, of which the majority is expected to be recognized within 1 year	4,682	5,519	5,058

2.1 Net working capital

DKK million	H1 2024	H1 2023	FY 2023
Inventories	2,266	2,420	2,141
Trade receivables	1,630	1,878	1,675
Contract assets and liabilities	-1,041	-1,491	-1,048
Trade payables	-1,002	-808	-1,519
Other payables, other receivables etc.	-92	-244	-60
Net working capital	1,761	1,755	1,189

3.1 Capital employed

DKK million	H1 2024	H1 2023	FY 2023
Intangible assets	369	234	309
Property, plant and equipment	4,518	2,883	3,727
Right-of-use assets	472	451	405
Non-current assets	5,359	3,568	4,441
Net working capital, excl. tax assets and liabilities	1,761	1,755	1,189
Net tax liabilities (current and deferred)	-643	-545	-576
Other items	-3	-5	-3
Invested capital	6,474	4,773	5,051

4.1 Funding

DKK million	H1 2024	H1 2023	FY 2023
Borrowings	984	1,073	1,157
Lease liabilities	550	498	483
Other payables	103	99	103
Interest bearing debt	1,637	1,670	1,743
Cash	244	112	266
Net interest-bearing debt	1,393	1,558	1,477
Undrawn credit facilities			
Undrawn credit facilities	1,353	1,276	1,342
Undrawn revolving credit facilities	1,938	1,050	1,836
Total undrawn credit facilities	3,291	2,326	3,178

5.1 Key accounting estimates and judgements

When preparing the consolidated financial statements, Management is required to make several estimates and judgements. These estimates and judgements are based on professional experience, historical data and other factors available to Management. Actual

results may differ from the amounts estimated and judgements made, as more detailed information becomes available. Accounting estimates and judgements are continuously evaluated, and the effect recognized in the financial statements.

The primary financial statement items for which more significant accounting estimates and judgements are applied are:

	Significant accounting estimates and judgements	Nature of accounting impact	Impact of estimate and judgement
	Determine performance obligation	Judgement	● ● ●
Revenue	Determine recognition method	Judgement	● ● ●
	Estimate total cost to complete	Estimate	● ● ●
Inventories	Estimate valuation of inventory	Estimate	● ● ○
Provisions and contingent liabilities	Estimate warranty provisions	Estimate	● ● ○

5.2 Events after the balance sheet date

No events materially affecting the Group's financial position at June 30, 2024 have occurred after the balance sheet date.

5.3 Accounting policies

The Interim Report is presented in accordance with the IFRS 34, Interim Financial Reporting, as adopted by the EU.

The Interim Report is prepared according to the same accounting policies as applied in the consolidated Annual Report for 2023.

The Interim Report is presented in Danish kroner (DKK) and rounded to the nearest million, unless otherwise stated. The functional currency of the parent company is DKK.

TOPSOE
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