

Company announcement 19/2023

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Green Hydrogen Systems publishes prospectus and initiates rights issue

Kolding, Denmark, 13 June 2023 – Green Hydrogen Systems A/S (“**Green Hydrogen Systems**” or the “**Company**”) today announces the initiation of a rights issue (the “**Offering**”) at a subscription ratio of 5:4 and subscription price of DKK 4.50 per new share. The Offering comprises up to 104,296,612 new shares which are issued with pre-emptive rights to subscribe for the new shares for the Company’s existing shareholders. A prospectus regarding the Offering is available at the Company’s website <https://investor.greenhydrogen.dk/announcements-and-news/rights-issue-2023/> (subject to certain restrictions).

The key terms of the Offering are:

- The Offering comprises up to 104,296,612 new shares with a nominal value of DKK 1 each.
- The subscription price is DKK 4.50 per new share.
- The gross proceeds of the Offering will be approximately DKK 469 million assuming all new shares are subscribed for in the Offering, in which case the net proceeds will be approximately DKK 429 million.
- Each of the Company’s existing shareholders will be allocated five (5) pre-emptive rights for each one (1) existing share held.
- The subscription ratio of the Offering is 5:4, meaning that four (4) pre-emptive rights will entitle the holder to subscribe for one (1) new share.
- Existing shares traded after 14 June 2023 at 17:00 (CEST) will be traded without pre-emptive rights, provided that the existing shares are traded with the customary two-day settlement cycle.
- The pre-emptive rights can be traded in the period commencing on 15 June 2023 at 09:00 (CEST) and closing on 28 June 2023 at 17:00 (CEST).
- The subscription period for new shares commences on 19 June 2023 at 09:00 (CEST) and closes on 30 June 2023 at 17:00 (CEST).
- Any pre-emptive rights that are not exercised during the subscription period will lapse with no value, and the holder of such pre-emptive rights will not be entitled to compensation. Any remaining shares not subscribed for by pre-emptive rights may be subscribed for by existing shareholders, potential investors who are residents of Denmark (Danish retail investors) and/or qualified investors, who have made binding undertakings to subscribe for such shares by use of the application form in Annex A (Application Form) in the prospectus before the expiry of the subscription period.
- The Company’s major shareholders, Nordic Alpha Partners Fund I K/S, APMH Invest A/S, Norlys a.m.b.a. and Arbejdsmarkedets Tillægspension have undertaken subscription commitments generating gross proceeds to the Company of approximately DKK 174 million conditional on the Company raising gross proceeds of DKK 225 million or more in the Offering. Additionally, certain members of the Board of Directors, Executive Management and key employees have severally and not jointly undertaken to exercise allocated pre-emptive rights and/or apply for subscription for remaining shares for an aggregate amount of DKK 4.52 million.
- If the result of the Offering shows that gross proceeds are less than DKK 225 million, the Company expects to withdraw the Offering immediately before completion. If the Company raises gross proceeds that are less than DKK 469 million (but more than DKK 225 million), the Company may need to amend its business plan including the pace of execution thereof or raise new capital at an earlier time than what would have otherwise been the case.
- Moreover, if the Offering is completed raising gross proceeds of DKK 225 million or more, the Company expects to be able to draw on two term loans to be made available by two of the major shareholders, APMH Invest A/S and Arbejdsmarkedets Tillægspension, with a total principal amount of DKK 250 million.

Sebastian Koks Andreassen, CEO in Green Hydrogen Systems says: *“At Green Hydrogen Systems, we have an ambition to become a significant player in the global sustainable energy transition. Achieving our 2026 target of surpassing DKK 1.2 billion in revenue is an important step towards fulfilling that ambition. To reach that target we need to complete the development of the X-Series and launch it commercially. We need to progress the delivery of the A-Series to our customers and add new orders to our backlog. And we need to continuously optimise our product offerings, strengthen the technical organisation and expand the commercial rollout. We are therefore aiming to raise gross proceeds of DKK 469 million in a rights issue, which also serves to ensure adequate capitalisation of the Company. The rights issue is supported by major shareholders and will be combined with loan facilities of DKK 250 million provided by two of the Company’s major shareholders, APMH Invest A/S and Arbejdsmarkedets Tillægspension. Subject to completing the offering at the targeted amount, we expect to be capitalised to reach important commercial and technical milestones until the end of 2025.”*

Background to the Offering and use of proceeds

The Offering is intended to contribute to the funding of the Company’s execution of its strategy and thereby enable the Company to reach its commercial and financial targets for the future. In light of the Company’s current capitalisation and working capital as well as the importance of complying with a financial covenant, the Company is in actual need of new capital.

The Company is targeting gross proceeds from the Offering of up to DKK 469 million with potential net proceeds of up to approximately DKK 429 million (assuming subscription for all new shares and otherwise subject to the assumptions set out in the prospectus). The targeted net proceeds together with the expected proceeds from two term loans of a total principal amount of DKK 250 million from each of APMH Invest A/S and Arbejdsmarkedets Tillægspension, may result in total net proceeds of approximately DKK 679 million (assuming disbursement of the term loans which is subject to certain conditions). The term loans are conditional upon, *inter alia*, the Company raising gross proceeds in the Offering of DKK 225 million or more and the provision of security by way of a DKK 130 million second priority real property mortgage and a DKK 120 million floating charge. If drawn, the term loans will be subject to a fixed interest rate of 15 per cent p.a. which will be rolled up on a quarterly basis and added to the principal amount of the term loans and will also include certain variable prepayment fees.

The Company expects to withdraw the Offering immediately before completion if the Offering results in gross proceeds of less than DKK 225 million. Accordingly, the expected minimum net proceeds in the Offering and from the term loans are DKK 445 million, while the targeted potential net proceeds are approximately DKK 679 million.

Assuming realisation of the Company’s financial targets for the future, the total net proceeds from the capital increase are targeted at providing the Company with sufficient funds to maintain a strong balance sheet, including to meet possible financial covenants related to its debt arrangements until end of 2025. Around that time, the Company expects to evaluate its capital needs and may seek new capital via external financing and/or by a new capital increase.

If the full targeted amount of proceeds is not raised, the Company may need to evaluate its business plan including the pace of execution thereof, and the Company may need to raise new capital at an earlier time than would have otherwise been the case. For example, should a delay in commercial launch of the X-Series coincide with the Company not raising the full targeted amount of proceeds in the Offering or increased expenditure/cash spend (e.g., increased R&D costs), the Company may find that it is prudent to seek a new capital raise as early as in the first half of 2024.

The proceeds from the Offering and the term loans will in combination with current available funds and debt financing be allocated towards funding growth investments and the operations of the Company as follows:

1. Continued R&D efforts to further increase the system performance of the A-Series product platform and development of the X-Series product platform.
2. Investments to enable product industrialisation and scale-up of the production facilities.
3. Strengthening the balance sheet to fulfil counter guarantees required by customers.
4. Expansion of commercial and organisational ramp-up by attracting the needed and right competences.

Support from investors, etc.

Certain shareholders (Nordic Alpha Partners Fund I K/S, APMH Invest A/S, Norlys a.m.b.a. and Arbejdsmarkedets Tillægspension) have severally and not jointly undertaken subscription commitments to exercise their allocated pre-emptive rights to subscribe for such number of new shares generating gross proceeds to the Company of approximately DKK 174 million. The subscription commitments are conditional on the Company accepting subscription applications for new shares raising gross proceeds of DKK 225 million or more in the Offering.

In addition, Nordic Alpha Partners Fund I K/S has entered into a subscription rights transfer agreement with Danske Bank in connection with the Offering. Pursuant to the subscription rights transfer agreement, Danske Bank will receive 74,290,803 pre-emptive rights from Nordic Alpha Partners Fund I K/S, representing the excess pre-emptive rights not required to satisfy Nordic Alpha Partners Fund I K/S's subscription commitment. Subsequently, it is agreed that Danske Bank will seek to sell such part of the acquired pre-emptive rights in the market, utilising the net proceeds from the sale to subscribe for additional new shares. Such shares subscribed for by Danske Bank will then be transferred to Nordic Alpha Partners Fund I K/S upon the completion of the Offering as consideration for the pre-emptive rights acquired by Danske Bank.

If the Offering is completed raising gross proceeds of DKK 225 million or more, the Company expects to be able to draw on two term loans provided by APMH Invest A/S and Arbejdsmarkedets Tillægspension, with a total principal amount of DKK 250 million.

Additionally, certain members of the Board of Directors, Executive Management and key employees have severally and not jointly undertaken to exercise allocated pre-emptive rights and/or apply for subscription for remaining shares for an aggregate amount of DKK 4.52 million.

Prospective financial information and medium-term targets

As further described in the prospectus, the Company maintains its present prospective financial information for the financial year ending 31 December 2023 as revised on 31 May 2023 (see Company Announcement no. 15/2023) and its medium-term targets as announced on 1 March 2023 (see Company Announcement no. 04/2023).

Main terms of the Offering

Below is a summary of the main terms of the Offering. Reference is made to the prospectus for a detailed description of the terms of the rights issue.

- *The Offering:* The Offering comprises up to 104,296,612 new shares with a nominal value of DKK 1 each with pre-emptive rights for the Company's existing shareholders.
- *Subscription price:* The new shares are offered at a subscription price of DKK 4.50 per new share.
- *Subscription ratio:* Each existing shareholder of the Company registered as such with Euronext Securities Copenhagen on 16 June 2023 at 17:59 (CEST) will be allocated five (5) pre-emptive rights per one (1) share held. The subscription ratio of the Offering is 5:4 which means that four (4) pre-emptive rights will entitle the holder to subscribe for one (1) new share with a nominal value of DKK 1 each.
- *Trading in pre-emptive subscription rights:* The pre-emptive rights can be traded on Nasdaq Copenhagen under the temporary ISIN code DK0062271631 during the period from 15 June 2023 at 09:00 (CEST) to 28 June 2023 at 17:00 (CEST).
- *Subscription period:* The subscription period for the new shares commences on 19 June 2023 at 09:00 (CEST) and closes on 30 June 2023 at 17:00 (CEST). Any pre-emptive rights that are not exercised during this subscription period will lapse with no value, and the holder of such pre-emptive subscription rights will not be entitled to any compensation.
- *Payment and delivery:* Upon exercise of the pre-emptive subscriptions, the holder must pay DKK 4.50 per new share subscribed for. Payment for the new shares shall be made in Danish kroner (DKK) on the date of subscription, however, no later than on 30 June 2023 at 17:00 (CEST).

- **Remaining shares:** Shares not subscribed for by exercise of a pre-emptive right may be subscribed for by existing shareholders, Danish retail investors and/or qualified investors, who before expiry of the subscription period have made binding undertakings to subscribe for the remaining shares according to a separate application form contained in the prospectus. In case of oversubscription of remaining shares, such remaining shares will be allocated according to allocation keys determined by the Company's Board of Directors. The Offering is not underwritten by the global coordinator.
- **Subscription commitments:** Certain shareholders (Nordic Alpha Partners Fund I K/S, APMH Invest A/S, Norlys a.m.b.a. and Arbejdsmarkedets Tillægspension) have severally and not jointly undertaken subscription commitments to exercise their allocated pre-emptive rights to subscribe for such number of new shares generating gross proceeds to the Company of approximately DKK 174 million in the aggregate.

Additionally, certain members of the Board of Directors, Executive Management and key employees have severally and not jointly undertaken to exercise allocated pre-emptive rights and/or apply for subscription for remaining shares for an aggregate amount of DKK 4.52 million.

- **Trading and official listing of new shares:** After payment of the subscription price, the new shares will be issued in the temporary ISIN DK0062271631 through Euronext Securities Copenhagen. The temporary ISIN code is registered in Euronext Securities Copenhagen solely for the subscription of the new shares and will not be admitted to trading and official listing on Nasdaq Copenhagen.

The new shares will be registered with the Danish Business Authority after the completion of the Offering, expectedly on 6 July 2023. The new shares are expected to be admitted to trading and official listing on Nasdaq Copenhagen under the permanent ISIN code for the Company's existing shares DK0061540341 on 10 July 2023. The temporary ISIN code is expected to be merged with the ISIN code of the existing shares on 11 July 2023 after 17:00 (CEST) and be part of the same existing share class.

- **Withdrawal of the Offering:** The Offering may be withdrawn by the Company subject to certain conditions before registration of the capital increase relating to the new shares with the Danish Business Authority. The Company expects to withdraw the Offering immediately before completion if the result of the Offering shows that gross proceeds are less than DKK 225 million.

If the Offering is withdrawn, any exercise of pre-emptive rights that has already taken place will be cancelled automatically. The subscription amount for the new shares will be refunded (less any transaction costs) to the last registered owner of the new shares as at the date of such withdrawal. All pre-emptive rights will lapse and no new shares will be issued.

Trades of pre-emptive rights executed during the rights trading period will, however, not be affected. Consequently, investors who have acquired pre-emptive rights will incur a loss corresponding to the purchase price of the pre-emptive rights and any transaction costs.

Investors who have acquired new shares will receive a refund of the subscription price paid for the new shares (less any transaction costs). Consequently, investors who have acquired new shares may incur a loss corresponding to the difference between the purchase price and the subscription price of the new shares and any related transaction costs.

The global coordinator is entitled to terminate the rights issue agreement upon the occurrence of certain events and/or circumstances. The rights issue agreement also contains conditions for completion which the Company believes to be customary for offerings such as the Offering, and the completion of the Offering pursuant to the rights issue agreement is subject to compliance with all such conditions in the rights issue agreement. If one or more conditions for completion is not met, the global coordinator may, at its discretion, terminate the rights issue agreement which may accordingly require that the Company withdraws the Offering.

The Company is not liable for any losses that investors may suffer as a result of withdrawal of the Offering including, but not limited to, any transaction costs or lost interest.

Any such withdrawal will be announced via Nasdaq Copenhagen.

- **Lock-ups:** Following the Offering, the Company and certain members of the Board of Directors, Executive Management and key employees will be subject to a 180-day lock-up, subject to certain exceptions.

Expected timetable of the Offering

The timetable for main events relating to the Offering is as follows:

Publication of prospectus.....	13 June 2023
Last day of trading in existing shares including pre-emptive rights ¹⁾	14 June 2023 at 17:00 (CEST)
First day of trading in existing shares without pre-emptive rights	15 June 2023
Trading period for (and including listing of) pre-emptive rights to commence	15 June 2023 at 09:00 (CEST)
Allocation time of pre-emptive rights.....	16 June 2023 at 17:59 (CEST)
Subscription period for new shares commences	19 June 2023 at 09:00 (CEST)
Closing of trading period for (and last day of trading of) pre-emptive rights	28 June 2023 at 17:00 (CEST)
Closing of subscription period for new shares	30 June 2023 at 17:00 (CEST)
Publication of result of the Offering.....	4 July 2023
Allocation of new shares not subscribed for by existing shareholders (the “remaining shares”)	4 July 2023
Completion of the Offering, including settlement of the new shares.....	6 July 2023
Registration of the capital increase regarding the new shares with the Danish Business Authority	6 July 2023
First day of trading and official listing of the new shares on Nasdaq Copenhagen under the ISIN code of the existing shares	10 July 2023
Merger of the temporary ISIN code and permanent ISIN codes in Euronext Securities Copenhagen	11 July 2023 after 17:00 (CEST)

1) Trading in shares after the last trading day in existing shares including pre-emptive rights on 14 June 2023 at 17:00 (CEST) will be exclusive of rights to receive pre-emptive rights for the buyer unless the parties to the trade in question have taken measures to settle the trade in Euronext Securities Copenhagen prior to the allocation time of pre-emptive rights on 16 June 2023 at 17:59 (CEST) and, thus, chosen not to settle according to the customary settlement cycle with settlement two trading days after the transaction date.

The timetable above is subject to change. Any such changes will be announced via Nasdaq Copenhagen.

Global coordinator and legal advisors

Danske Bank is acting as global coordinator and manager of the Offering. Bech-Bruun Law Firm P/S and Fried, Frank, Harris, Shriver & Jacobson (London), LLP act as Danish and US legal advisors, respectively, to the Company. Plesner Advokatpartnerselskab acts as Danish legal advisor to Danske Bank.

Prospectus

Following publication, the prospectus containing detailed information on the Company and the Offering will, subject to certain restrictions, be available on the Company’s website <https://investor.greenhydrogen.dk/announcements-and-news/rights-issue-2023>. Apart from information that is expressly incorporated into the prospectus by reference, the content of the Company’s website does not form part of the prospectus.

Green Hydrogen Systems in brief

Green Hydrogen Systems is a leading provider of standardised and modular electrolysers to produce green hydrogen solely based on renewable electricity. 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 has a commercially proven and cost-competitive electrolysis technology endorsed by leading energy, as well as industrial companies.

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Important notice

The statements contained in this announcement may include "forward-looking statements" that express expectations as to future events or results. Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "seeks", "should" or "targets" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These statements are based on current expectations and involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. Any of the assumptions underlying forward-looking statements could prove inaccurate or incorrect and therefore any results contemplated in forward-looking statements may not actually be achieved. Nothing contained in this announcement should be construed as a confirmation that the Offering will complete, nor of the deal size or price. Recipients of this announcement are strongly urged not to place undue reliance on any of the statements set forth above. There is no assurance that the targets and expectations described above will materialize or prove to be correct. Because these statements are based on assumptions and/or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those described above.

This announcement is not an offer to sell or a solicitation of any offer to buy any securities issued by the Company in any jurisdiction where such offer or sale would be unlawful and the announcement and the information contained herein are not for distribution or release, directly or indirectly, in or into such jurisdictions. This announcement does not constitute an offering memorandum or a prospectus as defined by Regulation (EU) No. 2017/1129 of 14 June 2017, as amended, and nothing herein contains an offering of securities. No one should purchase or subscribe for any securities in the Company, except on the basis of information in any prospectus published by the Company in connection with a potential offering and admission of such securities to trading and official listing on Nasdaq Copenhagen. Copies of any such prospectus will, following publication be available from the Company's registered office and on the website of the Company.

This announcement and the information contained herein are for information purposes only and not for distribution in or into the United States of America (including its territories and possessions, any state of the United States of America and the District of Columbia) (the "United States") or any other jurisdiction where such offer or sale would be unlawful and this announcement and the information contained herein are not for distribution or release, directly or indirectly, in such jurisdictions. This document does not constitute, or form part of, an offer to sell, or a solicitation of an offer to purchase, any securities in the United States. The securities of the Company have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States.

In any member state of the European Economic Area, other than Denmark, this announcement is only addressed to and directed at investors in member states of the European Economic Area who fulfil the criteria for exemption from the obligation to publish a prospectus, including “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129), as amended.

This announcement is only being distributed to and is only directed at, qualified investors (as defined in the UK Prospectus Regulation) who: (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “FSMA Order”); (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FSMA Order; or (iii) are other persons to whom they may otherwise lawfully be communicated (all such persons, together being referred to as “relevant persons”). In the United Kingdom, this Prospectus is directed only at relevant persons and must not be acted on or relied on by anyone who is not a relevant person. In the United Kingdom, any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Danske Bank A/S (“Danske Bank”) and its affiliates is acting exclusively for the Company and no-one else in connection with the Offering. It will not regard any other person as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the potential capital raise, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

In connection with the Offering, Danske Bank and any of its affiliates, acting as investors for their own accounts, may subscribe for or purchase shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such shares and other securities of the Company or related investments in connection with the Offering or otherwise. Accordingly, references in the prospectus, to the securities being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, Danske Bank and any of its affiliates acting as investors for their own accounts. Danske Bank do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.