IMPORTANT NOTICE

You must read the following disclaimer before continuing. The following applies to the attached prospectus relating to Green Hydrogen Systems A/S (the "**Company**") dated 13 June 2023 (the "**Prospectus**") and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Prospectus. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information from the Company as a result of such access.

You acknowledge that the delivery of this electronic transmission and the attached Prospectus is confidential and intended for you only and you agree that you may not, nor are you authorised to, copy or reproduce the Prospectus in whole or in part in any manner whatsoever or deliver, distribute or forward the Prospectus or disclose any of its contents to any other person. Failure to comply with this directive may result in a violation of the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the applicable laws of other jurisdictions. If you are not the intended recipient of this Prospectus, you are hereby notified that any dissemination, distribution or copying of this document is strictly prohibited.

The attached Prospectus has been prepared and published solely in connection with the proposed offering by the Company of pre-emptive rights to subscribe for new shares (the "**Pre-emptive Rights**") and new shares upon the exercise of the Pre-emptive Rights and the subsequent admission of the ordinary shares to Nasdaq Copenhagen A/S. The Prospectus has been prepared in compliance with the standards and requirements of Danish law and approved by the Danish Financial Supervisory Authority (the "**Danish FSA**") (in Danish: *Finanstilsynet*).

THIS ELECTRONIC TRANSMISSION AND THE ATTACHED PROSPECTUS ARE ONLY BEING MADE AVAILABLE TO INVESTORS WHO ARE (1) LOCATED OUTSIDE THE UNITED STATES AND ARE (A) IF IN THE EUROPEAN ECONOMIC AREA. ("EEA") "QUALIFIED INVESTORS" (AS DEFINED IN THE EU PROSPECTUS REGULATION (EU) 2017/1129 OR (B) IF IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO 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 "**ORDER**") OR WHO ARE HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49 OF THE ORDER, OR (C) OUTSIDE THE EEA OR UNITED KINGDOM PROVIDED SUCH AVAILABILITY IS PERMITTED UNDER APPLICABLE SECURITIES LAWS OR (2) "QUALIFIED INSTITUTIONAL BUYERS" ("**QIBS**") (AS DEFINED IN RULE 144A ("**RULE 144A**")) UNDER THE SECURITIES ACT.

NOTHING IN THIS ELECTRONIC TRANSMISSION OR THE ATTACHED PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO, AND IN PARTICULAR, IS NOT FOR DISTRIBUTION IN AUSTRALIA, CANADA, JAPAN, SOUTH AFRICA, OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION (THE "**EXCLUDED TERRITORIES**") THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE SECURITIES DESCRIBED HEREIN MAY NOT BE OFFERED OR SOLD UNDER ANY APPLICABLE SECURITIES LAWS OF THE EXCLUDED TERRITORIES.

THE SECURITIES DESCRIBED HEREIN ARE BEING (1) OFFERED AND SOLD IN THE UNITED STATES ONLY TO QIBS AS DEFINED IN RULE 144A WHO PROVIDE A SIGNED INVESTOR LETTER OR (2) OFFERED AND SOLD IN AN OFFSHORE TRANSACTION OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR JURISDICTION OF THE UNITED STATES.

THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE SECURITIES DESCRIBED HEREIN OR THE ACCURACY OR ADEQUACY OF THE ATTACHED PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Confirmation of Your Representation: You have been sent this electronic transmission and the attached Prospectus on the basis that you are deemed to have represented to the Company that (i) (a) you are located outside the United States and you are (1) a person in the EEA who is a "qualified investor" (as defined in the EU Prospectus Regulation (EU) 2017/1129), (2) a person in the United Kingdom who is a "qualified investor" and either, has professional experience in matters relating to investments falling within Article 19(5) of the Order or is a high net worth entity falling within Article 49 of the Order, or (3) a person outside the EEA into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or (b) you are located in the United States and are a QIB and (ii) you consent to delivery by electronic transmission.

You are reminded that this electronic transmission and the attached Prospectus have been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this electronic transmission or the attached Prospectus to any other person.

The attached Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission.

Neither the Company nor any person who controls the Company nor any director, officer, employee nor agent of any of them, nor any affiliate of such person accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and any subsequent document, either in electronic format or hard copy, that may be provided to you at a later date.

Green Hydrogen Systems A/S

(a public limited liability company incorporated in Denmark under company registration (CVR) no. 30548701)

Rights issue of up to 104,296,612 new shares with a nominal value of DKK 1 each at a subscription price of DKK 4.50 per new share with pre-emptive rights for the existing shareholders of Green Hydrogen Systems A/S at the ratio of 5:4 to raise gross proceeds of up to approximately DKK 469 million

This document (the "**Prospectus**") has been prepared in connection with a capital increase comprising an offering (the "**Offering**") of up to 104,296,612 new shares with a nominal value of DKK 1 each (the "**New Shares**") in Green Hydrogen Systems A/S (the "**Company**" or "**Green Hydrogen Systems**") with pre-emptive rights to subscribe for New Shares (the "**Pre-emptive Rights**") for the Existing Shareholders (as defined below) of the Company at the ratio of 5:4, meaning that each holder of shares in the Company who is registered as a shareholder of the Company (the "**Existing Shareholders**") with Euronext Securities Copenhagen (VP Securities A/S) ("**Euronext Securities Copenhagen**") on 16 June 2023 at 17:59 (CEST) will be allocated five (5) Pre-emptive Rights for each one (1) Existing Share (as defined below). For every four (4) Pre-emptive Rights, the holder is entitled to subscribe for one (1) New Share at a price of DKK 4.50 per New Share (the "**Subscription Price**"). The Offering is made to raise gross proceeds for the Company of up to approximately DKK 469 million. The Offering consists of a public offering in Denmark and a private placement outside of Denmark, in compliance with applicable securities laws.

Immediately prior to the Offering, the registered share capital of the Company is DKK 83,437,290 divided into 83,437,290 shares with a nominal value of DKK 1 each (the "**Existing Shares**" and together with the New Shares, the "**Shares**"). The Existing Shares are listed on Nasdaq Copenhagen A/S ("**Nasdaq Copenhagen**") under the ISIN code DK0061540341. On 13 June 2023, the board of directors of the Company (the "**Board of Directors**") exercised the authorisation granted in article 5.5 of the Company's articles of association and resolved to increase the share capital by a nominal amount of up to DKK 104,296,612 by the issue of up to 104,296,612 New Shares with a nominal value of DKK 1 each with Pre-emptive Rights for Existing Shareholders. The Pre-emptive Rights have been approved for trading and official listing on Nasdaq Copenhagen under the temporary ISIN code DK0062271557.

The trading period for the Pre-emptive Rights commences on 15 June 2023 at 9:00 (CEST) and closes on 28 June 2023 at 17:00 (CEST) (the "**Rights Trading 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) (the "**Subscription Period**"). Once a holder of Pre-emptive Rights has exercised such rights and subscribed for New Shares, such subscription cannot be withdrawn or modified by such holder, except as set forth in this Prospectus. Any of the 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 any compensation. After payment of the Subscription Price, the New Shares will be issued in the temporary ISIN code DK0062271631. The temporary ISIN code DK0062271631 will not be admitted to trading and official listing on Nasdaq Copenhagen. The temporary ISIN code is registered in Euronext Securities Copenhagen solely for the subscription of the New Shares. The New Shares will be registered with the Danish Business Authority after completion of the Offering, expectedly on 6 July 2023. The New Shares will be admitted to trading and official listing on Nasdaq Copenhagen in the same ISIN code as the Existing Shares with the expected first day of trading and official listing being 10 July 2023.

New Shares which have not been subscribed for by holders of Pre-emptive Rights before the expiry of the Subscription Period (the "**Remaining Shares**") may, without compensation to the holders of unexercised Pre-emptive Rights, 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*) before the expiry of the Subscription Period. In case of oversubscription of the Remaining Shares in connection with binding undertakings, such Remaining Shares will be allocated according to allocation principles determined by the Board of Directors. 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 (the "**Subscription Commitments**"). In addition, Nordic Alpha Partners Fund I K/S has entered into a subscription rights transfer agreement (the "**SRT Agreement**") with the Global Coordinator in connection with the Offering. Pursuant to the SRT Agreement, the Global Coordinator will receive the excess Pre-emptive Rights not required to satisfy Nordic Alpha Partners Fund I K/S's Subscription Commitment and, subsequently, the Global Coordinator 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, which then will be transferred back to Nordic Alpha Partners Fund I K/S upon the completion of 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 (the "**Management Commitments**"). The Offering is not underwritten by the Global Coordinator. **Accordingly, there is no certainty that the Offering will generate the amount of proceeds which the Company is targeting. If the result of the Offering shows that gross proceeds are less than DKK 225 million, the Company expects to withdraw 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. Reference is also made to sections 4.3 (*Risks related to the Company's financial profile*), 11 (*Background to the Offering and use of proceeds*) and 16.8 (*Working capital statement*). 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 with a total principal amount of DKK 250 million (the "Term Loans"). Reference is made to section 15.10.4 (*Term Loan Agreements*).**

Prospective investors are advised to examine all the risks and legal requirements described in this document that might be relevant in connection with an investment in the Pre-emptive Rights or the New Shares. Investing in the Pre-emptive Rights or the New Shares involves a high degree of risk. See section 4 (*Risk factors*) beginning on page 9 for the risks that prospective investors should consider before investing in the Pre-emptive Rights or the New Shares.

The Pre-emptive Rights and the New Shares will be delivered in book-entry form to investors' accounts with Euronext Securities Copenhagen and through the facilities of Euroclear Bank S.A./N.A., as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, S.A. ("**Clearstream**").

The Offering is subject to Danish law and this document has been prepared under Danish law in compliance with the requirements set out in the Consolidated Act No. 43 of 13 January 2023 on Capital Markets, as amended (the "Danish Capital Markets Act"), Regulation (EU) no. 2017/1129 of the European Parliament and the Council of 14 June 2017, as amended (the "Prospectus Regulation"), Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 as well as Commission Delegated Regulation (EU) 2019/979 of 14 March 2019, as amended. This document has been prepared in accordance with Article 14 (Simplified disclosure regime for secondary issuances) of the Prospectus Regulation, Annex 3 (Registration document for secondary issuances of equity securities) and Annex 12 (Securities note for secondary issuances of equity securities or of units issued by collective investment undertakings of the closed-end type) to the Commission Delegated Regulation 2019/980 of 14 March 2019 as amended. The Company has elected to apply the aforementioned Annexes, as the proportionate disclosure regime has been specifically implemented to be used in rights issues.

This document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any of the Pre-emptive Rights and/or New Shares in any jurisdiction to any person to whom it would be unlawful to make such an offer in such jurisdiction. None of the Pre-emptive Rights or the New Shares (including, for the avoidance of doubt, any Remaining Shares) have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or under the securities laws of any state or other jurisdiction of the United States of America (the "U.S." or the "United States"). Accordingly, none of the Pre-emptive Rights or the New Shares may be offered, sold, taken up, exercised, resold, renounced, transferred, distributed, subscribed for, purchased, pledged or delivered, directly or indirectly, within, into or in the United States, or to or for the account or benefit of persons in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Pre-emptive Rights and the New Shares are only being offered and sold (i) outside the United States in offshore transactions in accordance with Regulation S ("Regulation S") under the U.S. Securities Act and (ii) in the United States only to certain persons who are qualified institutional buyers ("QIBs") within the meaning of Rule 144A of the U.S. Securities Act, pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and who sign investor letters satisfactory to the Company. The Manager will not participate in the solicitation, offer or sale of any Pre-emptive Rights and New Shares within or directed into the United States and will not be involved in any activities relating to the Pre-emptive Rights, New Shares or Shares, within or directed into the United States. The distribution of this document and the offer, sale, subscription, acquisition or exercise of the Pre-emptive Rights and/or New Shares in certain jurisdictions are restricted by law. Persons into whose possession this document comes are required by the Company and the Global Coordinator to inform themselves about and to observe such restrictions. For a description of certain restrictions on offers, sales, subscriptions, exercise and transfers of Pre-emptive Rights and New Shares, and on distribution of this document, see section 26 (*Selling and transfer restrictions*).

Global Coordinator and Bookrunner

Danske Bank

The date of this Prospectus is 13 June 2023

1. Important notice relating to the Prospectus

In this Prospectus, the "**Company**" refers to Green Hydrogen Systems A/S registered under company registration (CVR) no. 30548701.

No representation or warranty, expressed or implied, is made by Danske Bank A/S ("**Danske Bank**", the "**Global Coordinator and Bookrunner**" or the "**Manager**") as to the accuracy or completeness of any information contained in this Prospectus.

The information in this Prospectus is as of the date printed on the front of the cover, unless expressly stated otherwise. The delivery of this Prospectus at any time does not imply that there has been no change in the Company's business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof. In the event of any significant new factor, material mistake or material inaccuracy relating to the information in this Prospectus that may affect the assessment of the Pre-Emptive Shares, the New Shares and/or the Existing Shares during the period from the date of this Prospectus and the final completion of the Offering or the commencement of trading on Nasdaq Copenhagen of the New Shares, such changes will be announced to the extent required pursuant to the rules of the Prospectus Regulation, *inter alia*, which governs the publication of prospectus supplements.

In connection with the Offering, the Company has prepared this Prospectus for purposes of the Offering. The Prospectus has been prepared in compliance with the standards and requirements of Danish law and approved by the Danish Financial Supervisory Authority (the "**Danish FSA**") (in Danish: *Finanstilsynet*) as competent authority under the Prospectus Regulation as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation.

NOTICE TO INVESTORS

In making an investment decision, investors must rely on their own assessment of the Company and the terms of this Offering, as described in this Prospectus, including the merits and risks involved. Any acquisition of Pre-emptive Rights and/or subscription for the New Shares should be based on the assessments of the information in the Prospectus that the investor in question may deem necessary, including the legal basis and consequences of the Offering, and including possible tax consequences that may apply, before deciding whether or not to acquire Pre-emptive Rights and/or acquire or subscribe for the New Shares.

No person has been authorised to give any information or make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Manager or the Company. Neither the Company nor the Manager accept any liability for any such information or representation.

The distribution of this Prospectus and the offer, sale, subscription, acquisition or exercise of the Pre-emptive Rights and/or New Shares in certain jurisdictions are restricted by law. By subscribing for New Shares and/or acquiring Pre-emptive Rights, investors will be deemed to have made certain acknowledgements, representations and agreements as described in this Prospectus. Prospective investors should be aware that they may be required to bear the financial risks of any such investment for an indefinite period of time.

The Offering will be completed under Danish law, and no action has been or will be taken by the Manager or the Company to permit a public offering in any jurisdiction other than Denmark. Persons into whose possession this Prospectus may come are required by the Manager and the Company to inform themselves about and to observe such restrictions. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. For further information with regard to restrictions on offers, sales, subscriptions, exercise and transfers of the Pre-emptive Rights and the New Shares, and the distribution of this Prospectus, see section 26 (*Selling and transfer restrictions*). This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy, exercise or subscribe for any of the Pre-emptive Rights or New Shares in any jurisdiction to any person to whom it would be unlawful to make such an offer. This Prospectus may not be forwarded, reproduced or in any other way redistributed by anyone but the Manager and the Company. Investors may not reproduce or distribute this Prospectus, in whole or in part, and investors may not disclose the content of this Prospectus or use any information herein for any purpose other than considering the subscription for New Shares and/or acquisition of Pre-emptive Rights. Investors agree to the foregoing by accepting delivery of this Prospectus.

1.1 Notice to investors in the United States

None of the Pre-emptive Rights or the New Shares (including, for the avoidance of doubt, any Remaining Shares) have not been, or will not be, registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. None of the Pre-emptive Rights or the New Shares may be offered, sold, taken up, exercised, resold, renounced, transferred, distributed, subscribed for, purchased, pledged or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Pre-emptive Rights and the New Shares are only being offered and sold (i) outside the United States in compliance with Regulation S of the U.S. Securities Act and (ii) in the United States only to certain persons who are QIBs within the meaning of Rule 144A of the U.S. Securities Act pursuant to an exemption from,

or in a transaction not subject to, the registration requirements of the U.S. Securities Act and who sign investor letters satisfactory to the Company. There will be no public offer of the Pre-emptive Rights or the New Shares in the United States.

The Manager will not participate in the solicitation, offer or sale of any Pre-emptive Rights and the New Shares within or directed into the United States and will not be involved in any activities relating to the Pre-emptive Rights or the New Shares, within or directed into the United States.

None of the Offering, the Pre-emptive Rights or the New Shares has been recommended, approved or rejected by any US federal or state securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States. For certain restrictions on transfer of the Pre-emptive Rights and the New Shares, see section 26 (*Selling and transfer restrictions*).

1.2 European Economic Area ("EEA") restrictions

In relation to each Member State of the European Economic Area (other than Denmark) (each a "**Relevant State**"), no Pre-emptive Rights or New Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant State prior to the publication of a prospectus in relation to the Pre-emptive Rights and the New Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of Pre-emptive Rights and New Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation (a "**Qualified Investor**");
b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Global Coordinator for any such offer; or
c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Pre-emptive Rights or New Shares shall require the Company or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Pre-emptive Rights and the New Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Pre-emptive Rights or New Shares to be offered so as to enable an investor to decide to purchase the Pre-emptive Rights and/or purchase or subscribe for any New Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

1.3 United Kingdom restrictions

In relation to the United Kingdom, no Pre-emptive Rights or New Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Pre-emptive Rights and the New Shares which has been approved by the Financial Conduct Authority in the United Kingdom in accordance with the UK Prospectus Regulation and the FSMA, except that offers of Pre-emptive Rights and New Shares may be made to the public in the United Kingdom at any time under the following exemptions under the UK Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Global Coordinator for any such offer; or
c) at any time in other circumstances falling within section 86 of the FSMA,

provided that no such offer of Pre-emptive Rights and New Shares shall require the Company or the Manager to publish a prospectus pursuant to Section 85 of the FSMA or Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any Pre-emptive Rights or New Shares in the UK means the communication in any form and by any means of sufficient information on the terms of the offer and any Pre-emptive Rights or New Shares to be offered so as to enable an investor to decide to purchase the Pre-emptive Rights and/or purchase or subscribe for any New Shares, the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, and the expression "**FSMA**" means the Financial Services and Markets Act 2000.

In the United Kingdom, this Prospectus is for distribution only to, and is directed only 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.

1.4 Information to distributors

European Union Product Governance Requirements

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the securities that are the subject of the Offering have been subject to a product approval process, which has determined that the Pre-emptive Rights and the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: The price of the Pre-emptive Rights and the Shares of the Company, including the New Shares may decline and investors could lose all or part of their investment; the Pre-emptive Rights and the Shares of the Company, including the New Shares offer no guaranteed income and no capital protection; and an investment in the Pre-emptive Rights and the Shares of the Company, including the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Manager will only procure investors who meet the criteria of professional clients and eligible counterparties (except for a public offering to investors in Denmark conducted pursuant to this Prospectus as approved by and registered with the Danish FSA).

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Pre-emptive Rights and/or the New Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Pre-emptive Rights and the New Shares and determining appropriate distribution channels.

1.5 Information regarding investors' NPID or LEI number

In order to participate in the Offering, applicants will need a global identification code according to the MiFID II to be able to carry out securities transactions. Physical persons will need a so called NPID-number (National Personal ID or National Client Identifier) and legal entities will need a so-called Legal Entity Identifier ("**LEI**") in order to be able to acquire pre-emptive rights and shares in the Offering. Please note that it is the investor's legal status that determines whether a LEI-code or NPID-number is required, and that the Global Coordinator may not be able to execute the transaction for the person in question if a LEI-code or NPID-number (as applicable) is not presented.

NPID code for physical persons: Physical persons will need a NPID code to participate in a financial market transaction, i.e., a global identification code for physical persons. For physical persons with only a Danish citizenship, the NPID code is the 10-digit personal ID (DK: CPR number). If the person in question has multiple citizenships or another citizenship than Danish, another relevant NPID code can be used. Investors are encouraged to contact their bank for further information.

LEI code for legal entities: Legal entities will need a LEI code to participate in a financial market transaction. A LEI code must be obtained from an authorised LEI issuer, which can take some time. Investors should obtain a LEI code in time for the application. Legal entities needing to acquire a LEI-code can turn to any of the suppliers available on the market. Instructions regarding the global LEI-system can be found on **www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations**.

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2. Responsibility statement

2.1 The Company's responsibility

The Company is responsible for this Prospectus in accordance with Danish law.

2.2 The Company's statement

We hereby declare that we, as the persons responsible for this Prospectus on behalf of the Company, to the best of our knowledge, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of its contents.

We furthermore declare that this Prospectus has been approved by the Danish FSA (in Danish: *Finanstilsynet*) as competent authority under the Prospectus Regulation. The Danish FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is the subject of this Prospectus. The Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

Kolding, 13 June 2023

Green Hydrogen Systems A/S

Board of Directors

Christian Clausen *Chairman*	Troels Øberg *Vice Chairman*	Karen Dyrskjøt Boesen *Board Member*
Lars Valsøe Bertelsen *Board Member*	Simon Krogsgaard Ibsen *Board Member*	Anders Jakob Vedel *Board Member*
Armin Schnettler *Board Member*	Poul Due Jensen *Board Member*	

Christian Clausen: Professional board member

Troels Øberg: Partner at Nordic Alpha Partners ApS

Karen Dyrskjøt Boesen: CFO at Sonnedix UK Services Ltd

Lars Valsøe Bertelsen: Vice President M&A and Business Development at Norlys Holding A/S

Simon Krogsgaard Ibsen: Principal at A.P. Møller Holding A/S

Anders Jakob Vedel: Chief Science Advisor at Vestas Wind Systems A/S

Armin Schnettler: Operating Partner at 5THydrogen

Poul Due Jensen: Group President and CEO at Grundfos Holding A/S

Executive Management

Sebastian Koks Andreassen *CEO*	Ole Vesterbæk *CFO*

3. Summary

Section A – Introduction and warnings

Introduction	
Warnings	This summary should be read as an introduction to this Prospectus. Any decision to invest in the Pre-emptive Rights and the New Shares should be based on consideration of the Prospectus as a whole by the investor. Prospective investors in the Pre-emptive Rights and the New Shares could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, under the national legislation of the European Economic Area member states, the plaintiff investor might have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Pre-emptive Rights and the New Shares.
Issuer information	Green Hydrogen Systems A/S (the "**Company**") is the issuer of the Pre-emptive Rights and the New Shares in the Offering under this Prospectus. The Company's company registration (CVR) no. is 30548701. The Company has the LEI no. 984500COESDF699DEC11. The ISIN code for the Existing Shares is DK0061540341. The temporary ISIN code for the Pre-emptive Rights is DK0062271557. The temporary ISIN code for the New Shares is DK0062271631. The New Shares issued in the temporary ISIN code for the New Shares will not be admitted to trading and official listing on Nasdaq Copenhagen. The address and contact details of the Company are Nordager 21, DK-6000 Kolding, Denmark, telephone number +45 7550 3500, email info@greenhydrogen.dk.
Competent authority	The Prospectus has been approved on 13 June 2023 by the Danish Financial Supervisory Authority (the "**Danish FSA**") (in Danish: *Finanstilsynet*) as competent authority under the Prospectus Regulation. The address and other contact details of the Danish FSA are Strandgade 29, 1401 Copenhagen K, Denmark, telephone number +45 33 55 82 82, email finanstilsynet@ftnet.dk.

Section B – Key information on the issuer

Who is the issuer of the securities?	The Company is incorporated in Denmark and operates as a public limited liability company (A/S) under the laws of Denmark with its registered domicile at Nordager 21, DK-6000 Kolding, Denmark. The Company's company registration (CVR) no. is 30548701. The Company has the LEI no. 984500COESDF699DEC11.
Principal activities	Green Hydrogen Systems is an electrolyser original equipment manufacturer and clean technology company established in 2007 and headquartered in Nordager, Kolding, Denmark. The Company develops, manufactures and assembles electrolysis solutions and related services for production of green hydrogen. The Company combines efficient, standardised, and modular electrolysis technology with an industrial approach to sourcing and manufacturing where assembly production can be established for swift product deployment. The Company's ambition is to bring affordable green hydrogen technology to a range of applications, including Power-to-X installations, transportation, and industrial facilities. The A-Series is currently the Company's core product platform, where units can operate stand-alone or as clustered solutions based on several modules to enable larger capacities of green hydrogen production. Since the Company's 2021 IPO, the main focus of progress and investments has been in (i) development of the product offering, (ii) scaling of the manufacturing capacity, (iii) expansion of commercial efforts, (iv) establishment of service, and repair and parts business, and (v) strengthening organisational capability. The Company is in the process of commissioning and equipping its expanded facility. Once completed and fully upgraded, it is expected to increase the total potential manufacturing capacity to around 400 MW per year, with a targeted utilisation of 75 MW in 2024, 150 MW in 2025 and more than 200 MW in 2026. The expanded facilities are expected to enable scalable serial production of the A-Series and later X-Series, as well as increased warehousing area and improved quality control. The Company's revenue was DKK 10.4 million in 2022, and it does not currently generate profits. Investments in R&D and sales and marketing as well as scaling of its manufacturing capacity and organisation are ongoing and continue to be a focus area for the Company. As at 1 May 2023, the Company's organisation counted more than 300 employees.

Major Shareholders	As of the date of this Prospectus, the following are major shareholders of the Company:

Name of major shareholder	% of share capital and voting rights
Nordic Alpha Partners Fund I K/S	30.59%
APMH Invest A/S	9.38%
Norlys a.m.b.a.	8.90%
Arbejdsmarkedets Tillægspension	5.99%

APMH Invest A/S is wholly-owned by A.P. Møller Holding A/S which is wholly-owned by A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal.

Managing directors	The Company has a two-tier governance structure consisting of the Board of Directors and the Executive Management. The members of the Board of Directors are: Christian Clausen, Troels Øberg, Karen Dyrskjøt Boesen, Lars Valsøe Bertelsen, Simon Krogsgaard Ibsen, Anders Jakob Vedel, Armin Schnettler and Poul Due Jensen. The members of the Executive Management are: Sebastian Koks Andreassen, CEO and Ole Vesterbæk, CFO.
Statutory auditors	The statutory auditors of the Company are PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab. The independent auditors' reports included in the audited Financial Statements were signed by State Authorised Public Accountants, Rasmus Friis Jørgensen (mne28705) and Jacob Brinch (mne35447).

What is the key financial information regarding the issuer?

The key financial information shown below has been derived from the (i) Company's audited financial statements as at and for the year ended 31 December 2022 with comparative figures for the years ended 31 December 2021 and 2020 (the "**Financial Statements**"), each prepared in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies, and (ii) the Company's unaudited trading statement for the period from 1 January 2023 to 31 March 2023 (with unaudited comparative figures for the trading statement for the period from 1 January 2022 to 31 March 2022); all of which are incorporated by reference into this Prospectus.

Q1 2023 Trading Statement (unaudited)	For the period 1 January to 31 March	
(DKK '000)	2023	2022
Key figures		
Customer orders		
Order backlog end of period (MW)	20	12
Profit/loss		
Revenue from contracts with customers	13,832	97
Operating profit, EBIT	(82,456)	(57,604)
Net financials	(1,367)	(1,428)
Balance sheet		
Total assets	1,735,289	1,228,340
Equity	782,046	1,102,462
Cash flows		
Operating activities	(80,692)	(60,396)
Investing activities	(55,716)	(57,950)
Financing activities	233,959	(1,088)
Net cash flow for the period	97,551	(119,433)
Cash and cash equivalents*	N/A	824,132
Changes in net working capital	N/A	(11,882)
Employees		
Employees at end of period	293	219
Other performance measures		
Gross profit	N/A	(2,488)
Gross profit margin	N/A	(2,562%)
EBITDA	(73,303)	(50,215)
EBITDA margin	(530%)	(51,718%)
Intangible CAPEX	39,296	31,531
Tangible CAPEX	20,840	26,419
Total CAPEX	60,136	57,950

* Including financial assets (listed bonds) that easily can be converted into cash with a repurchase agreement (repo) less related borrowings.

Income Statement (audited)	For the year ended 31 December		
(DKK '000)	2022	2021	2020
Revenue from contracts with customers	10,422	5,172	9,433
Other operating income	3,330	2,382	2,793
Total revenue & operating income	**13,752**	**7,554**	**12,226**
Changes in inventory of finished goods and work in progress	26,658	25,580	36
Raw materials and consumables used	(99,556)	(57,323)	(17,208)
Work performed by the company and capitalised	79,704	49,272	10,485
Employee costs	(189,313)	(108,374)	(39,571)
Other operating expenses	(80,418)	(65,159)	(35,585)
Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)	**(249,174)**	**(148,450)**	**(69,617)**
Depreciation and amortisation	(33,792)	(14,883)	(3,072)
Operating profit/(loss) (EBIT)	**(282,967)**	**(163,333)**	**(72,689)**
Financial income	289	637	2
Financial expenses	(5,138)	(335,675)	(2,861)
Profit/(loss) before tax	**(287,816)**	**(498,371)**	**(75,548)**
Income tax	5,500	5,500	2,307
Profit/(loss) for the period	**(282,316)**	**(492,871)**	**(73,241)**

Balance Sheet (audited)	For the year ended 31 December			1 January
(DKK '000)	2022	2021	2020	2020
Total non-current assets	1,058,773	920,465	57,834	7,621
Total current assets	491,209	374,536	175,064	33,288
Total assets	**1,549,982**	**1,295,001**	**232,898**	**40,909**

	For the year ended 31 December			1 January
(DKK '000)	2022	2021	2020	2020
Total equity	862,056	1,171,842	(4,077)	20,534
Total non-current liabilities	4,560	3,938	183,940	3,941
Total current liabilities	683,366	119,221	53,035	16,434
Total liabilities	**687,927**	**123,159**	**236,975**	**20,375**
Total equity and liabilities	**1,549,982**	**1,295,001**	**232,898**	**40,909**

Cash Flow Statement (audited)	For the year ended 31 December		
(DKK '000)	2022	2021	2020
Net cash flow from operating activities	(283,869)	(155,394)	(25,172)
Net cash flow from investing activities	(377,290)	(886,771)	(31,625)
Cash flow from financing activities	489,574	1,153,136	203,338
Cash and cash equivalents at end of the period	**95,340**	**266,924**	**155,953**

What are the key risks that are specific to the issuer?	*The risks and uncertainties discussed below are those that the Company's management currently views as material, but these risks and uncertainties are not the only ones that the Company faces. Additional risks and uncertainties, including risks that are not known to the Company at present or that its management currently deems immaterial, may also arise or become material in the future, which could lead to a decline in the value of the Shares and/or the Pre-emptive Rights and a loss of part or all of your investment.* • It is critical for the Company's commercial and financial success that it is able to deliver on its existing order backlog in a timely and satisfactory manner and failure to do so may have a material adverse effect on the Company's business, guidance and prospects. • The Company has experienced design flaws relating to its A-Series electrolysers and may be challenged by design flaws in its products in the future and ongoing need for product modifications. • The launch of the Company's X-Series platform which is currently under development may be delayed or may not be a commercial success. • The Company's products have only been on the market for a limited part of their expected lifetime and the Company's products may not meet the performance standards or specifications that have been agreed with customers and/or which are expected by the Company. • Given the short time that the Company's electrolysers have been in operation in the market, the actual operational performance of the electrolysers manufactured may deviate from their expected performance and reliability. • Errors may occur in the Company's assembly and manufacturing processes, as well as in connection with installation, which could cause the Company's electrolysers to be defective or flawed. • The Company does not have a steady flow of business opportunities and a lack of participation in projects may damage the Company's ability to generate new business opportunities. • The Company may fail to establish critical industrial partnerships with other electrolysis industry and green hydrogen market stakeholders which could adversely affect the Company's market position. • The Company may not be able to ensure the cost competitiveness of its electrolysers if the Company's strategy to reduce assembly and manufacturing costs fails or if the efficiency of its electrolysers is not improved. • A commercially viable market for green hydrogen and electrolysers may not develop sufficiently or at the expected pace and is dependent on a sustained, long-term coordinated decarbonisation effort and technological development in existing and potential end-use sectors for green hydrogen. • The Company cannot assure its investors of the adequacy of its capital resources, including the proceeds from the Offering, to successfully complete its contemplated strategy and the failure to obtain additional capital on commercially favourable terms, when needed, could force the Company to halt its expansion plans. The Company may not be able to generate a positive cash flow for the foreseeable future or ever. If the Company cannot obtain adequate capital resources on both the short- and medium-term to sustain its current basis and to continue its further growth, the Company will have to suspend or delay its commercialisation efforts, expansion plans, R&D activities, and other projects, and the Company could lose its current growth momentum and miss out on the general growth of the green hydrogen market and the stake of that market which the Company is active in. If the Offering is not completed, the Company will be (as it currently is) in actual and immediate need for alternative financing sources to provide the Company with adequate liquidity and working capital. If the Company is not successful with finding alternative financing, the Company could face insolvency. • The Company is a relatively young growth company and the Company's future results may accordingly differ materially from what is expressed or implied by the forecast of the financial information included in this Prospectus, and investors should not place undue reliance on this information.

Section C – Key information on the securities

What are the main features of the securities?	The Shares, including the New Shares, are not divided into share classes. The ISIN code for the Existing Shares is DK0061540341. The temporary ISIN code for the Pre-emptive Rights is DK0062271557. The temporary ISIN code for the New Shares is DK0062271631. The temporary ISIN code will not be admitted to trading and official listing on Nasdaq Copenhagen. Subject to completion of the Offering, the New Shares are expected to be admitted to trading and official listing on Nasdaq Copenhagen under the permanent ISIN code for the Existing Shares on 10 July 2023. The temporary ISIN code for the New Shares is expected to be merged with the ISIN code of the Existing Shares on 11 July 2023 after 17:00 (CEST). The Existing Shares are denominated in DKK. As of the date of this Prospectus, the Company's registered share capital is DKK 83,437,290 divided into 83,437,290 shares with a nominal value of DKK 1 each. Upon completion of the Offering, the Company's share capital will be DKK 187,733,902 divided into 187,733,902 Shares with a nominal value of DKK 1 each, assuming all New Shares are subscribed.
Rights attached to the New Shares	All Shares, including the New Shares, will have the same rights and rank pari passu in respect of, *inter alia*, voting rights, pre-emptive rights, redemptions, conversion and restrictions or limitation according to the articles of association of the Company (the "**Articles of Association**") or eligibility to receive dividends or proceeds in the event of dissolution or liquidation. In case of dissolution or winding-up of the Company, the New Shares will be entitled to a proportionate part of the Company's assets after payment of the Company's creditors at par with the Existing Shares. Each Share of nominally DKK 1 entitles its holder to one vote at the general meeting. There are no guarantees attached to the New Shares.
Restrictions	The Shares, including the New Shares, are negotiable instruments, and no restrictions under Danish law apply to the transferability of the Shares.

Dividend policy	The Company has not declared or made any dividend payments since its incorporation. Currently, the Company intends to apply all available financial resources and income, if any, towards the Company's current and future business. As of the date of this Prospectus, the Company does not expect to make dividend payments until at least for the financial year 2026 at which time the Company expects to reassess its dividend policy. As of the date of this Prospectus, the Company has not adopted a dividend policy.
Where will the securities be traded?	The Pre-emptive Rights have been approved for admission to trading and official listing on Nasdaq Copenhagen to the effect that they can be traded on Nasdaq Copenhagen during the period from 15 June 2023 at 9:00 (CEST) to 28 June 2023 at 17:00 (CEST), under the temporary ISIN code DK0062271557. Registration of the New Shares with the Danish Business Authority is expected to occur on 6 July 2023 and the New Shares are expected to be issued through Euronext Securities Copenhagen on the same day. The New Shares will be admitted to trading and official listing on the regulated market Nasdaq Copenhagen under the same ISIN code as the Existing Shares, DK0061540341, with the expected first day of trading and official listing being on 10 July 2023.
What are the key risks that are specific to the securities?	The key risks that are specific to the Shares and the Pre-emptive Rights are: • Due to the Offering, the prices of the Existing Shares, the Pre-emptive Rights and the New Shares may be volatile regardless of the Company's operating performance and results; the stock market may in general experience considerable volatility and as such investors may not be able to resell Shares at or above the Subscription Price. • The Company may issue additional shares or other securities in the future which may have an adverse effect on the share price and may dilute shareholders' shareholdings. • If the market price of the Shares declines significantly, the Pre-emptive Rights may lose their value and the markets for the Pre-emptive Rights may offer only limited liquidity, and even if a market develops, the Pre-emptive rights may not be effectively priced against the price of the Shares. As a result of the SRT Agreement and the transfer of Pre-emptive Rights from Nordic Alpha Partners I K/S to the Global Coordinator (where the Global Coordinator will seek to sell the transferred Pre-emptive Rights in the market), investors should expect that a very large number of Pre-emptive Rights will be made available for sale, which may have a negative impact on the pricing of the Pre-emptive Rights. If the Offering is not completed, the Pre-emptive Rights will have no value.

Section D – Key information on the offering and the admission

Under which conditions and timetable can I invest in this security?

The Offering comprises up to 104,296,612 New Shares with a nominal value of DKK 1 each.

Shareholders registered with Euronext Securities Copenhagen on 16 June 2023 at 17:59 (CEST) will as Existing Shareholders be entitled to an allocation of five (5) Pre-emptive Rights for each one (1) Existing Share. For each four Pre-emptive Rights the holder will be entitled to subscribe for one (1) New Share against payment of the Subscription Price of DKK 4.50 per New Share. Shares traded after 14 June 2023 at 17:00 (CEST) will be traded excluding Pre-emptive Rights, provided that the Shares are traded with a customary two-day settlement period.

Any Pre-emptive Rights 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. Once a holder of Pre-emptive Rights has exercised such rights and subscribed for New Shares, such subscription cannot be withdrawn or modified by the holder. If a holder of Pre-emptive Rights does not want to exercise such rights to subscribe for New Shares, the holder may sell the Pre-emptive Rights during the Rights Trading Period. New Shares that have not been subscribed for by Existing Shareholders through the exercise of their allocated or acquired Pre-emptive Rights or by other investors through the exercise of their acquired Pre-emptive Rights before the expiry of the Subscription Period may, without compensation to the holders of unexercised Pre-emptive Rights, be subscribed for by Existing Shareholders, potential investors who are residents of Denmark and/or Qualified Investors that, before expiry of the Subscription Period, have made binding commitments to subscribe for Remaining Shares at the Subscription Price by use of the application form in Annex A (*Application Form*).

The Pre-emptive Rights and the New Shares will be delivered in book-entry form through allocation to accounts held with Euronext Securities Copenhagen.

Publication of Prospectus	13 June 2023
Last day of trading in Existing Shares including Pre-emptive Rights	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)

Admittance to trading	The Existing Shares are admitted to trading and official listing under the ISIN code DK0061540341. In connection with the Offering, the Pre-emptive Rights have been approved for admission to trading and official listing on Nasdaq Copenhagen to the effect that they can be traded on Nasdaq Copenhagen during the period from 15 June 2023 at 9:00 (CEST) to 28 June 2023 at 17:00 (CEST), under the temporary ISIN code DK0062271557. The New Shares will be admitted to trading and official listing on Nasdaq Copenhagen under the same ISIN code as the Existing Shares, DK0061540341, with the expected first day of trading and official listing being on 10 July 2023.
Dilution	If an Existing Shareholder decides not to exercise its allocated Pre-emptive Rights, such shareholder's proportionate ownership interest will be diluted by up to 55.6 percent if the Offering is completed and all New Shares subscribed for. If any Existing Shareholder exercises its Pre-emptive Rights in full, such Existing Shareholder's ownership interest will not be diluted, subject to that Existing Shareholder holding the relevant number of Pre-emptive Rights.
Estimated expenses	The total expenses in relation to the Offering depend on the amount of gross proceeds raised and are estimated to be approximately i) DKK 30 million in case gross proceeds of DKK 225 million are raised in the Offering, or ii) DKK 40 million in case the targeted gross proceeds of DKK 469 million are raised in the Offering, of which DKK 3 million have been paid. Neither the Company nor the Global Coordinator will charge expenses to investors. Investors will have to bear customary transaction and handling fees charged by their account holdings banks.
Why is this prospectus being produced?	This Prospectus has been produced and published in connection with the Offering of Shares by the Company and the admission of the New Shares to trading and official listing on Nasdaq Copenhagen. The purpose of the Offering is to raise gross proceeds of up to approximately DKK 469 million in order to secure funding for the Company's growth strategy and to ensure an adequate capitalisation of the Company for the Company to have sufficient working capital for the next 12 months and to ensure compliance with a financial covenant as described below. 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. Furthermore, the Company must raise gross proceeds in the Offering of DKK 225 million or more in order to be able to draw on the term loans from certain major shareholders (APMH Invest A/S and Arbejdsmarkedets Tillægspension) with a total principal amount of DKK 250 million. If drawn, the term loans will be subject to a fixed interest rate of 15 per cent. p.a. which shall be rolled up on quarterly basis and added to the principal amount of the term loans. The Company is in actual need of new capital to ensure its future compliance with a financial covenant requiring the Company to maintain cash and cash equivalents of DKK 200 million. Should the Company breach such financial covenant, a loan in the principal amount of approximately DKK 119 million granted to the Company would become due and payable, unless the covenant breach is waived. Should that happen, the repayment would have an immediate negative impact on the Company's working capital, and a shortfall in the working capital would likely occur in the near future after that.
Net amounts 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 the financial covenant as described above, 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 DKK 429 million. The Company does not expect to complete the Offering if gross proceeds of less than DKK 225 million (equivalent to approximately DKK 195 million in net proceeds) are raised in the Offering as the Company would then not be eligible for certain term loans in the total principal amount of DKK 250 million. Accordingly, the expected minimum net proceeds in the Offering and from the term loans are DKK 445 million and the targeted potential net proceeds are approximately DKK 679 million. 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 what 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 Company expects to allocate the proceeds from the Offering as set out below.

	Net proceeds and use of proceeds (%)	
	DKK 445m	**DKK 679m**
Continued R&D efforts to further increase the system performance of the A-Series product platform and development of the X-Series product platform	40-50%	40-50%
Investments to enable product industrialisation and scale-up of the production facilities	20-30%	25-35%
Strengthening the balance sheet to fulfil counter guarantees required by customers	10-20%	10-15%
Expansion of commercial and organisational ramp-up by attracting the needed and right competences	10-20%	5-15%

Rights issue agreement	The Company and the Global Coordinator have entered into a rights issue agreement (the "**Rights Issue Agreement**") providing for their mutual obligations in relation to the Offering. Pursuant to the Rights Issue Agreement, the Global Coordinator is entitled to terminate the Rights Issue Agreement upon occurrence of certain events and/or circumstances. The Rights Issue Agreement also contains completion conditions, which the Company believes to be customary for the Offering, and the completion of the Offering is subject to compliance with all conditions as set out in the Rights Issue Agreement. If one or more conditions for completion are not met, the Global Coordinator may, at its discretion, also terminate the Rights Issue Agreement which may thereby require that the Company withdraw the Offering. Additionally, 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. The Company as well as certain members of the Board of Directors, Executive Management and Key Employees have, subject to certain exceptions, undertaken lock-up obligations for a period of 180 days counted from the date of official listing and admission to trading of the New Shares.
Subscription and guarantee 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 (the "**Subscription Commitments**"). 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 (the "**SRT Agreement**") with the Global Coordinator in connection with the Offering. Pursuant to the SRT Agreement, the Global Coordinator 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 the Global Coordinator 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 New Shares subscribed for by the Global Coordinator 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 the Global Coordinator. 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 (the "**Management Commitments**"). The Offering is not underwritten by the Global Coordinator.
Material conflicts of interest	Certain members of the Board of Directors, Executive Management and Key Employees hold Shares in the Company and therefore have an economic interest in the Offering. Pursuant to the Management Commitments, 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 and therefore have in interest in the Offering. Certain other members of the Board of Directors, Executive Management and the Key Employees are shareholders in the Company and have indicated on a non-committed basis that they intend to exercise their Pre-emptive Rights in whole or in part and therefore have an interest in the Offering. Nordic Alpha Partners Fund I K/S, APMH Invest A/S, Norlys a.m.b.a. that are major shareholders of the Company and each have representatives on the Board of Directors have made Subscription Commitments in connection with the Offering. Moreover, the Company has entered into the DKK 250 million term loan agreements with APMH Invest A/S and Arbejdsmarkedets Tillægspension which are conditional on the Company raising gross proceeds in the Offering of DKK 225 million or more. The Global Coordinator and/or its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities related to or issued by the Company or other parties involved in or related to the Offering. This includes the SRT Agreement. The Global Coordinator and/or its affiliates have from time to time engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with the Company or any of its related parties. The Global Coordinator has received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with potential investors' and the Company's interests.

4. Risk factors

Investing in the Pre-emptive Rights and/or the New Shares involves a high degree of financial risk. Prospective investors should carefully consider all information included in this Prospectus (including any information or material incorporated by reference), including the risks described below, before they decide to invest in the Pre-emptive Rights and/or the New Shares. This section addresses both general risks associated with the market and industry in which the Company operates, and the specific risks associated with its business. If any such risks were to materialise, the Company's business, financial condition, results of operations, cash flow and prospects could be materially adversely affected, resulting in a decline in the value of the Pre-emptive Rights and/or the Shares, including the New Shares, and in a loss of part or all of your investment. Further, this section describes certain risks relating to the Offering and the Pre-emptive Rights and the New Shares which could also adversely impact the value of the Pre-emptive Rights and/or the Shares, including the New Shares.

The risks and uncertainties discussed below are those that the Company's management currently views as material, but these risks and uncertainties are not the only ones that the Company faces. Additional risks and uncertainties, including risks that are not known to the Company at present or that its management currently deems immaterial, may also arise or become material in the future, which could lead to a decline in the value of the Pre-emptive Rights and/or the Shares, including the New Shares, and to a loss of part or all of your investment. The most material risks, as assessed by the Company, taking into account the negative impact on the Company and the probability of their occurrence are set out first in each category.

4.1 Risks related to the Company's business

4.1.1 The Company has faced and may continue to face challenges with and delays in delivering on its order backlog. The Company's product platform has only been in operation for a limited part of its expected lifetime and potential revenue generating products are still under development. The Company's products may be subject to quality deficiencies

4.1.1.1 It is critical for the Company's commercial and financial success that it is able to deliver on its existing order backlog in a timely and satisfactory manner and failure to do so may have a material adverse effect on the Company's business, guidance and prospects

The Company manufactures pressurised electrolysis systems which are to be used for water electrolysis to produce green hydrogen (hydrogen produced via water electrolysis using renewable energy). The Company is a provider of electrolysers and electrolysis solutions to various actors in the green hydrogen market. The Company's utilises the pressurised alkaline electrolysis technology in its electrolysers, though there are other electrolysis technologies available in the market. For a description of the electrolysis industry and the green hydrogen market, please refer to section 14 (*Industry*), and for the risks associated therewith please refer to section 4.2 (*Risks related to the market in which the Company operates*).

The Company's primary product has been the HyProvide® A-Series (the "**A-Series**") electrolysers since commercial launch in 2017 and which remains under continuous development. The Company's products are described in section 15.5 (*Products and technology*).

As of 1 May 2023, the Company's order backlog consists of 21.3 MW electrolysis capacity. Approximately 18.6 MW electrolysis capacity is scheduled for delivery in 2023 with the remainder largely scheduled for delivery in 2024. In terms of both electrolysis capacity and revenue potential this is the largest backlog the Company has had to date, and the Company does not have any prior experience in successfully delivering on a backlog of this magnitude.

It is critical for the Company's ability to reach its short- and medium-term targets, including its guidance for the financial year ending 31 December 2023 that it is able to deliver on its backlog in a timely and satisfactory manner. As also described below, the Company has previously had to adjust its guidance downwards caused, *inter alia*, by delivery delays, and such downwards guidance adjustments have been followed by a significant decrease in the trading price of the Company's Shares. The general commercial success of the Company, including customer relationships, future business opportunities and the Company's brand and reputation, is similarly dependent on the Company's ability to deliver on its (current and ongoing) order backlog.

The successful delivery of the order backlog is dependent on several factors, including, but not limited to, the timely delivery of materials, components and services from suppliers and contractors, the demand for the Company's products and services from other customers which may restrict its availability for one given project and the availability of skilled and experienced personnel for the Company to carry on its business. More generally it is also dependent on the Company's own manufacturing and assembly capacity and ability. Lastly, some orders may be delayed if a customer is unwilling or unable to take delivery.

The Company has previously experienced challenges with the timely delivery of its order backlog. For example, in 2021, a drift in finalisation of product design, component specifications, bills of material and workforce recruitment caused certain knock-on effects into other elements of the assembly and test phases relating to its A-Series. The compounding impact from those adverse effects caused a delay in assembly and delivery of the order backlog which led to the Company adjusting its financial guidance for 2021 downwards.

Similarly, as announced in April 2022 the Company has experienced technical design complications with its A-Series platform. Testing and reviews of the A-Series platform performance identified certain technical issues which required redesigning as well as testing and validation of certain product components and functions. For a discussion of the risk related to technical design of the Companies products, see risk factors 4.1.1.2 and 4.1.1.3.

Due to the delay in delivery of the order backlog caused by this, the Company adjusted its financial guidance for 2022 downwards. The 2022 complications also entailed order cancellations, amendments to customer contracts, including price adjustments, stack-replacements and the Company taking measures to redesign components and amend the dimensions of some features. The 2022 complications and delivery delays have had an adverse effect on certain customer relationships, and should similar events occur again such events would be likely to also have an adverse effect on customer relationships in the future. There are still some customer orders where the contractual specifications in relation to efficiency and pressure cannot be met by the Company's product and where contractual amendments are required which pose a risk in terms of delay or cancellation of such orders (and a corresponding reduction of potential revenue).

Moreover, the Company is faced with various issues in relation to A-Series electrolysers that may threaten or prevent delivery within the agreed timeframes. Such issues include disturbances in the balance of plant (the "**BOP**") assembly and in the supply of lye-heat exchangers, level sensor vessels, separators and scrubbers. These issues are partly due to challenges in the supply of lye-heat exchangers and separator components not fulfilling the specified coating quality and, thus, result in the corrosion of certain BOP components. The supply issues with the current supplier are gradually resolved with new component arrivals and additional arrivals expected during June allowing for scheduled next deliveries to customers in July. The Company is also in the process of qualifying a second source for the manufacture of lye-heat exchangers, level sensors and separator vessels based on an improved (interim) design that is less susceptible to coating deficiencies. The new supplier's deliveries are forecasted to start by early August and are expected to further mitigate the risk of supply disturbance to secure the remaining customer deliveries.

The Company is likewise expecting that the BOP assembly output will recover during June 2023 to facilitate one BOP assembly per week (to gradually increase over the course of 2023). However, there is no certainty that any of the aforementioned expectations will hold.

Additionally, the Company has experienced signs of corrosion of certain BOP components. The Company has obtained a further compliance assessment that supports the Company's chosen path to mitigate the corrosion of certain BOP components. A redesigned component (final fix) is expected to be introduced later in 2023. This design change will require a retrofit of the already delivered electrolysers. The implementation of the modifications to address these issues have and will for the financial year ending 31 December 2023 contribute to increased costs of expectedly around DKK 80 million (also caused by price inflation for materials and components and additional work required in the assembly and manufacturing process) which recently led the Company to adjust its EBITDA guidance for 2023. See also risk factor 4.3.2 for the risks associated with the Company's financial guidance section 15.5.1.2 (*A-Series 2023 quality issues and modifications/retrofits - guidance adjustment and profit protection plan*) for a description of the Company's profit protection plan and the background for its recent guidance adjustment.

For the Company to have sufficient manufacturing output (i.e. establish serial production) to deliver on its order backlog for 2023, it is critical that the Company manages the supply and quality issues in accordance with the production delivery plan as described above. For a more detailed description of the technical issues with the A-Series in 2022 and 2023, reference is made to section 15.5.1 *(Technical issues with and modifications of A-Series platform – guidance adjustments and profit protection plan)*.

If the Company is not able to solve the BOP during the summer of 2023, the Company will not be able to deliver on its order backlog, which will have the result that some customer contracts cannot be revenue recognised in the financial year ending 31 December 2023.

Furthermore, the Company has identified software-hardware incompatibility between the Company's electrolysers and customers' systems as a risk item and implementing certain software updates is a focus area for development in 2023. See also risk factor 4.1.1.1.

While the orders in the Company's backlog are based on executed customer contracts, there are several contracts that may in theory be cancelled by customers due to a current delay in delivery which would reduce the Company's order backlog and have a negative impact on the Company's potential revenue. The Company is in ongoing dialogue with various customers whose orders are delayed and some of those customers have reserved their right to cancel their orders.

Based on these experiences, the Company cannot exclude or discount the risk that future deliveries may also be subject to delays, flaws, errors or sub-standard performance. It is emphasised again that the current backlog is the largest backlog the Company has had to date, and the Company does not have any prior experience in successfully delivering on a backlog of this magnitude.

Failure to deliver on the Company's order backlog has had and will, if such failure occurs in the future, have a variety of knock-on effects on the Company's business and revenue. Such effects include, inter alia, potential cancellation of customer orders, none or delayed

recognition of revenue from customer orders, reputational harm and harm to customer relationships, contractual penalties and price adjustments, increased development costs and the Company having to take provisions for liquidated damages. Ultimately, any significant delay in delivery of the order backlog, or faulty deliveries, may have a negative impact on the Company's financial guidance and prospects.

4.1.1.2 The Company has experienced design flaws relating to its A-Series electrolysers and may be challenged by design flaws in its products in the future

The Company is continuously developing its A-Series platform in order to develop upgraded versions of the A-Series. The ongoing development and improvement of the A-Series electrolyser models is intended to strengthen the Company's ability to deliver to small and medium scale projects in the near term. As such, the Company's ability to deliver A-Series electrolysers is critical for the Company's near-term revenue and profitability guidance.

The Company's ability to successfully sell and deliver A-Series electrolysers is dependent on, *inter alia*, a functioning design of its electrolysers, and there being no errors or flaws in the electrolysers which the Company manufactures. The Company conducts factory acceptance tests of electrolysers in connection with the scheduled delivery and if such tests are not successful, revenue recognition will be postponed until a factory acceptance test has been satisfied (in most cases where revenue recognition is linked to factory acceptance test and not linked to site acceptance test).

The Company has experienced design and development flaws and challenges, including the design complications and defects announced in April 2022, and as also discussed in risk factor 4.1.1.1. The A-Series is a relatively 'young' product with limited on-site operation and operational data available and as such the Company is on an ongoing basis seeking to develop and improve on its A-Series models. See also risk factor 4.1.1.4.

Currently, the Company is managing various other challenges and complications with the A-Series. Such issues include disturbances in the BOP assembly and in the supply of lye-heat exchangers, level sensor vessels, separators and scrubbers. These issues are partly due to challenges in the supply of lye-heat exchangers and separator components not fulfilling the specified coating quality and, thus, result in the corrosion of certain BOP components.

Additionally, the Company has experienced signs of corrosion of certain BOP components. A further compliance assessment supports the Company's chosen path to mitigate the corrosion of certain BOP components. A redesigned component (final fix) is expected to be introduced later in 2023. This design change will require the retrofit of already delivered electrolysers. See risk factor 4.1.1.1 for further details on the above issues.

The implementation of the modifications to address these issues (together with cost increases caused by price inflation materials and components and additional work required in the assembly and manufacturing process) have and will for the financial year ending 31 December 2023 contributed to increased costs which recently led the Company to adjust its EBITDA guidance for 2023. See also risk factor 4.3.2 for the risks associated with the Company's financial guidance and the background for its recent guidance adjustment and section 15.5.1.2 (*A-Series 2023 quality issues and modifications/retrofits - guidance adjustment and profit protection plan*) for a description of the Company's profit protection plan.

Furthermore, the Company has identified software-hardware incompatibility between the Company's electrolysers and customers' systems as a risk item and implementing certain software updates is a focus area for development in 2023 to ensure that the Company is able to achieve successful site acceptance tests or factory acceptance tests (as the case may be) for the backlog contracts.

Generally, certain delivered A-Series units may still be subject to retrofits and it is emphasised that the Company considers the A-Series a product that is still subject to ongoing developments and improvements as also reflected in the Company's focus on continuous development of the A-Series described in section 11 (*Background to the Offering and use of proceeds*).

Current and future design flaws, design and technical complications and supply chain disturbances could result in delivery delays which could have a negative impact on the Company's revenues, financial guidance and prospects. Design flaws resulting in errors in delivered electrolysers may also result in reputational harm, damages as well as deteriorating customer relationships, customer dissatisfaction and order cancellations (all of which the Company has already experienced due to the previous delays and design complications described above), each of which may have a material adverse effect on the Company's business and market position and its ability to generate a sufficient cash flow.

4.1.1.3 The launch of the Company's X-Series platform may be delayed or may not be a commercial success

The Company is in the process of developing a new electrolyser series, the HyProvide® X-Series (the "**X-Series**"), based on certain shared technologies with the A-Series. The development of the X-Series is further described in section 15.5.2 (*Status on X-Series development*). The ability to complete the development, sales and delivery of the X-Series are of great importance to the Company's

commercial viability, and the X-Series is expected to be a significant growth driver for the Company in the future (see also section 15.3.5 (*Medium-term targets*)).

The X-Series is intended to be used for medium and large-scale green hydrogen projects requiring significant electrolyser capacity (in each case subject to the development of a market for green hydrogen as generally discussed in section 4.2 (*Risks related to the market in which the Company operates*). As such, the successful and timely development and launch of the X-Series is an important factor for the Company's ability to adapt to demand for and participation in large-scale green hydrogen projects and in general for the Company's future business and financial performance. Similarly, if the Company does not meet its planned launch of the X-Series platform, this may also have a significant negative impact on the Company's ability to reach its revenue and profitability targets, as well as the Company's cash flows, cash burn and near-term capitalisation which may result in the Company having to seek new capital and financing again earlier than what would have otherwise been the case. See risk factor 4.3.1 in for a discussion of scenario. It is the Company's view that the ultimate commercial potential of the X-Series exceeds that of the A-Series and it is the expectation that towards 2026, the X-Series sales will form the basis of the majority of the Company's revenue. See also 15.3.5 (*Medium-term targets*) for the Company's medium-term targets and 15.5 (*Products and technology*) for a description of the A-Series and X-Series. For insight on the development of the X-Series, please refer to 15.5.2 (*Status on X-Series development*).

The ongoing development of the X-Series platform (and testing of an X-Series prototype, see also section 15.5.2 (*Status on X-Series development*)) remain in an early phase and may be prolonged, which could cause the Company to incur additional and/or unexpected R&D costs as well as loss of revenue, increased dependency on continued sales of A-Series units and a re-focusing of its manufacturing set-up. This could impair the Company's ability to reach revenue and profitability targets which could also lead the Company to revising its near-term guidance. If on the other hand the X-Series platform is launched prematurely or without having been fully developed and/or tested, such new electrolyser models and/or platforms may be subject to defects and malfunctions that forces the Company to temporarily withdraw those electrolyser series and potentially face claims for damages or other liability claims. The latter could also have a negative impact on the reputation of both the A-Series and the X-Series (and potentially the Company as a whole) which could have a lasting detrimental effect on the Company's ability to generate revenue from both its A-Series and X-Series as well as from other products and services.

An X-Series prototype unit is currently in the process of being installed at the GreenLab Skive facility with initial testing expected to commence in June 2023 and preliminary test data being available by the end of Q3 2023. The Company does not intend to commit to any unconditional sales/orders of X-Series units until sufficient and satisfactory test data on the X-Series prototype is available. However, the availability of what the Company considers satisfactory test data is not a guarantee that any commercialised X-Series units manufactured for delivery to customers will meet the Company's and its customers' expectations. Ultimately, the decision on when to timing to launch sales of the X-Series is a commercial decision, balancing the risks and the benefits of commencing sales at an early stage (with a less tested product) or at a later stage (with a more thoroughly tested product, but potentially also delaying the manufacturing ramp-up and revenue recognition of X-Series sales). This entails a risk that if and when the X-Series is launched commercially, the product may not be fully tested which results in an increased risk for design flaws and complications in the X-Series which can delay factory acceptance tests and/or necessitate retrofitting on customer sites.

Furthermore, in that respect, the Company believes that for the Company to achieve its medium-term targets (see section 15.3.5 (*Medium-term targets*), there must be a significant ramp-up of order intake from X-Series of 2023 (following availability of satisfactory preliminary test data). Assuming that satisfactory test data is achieved during Q3 2023, the Company aims towards closing the first commercial orders for X-Series during Q4 2023. In that case, manufacturing and delivery of first X-Series units to customers will be targeted for Q3 and Q4 2024. As such, the Company is highly dependent on the timely availability of satisfactory testing data from the X-Series prototype and if such sales and manufacturing ramp-up does not occur, the Company is unlikely to be able to deliver and revenue recognise X-Series units during 2024 which would have a material negative impact on the Company's ability to meet its medium-term targets. For the impact of a delay in the X-Series on the need and timing of any future capital raises, reference is made to risk factor 4.3.1.

Commercial development of the electrolyser technology is still at its early phase and the Company has faced delays in the product development process. As any other new project aiming at scale-up of electrolyser technology, this one may also subject to modifications and is therefore exposed to increased risks of extended development lead times and delays. Although the Company has reached a higher level of maturity there are still many factors which can lead to development delays, some of which are outside the Company's direct control. The Company cannot assess the probability of these risks materialising in the future but emphasises that any timetable for development and testing of the X-Series is subject to significant uncertainty. Based on the product development challenges it has experienced in the past and as discussed in risk factor 4.1.1.1, the risk of future development issues, delays and setbacks cannot be discounted.

Significant delays in the product development, including in particular the X-Series, or failure to launch new other product models, or flaws in delivered products, would have a material adverse effect on the Company's business and market position and its ability to generate a sufficient cash flow and would prevent the Company from meeting its medium-term targets.

4.1.1.4 *The Company's products have only been on the market for a limited part of their expected lifetime and the Company's products may not meet the performance standards or specifications that have been agreed with customers and/or which are expected by the Company*

The Company's current A-Series product platform and the products developed from that platform have only been in on-site operation for a limited part (approximately three and a half years) of the full duration of their expected system lifetime of +20 years with assumed cell stack replacement of +10 years. There are long-term quality aspects of its products that the Company cannot adequately test for in its own testing facilities, and which may not surface until after extended on-site operation. Such quality aspects include the electrolysers maintaining their intended performance levels, their continued scalability and ability to be serviced and maintained, upgraded with new components, and be linked up with renewable energy plants. Moreover, extended usage may reveal fundamental design defects or defects in other fundamental assembly and manufacturing processes in the Company that the Company is currently not aware of.

As new products are also expected to be developed on the basis of the Company's current product platform, any fundamental or inherent flaws or deficiencies to the product platform may be continued in new product series if such issues have not been identified.

The Company's products may turn out to be less durable and less efficient in the long-term, or be more prone to errors, than expected. The Company's electrolysers may also not meet the specifications that have been agreed with customers. The Company may incur significant costs in identifying the cause of a deterioration of product quality over time, in addition to the servicing, maintenance and repairment costs, as well as having to arrange for contractual amendments, remedies and potentially pay penalties to customers or suffer order cancellations. The Company may in addition incur substantial costs for redesigning or reengineering products and product platforms if any fundamental design defects should surface.

Over time, the Company's products may show inherent flaws or levels of quality depreciation that the Company is not able to identify with the limited product data and performance statistics available to the Company, and the Company may incur significant costs as a result thereof and/or lose current and potential customers. The Company cannot eliminate such inherent and potential significant risks and uncertainties as they are part of being a company working with development of a commercial electrolyser. If any of the above risks materialise it could have a material adverse effect on the Company's cash flow due to increased cost of repair, claims, reputation and customer relationships, loss of revenue from sales and services contracts and the Company's ability to market its products.

4.1.1.5 *Errors may occur in the Company's assembly and manufacturing processes, as well as in connection with installation, which could cause the Company's electrolysers to be defective or flawed*

Errors may occur in the Company's assembly and manufacturing processes, as well as in the on-site installation process, whether due to human errors or general inadequacies of the Company's assembly and manufacturing line. Moreover, the electrolyser components that the Company sources from third-party suppliers may also be defective or suffer from quality deficiencies and the Company may not be able to fully test and inspect all components prior to assembly. Consequently, the Company's electrolysers may contain defects or other types of quality deficiencies, and some of the Company's early A-Series Mk0 and Mk1 electrolyser installations have contained such defects, that may go undetected prior to delivery to the Company's customers, or such deficiencies may arise due to faulty installations of electrolysers.

Any such defects could cause the Company to incur significant replacement costs or re-engineering or re-designing costs, including by diverting critical personnel towards remediation of such defects, which may exceed the warranty provisions made by the Company. Similarly, the delivery of defective products may significantly affect the Company's customer relations and business reputation. Further, defects in electrolysers that are linked up on larger renewable energy plants may have a systemic effect on the entire facility and disrupt operations and green hydrogen production, and may cause physical damage to persons, property, and the environment, which could result in significant financial and reputational liability for the Company. Finally, errors and flaws in delivered and installed electrolysers may harm the Company's ability to generate revenue from service and maintenance activities relating to such electrolysers.

Generally, the risk of errors being passed on to the market, notwithstanding product testing, cannot be excluded as this is a consequence of developing, manufacturing and delivering high complexity products which have only been in on-site operation for a limited time. See also risk factor 4.1.1.1, for a discussion of the risk of delay caused by, *inter alia*, product errors, defects, etc., and risk factors 4.1.1.2 and 4.1.1.3, for the general risks associated with the Company's developments of its products. Furthermore, as the Company is in the early stages of manufacturing and delivery of its solutions to customers, and as the number of hours electrolysers have been operating in the market is limited compared to the full expected lifetime of the products, it is likely that further errors may be experienced over the lifetime of the products.

If the Company delivers defective products or if there is a perception in the market that the Company's products are defective or not sufficiently sustainable, the Company's credibility, brand, reputation, and market recognition as well as the Company's sales could be adversely affected. If any of these events were to occur, they could have a materially adverse effect on the Company's business, financial condition, results of operations, cash flow and prospects.

4.1.2 The Company's commercial success is highly dependent on the Company's ability to successfully generate business opportunities and partnerships, particularly during the early stages of the green hydrogen market and electrolysis industry

4.1.2.1 The Company does not have a steady flow of business opportunities and a lack of participation in projects may damage the Company's ability to generate new business opportunities

The Company does not have a portfolio of multiple ongoing projects that are generating a consistent flow of revenues to the Company. The Company is seeking to build up a base of repeat customers consisting of local and small-scale project developers which are intended to generate a more consistent inflow of small-scale projects around the A-Series platform. The Company remains to experience an inflow of revenue generating projects for the X-Series platform which is targeting medium and large-scale MW projects as it does not intend to commence sales until satisfactory test data on the X-Series prototype is available (see also risk factor 4.1.1.3). The Company is generally presented with business opportunities in the increasing segment of medium-scale projects of 20-50 MW, whereas the exposure to large-scale projects beyond 50 MW is limited. The Company anticipates that its X-Series line will be largely competitive in the segment for projects of 6 MW to 50 MW, whereas the current specifications indicate that there will be a cost disadvantage for the X-Series in relation to projects of more than 50 MW. Additionally, developers of large-scale projects still perceive the technology and scaling risk of the Company to be relatively high compared to more established industries players. This perception is, *inter alia*, affected by the delays that the Company has experienced historically. For example, there are orders in the current order backlog which were originally scheduled for delivery in 2022, but which are now expected to or may be revenue recognised over the course of 2023. It cannot be excluded that orders scheduled for delivery in 2023 are delayed into 2024. For the risk relating to the Company's ability to deliver on its order backlog, see risk factor 4.1.1.1.

From time to time, one project may generate multiple business opportunities for the Company but once that project is completed, participation in a second project may not be immediately available. Accordingly, the Company's ability to generate revenue is highly dependent on individual projects. While the Company's current backlog is sufficient for the Company to meet its financial guidance (assuming timely delivery) for 2023, the Company has not over the past few months closed any new orders for A-Series units and sales of X-Series have not yet commenced. To build a sufficient order backlog to meet its medium-term targets and expected sales and deliveries for 2024, it is critical that the Company is able to land new orders in the near-term and during 2023 for both A-Series and X-Series units.

It is important to be able to participate in large-scale green hydrogen projects, particularly given the nascent stage of the green hydrogen market, because such participation may offer increased revenues and generate significant industry attention, potentially enabling the Company to generate future business opportunities. In addition, the Company may obtain valuable data on the on-site operation of its electrolysers from its potential participation in such projects. However, most known large-scale green hydrogen projects are themselves at early stages and subject to ongoing design, technical project management and commercial approval and commencement, and more generally subject to the development of the green hydrogen market as discussed in section 4.2 (*Risks related to the market in which the Company operates*).

Failure to build an installed base of electrolysers may also result in a loss of potential revenue derived from service and maintenance of such already installed electrolysers.

The Company's X-Series platform which is being designed specifically for medium to large-scale MW projects is still under development. Consequently, landing contracts for large-scale projects with significant revenue potential for the Company as well as brand value, may be challenging for the Company. The timing of the commercial launch of the X-Series on which the Company's medium-term targets depend is subject to significant uncertainty. See also risk factor 4.1.1.3.

The Company cannot assess the probability of there being or not being future business opportunities and whether "missing out" will result in other business opportunities not being realised either.

If the Company is not able to participate in early-stage green hydrogen projects, the Company may be in a disadvantaged position to generate future business opportunities, and the Company may face extended periods without being able to present any new projects. Lack of participance in such projects would also adversely impact the Company's ability to gain valuable experience and operational know-how as well as its reputation. Should this risk materialise, it could have a material adverse effect on the Company's business, financial condition, results of operations, cash flow and prospects.

4.1.2.2 The Company may fail to establish critical industrial partnerships with other electrolysis industry and green hydrogen market stakeholders which could adversely affect the Company's market position

While the eventual dynamics of a potential commercialised green hydrogen market and its relationship with the market for electrolysers are not yet known, there is, in the Company's experience, a developing tendency towards industrial partnerships between, for example, electrolyser manufacturers, engineering, procurement and construction ("**EPC**") (turnkey) service providers and developers

of renewable energy projects. The role and importance of such partnerships in the long-term is uncertain, however, in the Company's opinion, strategic partnerships with certain industrial actors who provide complementary or supplementary services and products to the Company's services and solutions – or *vice versa* – may yield various commercial benefits. Such benefits include, without limitation, a potential strengthening of the Company's supply chain as well as its competitiveness when bidding for large-scale projects. Other potential benefits from partnering with large-scale EPC providers would be to support EPC providers in developing and offering engineered integrated solutions to compete in the segment for projects of more than 50 MW which the Company is unlikely to be able to on its own (see also risk factor 4.2.3.1). The Company's position is to deliver standard solutions to EPC providers who can then develop and offer an engineered and integrated solution to the final asset owners.

Partnerships or other cooperative projects (e.g., local hydrogen "hubs") may also provide knowledge-sharing benefits and access to hydrogen and electrolysis research communities.

However, the Company may fail to establish such partnerships which could become a strategic disadvantage for the Company and limit the Company in its ability to generate and land business opportunities, or the Company may develop partnerships with certain actors that prove less beneficial than anticipated. In the Company's experience, it has been, and is likely to continue to be, precluded from certain partnerships between large industrial conglomerates due to its size and overall manufacturing capacity.

If the market for green hydrogen and the electrolyser market evolves towards a partnership model, and the Company has not been able to develop a partnership that enables the Company to compete within that framework, the Company may lose out on income generating business opportunities which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flow and prospects.

4.1.3 The Company's efforts to upscale manufacturing capacity and other strategies to alter manufacturing processes and reduce costs may fail

4.1.3.1 The Company may not be able to ensure the cost competitiveness of its electrolysers if the Company's strategy to reduce assembly and manufacturing costs fails or if the efficiency of its electrolysers is not improved

The Company has launched a cost-out program as further detailed in section 15.5.6 (*Significant cost-out potential*). The cost-out program consists of multiple individual measures varying from altering the Company's interaction with suppliers and third parties to altering internal manufacturing processes and product designs to reduce costs across the Company's value chain. Specifically, these measures include cutting supplier and sourcing costs, scaling manufacturing to reduce manufacturing costs, improving electrolyser designs, and making improvements to individual components.

There is no guarantee that the Company will succeed in a sufficient share of the components of its cost-out program, or that a successful implementation of its cost-out program will have the anticipated results. The Company's pursuit of cutting costs could result in deteriorating supplier relations and product quality if the Company fails to balance costs against the quality of components. The current market situation with high inflation and shortage of certain materials has led to rising procurement cost and longer delivery times for all industry stakeholders.

Likewise, the design flaws and challenges discussed in risk factors 4.1.1.2 and 4.1.1.3, have also delayed a finalisation of the design of the Company's products and correspondingly delayed certain cost reductions/benefits from economies of scale (large-scale purchasing, more streamlined manufacturing and assembly processes).

During 2021 and 2022, the Company's planned cost-down initiatives were paused due to postponement of the verification of "Design for Cost"-initiatives and cost-reducing design. This was a result of R&D resources being redirected to serve the matureness of the A-Series product and finalising the first prototype of the X-Series. Because of the reallocation of resources, no optimisation nor redesign has been conducted as planned to serve the overall cost-out program. As such and due to the technical issues with the A-Series as discussed in section 15.5.1.1 (*A-series 2022 technical issues*), few of the cost-out initiatives for the A-Series have been implemented over the past two years. On top of this, the sourcing negotiations to reduce cost on commodity parts have been challenged due to the significant reduced demand (all main parts were reserved and purchased in 2021) and no additional demand having occurred for incoming material due to significant delays in customer deliveries. Additionally, inflation has not supported any reduction of costs and in-pricing has been severely influenced by the war in Ukraine.

The Company has entered into customer contracts where the profit margins decreased significantly towards low to no margins from the time of sale and until delivery due to the Company suffering increased and unexpected costs in the interim period. Based on these experiences, the Company has adjusted the selling prices of its products to ensure higher profit margins, however, the gross profit for the Company's current backlog (which has also been impacted by liquidated damages due to delivery delays) is negative.

Based on these circumstances and experiences, the Company evaluates the probability of having certain challenges in delivering the full cost-out potential on a short to medium-term basis as medium to high.

Additionally, electrolyser efficiency (the conversion rate of renewable electricity to green hydrogen) is also a significant component of the cost competitiveness of electrolysers. Improvements on this parameter are more related to design and product development than the Company's cost-out program. The likelihood of succeeding with such improvements relates more to the development risks discussed in risk factors 4.1.1.2 and 4.1.1.3.

If the Company is unable to carry out its cost-out program, or if its cost-out program proves inadequate in terms of reducing costs, and thereby unable to reduce costs to the extent it is anticipated, the Company's products may eventually not become or may cease to be cost-competitive with competitors' products and the Company may not be able to improve on its profit margins which could have a material adverse effect on the Company's market position, cash flow and profit.

4.1.3.2 The Company may not succeed in its scaling and reorganisation of its assembly and manufacturing processes

To meet a potential increase in future demand for its electrolysers, the Company is undertaking an ongoing scale-up of its assembly and manufacturing. To support this, the Company is both ramping up general manufacturing capacity as well as continuously seeking to improve its supply chain management.

The Company has an assembly focused manufacturing setup, meaning that it generally obtains various electrolyser components from its suppliers and assembles them in its manufacturing facilities. Accordingly, scaling the Company's manufacturing is exposed to both external and internal challenges.

From a supply chain perspective, the Company is dependent on the ability of its suppliers to consistently deliver electrolyser components as well as other materials used in the Company's treatment and processing of electrolyser components. Failure to ensure delivery of components and materials required for the Company's assembly and manufacturing may impair the Company's ability to scale its manufacturing.

In terms of internal challenges of manufacturing scaling, the Company is, among others, reliant on its ability to:

- establish a lean assembly and manufacturing system emphasising short manufacturing lead time,
- design for manufacturing and assembly, e.g., optimise product designs to enhance manufacturing efficiency,
- automatise manufacturing sub-processes, and
- maintain product line speed, consistency and quality throughout manufacturing scaling measures.

Additionally, over the course of the coming years the Company may need to expand further on its manufacturing facilities in addition to the construction of the Company's Nordager facility which has added 8,000 square meters of manufacturing space and 5,500 square meters of office space to the Company's domicile. A variety of challenges may occur in connection such expansion, including, *inter alia*, challenges relating to construction works and obtaining the necessary public permits for such expansion works (the latter being a process primarily between the Company and Kolding municipality and thus partly outside the Company's control). There can be no guarantee that a sufficient level of demand for the Company's electrolysers will develop to enable the Company to generate a satisfactory level of return on such an investment in increasing manufacturing capacity.

Accordingly, there are several risks relating to the development and successful implementation of required manufacturing lines and manufacturing processes. In particular, externally sourced components such as manufacturing and assembly equipment and tools may be subject to inflation and prolonged delivery times, potentially impacting the Company's ability to develop its manufacturing capacity. This may negatively impact the Company's ability to ramp up its manufacturing capacity. The potential negative impact of this risk is amplified by the importance of the Company delivering on its order backlog in the near-term as discussed in risk factor 4.1.1.1.

The Company's A-Series and X-Series are/will be assembled on two different dedicated manufacturing lines. Refitting the A-Series line for X-Series manufacturing and vice versa would be costly and time consuming. Accordingly, the dedicated manufacturing capacity for the A-Series and for the future manufacturing of the X-Series, respectively, will not be immediately translatable to manufacturing capacity for other electrolyser series.

If the Company fails to scale its manufacturing capacity, whether by optimising its supply chain management, assembly and manufacturing processes or the physical expansion of its manufacturing facilities, the Company may find itself more reliant on third party suppliers and its manufacturing capacity of electrolysers may reduce significantly. This could result in the Company being unable to land contracts for participation in large-scale projects, or it may find itself unable to deliver on contracts that it has won already, in turn

adversely affecting the Company's revenues, reputation and prospects. Any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

4.1.4 The Company is exposed to risks relating to its relationships with third-party suppliers

4.1.4.1 The Company is dependent on third-party suppliers, contractors, sub-contractors, and other service providers to deliver its products

The Company's electrolysers contain various components manufactured by highly specialised third-party suppliers. There are some components where the Company only has one supplier who to the Company's knowledge is also the sole or primary supplier to other electrolyser manufacturers in the electrolysis industry. An increased demand by the Company for certain electrolyser components from third-party suppliers may, in the event of a market-wide surge in demand for electrolysers, collide with demand from the Company's competitors across the electrolysis industry which may result in increased prices and limited availability of a steady supply of the necessary machinery, equipment and components.

Likewise, the Company (and its suppliers) is dependent on access to certain raw materials, in particular nickel. Increased prices for such raw materials or lack of accessibility, whether for the Company itself or those of its suppliers who use nickel in their components, could impair the Company's manufacturing capability.

Moreover, if any critical third-party suppliers should cease operations, dissolve their businesses, become the subject of insolvency proceedings, be acquired by a competitor of the Company and cease dealings with the Company, terminate their relationship with the Company or, for any reason, not be able or willing to deliver critical electrolyser components to the Company, the occurrence of any such event or circumstance could limit, delay or halt the Company's manufacturing of electrolysers and the Company may not be able to immediately engage with new suppliers and deliveries from such new suppliers may be at higher prices than anticipated by the Company. As a consequence, such events could result in the Company not being able to deliver electrolysers to its customers at the agreed time or at all, or its delivery of electrolysers could be less profitable, if at all profitable, than the Company would otherwise anticipate.

The current market situation with high inflation and shortage of certain materials, including semi-conductors which the Company is dependent on as well as fluctuating nickel prices, has led to rising procurement cost, longer delivery time and supply shortages of a number of components across the electrolysis industry. Hence, the Company evaluates the probability of having future challenges in sourcing required components from suppliers in-time and at expected cost as medium high. In times of supply shortage, the risk of receiving components and raw materials of varying quality is also more pronounced. Poor quality of materials and components enhances the risk of general product defects, flaws and errors.

The Company has experienced (and is to some degree still experiencing) varying quality of supplied materials and components as well as irregularities and disturbances in the flow and timing of delivery of such materials and components. For example, the Company has experienced disturbances in the supply of nickel coated lye-heat and separator components. In addition, it is in the process of resolving issues of corrosion of components which will necessitate and have necessitated modifications to electrolysers in its order backlog, in the assembly process and retrofitting of already assembled and delivered electrolysers. See also risk factors 4.1.1.1 and 4.1.1.2. The implementation of the modifications to address these issues have and will for the financial year ending 31 December 2023 contributed to increased costs which recently caused the Company to adjust its EBITDA guidance for 2023. See also risk factor 4.3.2 for the risks associated with the Company's financial guidance and the background for its recent guidance adjustment and section 15.5.1.2 (*A-Series 2023 quality issues and modifications/retrofits - guidance adjustment and profit protection plan*) for a description of the Company's profit protection plan.

The Company's efforts to find a suitable alternative supplier or in-source production of certain key components to mitigate this risk may not be successful or economically viable. If any of the foregoing events or circumstances were to materialise, they could have a material adverse effect on the Company's business, financial condition, results of operations, cash flow and prospects.

4.1.4.2 In some cases, the Company may provide EPC services to a given project where the Company is particularly dependent on sub-contractors to fulfil its contractual obligations towards its customers

While the Company primarily provides electrolyser solutions as an original equipment manufacturer ("**OEM**") to a given project, in some cases, the Company may in the future assume a more coordinating role as an EPC service provider and more general responsibility for carrying out a given project. In such cases, the Company may have to contract with a variety of sub-contractors and suppliers which may give rise to various practical and administrative challenges.

The Company does not have extensive experience with providing EPC services and cannot assess the probability of this risk materialising. Nevertheless, projects where the Company is acting as an EPC may constitute a significant risk for the Company as its role in such

projects is more complex and the Company is more exposed to the collaboration of other parties, or lack thereof, than in its usual role as an OEM. For example, sub-contractors may fail to deliver the necessary construction works in a timely manner or suppliers may deliver defective products or products that are incompatible with other components in a given project. In any event, the Company may in such cases bear the immediate and/or ultimate responsibility towards its customer for the failure to successfully execute a project.

Should any of the foregoing occur, the Company could suffer reputational damages as well as revenue losses and it could ultimately have a material adverse effect on the Company's business, financial condition, results of operations, cash flow and prospects.

4.1.4.3 In the 12 MW Power-to-X GreenLab Skive, the Company expects to assume technical and operational responsibilities, entailing a different risk profile than what the Company is exposed to when acting as an OEM (and as an EPC service provider)

As further detailed in section 15 (*Business*), the Company has been selected as electrolysis supplier for a contemplated full-scale Power-to-X facility at GreenLab Skive. The commercial terms for the Company's participation in the 12 MW Power-to-X project at GreenLab Skive are under final negotiation, however, the Company considers that there is a likelihood that the project will not materialise at all. Should the 12 MW Power-to-X project materialise, the Company is expecting to assume a different role in the project compared to its role in most other Power-to-X/green hydrogen projects.

For example, as opposed to only delivering electrolysers as an OEM, the Company expects to retain title to the electrolyser installation which it delivers to the project for two years after the project has commenced, and until the facility will be taken over by an investor. Moreover, the Company will for the first two years assume technical and operational responsibility for the electrolysers, including ensuring off-take for the hydrogen produced.

The role of the Company in the 12 MW Power-to-X project at GreenLab Skive entails that the Company's risk profile is broadened to also include, but not limited to, exposure to the direct pricing of green hydrogen as well as the pricing of renewable power, direct liability for potential incidents arising from the storing and processing of hydrogen, mechanical failure of the electrolysis plant (and potential systemic failure of the entire GreenLab Skive facility as a result thereof). Any of the foregoing could have an adverse effect on the Company's business and reputation and revenue.

4.1.4.4 The Company's projects may be subject to cost overruns

The Company seeks to regularly participate in large and complex projects with a significant project value and whose execution may take several years. Such projects are awarded on a competitive bidding basis. If awarded, the Company would assume the responsibility for delivering and installing electrolysers to a given project and to some extent also servicing such electrolysers. If and when the Company manufactures electrolysers for a given project, the Company may have to adhere to specific technical and regulatory requirements, particularly where the Company bids for projects with untested or new technology or for projects in countries where the Company has limited or no experience from previous projects.

In some circumstances, the Company may bear the risk of unanticipated project modifications, shortage of critical personnel, quality problems and, as a general risk, cost overruns due to any combination of unexpected technological or technical problems, unforeseen developments at project sites, unforeseen changes, or difficulties in the regulatory or political environment and/or supplier performance problems.

All projects carry an inherent risk of cost overruns due to a number of factors, which can be inside or outside the Company's direct control. If the Company becomes subject to cost overruns, particularly in larger projects, and the Company itself bears the risk of such cost overruns, the Company's potential profits from a given project may be significantly reduced or entirely negated which could have a material adverse effect on the Company's cash flow. However, the probability of cost overruns that will materially impact the Company's overall financial position and cash flow is considered low to medium.

4.1.5 Pandemics and other major force majeure-like events may force the Company to cease operations resulting in reduced productivity and sales and/or disrupt the Company's supply and value chain

4.1.5.1 Pandemics or other global or regional force majeure like events may affect the Company's employees and supply and value chain and in turn impair the Company's sales, productivity and R&D activities as well as activities related to the development of the green hydrogen market

Recent years have witnessed a variety of global and regional crises and macroeconomic challenges, including a pandemic, supply chain disruptions, the outbreak of war in Ukraine, and fluctuating energy prices. Additionally, there is uncertainty as to whether the global economy is or will be in a recession in the near future. Each such event has and/or can impact the Company in an adverse manner.

For example, the COVID-19 pandemic led to restrictions on social gatherings which impaired international travel and interrupted supply chains, scheduled on-site meetings, etc.

The supply chain disruptions have caused, or have contributed to, the fluctuating prices (and to some extent shortage) of raw materials such as nickel and components such as semiconductors which the Company is dependent on. For the sake of illustration, the Company has specifically been subject an increase of lead times of PLC components for electrolysers due to general electronic component shortages and increased lead times, which has led to several supply chain shortages as well as increased lead times and increased prices.

The war in Ukraine has caused political tension in Europe and is also likely to have contributed to fluctuating energy prices (and may continue to do so in the future) which, among others, may be adverse to the objective of achieving price parity and cost competitiveness of green hydrogen and electrolysers, respectively.

Any prolonged global economic recession may exert significant pressure on public and private stakeholders to reduce or divert investments from the green hydrogen market which would impair the development of the green hydrogen market as a whole.

The Company cannot assess the probability of these risks materialising in the future but based on its experience with the occurrence and impact of similar risks in the recent years (some of which are currently ongoing) it considers it likely that it will face challenges of this nature on a medium to long-term as well.

Each of the risks outlined here may in some way as described above have an adverse effect on the Company's business or its market and indirectly such effects could as a whole result in a material adverse effect on the Company's revenue, financial condition, results of operations and prospects.

4.1.6 The Company may not be able to retain employees in critical functions and it may not be able to safeguard its trade secrets

4.1.6.1 The Company depends upon its management team and on the expertise of employees in various critical functions and may be unable to attract and retain a highly skilled and experienced workforce

The Company's business and success depends to a significant degree upon the continued contribution of its management team who are critical to the overall management of the Company as well as its culture, strategic direction and operating model. The Company's ability to retain its management team or to attract suitable replacements is dependent upon competition in the labour market and the availability of skilled individuals in the industry in which the Company operates. Furthermore, the loss of one of the Company's members of its management team to a competitor (whether existing or newly formed) could result in a deterioration of the Company's market position and competitiveness.

Additionally, experienced employees in the electrolysis industry, particularly the Company's senior engineers, programmers and other critical functions to the Company's development of its technology and products are fundamental to the Company's ability to generate, obtain and manage business opportunities and the Company is highly dependent on their continued employment with the Company. The unexpected departure of such employees or temporary inability to work, such as due to disease, could have a detrimental effect on the Company's business. The Company's employees (save for the Executive Management) are generally employed in accordance with the provisions of the Danish Salaried Employees Act (in Danish: *funktionærloven*) and their termination notices, etc. are subject to the duration of notice required therein.

The Company's employees may be attractive hiring targets for competitors. To retain critical or key personnel the Company may be required to keep pace with increases in the market level of remuneration for individuals with qualifications similar to those of the Company's employees in various critical business areas. It may also be difficult for the Company to find a replacement for experienced employees as they leave the Company which may result in internal organisational problems, which may in turn result in difficulties in meeting the Company's business needs.

The Company has experienced the departure of employees both in senior management and in key manufacturing or research and development functions and, based on these experiences, considers it likely that there will be some departure of key personnel in the future.

Failure to attract and retain personnel or to ensure that the experience and knowledge of the Company's employees is retained after employee departures as well as the untimely departure of members of senior management may materially adversely affect the Company's operations and business.

4.1.6.2 The Company's intellectual proprietary rights and protective measures may be inadequate to retain the Company's trade secrets and may be difficult to enforce

The Company only makes limited use of patents to protect its intellectual property, in part since electrolyser designs are generally difficult to protect with patents or other intellectual property rights, but also due to the publicity risks involved with patents. Patenting would require that the Company makes public the design of its electrolysers which would make the Company's electrolysers exposed to copying, particularly in jurisdictions with less developed patent and intellectual property rights laws. Similarly, knowledge of processes and know-how, which are important trade secrets of the Company, generally cannot be legally protected by way of patents or regarded as intellectual property rights. As such, the Company relies upon a combination of third-party confidentiality and non-disclosure agreements, additional contractual restrictions on disclosure and use of its products, as well as trademark, copyright and other intellectual property laws to establish and protect its proprietary rights as well as maintain the confidentiality of its trade secrets. These laws, procedures and restrictions, however, may only provide limited protection.

The Company's efforts to limit access to and disclosure of its proprietary information by contractual arrangements with its employees and contractors, may not be sufficient to protect the Company in case the employee or the contractor violates the agreement. Enforceability of the confidentiality agreements and the protection of business secrets under the Danish Marketing Practices Act (in Danish: *markedsføringsloven*) and similar foreign laws and regulations is not guaranteed. Accordingly, contractual restrictions could be breached without the Company discovering or without the Company having appropriate legal remedies available.

Policing unauthorised use of the Company's proprietary rights is challenging and legal mechanisms for enforcement of the Company's proprietary rights in certain countries, particularly outside of the European Union (the "**EU**") and North America where the Company is expecting to see increased activity in the future, may not be adequate to protect and enforce the Company's proprietary rights in such jurisdictions.

The Company only recently began to include international non-compete clauses in the employment contracts of its senior management. It cannot be excluded that knowhow etc. is transferred from the Company to a competitor by a departure of a member of senior management.

In one instance, however, the Company has experienced a former (non-senior) employee who appeared to attempt to copy or retrieve confidential information from the Company prior to the employee's departure. To the Company's knowledge the individual in question was prevented from leaving with the information and a police report was filed, however, the incident serves to illustrate that it is difficult to safeguard the Company from this risk and consequently not possible to assess the probability of its occurrence.

There is no guarantee that the Company's employees will not leak any trade secrets to the Company's competitors or pass such knowledge along if they were to be recruited by a competitor, or by any other means make their knowledge available to third parties. There is also no guarantee that the Company will be able to maintain the confidentiality of its trade secrets and the Company may be unable to enforce its intellectual property rights. Consequently, any leakage of information that could allow the Company's competitors to replicate its products or use the Company's technology to enhance their own products, could have a material adverse effect on the Company's business, financial condition, results of operations, cash flow and prospects.

4.2 Risks related to the market in which the Company operates

4.2.1 The market for electrolysis solutions is an emerging market and its development is dependent on the development of a commercialised market for green hydrogen, broad decarbonisation efforts, an increase of renewable energy production and technological development of end-user applications of green hydrogen

4.2.1.1 A commercially viable market for green hydrogen and, by implication, electrolysers may not, due to a variety of factors, develop sufficiently or at the expected pace

The Company manufactures pressurised alkaline electrolysis systems which are to be used for water electrolysis to produce green hydrogen (hydrogen produced via water electrolysis using renewable energy). While the Company is typically not a producer of green hydrogen (except for at its testing facilities and potentially in certain projects where the Company assumes a more general technical and operational responsibility), the demand for the Company's electrolysers and generally the development of the electrolysis industry is strongly dependent on a significant increase in the production of renewable energy and on the development of a downstream market for green hydrogen. From both a global perspective and across the Company's focus markets, the market for green hydrogen and, by implication, the market for electrolysers is at a nascent stage.

The Company's focus geographic markets comprise countries in the EU fitting its standard CE certified product. The Company intends to deliver its standard CE certified product to Australia and Chile (and potentially other markets), and if the standard product fits these markets, especially Australia is expected to become a focus market. With the August 2022 adoption of the Inflation Reduction Act

(the "**IRA**"), the United States may become a future focus market for the Company. Currently, however, the Company is only assessing the potential of the U.S. market and may make considerations on if/how to enter the U.S. market. In any case, the Company would, if it were to pursue the U.S. market, need to develop a market specific product variant for the United States as also discussed in risk factor 4.4.1. The clean energy provisions in the IRA are meant to incentivise a broad cross-section of technologies to reduce emissions and strengthen energy reliability and security in the United States, and the IRA is expected to give green hydrogen an important role in this development. See also section 14.3.2 (*Regulatory amendments and execution of national hydrogen strategies*). The Company has not made any reservation or allocation of the expected proceeds from the Offering towards entering into any new geographic markets (including the U.S. market).

For the Company's past two financial years, the Company has generated all of its revenues from its sales within the EU. In the Company's opinion, the challenges pertaining to the development of a market for electrolysers and electrolysis solutions across each focus market are largely identical, albeit the level of commercial development may differ between each market.

The Company expects that the green hydrogen market and the market for electrolysis solutions will grow considerably towards 2030 as well as beyond. However, the level of growth of the green hydrogen market may not occur at the pace which the Company is expecting, or it may not occur at all. This could result in the demand for electrolysers decreasing or the expected increase in demand for electrolysers not materialising. Any such delay or failure to develop a commercialised green hydrogen market could, accordingly, significantly harm the Company's potential revenues and the Company may be unable to recover any losses or expenses incurred, or which it expects to continue to incur, in the development of its electrolysers and auxiliary solutions.

For green hydrogen to become a viable alternative to hydrogen produced through reforming or gasification of fossil fuels ("**grey hydrogen**") in, for example, ammonia and methanol production, production of green hydrogen must be scaled to ensure a consistent and adequate supply of green hydrogen to such industries. Moreover, green hydrogen and fuels that are derived from green hydrogen must be cost competitive to fossil fuel alternatives - see risk factor 4.2.2.1, for the general cost-risks of green hydrogen.

A prerequisite for the necessary scale-up of production of green hydrogen is a considerable increase in the production of renewable energy which is used for water electrolysis when producing green hydrogen. As per the EU's European Green Deal and REPowerEU, the Company is expecting a significant ramp-up of renewable energy production of solar and wind energy generation capacity. However, such ramp-up is contingent on substantial investments towards construction of new renewable energy plants and upgrade of existing plants which may not come to fruition. In the Company's opinion, similar challenges apply to the Company's other focus geographic markets outside the EU.

The Company cannot assess the probability of the occurrence or non-occurrence of these factors and how they will impact the green hydrogen market. It is the Company's view that the green hydrogen market generally experiences continued public and private support and attention. However, the past years have also shown that the time required to execute on national or regional hydrogen strategies, and to develop the surrounding technologies, may at times be longer than initially contemplated and such developments may also be sensitive to various global trends and events, such as a pandemic, supply chain disruptions and the outbreak of war in Ukraine.

If a market for electrolysers never sufficiently develops or develops at a slower rate relative to the Company's expectations, this may have a direct material adverse effect on the Company's business and revenues and by extension more generally on its financial condition, results of operations, cash flow and prospects.

4.2.1.2 Large-scale demand for green hydrogen is dependent on a sustained, long-term coordinated decarbonisation effort and technological development in existing and potential end-use sectors for green hydrogen

In the Company's opinion, the demand for electrolysers is strongly correlated to the downstream demand for green hydrogen in various industries and end-user applications. Building up a hydrogen economy in the Company's focus markets requires a full value chain approach. In addition to upscaling production and supply of green hydrogen and establishing a hydrogen infrastructure, there must be a parallel effort to create markets for green hydrogen. The creation of such markets partly relies on green hydrogen becoming cost-competitive with other energy carriers, however, a coordinated decarbonisation effort across different industries is also a prerequisite for increasing demand for green hydrogen. Significant investments on an EU and member state level and outside the EU, as well as investments from private investors and long-term commitments of businesses, are required to support current and potential green hydrogen end-markets in their transition towards a hydrogen economy.

For example, in the transportation sectors, the Company expects that the demand for green hydrogen will be strongly tied to the parallel development of efficient fuel cells, particularly for heavy-duty road vehicles such as busses and trucks, private fuel cell vehicles ("**FCVs**"), and in the longer term also for trains, marine vessels and aircrafts. If stakeholders in the transportation sectors are unwilling to invest in research into the use of hydrogen and development of fuel cells, a significant potential end-market for green hydrogen may not develop. Similar considerations apply to adjacent technologies relating to Power-to-X, ammonia and methanol.

The demand for green hydrogen in these end-use sectors is sensitive to, aside from cost aspects of using green hydrogen, technological progress that facilitates the application of green hydrogen in industrial and everyday usage. End-use applications include, but are not limited to, fuel cell technologies and synthesis technologies for making e-fuels. If such technologies are not sufficiently developed to reach parity in terms of both costs and ease of use with existing fossil fuel-based solutions, the end-markets for green hydrogen may not become sufficiently tangible and transparent to justify large-scale investments in electrolysers and electrolysis technologies. Such technological progress and willingness to join a transition towards a hydrogen economy requires a committed decarbonisation effort across different industries where hydrogen is or has a potential to be used. Additionally, there is a risk that technologies do not develop as expected or at all, making the transition of potential end-use sectors towards green hydrogen more difficult than currently anticipated.

Generally, the Company estimates that green hydrogen will take a central role in the transition towards a net-zero emission economy in 2050. This indicates that over the next approximately 30 years, a joint, sustained effort to develop the market for green hydrogen across both the political and industrial spectrum must be maintained.

The overarching political regime that underpins this regulatory and political effort is comprised by international conventions and treaties, EU-wide strategies, political agreements, etc. As long as these early regulatory measures have not materialised into hard law policies, the sustained long-term effort required to build a hydrogen economy is hinging on a continued political and private willingness, and not an obligation, to drive forward the market for green hydrogen.

The Company cannot assess the probability of the technological development in end-use sectors or that public and private stakeholders will engage in a long-term coordinated effort to support the transition towards a net-zero emission economy. It is the Company's view that the green hydrogen market generally experiences continued public and private support and attention. However, the past years have also shown that the time required to execute on national or regional hydrogen strategies, and to develop the surrounding technologies, may at times be longer than initially contemplated and such developments may also be sensitive to various global trends and events, such as a pandemic, supply chain disruptions and the outbreak of war in Ukraine.

If existing and potential end-use sectors do not develop sufficiently in parallel with electrolysis technologies and hydrogen infrastructure, or political support does not materialise to tangible regulatory support, demand for and consumption of green hydrogen may be inadequate for the successful commercialisation of green hydrogen that would have a material adverse effect on the electrolysis industry as a whole, and thereby directly on the Company's business, financial condition, results of operations, cash flow and prospects.

4.2.1.3 Regulatory measures to support, directly or indirectly, the green hydrogen market and the electrolysis industry may be inadequate or not have the desired impact on the green hydrogen market

The green hydrogen market and the electrolysis industry is exposed to political and regulatory frameworks surrounding renewable energy and the general green transition. The specific regulatory initiatives that directly affect the green hydrogen market generally comprise various subsidy schemes, CO_2 abatement requirements and the tariff and tax regimes applicable to renewable energy which can also have significant impact on the electrolysis industry. Various regulatory efforts have been made, and are in the making, to support the green transition and, by implication, the commercialisation of green hydrogen. These efforts also extend to the electrolysis industry.

The Company and its customers and partners are often relying on access to subsidy schemes to finance their projects. The Company expects that they will continue to be reliant on such schemes for the foreseeable future. The Company is therefore highly sensitive to any adverse changes to current subsidy schemes from which it or its customers are benefitting.

For example, within the EU, the Company is expecting several policy changes that will support the commercialisation of green hydrogen and the electrolysis industry. Among others, these policies include CO_2 abatement requirements and revisions to the tariffs and taxes on renewable electrical power and grid fees. The Company is also expecting that the commercialisation of green hydrogen will benefit indirectly from regulatory measures that penalise or disincentivise the use of fossil fuels.

However, the Company cannot assess the probability of whether the expected policy changes will have the desired impact and be sufficiently conducive to the commercialisation of green hydrogen and the electrolysis industry, or their occurrence at all. For example, some subsidy schemes may treat different electrolysis technologies differently, or they may instead favour other types of low-carbon hydrogen ("carbon capture and storage" ("**CCS**") or "carbon capture and usage" ("**CCU**"), colloquially "**blue hydrogen**") technologies over green hydrogen. In the Company's opinion the end-goal for policy makers and regulatory authorities is not necessarily to support green hydrogen specifically, but rather any alternative to fossil fuels that can lower CO_2 emissions and help combat climate change. Accordingly, political focus may shift towards any alternative energy source and/or carrier that is perceived as serving this end-goal.

Notwithstanding the above, it is the Company's expectation that current green hydrogen strategies and policies will materialise into concrete regulatory initiatives tailored to address specific features and risks relating to the green hydrogen market across its focus markets. This could lead to significant changes to, among other areas, the regulation of energy and gas distribution, access to power

infrastructure, safety standards for hydrogen production and distribution, and certification and guarantee of origin instruments. Regulatory changes may also extend to the manufacturing, installation and testing of electrolysers. Accordingly, the Company may at some point in the future have to adapt to a materially different regulatory landscape relative to the one that it is currently operating in.

The Company cannot predict what such landscape may look like or whether it will be able to adapt to such changing landscape. Certain proposed or new regulations, while generally considered supportive of the green hydrogen market, do in the Company's view introduce new concepts or requirements which are not conducive to the development of the electrolysis industry (such as certain technical requirements contemplated in the EU Renewable Energy Directive ("**RED II**")). Due to security of supply concerns other regulatory initiatives may emphasise the protection of domestic markets over the general development of the green hydrogen market which is also considered a risk.

Policies and regulations purporting to support the commercialisation of the green hydrogen market may be changed, be less favourable than expected or not come into existence at all due to any number of reasons, including macroeconomic conditions and global disruptions caused by, *inter alia*, pandemic or war, an absence of political will, political focus shifting towards other alternatives, and/or a lack of public funding. This could cause the development and growth of electrolysis technologies, to cease and the market for electrolysers could be materially impaired.

4.2.1.4 Access to and development of hydrogen infrastructure requires significant investments and political collaboration across jurisdictions which may not materialise

In the longer term, the Company expects that the green hydrogen market and the market for electrolysers will become increasingly reliant on expanded infrastructure to support both its production, distribution and its application in various end-use sectors and, more generally, to connect green hydrogen supply centres with demand centres.

To generate and keep momentum for green hydrogen production in the future, including manufacturing of electrolysers, considerable infrastructure investments are necessary. Key infrastructure includes hydrogen storage facilities, gas pipelines and gas grids, and refuelling stations securing access to green hydrogen across end-use sectors such as the transportation sector. Depending on the timing of the projected out-phasing of natural gasses in Europe, parts of existing gas pipelines may be repurposed to transport and distribute pure hydrogen.

Repurposing and upgrading existing power infrastructure and hardware, including gas infrastructure, likely requires collaboration with, *inter alia*, private and public stakeholders and operators of gas pipelines. These stakeholders may, for example, include entities whose interests are not aligned with the green hydrogen agenda. Additionally, significant funds are likely to be needed to repurpose, amend, and upgrade existing infrastructure and hardware to accommodate the distribution of pure hydrogen to refuelling stations and other demand-centres.

The Company cannot assess the probability of the timely and appropriate development of hydrogen infrastructure but bases its expectations on publicly available national and regional hydrogen strategies. The pace of such development is likely to be driven by other public and private stakeholders who are likely to have regard to the market for renewable energy as a whole (and not only the electrolysis industry). A delay in establishing the necessary hydrogen infrastructure to support the commercialisation of hydrogen relative to current expectations could result in lowered demand for electrolysers. In that case, the market for electrolysers would lose its current growth momentum and in turn have a direct material adverse effect on the Company's business, financial condition, results of operations, cash flow and prospects.

4.2.1.5 The market for green hydrogen is highly dependent on continuous and long-term outside investments and is consequently dependent on general macroeconomic conditions

The market for green hydrogen relies strongly on long-term investments until and if it becomes financially self-sustainable. These investments are necessary both for manufacturers of electrolysers and components thereof, but also for establishing the necessary hydrogen infrastructure as well as investments in end-use applications and for the downstream use of green hydrogen. Similarly, the scale-up of the electrolysis industry may require a corresponding scale-up of renewable energy plants such as wind farms and solar energy plants. Accordingly, the green hydrogen market is highly sensitive to any macroeconomic trends that may slow down investment activity.

The electrolysis industry is further characterised by relatively long go-to-market timeframes for products and may not generate any returns on investments in R&D until after approximately 10 to 15 years from the commencement of development of new products, amplifying the need for long-term investment commitments.

Any global recession or economic downturn could have a detrimental effect on the financial capacities and investment capabilities of institutional investors which could have a disruptive effect on the green hydrogen market as a whole and the electrolysis industry. Additionally, end-users may in the event of a recession become more price sensitive towards the energy they consume (and, consequently,

less focused on the CO_2 emitted in the production and processing of that energy). That risk becomes more pronounced if green hydrogen has not reached price parity with fossil fuel alternatives, whereby demand for green hydrogen and electrolysers could decrease and expectations as to the future growth of the green hydrogen market may not materialise. Likewise, in a macroeconomic downturn-scenario, policymakers could potentially shift their attention and priorities away from the ongoing green transition.

The above risks are exemplified by the recent years which globally have been affected by pandemic, regional and global shutdowns, political tensions, supply chain disruptions, war in Ukraine and military conflicts, inflation and fluctuating energy prices. Such events have, in the Company's opinion, had a negative impact on the green hydrogen market as a whole. Such events have for example demonstrated that times of crisis may lead to re-prioritisation of national and regional interests and strategies (e.g., an increased emphasis on the security of supply of energy over renewable energy) as well as to longer decision-making time and delayed execution of strategies, plans and projects.

The impact of these events is also exemplified by the current market situation with high inflation and shortage of certain materials, including semi-conductors which the Company is dependent on as well as fluctuating nickel prices, has led to rising procurement cost, longer delivery time and supply shortages of a number of components across the electrolysis industry. Hence, the Company evaluates the probability of having future challenges in sourcing required components from suppliers in-time and at expected cost as medium high. In times of supply shortage, the risk of receiving components and raw materials of varying quality is also more pronounced.

Should any of these events materialise, each of them may have a material adverse effect on the green hydrogen market and the electrolysis industry generally, including directly on the Company's business, revenue and cash flow and in turn on its financial condition, results of operations, and prospects.

4.2.1.6 State aid and competition rules may limit the effect of regulatory support of the green hydrogen market in the Company's focus markets and may result in the Company's focus electrolyser markets being disadvantaged relative to other geographical markets

The countries in the Company's focus geographic markets are to differing extents subject to relevant state aid and competition rules. Of particular relevance, regulatory support, including subsidies, from the EU and from individual EU member states, must be made in accordance with applicable EU competition and state aid rules. Contrarily, non-EU jurisdictions may be less restricted in their ability to support their domestic green hydrogen markets. Hence, EU state aid and competition rules may, compared to other jurisdictions, become obstructive to the necessary allocation of funds towards EU green hydrogen market stakeholders, impairing investments into the market and its development.

Excessive state aid, whether in the EU or elsewhere, may also have the undesired effect of sustaining otherwise unviable competitors and stakeholders, resulting in a less than ideal competitive situation in markets.

Restrictive (or too "favourable") state aid and restrictive competition rules may have a detrimental effect on the green hydrogen market and in turn the market for electrolysers in the EU, as well as in the Company's other focus markets, and may have the long-term effect of disadvantaging the Company itself and other stakeholders in the Company's focus markets relative to competitors elsewhere. The Company has seen examples of national subsidy schemes and similar arrangements that favour local suppliers of electrolysis solutions (or suppliers who collaborate with local sub-contractors) and such measures will put the Company in a less favourable position to gain market shares outside of the Company's current focus markets and may thereby have a material adverse effect on the Company's business and prospects.

4.2.2 Green hydrogen is currently not cost-competitive to and may not reach price parity with fossil fuels and derived energy carriers

4.2.2.1 Green hydrogen has not reached price parity with fossil fuels and derived energy carriers which is critical for the commercialisation of green hydrogen, and it may not reach price parity in the foreseeable future or at all

The green hydrogen market globally is exposed to the risk of green hydrogen not becoming a cost competitive alternative to conventional energy sources and carriers, specifically those derived from fossil fuels, or such price parity not being obtained at the rate which the actors in the green hydrogen market, including the Company, expects. Significant demand for green hydrogen may not materialise if green hydrogen is not cost-competitive with fossil-based alternatives which in turn will also reduce the demand for electrolysers.

The direct pricing of green hydrogen is linked to several factors, including, without limitation:

- costs of renewable electricity, including tariffs and taxes on renewable electricity,
- costs of investments in electrolysers, and
- operating expenses of electrolysis systems.

See also section 14.3.5 (*Decreasing cost of green hydrogen*).

Moreover, the relative pricing of green hydrogen compared to fossil-based alternatives is highly exposed to fluctuations in oil, coal, and natural gas prices as well as the imposition of taxes and CO_2 quotas on fossil fuels and derived energy carriers, as well as on grey hydrogen and blue hydrogen. The development of the price of oil and natural gasses is strongly affected by global macroeconomic and geopolitical conditions as well as the volume of (known) oil and natural gas reserves and their accessibility. Sudden fluctuations in energy prices may also be caused by war and/or military conflicts and related sanctions and embargos as evidenced by the war in Ukraine and the following increase in the price of natural gasses as well as EU embargos on Russian coal and oil. However, such developments have also impacted the price of electricity and may generally negatively affect the willingness to invest in the renewable energy sector and/or result in resources being redirected towards other energy sources. Poor conditions for generating renewable electricity have also been counterproductive for the development of green hydrogen. Consequently, there are multiple parameters that must change for green hydrogen to reach price parity with fossil fuels and carbon-based hydrogen.

For example, in the Company's opinion, current tariff and tax regimes across the EU applicable to electrical power are not adequately conducive to support demand for renewable energy, and, in turn, green hydrogen. Generally, in EU member states, tariffs and taxes are levied on electrical power consumption with limited regard to how that power is generated (and for what purposes that power is applied). In the Company's opinion, it is therefore imperative that tariff and taxation regimes across the EU become more favourable towards electrical energy consumed for electrolysis purposes to obtain price parity with competing energy sources. Equally important, any new tariff and taxation regime should be standardised across EU member states such that the pricing of green hydrogen between jurisdictions is not affected by local tariffs and taxes. For an illustration of the impact of, *inter alia*, tariffs and taxes (grid fees) on levelised cost of hydrogen ("**LCOH**") across certain regions, see section 14.3.5.3 (*Local LCOH variance*). The Company is not familiar in detail with the tariff and tax regimes in its potential focus markets outside the EU, however, it is the Company's expectations that to some extent, similar challenges apply to such markets as well.

While the Company has seen progress the last 24 months (both for itself and the electrolysis industry generally) relating to the cost of investing in electrolyser solutions and the operating expenses (improved balance of plant) of electrolysis systems, the Company has over the past year and a half witnessed significant fluctuations in the price of electricity and an enhanced focus globally on the security of supply of energy (to some extent irrespective of its source). For example, several European countries have committed significant funds for investments in the development of liquified natural gas infrastructure in the past year. These challenges make it difficult for the Company to assess if and when green hydrogen will reach price parity with fossil-based alternatives. Similarly, the Company is not aware of any fundamental changes to national and regional tariff and tax regimes applicable to electrical power and what any such changes may entail, if adopted. The concept of "windfall taxes" (a higher tax on an irregularly high income or gain) is used in other industries in certain jurisdictions and is an example of what the Company views as a risk if introduced in green hydrogen markets.

There is a risk that for any number of reasons including lack of technological advances, fluctuating or increasing electricity prices, reduction of tariffs and taxes, failure to upscale production of renewable energy and electrolysers or decreasing prices of fossil fuels, green hydrogen may not become a cost competitive alternative to fossil fuels and derived energy carriers, or that reaching a stage of cost competitiveness is delayed beyond what the Company is currently expecting. This risk will materialise absent of the relevant changes and the green hydrogen market may then not develop and grow at the same rate as current projections show which would have a material negative effect on the Company's business, revenue and cash flow. Indirectly this could also have a material adverse effect on the Company's financial condition, results of operations, and prospects.

4.2.3 The green hydrogen market is subject to global competition from both established multinational conglomerates and low-cost electrolyser manufacturers

4.2.3.1 The Company is operating in a highly competitive market for electrolysers and is facing competition from several larger and established competitors, some of which may be able to expand and adapt at a higher pace than the Company

The Company operates in a highly competitive electrolysis industry with several competitors offering electrolysers and related solutions. The market for electrolysers across the Company's current focus markets primarily consists of international and local competitors, some of which may have longer operating histories, benefit from a larger organisation and generally greater research and development, manufacturing, sales, marketing, distribution, technical and financial resources than the Company. Further, given the potentially global scale of the green hydrogen market, regional and domestic market structures may be more advantageous to local stakeholders in certain countries compared to the Company's focus markets, resulting in an unfair competitive situation and causing the Company's focus green hydrogen markets to lose their relative momentum.

Some competitors may already be internationally recognised and established businesses with larger financial resources at their disposal enabling them to potentially outcompete the Company on price by, for example, pushing down profit margins or selling their products at a loss to protect or win market shares, be more able to pursue and deliver multi-MW scale projects by offering engineered integrated solutions, to scale their manufacturing capacity faster and to pursue R&D programs at a larger scale. They may also have

established partnerships or exclusive collaborations with owners and operators of renewable energy plants or turnkey service providers, including, for example, by forming part of a conglomerate where such capacities are also held. In comparison, the Company anticipates that its X-Series line will largely be competitive in the segment for projects of 6 MW to 50 MW, whereas the current specifications indicate that there will be a cost disadvantage for the X-Series in relation to projects of more than 50 MW. The Company will likely need to partner with large-scale EPC providers, supporting the EPC providers in developing and offering engineered integrated solutions to compete in the segment for projects of more than 50 MW. The Company's position is to deliver standard solutions to EPC providers who can then develop and offer an engineered and integrated solution for large-scale green hydrogen production.

Likewise, industrial conglomerates may be willing to assume a greater risk in terms of the commercial guarantees around technical specifications of electrolyser units that they are willing to offer their customers. The Company has experienced that such competitors may be in a better position to offer contracts with a competitive edge that does not necessarily relate to technical or performance superiority (e.g., contracts that from a balance sheet perspective or otherwise contain terms allocate risks and liabilities in a manner more favourable to the customer and provides comfort to the customer that certain risks will and can be absorbed by the Company).

Consequently, the Company's competitors may be in a better position to invest in technologies, attract customers, allocate resources towards the exploration of potential new technologies, and they may have product portfolios of established income generating products which allows them to absorb costs and risks that the Company is unable to commit to. Such competitors may also be better positioned to bid on large-scale green hydrogen projects and thus acquire valuable operational experience in a young green hydrogen market. They may also currently have a more wide-reaching international presence, enabling them to be better positioned to participate in larger international green hydrogen projects which in turn may generate more future business opportunities for such competitors compared to the Company.

The Company will continue to experience competition from other electrolysis manufacturers and there is a risk that the Company's competitors may adopt technological changes and improve their products, or launch new products, that are more efficient than the Company's products and at more competitive prices. Such technological changes may be patented or otherwise protected or by other means legally or practically unavailable for the Company to utilise and the Company may not be able to exploit potential synergies from such new products. Although the Company is actively seeking ways to continuously improve its technology and where relevant protect its intellectual property rights, there is a certain probability that competitors, whether existing or new entrants, may develop products that prove more efficient or otherwise outcompete the Company's product range, which would have a material adverse impact Company's market position, revenue and cash flow.

4.2.4 The green hydrogen market is characterised by rapid technological development among electrolysis technologies and from other renewable energy industries that may disrupt the green hydrogen market

4.2.4.1 The green hydrogen market and electrolysis technologies may face technological competition from other energy industries

The green hydrogen market, and in turn the electrolysis industry, is generally exposed to competition from other technologies providing decarbonisation solutions that are not necessarily derived from the currently established electrolysis technologies. Technological development may spur on any number of new technologies or refinement of existing technologies that could potentially outcompete the established electrolysis technologies or render hydrogen as an energy carrier obsolete.

For example, conventional battery technologies may be improved upon, or existing electricity infrastructure and grids may be altered to more efficiently contain, conserve, stabilise and regulate energy distribution and consumption to match the electrical power output from renewable energy sources which could render green hydrogen as an energy carrier obsolete or less advantageous compared to alternative means of conserving and carrying electrical power. Likewise, the potential improvement of existing power grids and investments towards that purpose gives rise to the risk that other opportunities to stabilise power grids enabling a more efficient conservation and distribution of excess renewable energy are revealed, reducing the need for green hydrogen as an energy carrier and in turn the need for electrolysers to produce green hydrogen.

Within the hydrogen market, green hydrogen technologies may also compete with low-carbon hydrogen technologies such as carbon capturing technologies. While these are currently at an emerging stage and only account for small volumes of global hydrogen production, research efforts into blue hydrogen technologies may increase significantly as demand for low-carbon hydrogen increases. Blue hydrogen may gain recognition as a viable low-carbon hydrogen alternative to green hydrogen. Carbon capturing technologies could evolve to enable blue hydrogen to be competitive with green hydrogen in regard to costs, purity and overall availability. Moreover, blue hydrogen technologies may benefit from substantial private investments and lobbyist support for example from organisations representing the oil and natural gas industries which could result in the political emphasis on green hydrogen shifting towards blue hydrogen.

If a new technology or technological development in industries that are currently not in direct competition with the electrolysis industry, but which could increase the competitive scope of the electrolysis industry, materialises or develops, this could have a material adverse effect on the Company's market position.

4.2.4.2 *The Company's pressurised alkaline electrolysis technology may not be commercially viable relative to competing green hydrogen technologies*

Within the electrolysis industry, the Company and other manufacturers of electrolysers and electrolysis solutions compete against one another on various parameters, including different technological regimes. The Company is specialised in the pressurised alkaline electrolysis technology.

As electrolysis technologies are undergoing rapid development and as the large-scale application of electrolysers is a relatively new phenomenon and not yet in actual commercial use, there is a risk that competing electrolysis technologies may ultimately prove dominant or better than the Company's by virtue of, *inter alia*, more successful technological advances or better long-term onsite performance, rendering the Company's pressurised alkaline electrolysis technology unable to become commercially viable relative to other electrolysis technologies. Which exact parameters, if any, will determine this is unknown, however, the inability of an electrolysis technology to be commercially viable could be due to any combination of, *inter alia*:

- being less cost or energy efficient,
- offering less flexibility in terms of transportability,
- being less compatible with other technological developments and/or differing levels of electric load,
- the feasibility of upscaling manufacturing capacity,
- the weight and volume of electrolysers,
- the dependence on rare metals or other components in the manufacturing process,
- the circumstances of the installation, such as the ability to utilise heat from the process to reach acceptable total efficiency, or
- for other reasons prove disadvantageous compared to other electrolysis technologies.

In the Company's expectations and based on its experience, it is likely that there is no "one winner" or "one loser" amongst current electrolysis technologies in the near term. Rather, more supplier-specific matters such as the capability to deliver functional electrolysis systems within agreed timeframes has been the primary focus. However, there can be no certainty for the longer term when technologies are tested for longer durations in various applications that a specific technology will prove to be more or less preferable than other technologies. The Company cannot assess the probability of this.

Should the Company's electrolysis technology for any reason turn out to be less commercially viable than competing electrolysis technologies or for any other reasons not be favoured in line with competing technologies, this may have a material adverse effect on the Company's market position, revenue and cash flow.

4.3 Risks related to the Company's financial profile

4.3.1 *The Company cannot assure its investors of the adequacy of its capital resources, including the proceeds from the Offering, to successfully complete its contemplated strategy and the failure to obtain additional capital on commercially favourable terms, when needed, could force the Company to halt its expansion plans*

As of 31 March 2023, the Company had cash and cash equivalents of DKK 317 million (including financial assets (listed bonds) that easily can be converted into cash with a repurchase agreement (repo) less related borrowings). Without any additional capital injections (including the minimum gross proceeds from the Offering of DKK 225 million (equivalent to net proceeds of approximately DKK 195 million) and disbursement of the DKK 250 million Term Loans), such funds are only sufficient to adequately capitalise the Company until July 2023 as the Company will expect to breach a financial covenant at this point. See also section 16.8 (*Working capital statement*) which provides that the Company is in actual need of new capital for the Company to have sufficient working capital for the next 12 months and to ensure compliance with its financial covenant to maintain cash and cash equivalents of DKK 200 million under the Nykredit Financing Agreement as further described in section 15.10.3 (*Nykredit Mortgage Credit Finance Agreement*).

Should the Company breach the financial covenant, the loan under the Nykredit Financing Agreement would become due and payable, unless the covenant breach is waived. Should that happen, the repayment would have an immediate negative impact on the Company's working capital, and a shortfall in the working capital would likely occur in the near future after that.

Assuming completion of the Offering and disbursement of the Term Loans, the Company believes that it will continue to spend substantial resources for the foreseeable future and that its annual operating expenses will increase over the next several years as it expands its sales to new and existing markets and scales its manufacturing facilities. In addition, the Company will continue to incur expenses in its R&D efforts. Accordingly, as the Company is not able to finance all its projects itself, the Company is heavily reliant

on continuous outside investments and support from investors (including in relation to the Offering) to realise its growth ambitions, including, *inter alia*:

- expand the Company's operations in current and new markets,
- respond to competitive pressure or unanticipated working capital requirements,
- expand manufacturing capacity,
- continue R&D efforts including developing and introducing new products,
- ensure compliance with financial covenants under the Company's financing arrangements,
- hire, train and retain employees, and
- expand sales and market efforts and general administrative functions.

Based on realisation of the Company's current business plans and the use of proceeds from the Offering and the disbursement of the Term Loans as set forth in section 11 (*Background to the Offering and use of proceeds*), and anticipated business conditions, including accumulated revenue, the Company estimates that the targeted net proceeds from the Offering and the Term Loans (in total approximately DKK 679 million) that may accrue to the Company if the Offering is completed and the Term Loans are disbursed, together with the Company's existing cash resources, are expected to be sufficient to develop and launch the Company's X-Series, and potentially cover the Company's capital needs for the period until the 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.

That plan is contingent on the Company raising the full potential amount of gross proceeds in the Offering of approximately DKK 469 million (net proceeds of approximately DKK 429 million) and the disbursement of the DKK 250 million Term Loans. However, the Subscription Commitments only guarantee gross proceeds of approximately DKK 174 million and the disbursement of the DKK 250 million Term Loans is conditional on the Company accepting subscription applications for New Shares in the Offering to raise gross proceeds of DKK 225 million (equivalent to net proceeds of approximately DKK 195 million) or more as further described in section 15.10.4 (*Term Loan Agreements*). 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. Accordingly, the minimum gross proceeds expected to be raised in the Offering, if completed, together with the Term Loans would result in net proceeds accruing to the Company of approximately DKK 445 million.

Total net proceeds of approximately DKK 445 million would only cover the Company's capital needs for a shorter period than until the end of 2025. With such net proceeds, the Company would need to prioritise its investments differently as set out in further detail in section 11 (*Background to the Offering and use of proceeds*). The Company would also have to seek new financing or capital raising opportunities again at an earlier time than what would have otherwise been the case. In general, with such limited cash resources, the Company may reduce its overall R&D efforts, slow down development of the X-Series, increase the scope of its profit protection plan, suspend the scaling of its organisation and recruitment activities and implement additional cost-cutting measures. Any uncertainty concerning the capitalisation of the Company may also entail challenges in the Company's supplier and customer relationships and the Company may experience increased requirements for counter guarantees posted by the Company.

With such lower proceeds, the Company expects that it would have to seek a new capital raise or financing transaction around end of 2024 in order to ensure what the Company's management considers an adequate level of capitalisation and working capital. A concurrent delay in the development and commercial launch of the X-Series would not have an immediate effect on the timing of such potential future capital raise as the negative cash impact would likely be most significant in 2025, however, the Company would have due regard to such circumstance when considering its future capital needs. 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. As such, it cannot be excluded that the Company would move forward with a new capital raise in case it experiences a delay in the development and commercial launch of the X-Series.

Moreover, the business plan, the timing thereof and the Company's strategy may change as a result of many factors currently unknown and there is no guarantee that the proceeds of the Offering will suffice for the Company to sustain its operations, execute its manufacturing expansion plans and continue its R&D activities for the time it takes to become fully commercialised. The Company may also for those reasons look to external financing sources for cash or it may have to consider issuing additional shares and engaging in new public offerings. Whether any external financing sources will be on commercially favourable terms or available to the Company is uncertain.

The continued improvement of the Company's existing technology and products, as well as the development of new products and technologies, requires substantial investments and entails significant risks. Even if the Company succeeds with its current product strategies and manages to reduce manufacturing costs and improve on the efficiency of its electrolysers, such improvements may

individually or combined be smaller or less efficient than the relative improvements of other the Company's competitors' simultaneous improvements of their competing or substituting products. Accordingly, significant amounts of capital of the Company may be allocated towards projects or endeavours that do not materialise into actual business opportunities, or the prospects of such business opportunities becoming available may be prolonged beyond what the Company originally anticipated.

If the Company cannot obtain adequate capital resources on both the short- and medium-term to sustain its current basis and to continue its further growth, the Company will have to suspend or delay its commercialisation efforts, expansion plans, R&D activities, and other projects, and the Company could lose its current growth momentum and miss out on the general growth of the green hydrogen market and the stake of that market which the Company is active in. If the Offering is not completed, the Company will be (as it currently is) in actual and immediate need for alternative financing sources to provide the Company with adequate liquidity and working capital. If the Company is not successful with finding alternative financing, the Company could face insolvency as also described in section 16.8 (*Working capital statement*). Should any of these events or circumstances materialise, they would have a material adverse effect on the Company's business, financial condition, results of operations, cash flow and prospects.

4.3.2 The Company is a relatively young growth company and the Company's future results may accordingly differ materially from what is expressed or implied by the forecast of the financial information included in this Prospectus, and investors should not place undue reliance on this information

The Company is young and engages in investment activities to develop its products and manufacturing capabilities. The Company does not yet have a product portfolio with sufficient cash generation ability to sustain the Company's operations, and its earnings potential is largely based on assumptions and estimates rather than its current financial performance. The Company's ability to generate revenue is dependent on its sales and delivery of its existing A-Series product line as well as sales of its X-Series once developed. In particular, delivery of its existing order backlog which is scheduled for 2023 and 2024 is critical for the Company's near term financial and commercial success as discussed in risk factor 4.1.1.1. As discussed, delays in delivery of the backlog has previously led to guidance adjustments, as the Company's financial profile is highly exposed to individual customer orders and their delivery. Such guidance adjustments have been followed by a significant decrease in the trading price of the Company's Shares.

More recently, the Company has adjusted its guidance for the financial year ending 31 December 2023 due to increased costs associated with modifications on A-Series electrolysers in the order backlog, in the assembly process and at customer sites. The nature of the issues necessitating these modifications is explained in more detail in risk factor 4.1.1.1 and section 15.5.1.2 (*A-Series 2023 quality issues and modifications/retrofits - guidance adjustment and profit protection plan*). Price inflation for materials and components and additional work required in the assembly and manufacturing process due to the needed modifications have also contributed to the cost increases. The expected total cost increase in the financial year 2023 from the modifications (as well as other cost increases due to price inflation and other additional work) is around DKK 80 million of which around 50% is considered a one-off nature only impacting 2023. The Company expects that the cost increase will be partly offset by various cost-cutting measures totalling around DKK 45 million for the financial year 2023, however, there is no guarantee that such measures will have the expected or desired effect. For a description of the Company's profit protection program which is necessary for the Company to maintain its adjusted EBITDA guidance, please also refer to section 15.5.1.2 (*A-Series 2023 quality issues and modifications/retrofits - guidance adjustment and profit protection plan*).

The successful development and commercialisation of the Company's A-Series and X-Series is also critical for the Company's financial and commercial success as discussed in risk factor 4.1.1.2.

The Company has based its forecasts, projections and aspirations for its results of operations, including the financial projects set forth in sections 17 (*Prospective financial information for the financial year ending 31 December 2023*) and 15.3.5 (*Medium-term targets*), upon a number of assumptions and estimates, many of which are outside of the Company's control, associated with uncertainty and may prove to be incorrect, or the data on which they are based may prove to be incorrect, and the Company's actual ability to achieve the results set out in section 17 (*Prospective financial information for the financial year ending 31 December 2023*) and its medium-term targets may vary significantly from these projections. Such assumptions and estimates are further set out in in sections 17 (*Prospective financial information for the financial year ending 31 December 2023*) and 15.3.5 (*Medium-term targets*) and include, *inter alia*:

- the future growth of the Company strongly correlates with the future growth of global hydrogen markets which are exposed to a variety of substantial risks outside of the Company's control,
- the competitive environment in the Company's focus markets, including an expansion of the Company's current market share and that the market demand for electrolysers will continue to develop as described in section 14 (*Industry*),
- the successful continuation of ongoing research and development efforts relating to the X-Series, including the first submission of binding offers to customers from late 2023, as set out in section 15.3.3.2 (*2.B: Continue high-priority R&D efforts to maintain competitive edge*),

- the ability to scale its manufacturing capacity and sales and marketing efforts appropriately, while operating at a satisfactory level of capacity utilisation and throughput time,
- the ability to successfully implement and complete its cost-out program as described in section 15.5.6 (*Significant cost-out potential*),
- the ability to further develop its order pipeline and delivery of existing order backlog,
- the ability to obtain the targeted customer payment profile as set out in section 15.8.3 (*Revenue model and project cash flows*),
- the ability to successfully implement and obtain the cost-saving effects of the profit protection plan adopted in connection with the Company's recent EBITDA adjustment as described in further detail in section 15.5.1.2 (A-Series 2023 quality issues and modifications/retrofits - guidance adjustment and profit protection plan),
- the Company' sales, sales prices, cost structures, profit margins, taxes, prices on component, including nickel, subsidy schemes, overall market price per MW of electrolyser capacity and interest rates,
- regulatory requirements and other measures, incl. taxes and tariffs on green energy and fossil fuels, and
- the commercial acceptance of the Company's existing products and those under development.

The variability and unpredictability of the Company's results of operations could also cause the expectations of the industry, financial analysts or investors for the Company's results of operations to differ from those expressed by the Company and consequently could result in the Company failing to meet such expectations of the industry, financial analysts or investors for any period, which could cause the price of the Company's Shares to decline substantially. Such a share price decline could occur even when the Company has met any previously publicly stated revenue or earnings guidance it may provide.

Multiple factors, some of which may not be described or addressed in this Prospectus, may prove critical to the Company's future results and ability to achieve the results set out in section 17 (*Prospective financial information for the financial year ending 31 December 2023*) and its medium-term targets, and potential investors should, when considering whether to invest in the Company, have regard to the general uncertainty regarding the future development of the market for green hydrogen and the Company's business prior to making an investment decision and not place undue reliance on the information contained and risks disclosed in this Prospectus. Any of the foregoing risks and challenges could adversely affect the Company's business, financial condition and results of operations.

4.3.3 The Company has since its inception focused on development and growth in the electrolysis industry and has consequently incurred significant losses and expects to continue to incur losses, and may not be able to generate a positive cash flow for the foreseeable future or ever

Since its inception, the Company has focused on growth in its business and consequently incurred significant losses. For the period 1 January 2023 to 31 March 2023, the Company's net loss was DKK 82 million and the Company had in the same period a free cash flow of DKK (136) million. For the financial years ended 31 December 2022 and 2021, the Company's net losses were DKK 282 million and DKK 493 million, respectively, and the Company had in the same years a free cash flow of DKK (661) million and DKK (1,042) million, respectively. Substantially, all the Company's losses have resulted from expenses incurred in connection with development and commercialisation of the Company's electrolyser offering, along with general and administrative costs associated with its operations.

The Company's expenses will likely increase in the future as the Company develops its offerings and considers various organic growth or expansion opportunities. The Company may fail to achieve the anticipated benefits of such opportunities if they are pursued. In addition, the anticipated benefits of organic growth or expansion may not outweigh the resulting detriments to the Company's business, financial condition, results of operations, cash flow and prospects. The Company may incur greater costs than expected in attempting to achieve the anticipated benefits of such growth or expansion and they may incur additional debt or use proceeds from equity offerings to finance such expansion. Growth or expansion could disrupt the Company's ongoing operations and divert management resources that would otherwise focus on developing the Company's existing business, in which case the Company may need to employ additional personnel or consultants that are knowledgeable of such markets.

The Company has and may in the future also incur significant expenses and increased costs in connection with R&D activities (see risk factor 4.1.1.2) as well as in connection with modifications and retrofitting of electrolysers (see risk factors 4.1.1.1) which has contributed to the Company recently adjusting its EBITDA guidance for the financial year 2023 (see risk factor 4.3.2). There is no certainty that any profit protection plan or other cost-cutting measures adopted by the Company (see section 15.5.1.2 (*A-Series 2023 quality issues and modifications/retrofits - guidance adjustment and profit protection plan*)) will have the desired effect.

Further, penetrating new geographic markets may require that the Company obtains relevant permits and/or licenses, and otherwise complies with regulations that may differ materially from the regulations applicable to the Company and its products in the EU. Additionally, the Company may have to modify its products to comply with specific requirements in a given jurisdiction before it is able to distribute its product in that jurisdiction, and such modification may prove unexpectedly costly or infeasible.

Because the Company has limited historical, financial and operational data and operates in an immature market, any predictions about future revenue and expenses may not be as accurate as they would be if the Company had a longer operating history or operated in a more predictable market. If the Company does not obtain the expected financial results, of if the Company does not reach its future ambitions, it could have a significantly negative impact on the Company. The Company's failure to generate revenue from existing and new markets would likely adversely affect its market value and could impair its ability to raise capital, expand its business, obtain market acceptance and continue its operations. The Company expects that its annual operating expenses will increase over the next several years as it expands to new markets and increases its development efforts. Accordingly, going forward, the Company expects to continue to incur significant losses from its operations, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flow and prospects.

4.3.4 The "lumpy" nature of the Company's business whereby revenues mainly come in individual "chunks" at irregular intervals means that the Company's ability to generate revenues is highly dependent on individual projects

The Company's ability to generate revenue is highly dependent on individual business opportunities and projects. The Company does not have a portfolio of ongoing, income-generating projects that can sustain a consistent revenue stream to the Company. Rather, the Company's revenues typically come in individual "chunks" at irregular intervals and deriving from one single project or contract that the Company has won.

Similarly, the Company's recognition of revenues from orders are subject to either factory or site acceptance tests with satisfactory results. Where such tests reveal flaws or deficiencies which require remedial action prior to final delivery, the related revenue (and revenue recognition) is delayed and may be reduced as well. As such there may be a significant gap from the receipt of a customer order, manufacturing of the relevant electrolyser unit and delivery until revenue recognition. Revenues may also be delayed or reduced as a result of general delays in finalising product design, component specifications, etc., as also discussed in risk factor 4.1.1.1.

Moreover, the Company's day-to-day working capital is dependent on receipt of parts of prepayments from customers to finance certain long-lead items and standard materials. As such, expected prepayments are an important part of financing the Company's business plan (and prepayments are dependent on the Company's ability to close customer contracts).

Accordingly, failure to win one single important contract may cause the Company to lose significant revenues for an extended period of time, and such failure may have a significant impact on the Company's financial performance for that given period of time. The "lumpy" nature of the Company's business generally amplifies the negative impact of the failure to generate business opportunities which could have a material adverse effect on the Company's revenue, financial condition, cash flow, results of operations and prospects.

4.3.5 The Company's ability to reach expected revenue targets is, inter alia, dependent on its ability to revenue recognise projects which to some extend is contingent on completion of site acceptance testing of the Company's electrolysers

Revenue from the Company's sales of electrolysers may to some extend not be recognised in the Company's books until completion of a site acceptance test at the relevant customer's site. Completion of such site acceptance test may be delayed due to various factors concerning both the quality and performance of the electrolyser in question as well as factors external to the Company such as site conditions, the customer's individually agreed acceptance test requirements, the customer's ability to properly operate the electrolyser and so forth. Any such delay may result in the revenue recognition of a given sale being delayed and consequently not included in the financial statements for a given year which may have a negative effect on the stock market's and analysts' view on the Company's financial performance and which could in turn have a material adverse effect on the value of the Shares.

4.4 Risks related to administrative and organisational matters

4.4.1 The Company may fail to expand into new geographic markets or fail to manage the challenges arising from such geographic expansion

In the coming years, the Company expects that it will make more concrete plans concerning potential expansions into markets outside of the EU such as, for example, Australia, the United States, Japan and South Korea, as well as other potential new markets. The Company may, in parallel with experiencing increased business in new geographic markets, have to set up offices as well as manufacturing facilities in such new geographic markets. Currently, the Company's activities outside the EU are relatively modest compared to its activities within the EU, and it does currently not have any offices or subsidiaries outside of Denmark.

There can be no assurance that the Company will be able to build and sustain market positions, including manufacturing facilities, in regions outside of the EU comparable to the Company's current and projected market position within the EU. The expected geographic expansion is necessary to support the growth of existing, globally focused customers of the Company and to realise new business opportunities in regions outside the EU.

However, these regions may have different market dynamics, language or culture barriers, political or economic instability and restrictions and general different corporate, legal, governance and tax requirements, as well as local sourcing requirements, that may make it more challenging for the Company to succeed in such regions. New geographic markets may also lead to risks in relation to anti-corruption or anti-bribery laws and regulations. In addition, the Company's electrolysers may be incompatible with technical standards in such regions and may therefore require additional product development to function in those regions. For example, the standard frequency in the electricity grid in the United States (which may be a future focus market) is 50 hertz compared to 60 hertz in Europe. The Company would need to develop a new product variant (which it is currently not in the process of) for its products to be operational on an electrolysis plant located in the United States, also taking into account applicable local sourcing and electrical design regulations, and it may be a significant technical challenge to develop such a product variant. The Company cannot assess the probability of this risk factors materialising but, in any event, global expansion will require significant management resources which could harm the Company's existing business in its current market. Generally, the foregoing could have a material adverse effect on the Company's financial condition, results of operations, cash flow and prospects.

4.4.2 The Company may be unable to successfully manage the anticipated expansion of its operations and organisation

The Company actively pursues various growth opportunities. To support such growth opportunities, the Company scales and professionalises its organisation, including by streamlining and altering internal and administrative processes as well as increasing the number of employees. For example, the number of employees has increased from 18 as of 1 January 2020 to more than 300 as of 1 May 2023. The substantial increase in the number of employees may give rise to several challenges such as the risk of having hired or hiring individuals who eventually turn out the be a poor match for the Company, as well as straining managerial resources. More generally, the high proportion of relatively new employees in the Company's staff has posed and will in the near-term future pose a productivity and efficiency risk.

The Company's organisation has undergone and continues to undergo rapid development, which may lead to a variety of internal organisational and management challenges alongside its external endeavours. However, the Company has achieved critical mass in most functions needed to operate its business and the probability of material negative impact of a further growth of the organisation is considered relatively low. Should such material risks materialise it may lead to delays in the Company's ability to deliver as expected which in turn could negatively impact the Company's cash flow.

4.4.3 The Company may fail to comply with environmental, social and governance standards, policies and expectations which could adversely affect the Company's business and reputation

The Company is increasingly facing more stringent environmental, social and governance ("**ESG**") standards, policies and expectations, and expects to continue to do so with growing operations. The Company generally experiences a strong ESG emphasis amongst its customers, partners, vendors and competitors in the electrolysis industry and the renewable energy sector generally. The Company is also more frequently seeing ESG standards and requirements introduced in commercial contracts with customers and partners. These standards regard environmental matters (e.g., climate change and sustainability), social matters (e.g., diversity and human rights) and corporate governance matters (e.g., taking into account employee relations when making business and investment decisions and composition of the board of directors and various committees). There is no guarantee that the Company will be able to comply with applicable ESG standards, policies and expectations, or the Company will from the perspective of other stakeholders and the public appear to be complying with such ESG matters.

As an actor in the green transition, actual or perceived failure to comply with ESG standards may detrimentally affect the Company's business in a variety of ways. Among others, the Company could face challenges with procuring investments and financing, whether for general business purposes or for specific projects, and the Company could be limited in its ability to participate in large-scale green hydrogen projects, particularly where the other participants in such projects adhere to strict ESG principles and apply such principles to their partners as well. Accordingly, failure to establish a sufficiently strong ESG profile relative to its peers, could limit the Company's ability to generate and successfully utilise business opportunities and cause reputational damage to the Company. Actual or perceived breaches of ESG standards etc. could potentially also result in fines or penalties for the Company with consequential financial implications.

4.4.4 A failure in, or cyberattacks on, the Company's IT systems and external cloud solutions could disrupt the Company's business or result in the inappropriate disclosure of confidential information or leakage of trade secrets.

The Company is dependent on reliable, safe and efficient IT systems, both internally but also as a more frequent requirement for being able to participate in green hydrogen projects. The Company's financial, accounting, data processing, IT, communications or other systems and facilities, and/or third-party infrastructure, such as cloud services and solutions, on which the Company relies may (i) fail to operate properly or become disabled as a result of events that are wholly or partially beyond its control and (ii) be vulnerable to unauthorised access and data loss (from within the Company's organisation or by third-parties), computer viruses, malicious code, cyber threats that have a security impact, and the interception or misuse of information transmitted or received by them. The Company has experienced attempted cyber-attacks in the past and considers it likely that it will continue to do so in the future. If a successful

cyber-attack of IT system failure were to occur, such event could result in the loss of the Company's or its customers' confidential and other information, cause interruptions or malfunctions in the Company's, its customers' or third parties' operations or result in funds being released to cyber criminals. The Company may be required to spend significant resources to modify its protective measures or to investigate and remedy vulnerabilities or other exposures, and it may be subject to litigation, reputational harm, disruptions of operations and financial losses that are either not insured against or not fully covered through any insurance maintained by the Company. This could have a material adverse effect on the Company's business and results of operations.

4.5 Risks related to regulatory and legal considerations

4.5.1 The Company's business may be adversely affected if legislative and regulatory authorities, domestically and regionally, fail to establish clear and uniform rules for the green hydrogen market, including safety standards and operating permits, or if the implementation of such rules is delayed

The green hydrogen market and the market for electrolysers are in a development phase are is not currently subject to industry specific and uniform government regulations in the EU, Australia and the United States, as well as other jurisdictions, relating to matters such as manufacturing, design and installation of electrolysers and hydrogen infrastructure process or the handling, transportation, certification and storage of green hydrogen, and other general safety or classification aspects of the Company's business and the green hydrogen market, including rules relating to the assessment of the environmental impact of green hydrogen. The Company expects that industry specific guidelines will be developed, and laws and regulations will be adopted in the future, however, the primary basis for this expectation is a variety of domestic and regional political agreements as well as plans and goals for the green transition which have yet to materialise into tangible hard law rules.

There may be diverging perceptions as to the need for and scope of safety and environmental regulations across jurisdictions. These factors may contribute to a prolonged or dragged-out process of attempting to establish clear and uniform rules across geographic markets and may not come to fruition and/or such rules be too strict or otherwise inconducive to the development of a market for green hydrogen. RED II discussed in risk factor 4.2.1.3, may be an example of this.

Generally, the Company may in connection with its ongoing and future geographic expansion encounter industry specific government regulations, or it may have customers who are subject to such regulations which the Company must attempt to accommodate in the jurisdictions and markets in which it operates and those which it intends to enter. The Company may also be required to obtain special permits or approvals to operate in certain jurisdictions and any delays in obtaining, or failure to obtain, such permits and approvals could result in the Company having to abandon certain customer projects.

Due to the chemical properties of hydrogen, being a highly flammable element with a high probability of ignition when exposed to heat or flame, enhanced safety standards may also be introduced as the market for green hydrogen expands into other industries. Similarly, special safety requirements may be imposed on electrolysis systems. Specifically for the Company's business, the manufacturing of electrolysers (which involve various hazardous materials and high-temperature processing of certain electrolyser components) may also be subjected to increased safety requirements and other regulations governing the use, storage, handling and disposal of hazardous materials. Compliance with such requirements may necessitate that the Company alters its assembly, manufacturing and installation procedures, or it may have to redesign elements of its electrolysis systems which may result in significant costs being incurred by the Company.

The Company is relying on the future implementation of sensible and uniform rules on manufacturing, safety, processing, usage, transportation and distribution of green hydrogen products and technologies. Unexpected or, in the Company's opinion, insensible regulatory measures, or none, could have a material adverse effect on the Company's operations and ability to serve its customers as well as on its business and revenue.

4.5.2 The Company is exposed to potential product liability claims and to the risk of the occurrence of major incidents involving hydrogen

The Company's products, whether due to defects, malfunctioning, improper installations, mishandling, or for other reasons, may inflict body and property injury which exposes the Company to the general risk of product liability claims. Incidents involving hydrogen may also occur without the direct or indirect involvement of the Company but where the Company in any event indirectly suffers to the potential detrimental effect of such incidents on the green hydrogen market.

There are several risks relating to hydrogen-associated products given the chemical properties of hydrogen being highly flammable. Even in small amounts, hydrogen mixed with ordinary air may ignite at low volumetric ratio from hydrogen to air. The storage, processing, distribution and use of hydrogen pose a variety of logistical and safety challenges due to leakage risks, low-energy ignition potential, wide range of combustible fuel-air mixtures, buoyancy and hydrogen's ability to embrittle metals. Liquid hydrogen poses additional

dangers to persons and property due to its increased density and the extremely low temperatures required for proper storage of liquid hydrogen. These inherent dangers of hydrogen are exemplified by the 2019 Kjørbo incident outside Oslo, Norway, where a hydrogen station caught fire following a hydrogen leak.

The Company is unable to predict when, or if, any product liability claims could be brought against it, and similarly cannot predict the potential publicity, reputational and financial impact any such claim might have. For example, the Company could be met with claims both for immediate damages to property and persons if such damages were deemed to be caused by the Company's product, but derived losses due to loss of income, sales, etc. may also have a financial impact on the Company. There is a risk that the Company will not have sufficient funds or insurance coverage to absorb a product liability claim, and the Company may incur significant legal costs in connection with such product liability claims. Similarly, the Company may incur significant legal costs in connection with such proceedings and management resources may be diverted away from operational activities towards administrative and coordinating tasks relating to legal proceedings. Any successful assertion of product liability claims against the Company could result in significant monetary damages payable by the Company and a derived loss of credibility, market reputation and income, and the Company's insurances may not be adequate to fully cover such claims for damages. More generally, a major incident involving hydrogen, for example if such incidents results in injuries to persons and/or property, may result in governmental authorities and investors becoming reluctant to invest in green hydrogen which could have a general adverse effect on the green hydrogen market.

4.5.3 The Company may face allegations from third parties for alleged infringement of their intellectual property rights

The Company may from time to time be met with claims from third parties alleging that the Company's technology and products infringe such third parties' intellectual property rights. To the extent the Company gains greater public recognition, the Company may face a higher risk of being the subject of intellectual property infringement claims. Electrolysers across the electrolysis industry are largely manufactured by assembling various components which have been treated and processed in a specific manner. In some cases, a specific combination and assembly of components which has been processed in a certain manner may be considered the intellectual property of a competitor of the Company. The Company may inadvertently design an electrolyser or electrolyser platform which infringes on such third-party intellectual property rights.

The Company's Freedom to Operate searches, which are regularly conducted to determine whether its products and technology potentially infringe third-party intellectual property rights, may not be sufficient to identify potential infringements of third-party intellectual property rights by the Company and/or the assessment of any implications of third parties' claimed intellectual property rights may not be correct or adequate. Recent reports indicate an increase in patent activity and new patents within the green hydrogen electrolyser field.

The potential costs incurred by the Company in its defence against such claims, regardless of their merits, may be significant even if the Company is successful in the legal proceedings and organisation and staff resources may be diverted towards legal proceedings and away from the Company's business. If a third-party was to succeed in alleging that the Company has violated certain intellectual property rights, including succeeding with permanently or provisionally injuncting the Company's use of certain intellectual property rights, the Company may be compelled to cease utilising certain technologies and/or manufacturing and sales of certain product series.

4.6 Risks related to the Offering, the Shares and the Pre-emptive Rights

4.6.1 Due to the Offering, the prices of the Existing Shares, the Pre-emptive Rights and the New Shares may be volatile regardless of the Company's operating performance and results; the stock market may in general experience considerable volatility and as such investors may not be able to resell Shares at or above the Subscription Price

The market price of the Existing Shares, the New Shares and the Pre-emptive Rights may be volatile and be affected by numerous factors in addition to the ones described in the preceding risk factors. Many of such factors are outside of the Company's control and concern the Company's business and performance, including (a) changes in expectations or actual results as to the Company's future financial performance, including financial estimates and investment recommendations by securities analysts and investors, causing unfavourable coverage of the Company's business, (b) announcements of tender and order wins and new contracts, acquisitions or capital raising activities or commitments (by the Company or by its competitors), (c) circumstances, trends or changes in the markets in which the Company operates, (d) changes in business or regulatory conditions affecting the Company and (e) the public's response to the Company's company announcements, press releases or other public announcements by the Company or third parties. Furthermore, such factors outside the Company's control also concern the stock market in general, including (f) overall performance of the Danish and global stock markets and the global economy as a whole, (g) changes to the market's valuation of other similar companies and (h) outside systemic factors such as, among others, war or military conflicts, pandemics and/or global or regional supply chain disruptions.

The stock markets have in general over the past years experienced considerable volatility which may be unrelated to the Company's past operating performance. This is especially likely to apply in times of global crises as seen in the past years with the outbreak of a

pandemic, supply chain disruptions and the war in Ukraine. As such, the stock market's general volatility, even if otherwise unrelated to the Company's business, may well have a material adverse effect on the price of the Shares and the Pre-emptive Rights. As a result, investors may not be able to resell their shares at or above the Subscription Price, and there can be no assurance that investors may not experience a loss when attempting to do so.

4.6.2 The Company may issue additional shares or other securities in the future which may have an adverse effect on the share price and may dilute shareholders' shareholdings

The Company operates in a capital-intensive industry regarding both continuous expansion of manufacturing facilities, sales capabilities and ongoing R&D efforts and key peers have raised significant funds through offering of shares. Accordingly, it is possible that the Company may decide to raise additional capital and offer additional Shares in the future to help fund the implementation of its strategic plans. This risk is particularly pronounced where the Offering is not completed or where Company only raises gross proceeds in the Offering of DKK 225 million. See also risk factor 4.3.1, section 11 (*Background to the Offering and use of proceeds*) and section 16.8 (*Working capital statement*) for a description of the risk that the Company is and/or will not be adequately capitalised and the Company's plans in respect hereof.

While the Company will upon completion of the Offering be subject to a lock-up agreement for a limited period of time (see section 24.3.3 (*Rights Issue Agreement*) for a more detailed description of the Rights Issue Agreement, including any exceptions thereto), upon expiry of the lock-up period the Company may, subject to appropriate corporate approvals, freely issue shares and other securities which may cause a decrease in the market price of the Shares and cause the shareholdings of shareholders to be diluted. Further, a future issuance of shares, or the perception that such issuance could occur, could adversely affect the market price of Pre-emptive Rights and the Shares and make it more difficult for shareholders to sell their Shares at a time and price which they deem appropriate.

4.6.3 If the market price of the Shares declines significantly, the Pre-emptive Rights may lose their value and the markets for the Pre-emptive Rights may offer only limited liquidity, and even if a market develops, the Pre-emptive rights may not be effectively priced against the price of the Shares

The market price of the Pre-emptive Rights depends on the price of the Shares. A decline in the price of the Shares could have an adverse effect on the value and market price of the Pre-emptive Rights.

The Rights Trading Period during which the Pre-emptive Rights can be traded on Nasdaq Copenhagen commences on 15 June 2023 at 09:00 (CEST) and closes on 28 June 2023 at 17:00 (CEST). In addition, Nordic Alpha Partners Fund I K/S has entered into the SRT Agreement with the Global Coordinator in connection with the Offering. Pursuant to the SRT Agreement, the Global Coordinator will receive the excess Pre-emptive Rights not required to satisfy Nordic Alpha Partners Fund I K/S's Subscription Commitment and, subsequently, the Global Coordinator 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, which then will be transferred back to Nordic Alpha Partners Fund I K/S upon the completion of the Offering. As a result hereof, investors should expect that a very large number of Pre-Emptive Rights will be made available for sale, which may have a negative impact on the pricing of the Pre-Emptive Rights. There can be no assurance that a market for the Pre-emptive Rights will develop when they are initially traded on Nasdaq Copenhagen, and if such a market develops, the Pre-emptive Rights may not be effectively priced against the price of the Shares and may be subject to greater volatility given that the trading price of the Pre-emptive Rights depends on the trading price of the Shares.

In addition, in the event that the Existing Shareholders sell their Pre-emptive Rights, this could result in a significant decline in the market value of the Pre-emptive Rights and result in higher volatility of the Pre-emptive Rights as well as the Shares.

Lastly, prior to being merged with the permanent ISIN code of the Existing Shares, the New Shares will be registered in a temporary ISIN code which is not admitted to trading and official listing. No market can be expected to exist in relation to New Shares as long as they are registered in the temporary ISIN code.

4.6.4 The Offering may not be completed and may be withdrawn

The Offering may not be completed or may be withdrawn by the Company during the period leading up to registration with the Danish Business Authority of the capital increase pertaining to the New Shares. 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 in which case the Term Loans of DKK 250 million will also not be disbursed to the Company.

Pursuant to the Rights Issue Agreement, the Manager is entitled to terminate the Rights Issue Agreement upon the occurrence of certain events and/or circumstances. The Rights Issue Agreement also contains completion conditions which the Company believes are customary for offerings such as the Offering. If one or more conditions for completion are not met, the Manager may, acting in its sole discretion, terminate the Rights Issue Agreement which thereby may require the Company to withdraw the Offering. Any withdrawal will be notified to Nasdaq Copenhagen immediately and announced as soon as possible in the media in which the Offering was announced.

If the Offering is not completed or is withdrawn, the Offering and any associated arrangements will lapse, any payments received by the Company in respect of the New Shares will be returned to the investors without interest (less any transaction costs) and admission to trading and official listing of the New Shares on Nasdaq Copenhagen will be cancelled. However, trades of Pre-emptive Rights executed during the Rights Trading Period will not be affected. As a result, Existing Shareholders and investors who purchase Pre-emptive Rights will incur a loss corresponding to the purchase price of the Pre-emptive Rights and any transaction costs. Similarly, if the Offering is not completed, the New Shares will not be issued. However, trades in New Shares will not be affected even if the New Shares are not issued. Shareholders and investors who have subscribed for New Shares will receive a refund of the subscription amount for the New Shares (less any transaction costs).

Shareholders and investors who have purchased and hold the rights to New Shares will consequently incur a loss corresponding to the difference between the purchase price and the subscription price of the New Shares plus any transaction fees, unless they succeed in recovering the purchase price from the seller of the New Shares. Should the Offering not be completed or be withdrawn, the Company will be liable to bear a part of the costs and fees related to the Offering, including all of the Company's advisor costs.

4.6.5 Trading in the Shares on or around the last trading day in Existing Shares including Pre-emptive Rights and the Allocation Time of Pre-emptive Rights may not provide investors with the right to receive Pre-emptive Rights in accordance with the timetable for the Offering

The Existing Shareholders will be determined as the shareholders in the Company registered in Euronext Securities Copenhagen as of the Allocation Time on 16 June 2023 at 17:59 (CEST). According to the currently expected timetable, any trading in Shares prior to the last trading day in Existing Shares including Pre-emptive Rights on 14 June 2023 at 17:00 (CEST), will include rights to receive Pre-emptive Rights in the Company in connection with the Offering. However, a buyer of Shares prior to the last trading day in Existing Shares including Pre-emptive Rights will not receive Pre-emptive Rights if the registration in Euronext Securities Copenhagen of that particular trade in Shares does not take place until after the Allocation Time of Pre-emptive Rights. This may be the case if one or both parties to the trade is or will become a shareholder registered through a nominee or omnibus account and the trade in question, therefore, has to be registered through one or more custody banks prior to registration of the party in question with Euronext Securities Copenhagen and the parties to the trade may not be aware as to whether they are or will become a shareholder in the Company registered through a nominee or omnibus account.

Any trading in the 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 in the Company for the buyer due to the customary settlement cycle with settlement occurring two trading days after the transaction date. However, a shareholder in the Company who sells its Shares after the last trading day in Existing Shares including Pre-emptive Rights may not be allocated Pre-emptive Rights for those Shares if the parties to the trade in question have taken specific measures to settle the trade quicker than the customary two-day settlement cycle thus allowing for the buyer to become a registered holder of Shares in Euronext Securities Copenhagen on the Allocation Time. The buyer and seller should in such trade be aware that the value of the right to receive Pre-emptive Rights for the buyer will likely not be reflected in the trading price of the Share on Nasdaq Copenhagen after the Allocation Time since such trading price is likely based on the customary two-day settlement cycle.

4.6.6 The Company currently intends to retain all available funds and any future earnings to fund the development and expansion of its products and its business, and the Company does not intend to pay dividends. Consequently, shareholders' ability to achieve a return on their investments will depend on an appreciation on the price of the Shares

The Company has never declared or paid any dividends on its Shares and the Company currently intends to retain all available financial resources and any earnings generated by its operations for use in its product development and its business and further expansion. The Company does therefore not anticipate distributing any dividends in the foreseeable future. See also section 12 (*Dividends and dividend policy*). Consequently, a shareholder's ability to achieve a return on the shareholder's investment in the Company will depend upon any future appreciation in the value of the Shares.

Any future determination on the Company's dividend policy and the declaration of dividends, if any, will be made at the discretion of the Board of Directors (and, if relevant, subject to the approval of the Company's general meeting of shareholders) and will depend on a number of factors, including, but not limited to, the result of the Company's operations, financial conditions, future prospects, contractual restrictions, restrictions imposed by applicable law and such other factors as the Board of Directors may deem relevant as well as restrictions in the Company's debt financing arrangements.

4.6.7 The price of the Shares and their trading volume could decline if securities or industry analyst do not publish research or publish inaccurate or unfavourable research about the Company's business

The trading market for the Shares, including the New Shares, depends in part on the research and reports that securities or industry analysts publish about the Company. As a relatively recently listed public company, only a limited number of securities analysts are publishing research reports about the Company. In the future, if no or only few securities or industry analysts cover the Company, the trading price for the Shares could be negatively impacted. If one or more of the analysts who cover the Company downgrades the Shares or publishes inaccurate or unfavourable research about the Company, the price of the Shares could decline. If one or more of these analysts ceases coverage of the Company or fail to publish reports on the Company on a regular basis, or downgrade the Shares, demand for the Shares could decrease which could cause the price of the Shares and/or their trading volume to decline.

4.6.8 Future insolvency and insolvency proceedings of the Company will likely lead to the loss of all investments in the Company

The Company is a Danish public limited liability company (in Danish: *aktieselskab*) incorporated under the laws of Denmark. Any insolvency proceedings with respect to the Company will be subject to the insolvency laws applicable to Danish limited liability companies as set out in the Danish Bankruptcy Act.

If insolvency proceedings are instigated against the Company, shareholders may only be entitled to receive a liquidation dividend from the Company to the extent that all of the Company's liability have been paid in full. In case insolvency proceedings are commenced, it is highly unlikely that the liquidation of the Company's assets will generate sufficient proceeds for the bankruptcy estate to pay any liquidation dividend to shareholders and any equity investment in the Company may be lost if insolvency proceedings are instigated against the Company. Reference is made to section 16.8 (*Working capital statement*) for a description of the risk that the Company is and/or will not be adequately capitalised and the Company's plans in respect hereof.

5. Special notice regarding forward-looking statements

Certain statements in this Prospectus constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and the Company's anticipated or planned financial and operational performance. The words "targets", "believes", "expects", "aims", "intends", "plans", "seeks", "will", "may", "might", "anticipates", "would", "could", "should", "continues", "estimates" or similar expressions or the negatives thereof, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements appear in a number of places in this Prospectus, including, without limitation, sections 3 (*Summary*), 4 (*Risk factors*), 11 (*Background to the Offering and use of proceeds*) , 12 (*Dividends and dividend policy*), 14 (*Industry*), 15 (*Business*), 16 (*Operating and financial review*) and 17 (*Prospective financial information for the financial year ending 31 December 2023*), and include, among other things, statements addressing matters such as:

- The Company's future results of operations, in particular, the statements relating to its expectations for the financial year ending 31 December 2023;
- the Company's revenue;
- the Company's EBITDA and EBITDA margin;
- the Company's financial condition;
- the Company's working capital, cash flow and capital expenditures;
- the impact of fluctuating energy prices, inflation and supply shortages and supply chain disruptions on the Company's business and operations;
- the amount of proceeds from the Offering, the completion of the Offering and the disbursement of the Term Loans;
- the use of proceeds from the Offering;
- the Company's (future) dividends, dividend policy and share buybacks;
- the Company's business strategy, plans and objectives for future operations and events;
- the Company's medium-term targets;
- general economic trends and trends in the Company's industry; and
- the competitive environment in which the Company operates.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements are based on the Company's current expectations, estimates, forecasts, assumptions and projections about the Company's business and the industry in which the Company operates are not guarantees of future performance or development. They involve known and unknown risks, uncertainties and other important factors that could cause the Company's actual results, performance, achievements or industry results to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others:

- The Company's ability to deliver on its order backlog and revenue recognise customer orders;
- the Company's development of its A-Series product platform as well as development of future product platforms, including the X-Series;
- the Company's commercialisation of the X-Series;
- the Company's ability to establish partnerships with relevant green hydrogen market stakeholders as well as to generate business opportunities and participate in green hydrogen projects;
- the Company's ability to scale its manufacturing capacity and execute on its cost-out program;
- the ability to obtain targeted customer payment terms;
- the Company's ability to attract and retain qualified personnel;
- The development and commercialisation of a market for green hydrogen and electrolysers;
- political, regulatory and private support for continuing decarbonisation efforts across possible application sectors for green hydrogen;
- technological development in the electrolysis industry;
- the competitive landscape in the electrolysis industry and other clean technology industries;
- the industry development of levelised cost of hydrogen and the ability to reach parity with the price of fossil fuel alternatives;
- the competitiveness of the Company's pressurised alkaline electrolysis technology, including the completion of the Company's cost-out program;

- any negative impact on the Company's reputation; and
- failure to raise sufficient capital resources, including in the Offering and from the Term Loans, to the extent required to sustain the Company's R&D efforts, complete the targeted expansion in manufacturing capacity and sales and marketing and general operations.

Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the Company's actual financial condition, cash flows or results of operations could differ materially from what is described herein as anticipated, believed, estimated or expected. The Company urges investors to carefully review the sections in this Prospectus entitled , 4 (*Risk factors*), 15 (*Business*), 16 (*Operating and financial review*) and 17 (*Prospective financial information for the financial year ending 31 December 2023*) for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Company operates.

The Company does not intend, and does not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law or the rules of Nasdaq Copenhagen. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

6. Enforcement of civil liabilities and service of process

The Company is organised under the laws of Denmark. In addition, the majority of the members of the Board of Directors and Executive Management of the Company are residents of Denmark and the Company is domiciled in Denmark. As a result, it may not be possible for investors to effect service of process upon the Company or any of its respective directors and officers or to enforce against any of the aforementioned parties a judgement obtained in a court outside Denmark.

7. Presentation of financial and certain other information

The audited financial statements for the Company from 1 January 2022 to 31 December 2022 (including the related notes, the "**2022 Financial Statements**"), the audited financial statements for the Company from the period 1 January 2021 to 31 December 2021 (including the related notes, the "**2021 Financial Statements**") and the audited financial statements for the Company from the period 1 January 2020 to 31 December 2020 (including the related notes, the "**2020 Financial Statements**") (the 2022 Financial Statements, 2021 Financial Statements and 2020 Financial Statements together the "**Financial Statements**") are available on the Company's web-site and are incorporated into this Prospectus by reference as set out in section 8.2 (*Documents incorporated by reference*). The Financial Statements have been prepared in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies.

Moreover, the Company's trading statement for the period 1 January 2023 to 31 March 2023 (the "**Q1 2023 Trading Statement**") is incorporated into this Prospectus by reference as set out in section 8.2 (*Documents incorporated by reference*). The Q1 2023 Trading Statement has not been audited or reviewed.

7.1 Non-IFRS measures

This Prospectus contains non-IFRS financial measures. The non-IFRS financial measures presented herein are not defined as measures of financial performance under IFRS, but are measures used by the Company to monitor the performance of its business and operations. None of these measures have been audited or reviewed, and they may not be indicative of the Company's historical results of operations, nor are such measures meant to be predictive of the Company's future results of operations. The Company has presented these non-IFRS financial measures in the Prospectus because they are considered both important supplement measures of the Company's performance and widely used by investors in comparing performance between companies. Unless otherwise indicated, tables with financial measures included in this Prospectus are presented on an IFRS basis.

Not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS financial measures contained in this Prospectus and they should not be considered as a substitute for financial measures computed in accordance with IFRS.

The non-IFRS financial measures applied by the Company and included in this Prospectus are described in section 16.7 (*Non-IFRS financial measures*).

The Company's non-IFRS measures are:

- Order backlog in megawatts
- Gross profit and gross profit margin
- EBITDA and EBITDA margin
- Intangible CAPEX
- Tangible CAPEX
- Total CAPEX
- Net working capital
- Free cash flow
- Cash and cash equivalents
- Headcount

7.2 Rounding adjustments and percentages

Rounding adjustments have been made in calculating some of the financial information included in this Prospectus. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

7.3 Trademarks and copyrights

The Company considers the protection of its brand through name trademarks and domains an integral part of its trademarks and copyrights strategy. The Company has the right to the product name "HyProvide" in the EU, the United Kingdom, the United States, Australia, South Korea and Japan.

The Company's main domain is under **www.greenhydrogen.dk** and **www.greenhydrogensystems.dk**.

7.4 Foreign currency presentation

The Company publishes its financial information in Danish kroner. Unless the Company notes otherwise, all amounts in this Prospectus are expressed in Danish kroner.

As used herein, references to (i) "Danish kroner" or "DKK" are to the Danish kroner, the lawful currency of Denmark and (ii) "euro", "EUR" or "€" are to the euro, the lawful currency of the participating member states in the Third Stage of the European and Monetary Union of the Treaty Establishing the European Community.

8. Available information

8.1 Available documents

Copies of the following documents may be inspected during usual business hours on any day (excluding Saturdays, Sundays and Danish public holidays) at the Company's registered office at Nordager 21, DK-6000 Kolding, Denmark, during the period in which this Prospectus is in effect:

(i) the Company's memorandum of association and the Articles of Association (the "**Articles of Association**");

(ii) the Financial Statements of the Company;

(iii) the Q1 2023 Trading Statement of the Company, and

(iv) this Prospectus.

Any request for copies of the Prospectus may be submitted by persons who satisfy the requirements of the applicable selling restrictions from the Manager and made to Danske Bank by e-mail: prospekter@danskebank.dk.

The Prospectus is, subject to certain restrictions, together with the Articles of Association, the Financial Statements of the Company and the Q1 2023 Trading Statement of the Company, available on the Company's website **https://investor.greenhydrogen.dk/announcements-and-news/rights-issue-2023/**. The information on the Company's website does not form part of the Prospectus, unless incorporated by reference, and has not been scrutinised or approved by the Danish FSA (in Danish: *Finanstilsynet*), unless otherwise specifically stated herein.

8.2 Documents incorporated by reference

The information explicitly listed in the table below has been incorporated by reference into this Prospectus pursuant to Article 19 of the Prospectus Regulation. Non-incorporated parts of the documents incorporated by reference are either not deemed relevant for Existing Shareholders and other investors or are covered elsewhere in this Prospectus. Direct and indirect references in the documents included in the table below to other documents or websites are not incorporated by reference and do not form part of this Prospectus. The documents have not been updated for purposes of this Prospectus and relate only to the period for which they are or have been in effect. Existing Shareholders and potential investors should assume that the information in this Prospectus as well as the information incorporated by reference herein is accurate only in the period in which they are in effect.

The information incorporated by reference into this Prospectus is exhaustively and exclusively set out below and is available on the Company's website **https://investor.greenhydrogen.dk/announcements-and-news/rights-issue-2023/**.

Document/information	Pages	Direct link
2020 Financial Statements	24	Click here
Management's statement	25-26	
Independent auditor's report	27-62	
Financial statements and notes	63	
Definition of terms		
2021 Financial Statements		Click here
Management's statement	37	
Independent auditor's report	38-40	
Financial statements	41-45	
Notes	46-76	
Definition of terms	77	
2022 Financial Statements		Click here
Management's statement	34	
Independent auditor's report	35-37	
Income statement	38	
Balance sheet	39-40	
Statement of changes in equity	41	
Cash flow statement	42	
Notes	43-74	
Definition of terms	75	
Q1 2023 Trading Statement		Click here
Key Figures	6	
Articles of Association	All	Click here

9. Market and industry information

This Prospectus contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets. Unless otherwise indicated, such information has been based on information sourced from a number of sources, including Dansk Energi, EA Energianalyse, Hydrogen Council, European Environment Agency ("**EEA**"), DNV, McKinsey & Company, Hydrogen Europe, the International Renewable Energy Agency ("**IRENA**"), the European Commission, the Fuel Cells and Hydrogen Joint Undertaking ("**FCH JU**") and the International Energy Agency ("**IEA**"), among others. Such information has been accurately reproduced and, as far as the Company is aware and able to ascertain, no facts have been omitted which would render the reproduced information provided inaccurate or misleading. However, the Company has not independently verified and cannot give any assurances as to the accuracy of market data as presented in this Prospectus that was extracted or derived from these external sources.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgements by the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market.

Unless otherwise indicated in this Prospectus, any references to, or statements regarding, the Company's competitive position have been based on the Company's own assessment and knowledge of the market, regions and countries in which it operates. Additionally, unless otherwise indicated in this Prospectus, any references to or statements regarding customer perception of the Company have been based on the Company's own assessment and knowledge, including customer surveys.

Neither the Company nor the Manager makes any representations as to the accuracy of such information that was extracted or derived from these external sources. Thus, any development in the Company's activities may deviate from the market developments stated in the Prospectus. The Company and the Manager do not assume any obligation to update such information.

As a result of the foregoing, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described under sections 4 (*Risk factors*) and 5 (*Special notice regarding forward-looking statements*) and elsewhere in this Prospectus.

The Company has not commissioned the preparation of any expert reports or statements that are referenced in this Prospectus.

10. Expected timetable of the Offering and financial calendar

10.1 Expected timetable of principal events

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.

10.2 Financial calendar

The Company's financial year runs from 1 January through 31 December. Financial reporting will be published on a semi-annual basis in combination with trading statements for the first and third quarters. The Company currently expects to publish financial reports according to the following schedule:

Interim report for the period ending 30 June 2023	22 August 2023
Trading statement for the period ending 30 September 2023	1 November 2023

11. 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 (please see sections 15.3 (*The Company's strategy*) and 15.3.5 (*Medium-term targets*)). In light of the Company's current capitalisation and working capital as further described in section 16.8 (*Working capital statement*), the Company is in actual need of new capital for the Company to have sufficient working capital for the next 12 months and to ensure its future compliance with the financial covenant to maintain cash and cash equivalents of DKK 200 million under the Nykredit Financing Agreement as further described in section 15.10.3 (*Nykredit Mortgage Credit Finance Agreement*). Should the Company breach the financial covenant under the Nykredit Financing Agreement, the DKK 119 million loan granted to the Company thereunder would become due and payable, unless the covenant breach is waived. Should that happen, the repayment would have an immediate negative impact on the Company's working capital, and a shortfall in the working capital would likely occur in the near future after that.

Due to a delay in the commercial ramp-up caused by issues with the A-Series, this Offering is targeted earlier than previously expected.

The Company is targeting gross proceeds from the Offering of up to DKK 469 million with potential net proceeds of up to DKK 429 million. This is subject to the assumptions set forth in section 24.4 (*Costs of the Offering*). Additionally, proceeds of DKK 250 million from the Term Loans (see section 15.10.4 (*Term Loan Agreements*)) may accrue to the Company for total net proceeds of approximately DKK 679 million, assuming subscription for all New Shares. The disbursement of the Term Loans is conditional on the Company accepting subscription applications for New Shares in the Offering to raise gross proceeds of DKK 225 million or more. 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 (equivalent to approximately DKK 195 million in net proceeds). Accordingly, the minimum gross proceeds expected to be raised in the Offering, if completed, together with the Term Loans are expected to result in net proceeds accruing to the Company of DKK approximately 445 million. The Subscription Commitments only guarantee gross proceeds of approximately DKK 174 million and are subject to certain conditions as set out in section 24.3.3 (*Rights Issue Agreement*).

Assuming realisation of the Company's financial target as set out in section 15.3.5 (*Medium-term targets*), the targeted total net proceeds from the Offering and the Term Loans of approximately DKK 679 million are intended to provide 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 (see also section 15.10.3 (*Nykredit Mortgage Credit Finance Agreement*)). 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.

Lower net proceeds from the Offering together with the Term Loans of approximately DKK 445 million would not be sufficient to meet the Company's capitalisation needs until the end of 2025. 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 what would have otherwise been the case. In general, with such limited cash resources, the Company may reduce its overall R&D efforts, slow down development of the X-Series, increase the scope of its profit protection plan, suspend the scaling of its organisation and recruitment activities and implement additional cost-cutting measures (see also risk factor 4.3.1 and below).

With such lower proceeds, the Company expects that it would have to seek a new capital raise or financing transaction around end of 2024 in order to ensure what the Company's management considers an adequate level of capitalisation and working capital. A concurrent delay in the development and commercial launch of the X-Series would not have an immediate effect on the timing of such potential future capital raise as the negative cash impact would likely be most significant in 2025, however, the Company would have due regard to such circumstance when considering its future capital needs. Should a delay in commercial launch of the X-Series coincide with the Company not raising the full targeted amount of the proceeds in the Offering or increased expenditure/cash spend (e.g. increased R&D cost), the Company may find that it is prudent to seek new capital as early as in the first half of 2024. As such, it cannot be excluded that the Company would move forward with a new capital raise in case it experiences a delay in the development and commercial launch of the X-Series (see also risk factor 4.3.1).

If the Offering is not completed, the Company will be (as it currently is) in actual and immediate need for alternative financing sources to provide the Company with adequate liquidity and working capital. If the Company is not successful with finding alternative financing, the Company could face insolvency.

As described in further detail above and below, the use of proceeds from the Offering and the Term Loans based on 1) net proceeds of approximately DKK 445 million and 2) 679 million will, if raised and in combination with current available funds and debt financing, be allocated towards funding growth investments and the operations of the Company as set out below and which will help facilitate the Company's continued compliance with its financial covenant under the Nykredit Financing Agreement.

	Net proceeds and use of proceeds (%)	
	DKK 445m	DKK 679m
Continued R&D efforts to further increase the system performance of the A-Series product platform and development of the X-Series product platform	40-50%	40-50%
Investments to enable product industrialisation and scale-up of the production facilities	20-30%	25-35%
Strengthening the balance sheet to fulfil counter guarantees required by customers	10-20%	10-15%
Expansion of commercial and organisational ramp-up by attracting the needed and right competences	10-20%	5-15%

Continued R&D efforts to further increase the system performance of the A-Series product platform and development of the X-Series product platform: Continuation of R&D efforts mainly comprise investments into activities to further advance and improve the A-Series platform, as well as the development and commercialisation of the X-Series product platform. The Company is further expecting to continuously invest into the improvement and development of its product offering, including the development of next-generation products and the improvement of sub-components. Please also see section 15.6 (*Research and development*).

Investments to enable product industrialisation and scale-up of the production facilities: The Company is in the process of scaling its production capacity to accommodate a growing order backlog and pipeline. Such an expansion of production capacity will require capital expenditure investments towards production and development equipment. As set out in section 15.3.1 (*Strategic focus areas and initiatives*), the Company is in the process of commissioning and equipping its expanded facility of around 18,000 m² in total. Once completed and fully upgraded, it is expected to increase the total potential manufacturing capacity to around 400 MW per year. Expansion of the Company's production capacity beyond 400 MW is not contained in the intended allocation of net proceeds from the Offering.

Strengthening the balance sheet to fulfil counter guarantees required by customers: Establishment of a strong financial position is considered strategically important for winning large contracts and building confidence with customers. Furthermore, the Company is experiencing that customers require significant guarantees for project milestone payments in the future and, finally, a stronger financial position is intended to increase the Company's flexibility and serve as a cushion when executing the strategy. The risk of cost overruns on this post is considered high as the Company has not yet participated in large-scale projects and general payment terms in the electrolysis industry are not settled yet.

Expansion of commercial and organisational ramp-up by attracting the needed and right competences: To support the strategy and execution thereof, the Company has in recent years strengthened its commercial capabilities and operational set-up to support the scaling of its activities. The focus of such activities has in particular been within sales efforts, R&D efforts, the build-out of manufacturing capacity and the administration of an increasingly global business. The Company expects to continue the organisational strengthening as set out in section 15.3.4.3 (*3.C: Scale organisation, support functions and procedures*). A modest back office and administration cost increase is expected in the business plan period, and by the end of 2023 it is expected that the platform is established to support and drive the expansion in the coming years.

A change in events could lead the Company to raise additional funds, obtain debt financing or seek partnerships or other financing arrangements in order to have funds to maintain a strong balance sheet, including to meet possible financial covenants related to its debt arrangements until the end of 2025. As an example, a delay in the commercialisation of the X-Series by around one year, or an increase in amount of prepayments restricted for counter guarantees of around 50%, would have an estimated negative cash impact of around DKK 150 million. The estimate is subject to the assumptions set forth in sections 5 (*Special notice regarding forward-looking statements*), 15.3.5 (*Medium-term targets*) and 17 (*Prospective financial information for the financial year ending 31 December 2023*). Should such circumstances delay coincide with the Offering and the Term Loans generating less than the targeted combined net proceeds of approximately DKK 679 million, this may result in the Company having to seek a future capital raise at an earlier time than what would have otherwise been the case. This is described in further detail above.

As of the date hereof, the foregoing expected use of the net proceeds from the Offering and the Term Loans represents the Company's current intentions based upon present plans and business conditions. The Company cannot predict with certainty all the particulars of the use of the net proceeds of the Offering and the Term Loans or the amounts that the Company will actually spend on the purposes set forth above. Actual expenditures may vary substantially from these estimates and the Company may find it necessary or advisable to reallocate the net proceeds within the above-described categories or to use portions thereof for other purposes. The amounts and timing of the Company's actual use of net proceeds will vary based on numerous factors, including the actual amount of gross and net proceeds raised in the Offering, the disbursement of the Term Loans, the relative success and cost of the Company's R&D and production scale-up efforts, the general commercialisation of the market for green hydrogen, the Company's ability to realise its short- and medium-term strategic goals and the relative success of the Company's technologies over competing technologies developed and/or used by its competitors.

In relation to day-to-day working capital to purchase materials and components for manufacturing ordered electrolysers, the Company expects the development herein to reflect the increased commercial activity, however including expected prepayments from customers working capital is expected to have a positive effect on liquidity towards 2026. As such, expected prepayments are an important part of financing the business plan. A significant share of prepayments will expectedly be used to deposit with banks to secure counter guarantees to the customers offsetting some of the positive liquidity impact. For that reason, working capital (as used in this context) is not a separate area towards which the proceeds from the Offering are expected to be applied (subject to receipt of expected prepayments).

Green Hydrogen Systems is continuously monitoring its capital structure and spendings and has established a performance management framework to drive the needed capital and cost discipline. The allocation and actual use of the cash proceeds from the Offering will take place for a prolonged period. Consequently, the Company may carry excess liquidity during that period. To manage that, the Company intends to place its excess liquidity as cash deposits in up to four Nordic banks classified as systemically important financial institutions (SIFI) combined with placings in short-term Danish government bonds or similar low-risk financial instruments.

12. Dividends and dividend policy

12.1 General

All Shares, including the New Shares, have the same rights and the New Shares will rank pari passu with all other Shares, including in respect of eligibility to receive dividends and participate in share buybacks. Upon the issuance and registration of the New Shares to be issued by the Company pursuant to the Offering with the Danish Business Authority (in Danish: *Erhvervsstyrelsen*) (which is expected to take place on completion of the Offering), the New Shares will be entitled to receive dividends to the extent any dividends are declared and payable with respect to such New Shares.

12.2 Dividend policy and share buybacks

Currently, the Company intends to apply all available financial resources and income, if any, for the purposes of the Company's current and future business. As of the date of this Prospectus, the Company does not expect to make dividend payments until at least for the financial year 2026 at which time the Company expects to reassess its dividend policy. As of the date of this Prospectus, the Company has not adopted a dividend policy.

Any future determination related to the Company's dividend policy and the declaration of any dividends will be made at the discretion of the Board of Directors and will depend on a number of factors, including results of operations, financial condition, future prospects, contractual restrictions, restrictions imposed by applicable law and other factors that the Board of Directors in its discretion deems relevant. There can be no assurances that the Company's operational and financial performance will facilitate dividend payments, and, in particular, the Company's ability to pay dividends may be impaired if any of the risks described in this Prospectus were to occur. See section 4 (*Risk factors*).

As an alternative, or in addition to, making dividend payments, the Company's Board of Directors may initiate share buybacks. The decision by the Board of Directors to engage in share buybacks, if any, will be made in accordance with the factors applicable to dividend payments set forth above.

The information on the Company's policies relating to dividend and share buybacks constitutes forward-looking statements. Forward-looking statements are not guarantees of future financial performance, and the Company's actual dividends or share buybacks could differ materially from those expressed or implied by such forward-looking statements as a result of many factors, including those described under sections 4 (*Risk factors*) and 5 (*Special notice regarding forward-looking statements*).

12.3 Recent dividends

The Company has not declared and made any dividend payments in respect of the Company's past three financial years ending 31 December 2022, 2021 and 2020.

13. Capitalisation and indebtedness

13.1 Capitalisation and indebtedness with adjustments for Term Loans and minimum expected proceeds

The following table sets forth the capitalisation and indebtedness of the Company as of 31 March 2023 on an actual basis reflecting the carrying amounts on the balance sheet of the Company and on an adjusted basis to reflect a completion of the Offering raising the minimum expected gross proceeds of DKK 225 million (equivalent to net proceeds of approximately DKK 195 million) and disbursement of the DKK 250 million Term Loans on 31 March 2023. You should read this table in conjunction with the Financial Statements of the Company incorporated into this Prospectus by reference and section 16 (*Operating and financial review*).

Capitalisation (DKK '000)	**Actual, 31 March 2023**	**Adjustments - Term Loans**	**Adjustments - Minimum proceeds**	**As pro forma adjusted for the Offering of gross DKK 225 million and Term Loans of DKK 250 million as of 31 March 2023**
Current debt				
Guaranteed *	22,529	-	-	22,529
Secured **	620,000	-	-	620,000
Secured mortgage loan ***	4,375			4,375
Unguaranteed / unsecured	187,465	-	-	187,465
Total current debt	**834,369**	**-**	**-**	**834,369**
Non-current debt				
Secured Term Loans ****	-	250,000	-	250,000
Secured mortgage loan ***	113,078	-	-	113,078
Unguaranteed / unsecured	5,797	-	-	5,797
Total non-current debt	**118,875**	**250,000**	**-**	**368,875**
Shareholder equity				
Share capital *****	83,166		50,000	133,166
Legal reserve(s)	137,320	-	-	137,320
Other reserves	561,560	(3,750)	145,000	702,810
Total equity	**782,046**	**(3,750)**	**195,000**	**973,296**
Total	**1,735,290**	**246,250**	**195,000**	**2,176,540**

Indebtedness (DKK '000)	**Actual, 31 March 2023**	**Adjustments - Term Loans**	**Adjustments - Minimum proceeds**	**As pro forma adjusted for the Offering of gross DKK 225 million and Term Loans of DKK 250 million as of 31 March 2023**
Cash *****	192,891	246,250	195,000	634,141
Cash equivalents	-	-	-	-
Other current financial assets ******	181,099	-	-	181,099
Liquidity ***** **	**373,990**	**246,250**	**195,000**	**815,240**
Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	620,000	-	-	620,000
Current portion of non-current financial debt	8,255	-	-	8,255
Current financial indebtedness	**628,255**	**-**	**-**	**628,255**
Net current financial indebtedness	**254,264**	**(246,250)**	**(195,000)**	**(186,986)**
Non-current financial debt (excluding current portion and debt instruments)	118,875	250,000	-	368,875
Debt instruments	-	-	-	-
Non-current trade and other payables	-	-	-	-
Non-current financial indebtedness	**118,875**	**250,000**	**-**	**368,875**
Total financial indebtedness	**373,139**	**3,750**	**(195,000)**	**181,889**

* Prepayments that are guaranteed by a bank guarantee.
** Secured current debt relate to the repurchase agreement (repo) involving holdings of listed bonds.
*** Secured mortgage loan on the facilities at Nordager 21, Kolding.
**** Secured Term Loans expected to be disbursed after completion of the Offering.
***** The share capital and cash as at 31 March 2023 is not adjusted for the 271,329 Shares subscribed for on 7 June 2023 and the cash bonus paid to the CEO as described in section 19.1 (*CEO share-based post IPO bonus*).
****** The Company's current portion of its holdings of listed bonds are included in "Other current financial assets".
******* Liquidity is not comparable to the non-IFRS measure Cash and cash equivalents that include non-current financial assets covered by the repurchase agreement (repo) involving the Company's holdings of listed bonds.

13.2 Capitalisation and indebtedness with adjustments for Term Loans and potential maximum proceeds

The following table sets forth the capitalisation and indebtedness of the Company as of 31 March 2023 on an actual basis reflecting the carrying amounts on the balance sheet of the Company and on an adjusted basis to reflect a completion of the Offering raising the potential maximum gross proceeds of DKK 469 million (equivalent to net proceeds of approximately DKK 429 million) and disbursement of the DKK 250 million Term Loans on 31 March 2023. You should read this table in conjunction with the Financial Statements of the Company incorporated into this Prospectus by reference and section 16 (*Operating and financial review*).

Capitalisation (DKK '000)	**Actual, 31 March 2023**	**Adjustments - Term Loans**	**Adjustments - Maximum proceeds**	**As pro forma adjusted for the Offering of gross DKK 469 million and Term Loans of DKK 250 million as of 31 March 2023**
Current debt				
Guaranteed *	22,529	-	-	22,529
Secured **	620,000	-	-	620,000
Secured mortgage loan ***	4,375			4,375
Unguaranteed / unsecured	187,465	-	-	187,465
Total current debt	**834,369**	**-**	**-**	**834,369**
Non-current debt				
Secured Term Loans ****	-	250,000	-	250,000
Secured mortgage loan ***	113,078	-	-	113,078
Unguaranteed / unsecured	5,797	-	-	5,797
Total non-current debt	**118,875**	**250,000**	**-**	**368,875**
Shareholder equity				
Share capital *****	83,166		104,297	187,463
Legal reserve(s)	137,320	-	-	137,320
Other reserves	561,560	(3,750)	325,038	882,848
Total equity	**782,046**	**(3,750)**	**429,335**	**1,207,631**
Total	**1,735,290**	**246,250**	**429,335**	**2,410,875**

Indebtedness (DKK '000)	**Actual, 31 March 2023**	**Adjustments - Term Loans**	**Adjustments - Maximum proceeds**	**As pro forma adjusted for the Offering of gross DKK 469 million and Term Loans of DKK 250 million as of 31 March 2023**
Cash *****	192,891	246,250	429,335	868,476
Cash equivalents	-	-	-	-
Other current financial assets ******	181,099	-	-	181,099
Liquidity ***** **	**373,990**	**246,250**	**429,335**	**1,049,575**
Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	620,000	-	-	620,000
Current portion of non-current financial debt	8,255	-	-	8,255
Current financial indebtedness	**628,255**	**-**	**-**	**628,255**
Net current financial indebtedness	**254,264**	**(246,250)**	**(429,335)**	**(421,321)**
Non-current financial debt (excluding current portion and debt instruments)	118,875	250,000	-	368,875
Debt instruments	-	-	-	-
Non-current trade and other payables	-	-	-	-
Non-current financial indebtedness	**118,875**	**250,000**	**-**	**368,875**
Total financial indebtedness	**373,139**	**3,750**	**(429,335)**	**(52,446)**

* Prepayments that are guaranteed by a bank guarantee.
** Secured current debt relate to the repurchase agreement (repo) involving holdings of listed bonds.
*** Secured mortgage loan on the facilities at Nordager 21, Kolding.
**** Secured Term Loans expected to be disbursed after completion of the Offering.
***** The share capital and cash as at 31 March 2023 is not adjusted for the 271,329 Shares subscribed for on 7 June 2023 and the cash bonus paid to the CEO as described in section 19.1 (*CEO share-based post IPO bonus*).
****** The Company's current portion of its holdings of listed bonds are included in "Other current financial assets".
******* Liquidity is not comparable to the non-IFRS measure Cash and cash equivalents that include non-current financial assets covered by the repurchase agreement (repo) involving the Company's holdings of listed bonds.

14. Industry

This Prospectus contains statistics, data and other information relating to markets, market sizes, market positions and other industry data pertaining to the Company's business and markets. Unless otherwise indicated, such information is based on the Company's analysis of multiple sources. While the Company can confirm that information from external sources has been accurately reproduced, the Company has not independently verified and cannot give any assurances as to the accuracy of market data as presented in this Prospectus that was extracted or derived from external sources. As far as the Company is aware and able to ascertain from this information, no facts have been omitted which would render the information provided inaccurate or misleading.

14.1 Introduction

The Company's sole activity is within the manufacturing, assembly and installation of pressurised alkaline electrolysis systems for production of green hydrogen and related services. As at the time of this Prospectus, the market for green hydrogen is at a nascent stage. However, with an increasing global focus on limiting greenhouse gas ("**GHG**") emissions, both governments and industrial stakeholders are increasingly recognising the potential for green hydrogen to play a central role in the future decarbonised energy system. Accordingly, the market for electrolysis systems is estimated to grow significantly in the coming years. The following sections introduce:

1. Green hydrogen and its role in the current and future energy system.
2. Drivers and indicators of momentum in the market for green hydrogen.
3. The size of the market for green hydrogen and outlook.
4. Competitive dynamics and landscape.

The Company considers its geographic focus markets to comprise of select European countries, specifically the Nordic region, UK, Germany, Benelux, France, and Iberia, along with select high potential markets such as Australia and further has an opportunistic approach to potential sales outside these geographies. In addition, the Company is considering other potential focus markets, including the U.S. As the potential European market for green hydrogen and electrolyser production is generally well-documented and is seen as an important driver in the development of the global green hydrogen market, the primary focus of this section is on European market dynamics. However, it should be noted that the Company considers it likely that the general trends observed on the European market are likely to be applicable to other focus markets.

The market for green hydrogen is constantly evolving, and the Company considers the following the most significant recent industry trends impacting demand for green hydrogen and estimated electrolysis capacity to meet such demand, as well as the dynamics in the competitive landscape:

- Continued adoption of hydrogen strategies (section 14.3.2 (*Regulatory amendments and execution of national hydrogen strategies*))
- EU launch of REPowerEU (sections 14.2 (*Green hydrogen and its role in the current and future energy system*) and 14.3.2 (*Regulatory amendments and execution of national hydrogen strategies*))
- US Inflation Reduction Act ("**IRA**") (section 14.3.2 (*Regulatory amendments and execution of national hydrogen strategies*))
- Higher expected demand for green hydrogen and forecasted electrolyser capacity (section 14.4.1 (*Current and estimated demand for green hydrogen and forecasted production capacity*))
- Increased focus on security and certainty of energy supply (section 14.3.3 (*Increased focus on energy supply, strategic technology and critical raw materials*))
- Surge in planned green hydrogen projects (section 14.3.4 (*Surge in planned projects and growing industry alliances supporting large investments*))
- Fluctuations in energy prices and inflation impacting the levelised cost of green hydrogen ("**LCOH**") (section 14.3.5 (*Decreasing cost of green hydrogen*))
- EU response to IRA: EU Green Deal Industrial Plan (section 14.3.2 (*Regulatory amendments and execution of national hydrogen strategies*))
- Delay in project roll-outs (section 14.3.4 (*Surge in planned projects and growing industry alliances supporting large investments*))

14.2 Green hydrogen and its role in the current and future energy system

The growing concern over the contribution of GHG emissions to global climate change has led to an increasing number of initiatives, across both the political and private spectrum, aimed at reducing GHG emissions and in particular CO_2 emissions. Of the 196 United Nations (the "**UN**") member states that adopted the 2015 Paris Agreement (the "**Paris Agreement**"), 194 have ratified it and made commitments to limit future GHG emissions. The Paris Agreement seeks to keep global warming well below 2 degrees Celsius and preferably

below 1.5 degrees Celsius compared to pre-industrial levels. In order to reach the goal of minimising temperature increases, signatory countries to the Paris Agreement must seek to reach global peak GHG emissions as soon as possible and achieve climate neutrality by mid-century[1]. Reaching net-zero emissions in the EU and globally would require an acceleration of current GHG emission reduction efforts.

To facilitate a transition towards a net-zero emission economy, EU members signed the European Green Deal 2019; a more tangible plan for how the EU can reach net-zero emissions by 2050. In addition to reiterating the climate neutrality goal of the Paris Agreement, the plan includes a suggestion to an intermediate target of 55% reduction of GHG emissions (compared to 1990 levels) by 2030. To support this plan, the EU aims to spur new investments of at least EUR 1 trillion into the green transition over the next 10 years[2].

Furthermore, the European Commission published in 2022 its REPowerEU plan, a response to the energy crises caused by Russia's invasion of Ukraine. The plan outlines the EU's path to energy independence from Russian fossil fuels by 2027 together with tackling the climate crisis. Achieving this goal will require a combination of short, mid-term, and long-term targets and measures covering the following three pillars: (i) energy savings, (ii) diversification of energy supplies, and (iii) accelerated roll-out of renewable energy. The timeline and level of ambitions are such that the speed and scope of action will have to go far beyond the already ambitious proposals outlined to date. A core pillar of the plan is the acceleration in use of renewable hydrogen. Several targets are proposed, among these[3] a Hydrogen Accelerator by setting a target of 10 Mt of domestic renewable hydrogen production and 10 Mt of imports by 2030, to replace natural gas, coal and oil in hard-to-decarbonise industries and transport sectors.

More recently, the EU Green Deal Industrial Plan was announced in early 2023 as a response to IRA and with the purpose of complementing ongoing efforts under the European Green Deal and REPowerEU. The overall target with the Green Deal Industrial Plan is to provide a more supportive environment for the scaling up of the EU's manufacturing capacity for the net-zero technologies and products. The Green Deal Industrial Plan is based on four pillars; 1) a predictable and simplified regulatory environment; 2) speeding up access to finance; 3) enhancing skills; and 4) open trade for resilient supply chains[4].

14.2.1 Challenges to meeting net-zero emission targets

14.2.1.1 Certain activities in society are difficult to decarbonise with electrification

Currently, power production and consumption in the EU is heavily dependent on fossil fuels, and certain activities in society responsible for a large part of CO_2 emissions are difficult to decarbonise as they are challenging to electrify directly. This includes the industry and transportation sectors and emissions from residential and commercial buildings[5], which all remain heavily dependent on fossil fuels.

Within industrial production, heat used in the production of chemicals and metals accounts for the majority of energy demand and currently relies heavily on fossil fuels. While direct electrification is the primary decarbonisation lever for the low- and medium-grade heat segments, electric heaters, boilers and furnaces become less efficient in industrial applications where the temperature requirements are higher. Moreover, the use of electric heaters, boilers and furnaces for high-grade heat segments may require major adaptions and investments to current industrial production processes. For those reasons, direct electrification may not be economically viable, particularly not in the high-grade heat segment. Furthermore, several industrial processes, such as steel production, rely exclusively on fossil fuels and reductants for which few alternatives exist[6].

For the majority of the existing European commercial and residential buildings, heating is primarily provided from fossil fuels such as coal or natural gas. While new building stock is typically constructed to facilitate heating with low-carbon solutions such as electrical pumps, district heating and similar systems, retrofitting existing buildings to enable electrical or district heating would often be too expensive and cumbersome. Hence, decarbonising building heat through direct electrification would, in many cases, not be economically viable.

In the transportation sector, the relatively low energy density of batteries implies that electrification of particularly heavy-duty and long-range transportation, including road transportation, long-haul trucking and shipping would be challenging, as batteries with the required capacity would be too large, heavy, and expensive for wide-spread adoption[7].

1 United Nations - Paris Agreement (2015).
2 European Parliament – Europe's one trillion climate finance plan (2020).
3 European Commission – REPowerEU: Affordable, secure and sustainable energy for Europe (2022).
4 European Commission - The Green Deal Industrial Plan: Putting Europe's net-zero industry in the lead (2023).
5 Emissions from residential and commercial buildings primarily comprise heating (70%), while the remaining emission comprise emissions from appliances, lighting, cooking, space cooling and other.
6 FCH JU – Hydrogen Roadmap Europe (2019).
7 FCH JU – Hydrogen Roadmap Europe (2019).

14.2.1.2 Challenges posed by widescale integration of renewables in the energy system

While the growing availability of at-scale renewable energy means that power production could go through a relatively swift decarbonisation process, a common challenge of the most predominant renewable energy sources, wind and solar, is the intermittent supply of renewable electricity combined with the irregular demand of end-consumers. A complete integration of renewables into the energy system will thus require both short- and long-term balancing and buffering from week to week and across seasons.

Furthermore, renewable energy capacity is not necessarily available close to centers of demand. While transportation of energy is possible via transmission lines, it is both costly and can be difficult to establish. Hence, an energy system based completely on renewable energy sources would require a solution for storing energy when excess renewable energy is generated and for transporting energy across distances.

14.2.2 Introduction to hydrogen

Hydrogen has several qualities, which could enable it to play a central role in achieving targeted emission reductions.

Hydrogen has a high energy density and can efficiently store energy over extended periods of time with limited energy loss, making it a highly efficient energy carrier in both a temporal and geographic sense. With an energy content at around 120 MJ/kg (lower heating value), hydrogen is capable of delivering the highest amount of energy per kilogram of any material - nearly three times that of gasoline (44 MJ/kg)[8]. However, the amount of energy per volume in litres is low: liquid hydrogen can deliver just 8 MJ/L, which is much lower than that of gasoline at 32 MJ/L. This means that the density of hydrogen must be increased significantly for storage purposes, something that is usually done through compression and cooling. At 700 bar, which is the typical storage pressure required for hydrogen-powered passenger cars, it is estimated that the full tank system for a hydrogen fuel-cell powered passenger car will be able to deliver 9 MJ/kg in the medium to long-term. For batteries, a similar system for a passenger car is estimated to currently be able to deliver 0.3 MJ/Kg, while 1.2 MJ/kg is considered achievable in the medium to long-term. As a consequence, hydrogen powered fuel-cell vehicles can, assuming accomplishing the expected future development, be a better option for longer range transportation relative to battery electric vehicles[9].

When hydrogen is burned it reacts with oxygen to form water and release energy and similarly, when a fuel cell converts hydrogen into electricity, the only emitted gas is steam. Therefore, if hydrogen is produced via electrolysis using electricity from renewable energy sources such as wind or solar power, the use of such hydrogen will be entirely CO_2 free – from energy source and processing to energy consumption. If hydrogen is burned with air, as would be the case with internal combustion engines or industrial furnaces, nitrogen oxides ("NOx") can be produced in some instances[10]. In such cases the application of hydrogen, while being free of CO_2 emissions, will not be entirely free of GHG emissions, however, multiple techniques exist to limit Nox emissions. For example, exhaust gas recirculation has long been used to limit Nox emission from diesel-based internal combustion engines and industrial furnaces are able to manage the flame temperature to reduce Nox emissions[11].

The above characteristics make hydrogen a highly versatile and accessible chemical and suitable for a broad range of applications across multiple sectors of the economy: Hydrogen can be used both directly as fuel in transportation and in the industry as feedstock, and indirectly by being combined with other compounds to create synthetic fuels and gasses ("**Power-to-X**"). Furthermore, hydrogen can be used as a medium for energy storage and transportation for extended periods of time and over long distances with little to no loss of energy while stored (not counting the energy lost in electrolysis and catalysis processes) relative to the loss of electrical energy while stored in conventional batteries. For further details on the potential uses of hydrogen produced from renewable energy, please refer to section 14.2.5 (*The potential role of green hydrogen in the future energy system*).

14.2.3 Hydrogen production methods

Although hydrogen is the most abundant element in the known universe, it only rarely exists on Earth in its pure form. In most cases, hydrogen occurs as a compound with oxygen in the form of water molecules or as a carbon compound in living beings or fossil energy sources. Consequently, hydrogen cannot be extracted directly from natural sources in its pure form but must be produced through chemical processes. This is done using one of three general processes: reforming, gasification, or water electrolysis. Depending on the production method and whether the hydrogen is fossil-based or not, the resulting hydrogen is categorised as either grey, blue or green.

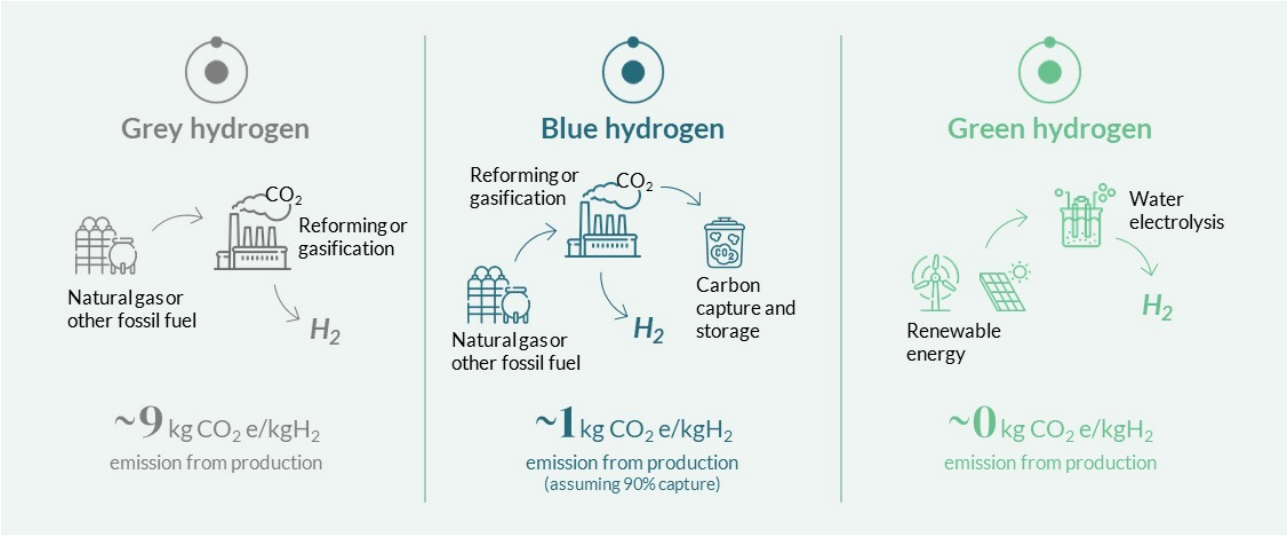
Today, nearly all hydrogen (approximately 95%[12]) is produced as grey hydrogen through reforming or gasification of fossil fuel sources. As grey hydrogen has a relatively high CO_2 footprint, solutions for reducing emissions or alternative low-carbon hydrogen production

[8] US Department of Energy – Hydrogen storage (2020).
[9] Shell – Hydrogen study (2017).
[10] Shell – Hydrogen study (2017).
[11] The Chemical Engineer – Hydrogen: The Burning Question (2019).
[12] IRENA – Global hydrogen trade to meet the 1.5°C climate goal (2022).

methods have been explored. One method for reducing the CO_2 footprint of the reforming and gasification methods is through blue hydrogen production in which CO_2 emissions from grey hydrogen production are directly captured and stored (carbon capture and storage) or using the captured carbon in other processes (carbon capture and usage). This is an emerging method that currently accounts for negligible volumes of the produced hydrogen. Alternatively, hydrogen can be produced from water electrolysis where the electricity used in this process is derived from renewable energy sources (green hydrogen). Currently, approximately 5% of global hydrogen consumed for industrial purposes or in other end-use sectors is produced via electrolysis, however, this hydrogen is primarily a by-product of chloride production that does not use renewable energy and is therefore not considered green hydrogen[13].

Figure 1 shows the general principles for grey, blue and green hydrogen, which are further elaborated below.

Figure 1: Illustration of grey, blue and green hydrogen production



14.2.3.1 Grey hydrogen

Of the two general methods used in the production of grey hydrogen (reforming and gasification), reforming is the most prevalent method. Reforming is a chemical process that converts hydrocarbons and alcohols into hydrogen, emitting water vapor, carbon monoxide and carbon dioxide as by-products. The primary fuel for reforming is natural gas using steam methane reforming ("**SMR**"). SMR uses natural gas and water to produce hydrogen and emits around 9 kg of CO_2e per kg of H_2 in the process[14]. Gasification is the reaction of a carbon carrier (such as coal) with oxygen and steam under pressure and high temperatures to form synthesis gas which is a mixture of carbon monoxide and hydrogen. Through a subsequent water gas shift reaction, the carbon monoxide is converted to CO_2 and hydrogen[15].

14.2.3.2 Blue hydrogen

Blue hydrogen production is fundamentally a direct method for reducing the CO_2 emissions from grey hydrogen production. Through CCS or CCU up to 90-95% of CO_2 emissions from hydrogen production are captured and then stored or reused, thereby reducing CO_2 emissions from hydrogen production[16]. In CCS, the captured CO_2 emissions resulting from reforming or gasification processes using fossil fuels are stored, typically in underground storage tanks[17]. Meanwhile, in CCU the emissions can be reused in other parts of the economy, for example in industrial processes to replace fossil fuel feedstock in the production of hydro-carbon chemicals such as meth-anol or derived products. The primary barrier to broader adoption of CCS and CCU today is the costs of carbon capture, along with weak or absent political support for storing CO_2[18].

14.2.3.3 Green hydrogen

Green hydrogen is produced through water electrolysis using renewable energy to split water molecules into hydrogen and oxygen. The process emits only negligible amounts of CO_2 and as such, green hydrogen is considered the most CO_2-clean method for producing

[13] Mostly as a by-product from chlorine production through electrolysis. IRENA – A renewable energy perspective (2019).
[14] Dansk Energi – Anbefalinger til en dansk strategi for Power-to-X (2020).
[15] Shell – Hydrogen study (2017).
[16] Dansk Energi – Anbefalinger til en dansk strategi for Power-to-X (2020).
[17] FCH JU – Hydrogen Roadmap Europe (2019).
[18] FCH JU – Hydrogen Roadmap Europe (2019).

hydrogen. Additionally, water electrolysis results in a much higher purity of hydrogen compared to reforming and gasification, which means that green hydrogen is generally widely applicable in various end-use sectors without the need for additional purification processes or treatments.

There are currently three electrolysis technologies mature enough for commercial use and with developed systems to support MW capacity range. These technologies include atmospheric alkaline electrolysis, pressurised alkaline electrolysis and polymer electrolyte membrane electrolysis ("**PEM**"). All three methods use water electrolysis to produce hydrogen, with principal differences stemming from the type of electrolyte used and the level of commercial development.

Atmospheric alkaline electrolysis has a long history in the chemicals industry and has been in development since the late 1800's. The fundamental operating principle of an atmospheric alkaline electrolysis system is passing an electrical current through a liquid alkaline electrolyte (typically water with potassium or sodium) from an anode to a cathode. Water molecules are instantly split into hydrogen and oxygen in a ratio of 2:1, with oxygen released into the atmosphere or used in other applications and hydrogen sent on to undergo further treatment depending on application area.

Pressurised alkaline electrolysis uses the same fundamental operating principle but operates at high pressure as opposed to atmospheric pressure. The first pressurised alkaline systems were developed in the 1940s with the Company's systems representing the 4th generation of pressurised electrolysers.

The PEM technology was introduced in the 1960's, but was not developed for commercial use until the early 2000's. The primary difference between PEM and alkaline electrolysers is the use of a solid polymeric membrane as electrolyte instead of a liquid alkaline solution. Furthermore, PEM utilises rare and noble metals in the anode and cathodes (iridium and platinum respectively), while alkaline electrolysis systems use more widely available materials such as nickel, iron, cobalt and carbon.

14.2.3.4 New electrolyser technologies

In addition to the well-established technologies on the market, several new types of electrolysers are being developed by both companies and research institutions. Examples of such new technologies include Solid Oxide Electrolyser Cells ("**SOEC**") and Anion Exchange Membrane ("**AEM**") electrolysers, both of which represent emerging technologies at the early stages of commercial development with only a few companies and OEMs involved in their manufacture and commercialisation[19].

SOEC is considered to offer high efficiency under the assumption that the steam used in the SOEC electrolysis process can be acquired externally without charge, as the energy required to heat water to steam would decrease overall efficiency. Furthermore, as SOEC typically produces non-pressurised hydrogen, the high efficiency levels further need to be adjusted for the cost and overall efficiency loss from compressing hydrogen downstream[20]. Furthermore, key challenges for SOEC have historically included higher degradation levels compared to alkaline electrolysis[21], mechanically unstable electrodes (including risk of cracking), safety issues and improper sealing[22].

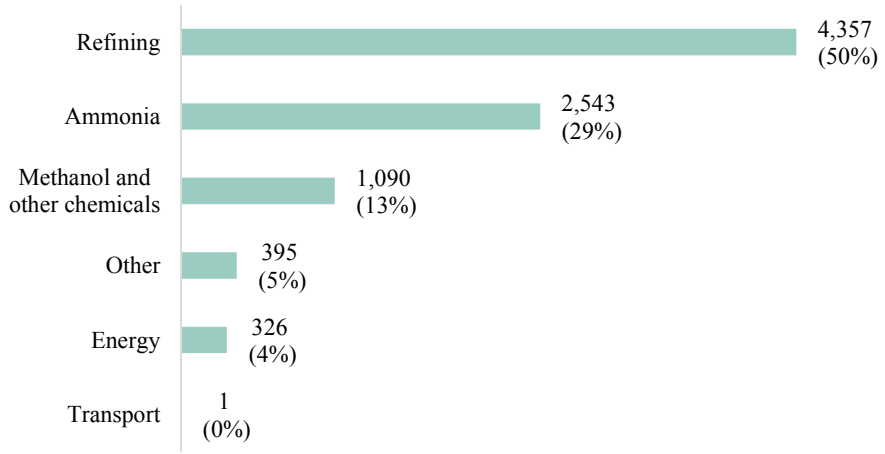
The operating principle of AEM is similar to PEM, however, with the advantage of replacing noble metal electrocatalysts with low-cost and more widely available alternatives. However, the key challenge faced by the AEM technology is that the membrane faces chemical and mechanical stability issues, leading to unstable lifetime profiles. Furthermore, performance is not yet considered in line with expectations, mostly due to low conductivity, poor electrode architectures and slow catalyst kinetics. Enhancements to overcome these performance issues have been considered to potentially lead to decreased durability[23].

14.2.4 Hydrogen use in today's economy

The global production of hydrogen is almost entirely derived from fossil-fuels with the production of ammonia and oil refining constituting the main applications of hydrogen[24]. Likewise, the biggest share of hydrogen demand in the EU-EFTA-UK region comes from refineries, which accounted for 50% of total hydrogen use in 2020, followed by the ammonia industry with 29% share. In addition to this, 13% was consumed for methanol production and other chemical industry use in the region. Meanwhile, the hydrogen consumption in the region only represented 8.7% of global total in 2020[25]. Figure 2 shows the relative size of hydrogen usage in 2020 in EU-EFTA-UK.

[19] IRENA – Green Hydrogen Cost Reduction (2020).
[20] Company view.
[21] Company view based on Hauch et al. – Electrochemistry - Recent advances in solid oxide cell technology for electrolysis (2020).
[22] Foteini et al – Progress in Energy and Combustion Science – Electrocatalysts for the generation of hydrogen, oxygen and synthesis gas (2019).
[23] IRENA – Green Hydrogen Cost Reduction (2020).
[24] IEA – Global Hydrogen Review (2022).
[25] Hydrogen Europe – Clean Hydrogen Monitor (2022).

Figure 2: Total hydrogen demand by application (Kt) in 2020 in EU, EFTA, and the UK[26]



14.2.1.4 Potential for decarbonising existing hydrogen use

Achieving independence from fossil fuels in existing hydrogen industry feedstock application areas will require transitioning to the use of green hydrogen. While decarbonisation of current hydrogen applications by itself would have a relatively modest impact on reaching the target of net-zero emissions, existing hydrogen infrastructure (including hydrogen pipeline systems covering multiple countries and regions) and experience in handling hydrogen make the area highly relevant as part of an economy-wide decarbonisation. As existing infrastructure does not need major adaptions to switch from grey to green or blue hydrogen, the decarbonisation process could happen gradually by complementing grey hydrogen with low-carbon hydrogen in the form of either green or blue hydrogen[27]. The primary obstacle for a conversion away from grey hydrogen would be for low-carbon hydrogen to reach cost competitiveness.

14.2.5 The potential role of green hydrogen in the future energy system

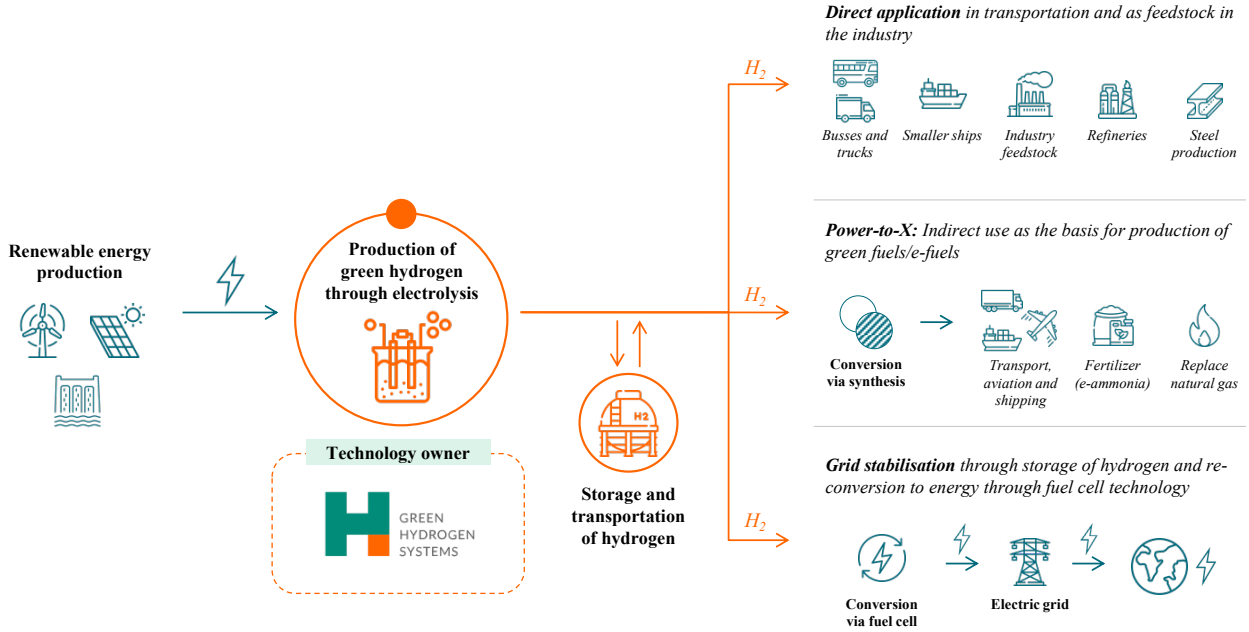
Green hydrogen is expected to play a central role in the future energy system and may achieve commodity-status on par with the status of energy and fossil fuels. Achieving this position will further be central to stay below the two-degree global warming target limit and achieve a zero-emission economy as green hydrogen can, inter alia, be used in:

1. Direct applications for decarbonisation of industry feedstock and heavy-duty and long-range transportation.
2. Indirect applications through the manufacture of e-fuels, e-ammonia and low-carbon gas through synthesis (Power-to-X) for use in transportation, industry and building heat.
3. Energy storage and grid stabilisation, enabling sufficient scaling of renewable energy to replace fossil fuels, by creating the necessary buffer to increase the resilience of a renewables-based energy system. Further, hydrogen can enable efficient energy distribution across sectors of the economy and across geographical regions.

Figure 3 illustrates the central role of green hydrogen and its application areas in the future energy system.

[26] Hydrogen Europe – Clean Hydrogen Monitor (2022).
[27] FCH JU – Hydrogen Roadmap Europe (2019).

Figure 3: The role of green hydrogen and its application areas in a future energy system



14.2.5.1 Direct applications

The most straightforward application of green hydrogen is in replacing the current use of grey hydrogen. However, green hydrogen has several additional direct applications in both industry and transportation. An area of particular focus is the decarbonisation of the steel industry through the gradual replacement of natural gas with hydrogen. The EU steel industry is a major contributor to CO_2 emissions in the EU, with a typical EU steel plant (with an annual steel output of 5 million metric tons) emitting approximately 9 Mt CO_2, corresponding to the emission of around 4.3 million passenger cars. At current renewable electricity price levels, steel production using green hydrogen would not be cost-competitive with grey hydrogen steel production. Therefore, coordinated action between steel producing countries is likely a requirement for realising full decarbonisation[28].

In the transportation sector, the higher energy density of hydrogen-powered systems (either in the form of directly hydrogen-powered vehicles or hydrogen fuel cell vehicles) compared to batteries make green hydrogen a more viable option for long-range vehicles as well as heavy-duty transportation. Given the size and weight limitations to energy storage in vehicles, a vehicle fuelled by hydrogen can drive longer distances and transport heavier payloads than an otherwise similar battery-powered vehicle as the batteries would have to be too large and heavy[29]. Additionally, once a sufficient hydrogen infrastructure has been established, it offers significant end-user convenience over a comparable fast charging network for battery-powered vehicles: Hydrogen refuelling speeds are considerably higher than that of fast-charging stations for battery-powered vehicles, which means that a fast-charging station would need approximately 10-15 times the space of a hydrogen refuelling station to service the same number of vehicles[30].

Likewise, while electrification is generally the preferred option for establishing new railroad tracks, it can be very costly to upgrade the existing railroad networks. Because trains operate on predefined routes, the necessary infrastructure for using hydrogen as a fuel can be established relatively quickly and cost-efficiently. Furthermore, through the use of hydrogen-powered or hydrogen fuel cell powered marine vessels, green hydrogen is also a suitable low-CO_2 solution for short-range maritime transportation.

14.2.5.2 Power-to-X

Hydrogen can be used in the production of low-carbon ammonia, synthetic fuels (also called "**e-fuels**") and gasses (together called Power-to-X), with wide potential application areas in both industrial processes and parts of the transportation sector. In Power-to-X, hydrogen is combined with other compounds through synthesis to create e-ammonia, e-fuels or gasses. Because these combined compounds are similar to their existing fossil-based counterparts, both in terms of chemical composition and energy density, they can be added to the current fuel pool using the existing infrastructure. Such e-ammonia, e-fuels and gasses include:[31]

- E-ammonia, produced by combining hydrogen and nitrogen, for use as fuel in shipping and as fertiliser in the agricultural sector.

[28] FCH JU – Hydrogen Roadmap Europe (2019).
[29] FCH JU – Hydrogen Roadmap Europe (2019).
[30] FCH JU – Hydrogen Roadmap Europe (2019).
[31] Based on Dansk Energi – Anbefalinger til en dansk strategi for Power-to-X (2020).

- E-diesel, e-dimethyl ether, e-methanol, and e-kerosene (SAF), produced by combining hydrogen and carbon, for use in heavy-duty road transportation, shipping, and aviation.
- Blending of hydrogen mixed with methane gas into existing natural gas grids to decarbonise building and industrial heating.

In addition to being low-carbon alternatives, the use of e-ammonia, synthetic fuels and gasses can work as a temporary carbon-sink by binding carbon-captured CO_2 in the production process. Implemented at scale, this would offset some of the technical and political issues surrounding the large-scale storage of carbon from using CCS.

14.2.5.3 Energy storage, energy carrier, and grid stabilisation

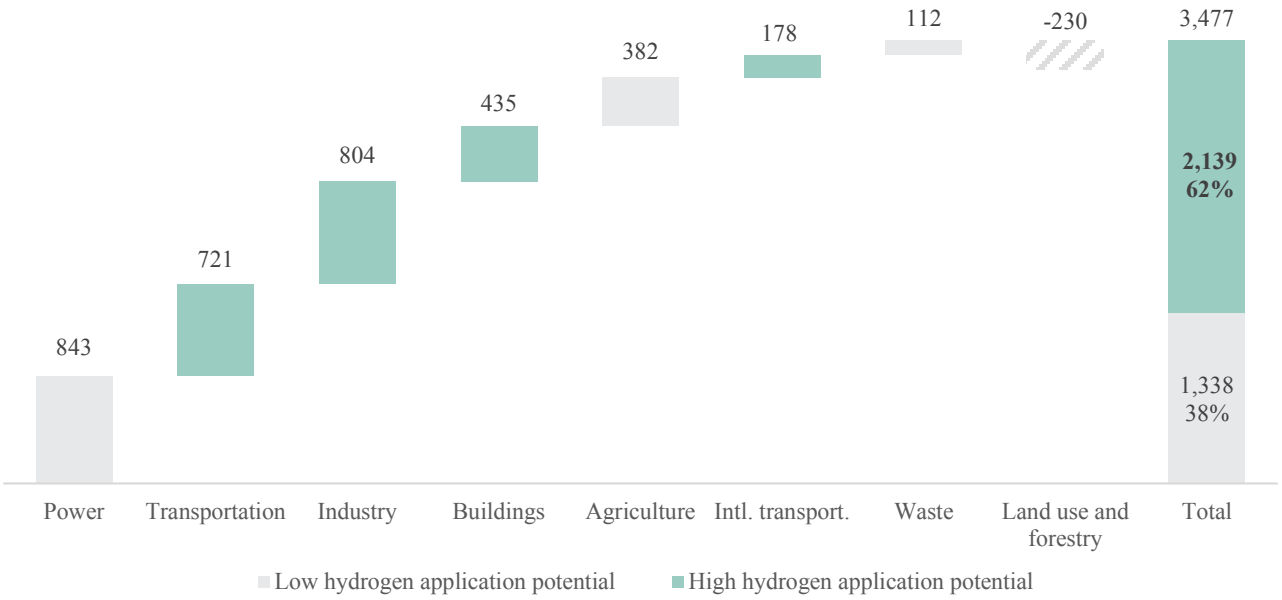
Power generation in the EU is projected to go through a swift decarbonisation journey towards reaching near-zero emissions by 2050. Furthermore, the path to reach an emissions free economy is anticipated to require large-scale electrification, which will, all else equal, require an increase in overall energy production. Such a shift to, and scale-up of, a renewables-based energy system presents a number of challenges – of which the foremost will be bridging renewable energy supply with variable energy demand and grid stability[32].

With its qualities as an energy carrier, green hydrogen may replace fossil fuels as an energy production buffer and act as a grid stabiliser to bridge the gap between supply of renewable energy and electricity demand from end-users in both a geographic and temporal sense. As an example, renewable energy can be generated at large offshore wind farms in the North Sea or at solar power plants in Northern Africa and be converted to hydrogen, which can more easily be transported and distributed. The hydrogen can then be re-converted to energy for end-users based in the EU or elsewhere. Additionally, hydrogen can be produced from excess renewable energy when the supply is high and then be stored for later use with limited loss of energy during the storage phase (not counting the energy lost in electrolysis and catalysis processes).

14.2.6 The CO_2 abatement potential of green hydrogen

By achieving a central position in the energy system, green hydrogen holds significant decarbonisation potential. Figure 4 outlines the sectoral contribution to total CO_2 equivalent emissions in the EU in 2020.

Figure 4: EU-27 sectoral shares of all greenhouse gas emissions (Mt CO_2 equivalent) in 2020[33]

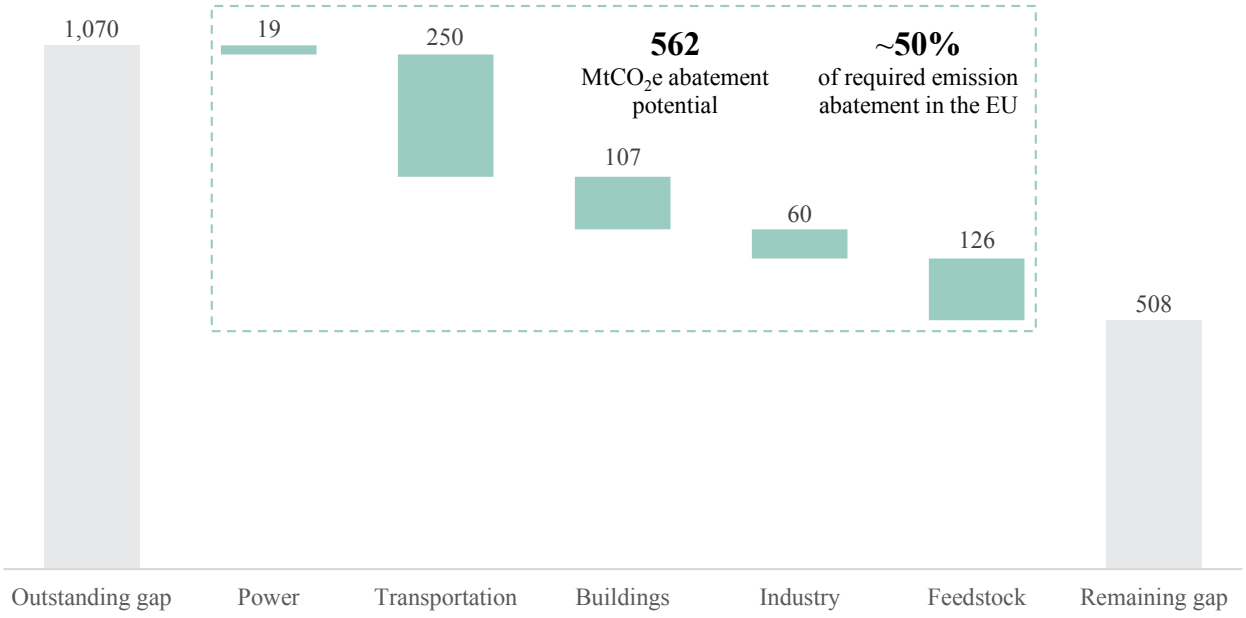


The sectors in which green hydrogen is considered to hold the highest application potential, namely industry, transportation and buildings, accounted for approximately 62% of CO_2 equivalent emissions in the EU in 2020. It should be noted that this is a representation of where hydrogen could potentially find application and not that hydrogen is expected to replace all other sources of energy or energy carriers in each segment.

[32] McKinsey – Net-zero Europe (2020).
[33] EEA greenhouse gasses – data viewer (2021).

In the perspective of reaching the goal of net-zero emissions in the EU, including green hydrogen as an integral part of the EU energy system would represent a significant contribution to bringing down EU CO_2 emissions. Towards 2050, the EU must reduce its total annual emissions to approximately 770 Mt CO_2 to reach a two-degree consistent scenario. According to the Reference Technology Scenario of the International Energy Agency, the energy- and climate-related commitments by the EU member states, which primarily relate to energy efficiency, were in 2019 estimated to hold abatement potential to reach approximately 1,840 Mt CO_2 per year. This would imply a remaining gap of 1,070 Mt CO_2 to reach annual target emissions of 770 Mt CO_2, which would then require additional efforts beyond commitments of the EU and member states[34].

Figure 5: CO_2 abatement potential of green hydrogen by segment in the EU, 2050 (Mt CO_2 equivalent)[35]



As illustrated by Figure 5, low-carbon hydrogen is estimated to be capable of contributing up to 562 Mt CO_2e in abatement potential, corresponding to approximately 50% of the abatement gap. It should be noted that this represents the most ambitious scenario for hydrogen application. Furthermore, while the direct impact of low-carbon hydrogen on CO_2 emissions from power generation is minor, the more systemic role of hydrogen as a power buffer and grid stabiliser connecting supply and demand of renewable energy would enable the shift towards a higher proportion of power generation from renewable energy sources.

14.3 Drivers and indicators of momentum in the market for green hydrogen

In the past, hydrogen has seen peaks of interest, though a large-scale adoption of green hydrogen in industry and energy infrastructure has not been established yet. Today, green hydrogen is enjoying swiftly growing attention in the EU and globally. Key drivers and indicators of this momentum in the green hydrogen sector include, inter alia:

1. Societal and political pressure to limit CO_2 emissions.
2. Regulatory amendments and execution of national hydrogen strategies.
3. Increased focus on Energy supply in EU and US.
4. Surge in planned projects and growing industry alliances supporting large investments.
5. Decreasing cost of green hydrogen.

Each of these are described below.

14.3.1 Societal and political pressure to limit CO_2 emissions

The issues of GHG emissions are believed to potentially have wide-reaching global consequences, including, but not limited to, increased volatility and amplification of extreme weather, heightening water levels resulting in coastal flooding, stronger climate

[34] FCH JU – Hydrogen Roadmap Europe (2019).
[35] FCH JU – Hydrogen Roadmap Europe (2019). Estimated CO2 reduction required to reach a 2-degree consistent pathway in Europe as set out by the Paris Agreement.

change-induced refugee migration, increased water scarcity, adverse impact to crop nutrition yield and ecosystem loss with further repercussions to global food security and water systems[36]. With the severity of such consequences, awareness and pressure for climate action is growing in the general public.

In response to such growing awareness and pressure for climate action, global governments are increasingly pushing for stronger policy action to limit GHG emissions and particularly CO_2 emissions.

In addition to national policy action, multilateral efforts to enable the decarbonisation of specific sectors of the economy are further being established.

14.3.2 Regulatory amendments and execution of national hydrogen strategies

Governments are increasingly recognising the potential role hydrogen can play in reaching GHG emission reduction targets, particularly in decarbonising sectors that would otherwise be nearly impossible to decarbonise[37]. As a result, governments across the EU and globally are implementing a growing number of tangible policies promoting green hydrogen. Almost all EU member states have included plans for green hydrogen in their National Energy and Climate Plans, and quite a few member states have included hydrogen in the context of their alternative fuels infrastructure policy frameworks. Lastly, several have already adopted national strategies or are in the process of adopting one[38]. Outside the EU, countries such as the UK, US, China, India and UAE have adopted national strategies supporting large-scale adoption of hydrogen following the trace of other countries such as South Korea, Japan, Australia and Chile.

The U.S. adopted the U.S. Inflation Reduction Act ("**IRA**") in August 2022. The IRA represents a significant climate legislation and a large investment in climate and clean energy solutions, and is designed to reduce the U.S. CO_2 emissions by 50% already in 2030. The clean energy provisions in the IRA seek to incentivise a broad cross-section of technologies to reduce emissions and strengthen energy reliability and security, and it gives clean (e.g. green) hydrogen a prominent role. With provisions aimed at reducing manufacturing and mining costs, incentivising clean energy production, and implementing a clean hydrogen production tax credit of up to USD 3 per kilogram, the IRA is expected to have a profound impact on the development of clean hydrogen, particularly green hydrogen produced from renewables, at the expense of grey hydrogen.

In addition to the individual national hydrogen strategies, international unions are dedicating spending and setting targets at an aggregated level. The EU approved the Green Deal in 2020 to stimulate spending to green transition projects. A focal point of the EU Green Deal is an aggregated hydrogen strategy for the EU, which comprises the following phases:[39]

1. A first phase from 2020 to 2024 with a strategic objective to install at least 6 GW of green hydrogen electrolysers in the EU and the production of up to 1 Mt of green hydrogen.
2. A second phase from 2025 to 2030 with an objective to install at least 40 GW of green hydrogen electrolysers by 2030 and the production of up to 10 Mt of green hydrogen. Furthermore, the EU will actively promote opportunities for cooperation on green hydrogen production in neighboring countries and regions, aimed at establishing 40 GW in additional electrolyser capacity.
3. A third phase from 2030 to 2050, in which green hydrogen should reach maturity and be deployed at large scale to reach all hard-to-decarbonise sectors, where alternatives might not be feasible or have higher costs.

In 2020, The European Commission estimated that reaching the hydrogen targets for 2030 will require investments in electrolysers of between EUR 24-42 billion. Over the same period, EUR 220-340 billion is estimated to be required to scale up and directly connect 80 to 120 GW of solar and wind energy production capacity to feed the electrolysers. To support such investment levels, the European Clean Hydrogen Alliance has further been established to coordinate the efforts of political forces and the industrial hydrogen value chain[40].

Furthermore, the EU Green Deal was complemented by the REPowerEU plan in 2022, a response to the need of ending EU's dependence on Russian fossil fuels as well as tackle the climate crisis. The measures in the REPowerEU plan cater to this and accelerate the Green Deal ambitions, through planned energy savings, diversification of energy supplies, and accelerated roll-out of renewable energy to replace fossil fuels in homes, industry and power generation. With the publication of the REPowerEU plan, the European Commision completed the implementation of the European hydrogen strategy while further increasing the European ambitions for renewable hydrogen as an important energy carrier[41]:

- Ambition to produce 10 Mt and import 10 Mt of renewable hydrogen in the EU by 2030 – a substantial increase from the 5.6 Mt foreseen within the revised Renewable Energy Directive – under a hydrogen accelerator concept.

[36] C40 - Summary for Urban Policy Makers – what the IPCC Report on Global Warming of 1.5°C Means for Cities (2018).
[37] Hydrogen Council – Path to Hydrogen Competitiveness (2020).
[38] European Commission – A hydrogen strategy for a climate-neutral Europe (2020).
[39] From European Commission – A hydrogen strategy for a climate-neutral Europe (2020).
[40] European Commission – A Hydrogen Strategy for a Climate-Neutral Europe (2020).
[41] European Commission – REPowerEU (2022).

- The focus of actions to achieve the reiterated ambition is to accelerate the uptake of renewable hydrogen, ammonia and other derivatives in hard-to-decarbonise sectors, such as transport, and in energy-intensive industrial processes. Scaling up the development of hydrogen infrastructure and supporting hydrogen investments are also identified as key areas to support hydrogen uptake in the EU.

In early 2023, the EU Green Deal Industrial Plan was presented as a response to IRA with the goal of enhancing the competitiveness of Europe's net-zero industry ambition and to support the fast transition to climate neutrality. The core of the Green Deal Industrial Plan is to promote the creation of a more supportive environment for deploying the clean tech manufacturing capacity required to meet the EU's ambitious green targets, and it is complementing the already ongoing efforts under the European Green Deal and REPowerEU. The Green Deal Industrial Plan relies on four pillars: 1) A predictable and simplified regulatory environment, 2) Speeding up access to finance, 3) Enhancing skills and 4) Open trade for resilient supply chains[42].

In addition to direct subsidies and investments, the EU and national governments are further taking steps to ensure a well-functioning market for green hydrogen. Such steps include, among others, the introduction of uniform classification and certification schemes to enable the development of green hydrogen as a commodity, expected changes to CO_2 quotas for emissions from hydrogen production, review of tariffs on renewable energy along with fees and tariffs on fossil fuels.

14.3.3 Increased focus on energy supply, strategic technology and critical raw materials

Disruptive energy markets and uncertainty around global supply chains have pushed for an increased focus on security of energy supply in the EU. The war in Ukraine disrupted the energy system all over the world, calling for an action to obtain independence from Russian fossil fuel supply. The EU Commission launched the REPowerEU plan, a joint European action for more affordable, secure and sustainable energy supply system by accelerating the green transition and ensuring a truly interconnected and resilient EU energy network that will provide energy security for all.

In March 2023 the European Commission proposed a new Net-Zero Industry Act as a framework of measures for strengthening Europe's net-zero technology products manufacturing capacity that are key to meet the EU's climate neutrality goals and ensure a resilient decarbonised European energy system.

The Net-Zero Industry Act address the core drivers of net-zero technology manufacturing investments through improved investment certainty, lowered administrative burdens, specific measures related to public procurement, regulatory support and enhanced skills within net-zero technologies, including electrolysers[43].

Furthermore, the European Commission also proposed new legislation under the European Critical Raw Materials Act with the aim of increasing and diversifying its critical raw materials supply to secure stability and independence, strengthen circularity and support research and innovation. The European Critical Raw Materials Act is designed to reinforce EU monitoring capacities and strengthen both the EU value chain – through the identification of mineral resources and raw materials projects in the EU's strategic interest, with strong environmental protection – and EU external policies on critical raw materials[44].

The two proposed regulations will be discussed and agreed by the European Parliament and the Council of the European Union before its adoption and entry into force.

14.3.4 Surge in planned projects and growing industry alliances supporting large investments

While governments have been developing specific hydrogen strategies, expanding industry associations further provide evidence of the growing demand for hydrogen. One such association is the Hydrogen Council; a global initiative consisting of energy, transport and industrial companies with a vision and ambition for hydrogen to drive the ongoing energy transition.

The combination of significant political interest and industrial support is driving a surge in new green hydrogen investment plans and project announcements. According to Hydrogen Europe, the total planned electrolysis capacity of green hydrogen projects announced in Europe is estimated to reach around 31 GW by 2025 (379 projects), 139 GW by 2030 (628 projects), and 191 GW of electrolyser installed power by 2040 (644 projects). The capacity of planned projects has increased significantly in size over the past two years, with only 9 GW of planned projects estimated in 2020 to be online by 2030, revealing a more than 15 times increase in planned projects since then. The recent surge in planned projects, has led to a capacity of planned projects with expected delivery by 2030 that, in the event of realisation, would be sufficient to reach the ambitious REPowerEU target of 10 Mt. The development reflects a continued commitment from the EU, national governments, and industry to decarbonise the European economy using power-to-hydrogen technology and emphasises the views on the potential that the green hydrogen industry has[45]. Nonetheless, the industry has broadly experienced short

[42] European Commission – The Green Deal Industrial Plan: Putting Europe's net-zero industry in the lead (2023).
[43] European Commission – Net Zero Industrial Act (2023).
[44] European Commission – European Critical Raw Materials Act (2022).

term delays in many of the ongoing project roll-outs, which have resulted in revised start days. In 2020, the expectation was that 45 MW of electrolysis capacity would be deployed in 2021, however, actual deployment in 2021 was 33 MW. Similarly, the 2020 expectation was that 523 MW of capacity would be deployed in 2022, however, the revised expectation in 2021 was only 253 MW. By August 2022, 34 MW had been deployed year-to-date. The most cited reasons for the delays include regulatory uncertainty, lack of financial incentives, and supply chain and pandemic delays[46].

In addition to the rise in number of announced projects, the industry is also observing a strong trend towards larger electrolyser projects. The average capacity of the operational power-to-hydrogen facilities is the mere of ~1 MW and only nine projects are larger or equal to 5 MW. Comparing this to the average project size of 221 MW of the 628 projects planned to be installed between 2022 and 2030, the industry is considered to be heading towards a serious ramp-up. In between 2022 and 2030, the average project size is estimated to be 82 MW 2022-2025 and 431 MW 2026-2030, providing further evidence for the expected scale-up of the market for green hydrogen[47].

Given the scale of several of the announced projects, construction, ownership and operation is often carried out by consortia involving several private and public actors to enable the significant required investments.

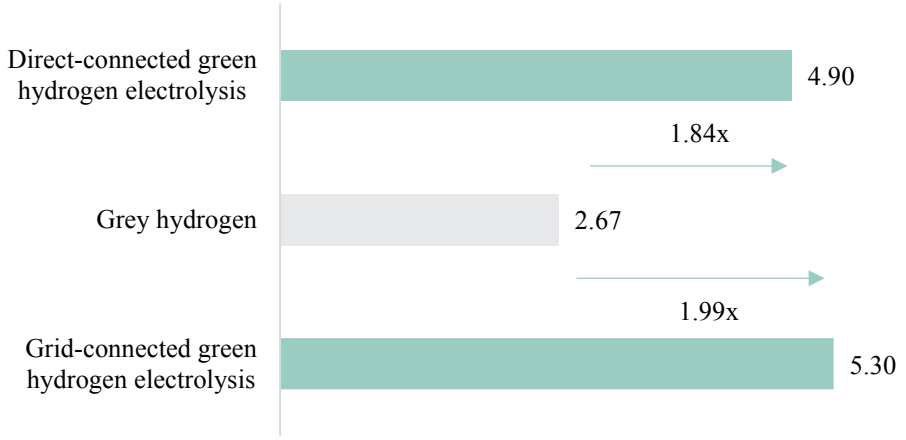
14.3.5 Decreasing cost of green hydrogen

14.3.5.1 Current level of cost of green hydrogen

A key hurdle to reaching wide-spread application of hydrogen is the higher cost of green hydrogen and derived compounds compared to the counterpart levels of fossil fuel alternatives. In particular, several end-use applications, which are expected to account for large volumes of hydrogen demand in the short term, comprise price sensitive industries exposed to global competition[48]. For that reason, it is considered unlikely that businesses would be willing to pay several times the price of fossil fuels for green hydrogen-based alternatives.

Figure 6 shows the 2021 cost gap between the price of green hydrogen and grey hydrogen that needs to be bridged to make unsubsidised electrolytic hydrogen production competitive in the EU compared to the current fossil fuel-based benchmark. As shown, the price of levelised hydrogen production costs via SMR (steam methane reforming using natural gas, i.e. grey hydrogen), was 2.67 EUR/kg during 2021 (for reference, the benchmark was estimated using an average gas price of 37.1 EUR/MWh). In comparison, the hydrogen production costs when using grid electricity in the EU during 2021 was estimated at an average of 5.3 EUR/kg (1.99x grey hydrogen costs). Furthermore, production costs from a direct connection to a renewable energy source was estimated in the span of 3.3-6.5 EUR/kg across Europe considering average solar and wind conditions on a country level, with a mid-point of 4.9 EUR/kg (1.84x grey hydrogen costs)[49].

Figure 6: Average production costs of green hydrogen versus grey hydrogen (in EU, EUR/kg)[50]



[45] Hydrogen Europe – Clean Hydrogen Monitor (2022).
[46] Hydrogen Europe – Clean Hydrogen Monitor (2022).
[47] Hydrogen Europe – Clean Hydrogen Monitor (2022).
[48] Van Ressen – Nature Climate Change – The hydrogen solution? (2020).
[49] Hydrogen Europe – Clean Hydrogen Monitor (2022).
[50] Hydrogen Europe – Clean Hydrogen Monitor (2022).

As a consequence of the dynamic environment in the energy markets recently with fluctuations in energy prices, the data points do not necessarily depict the current market level. The second half of 2021 experienced a significant increase in both natural gas and electricity prices across Europe and this price increase was even further strengthened during 2022 due to the geopolitical situation caused by the war in Ukraine. At the end of 2021, the price of natural gas was more than double at around 80 EUR/MWh, raising grey hydrogen production costs to 4.8 EUR/kg. The spike in natural gas and oil prices, however, indirectly translated into an increase in wholesale electricity prices in Europe leading to price increases for green hydrogen production as well. Nevertheless, at some points during 2022, renewable hydrogen costs were lower than the SMR benchmark (grey hydrogen production costs at more than 10 EUR/kg on 12 September 2022), however as the natural gas prices plunged across EU in second half of 2022 and early 2023, it still remains to be seen how the price parity relationship will develop short term and long term[51].

The price for Power-to-X products such as e-methanol, e-ammonia and e-kerosene generally has a larger gap to close before reaching price parity. The additional costs for production of green hydrogen-based compounds are primarily driven by investments in synthesis plants and low efficiency in the onward refinement process of green hydrogen. The future price relationship between fossil fuel alternatives and green hydrogen derived compounds is pivotal for the realisation of the potential the green hydrogen industry has.

14.3.5.2 Cost mix of green hydrogen

The unit cost of producing hydrogen, or levelised cost of hydrogen, comprises several factors. The levelised cost of green hydrogen ("**LCOH**") was estimated to primarily comprise costs for renewable electricity (54%) and associated electricity tariffs (23%) in 2020 from an industry-wide Danish perspective. In addition, capital expenditure on equipment comprised a significant share of 19%, the majority of which are associated with investments in electrolysers. Other costs, which include compression of the hydrogen (which is done to reduce storage and transportation costs), accounted 5%, while fixed costs were estimated to comprise 6%. Excess heat resulting from the production of green hydrogen can potentially be sold for use in district heating, resulting in a cost reduction of 7%. The dynamic development in the energy market since then has naturally changed the proportions of costs running into LCOH, however, as many of the input factors constantly vary, updated estimates swiftly change in this environment. Even so, a general tendency has been increased capital expenditures driven by inflation, whereas renewable electricity costs have been highly fluctuating and in general priced higher due to general increase in wholesale electricity prices around Europe[55].

14.3.5.3 Local LCOH variance

The LCOH varies significantly between countries, especially if the electrolyser is connected to the electric grid and therefore dependent on grid electricity prices and associated tariffs and taxes. The hydrogen production costs using grid electricity in the EU was in 2021 estimated in the range of 3.0-9.7 EUR/kg[56].

If the electrolyser can be connected directly to a renewable energy source, the LCOH will be free from grid costs, tariffs and taxes. However, the LCOH will instead depend on the capacity factor of the renewable source it is connected to. For an example, an electrolyser connected to a solar power source in Northern Europe would receive significantly fewer full load hours relative to a solar power source in Southern Europe and would therefore have a higher LCOH. Given such differences, estimated LCOH with a direct connection to renewable sources varies significantly between geographies, and for the case of 2021 in the EU a cost range of 3.3-6.5 EUR/kg was estimated[57].

14.3.5.4 Decreasing cost of renewable energy

As electricity comprises the largest share of LCOH for green hydrogen, the price development of renewable energy is of particular interest in the journey to achieving cost parity with fossil fuelled alternatives. As an example, over the past decade, the general cost of solar wind power is estimated to have decreased by 77% in EU[58]. A similar reduction in the cost of onshore wind in the EU has been seen. This means that renewable energy production technologies are now cheaper than their fossil fuel or nuclear alternatives in several areas. This downward cost trajectory for renewables is expected to continue and drive further expansion in the availability of renewable energy sources[59].

[51] Hydrogen Europe – Clean Hydrogen Monitor (2022).
[52] Dansk Energi – Anbefalinger til en dansk strategi for power-to-X (2020).
[53] Power price assumption of 244 DKK/MWh
[54] EA Energianalyse – Brint og PtX i fremtidens energisystem (2020).
[55] Company view
[56] Hydrogen Europe – Clean Hydrogen Monitor (2022).
[57] Hydrogen Europe – Clean Hydrogen Monitor (2022).
[58] Hydrogen Europe – Clean Hydrogen Monitor (2022).
[59] Hydrogen Council – Path to Hydrogen Competitiveness (2020), Hydrogen Europe – Clean Hydrogen Monitor (2022), and Bloomberg NEF – 2H 2022 Hydrogen Levelised Cost Update (2022).

14.3.5.5 Decreasing levelised cost of green hydrogen

While the prospective LCOH development is subject to uncertainty there is a prevailing view that LCOH will decline over time.

At an industry-level and in a Danish setting, the levelised cost of green hydrogen was estimated in 2020 to decline by approximately 51% towards 2040. This cost decrease was primarily expected to be driven by lower electricity costs (accounting for 82% of the cost improvement), lower tariffs (accounting for 29%) and lower capital expenditure (15%). Meanwhile other costs, including fixed costs and costs to compression were expected to increase. Similarly, total LCOH was expected to decline by approximately 10% by 2025 compared to 2020[60].

The electricity component of LCOH comprises a product of the amount of electricity consumed and the unit price of such electricity. Of these, electricity consumption is affected by the efficiency of the electrolyser (that is, an increased conversion rate of electricity to hydrogen), while the unit price of electricity is determined by the energy trading market. Hence, the expected decline in the electricity cost component is the result of a combination of increasing electrolyser efficiency, along with decreasing renewable electricity prices. The decreasing average price of electricity is primarily derived from an increased ability to purchase electricity at times when prices are low (that is, avoiding full-load hours where electricity grids can absorb and distribute 100% of the electricity being generated). Decreasing capital expenditure is primarily expected to be achieved through the widescale commercialisation and scale-up of electrolyser manufacturing, along with economies of scale effects from civil works, buildings, and systems packaging. Increasing costs to compression and fixed OPEX derive from the assumption that operating with fewer full-load hours (to achieve lower electricity costs) will imply a relatively lower hydrogen output. Fixed OPEX and compression, which are less variable, will then have to be distributed among a lower output, driving up price per kg[61].

14.3.5.6 The cost parity pathway for green, grey and blue hydrogen

With LCOH for green hydrogen expected to decrease considerably, green hydrogen is expected to reach price parity with blue and grey hydrogen in the future. The exact timing for price parity is contingent on both the exact development in the components of LCOH for green hydrogen, as well as whether grey and blue hydrogen will be allocated CO_2 quotas in the future. In addition, the timing varies between geographies and end-use cases. As described earlier, green hydrogen outcompeted natural gas in various local markets during 2022 on an energy-equivalent basis due to high natural gas prices, however, gas prices have recently been seen falling again to a lower level. There are expectations in the market that green hydrogen will be price competitive with blue hydrogen in all markets by mid 2030s and grey hydrogen in all markets by mid 2040s.

Currently, grey and blue hydrogen receive free CO_2 quotas under the EU's Emissions Trading System. The EU is currently reviewing how these quotas should be allocated in the future. This would entail that production costs of grey and blue hydrogen would have to include a quota price, which would lead to a substantial price increase for grey and blue hydrogen[62].

14.3.5.7 The trajectory for hydrogen cost-parity in end-use applications

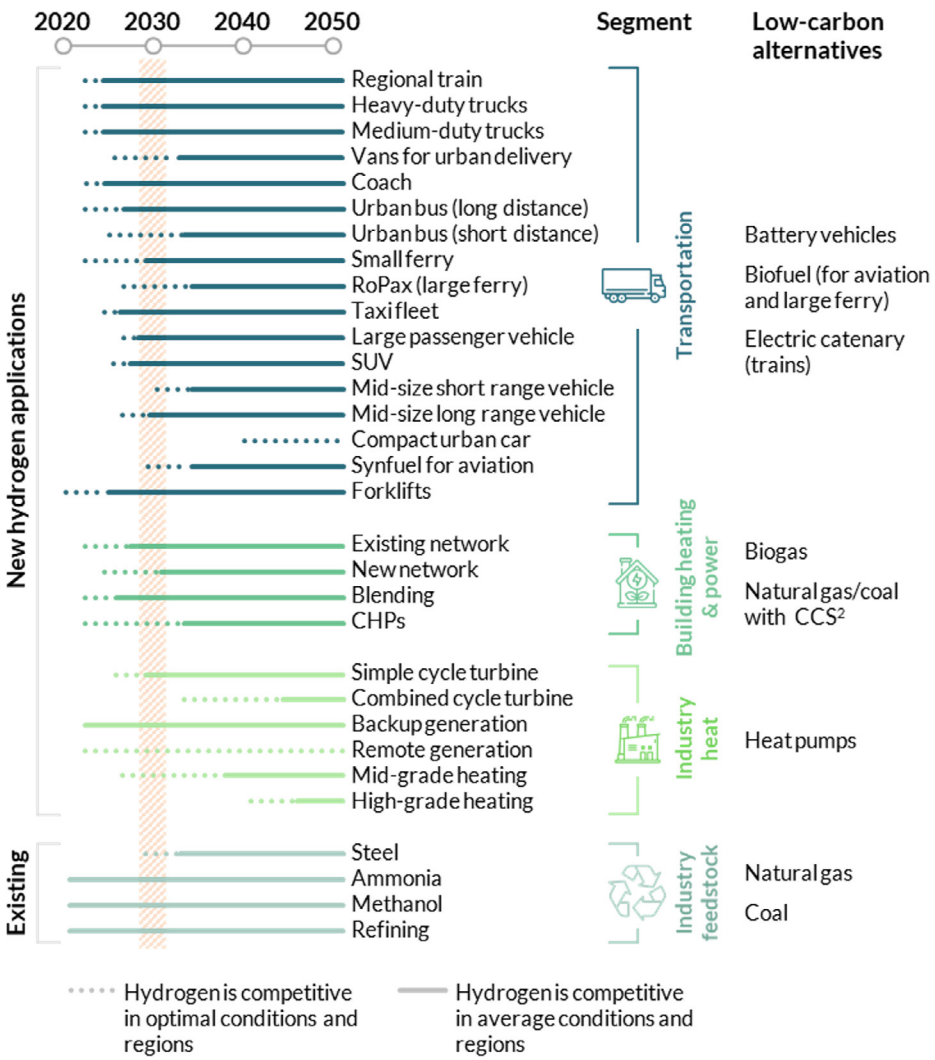
Total cost of ownership in end-use applications comprises both LCOH, as well as distribution and end-use equipment costs. In addition to the decreasing levelised cost of green hydrogen, improvements across all parts of the value chain are anticipated as a result of continuous downstream scale-up, higher pipeline network utilisation, increased utilisation at hydrogen refuelling stations and industrialisation of fuel cell and hydrogen tank manufacturing. Altogether, this is expected to increase the cost competitiveness of green hydrogen applications over time[63].

Figure 7 shows the point at which low-carbon hydrogen (either green or blue hydrogen) in 2020 was expected to become cost-competitive with the best available low-carbon solution for 31 different use-cases. While the exact timing of cost-parity is subject to change, e.g. due to energy price fluctuations, the illustration is deemed relevant for gaining an overview of the road to cost-parity in the numerous end-use application areas.

For industry feedstock applications (excluding steel production), low-carbon hydrogen has already passed the break-even point, since no low-carbon alternative to using blue or green hydrogen exists. It should be noted that this does not imply that low-carbon hydrogen will reach cost competitiveness with conventional fuels at the same time.

[60] EA Energianalyse – Brint og PtX i fremtidens energisystem (2020).
[61] EA Energianalyse – Brint og PtX i fremtidens energisystem (2020).
[62] Dansk Energi – Anbefalinger til en dansk strategi for Power-to-X.
[63] Hydrogen Council – Path to Hydrogen Competitiveness (2020).

Figure 7: Hydrogen trajectories towards cost-parity with other low-carbon options[64]



The break-even point for low-carbon hydrogen applications depends on the region, as each region has unique energy prices, infrastructure readiness and policy frameworks to support scale-up and regulation of hydrogen.

Within a relatively short time horizon (towards 2025), low-carbon hydrogen could become competitive in transportation, particularly for larger vehicles with long range uses (including busses, trains, trucks and taxi fleets) and forklifts. In these applications, the primary competing technology (battery electric vehicles) is too costly to be a viable alternative. In addition to transportation, heating for buildings with low-carbon hydrogen can become more prevalent when hydrogen is mixed with natural gas in the existing gas networks. In this initial period, all low-carbon hydrogen applications will likely continue to struggle to compete with fossil fuels and grey hydrogen on pricing. Some of the expected cost-parities have already or are starting to materialise as we are approaching 2025.

By 2030, low-carbon hydrogen is expected to have reached cost-parity with other low-carbon options in 22 out of the 31 use-cases. These 22 applications are estimated to account for approximately 15% of global energy consumption today with examples including commercial vehicles, trains and long-range transport, which are expected to reach cost-parity due to relatively low end-use equipment and refuelling costs. Furthermore, hydrogen boilers are estimated to be competitive against other low-carbon alternatives for building heat, especially for existing buildings served by the natural gas networks. In nine use-cases, low-carbon hydrogen is further expected to be competitive with conventional fuels, including in heavy-duty trucks, coaches with long range requirements and forklifts. In the longer term (towards 2050), most low-carbon hydrogen applications are assessed to become competitive against other low-carbon alternatives.

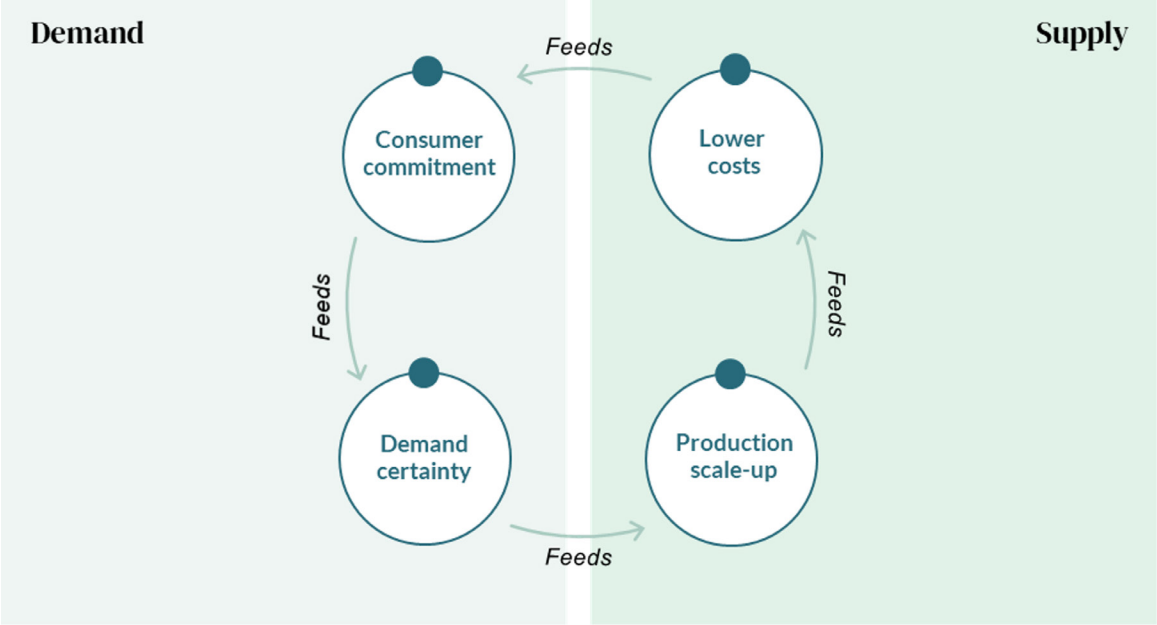
[64] From Hydrogen Council – Path to Hydrogen Competitiveness (2020).

14.4 The size of the markets for green hydrogen and electrolysers and outlook

While governmental, intergovernmental, and industrial interest across the globe in green hydrogen are experiencing significant momentum, the current markets for green hydrogen and electrolysers remain at a nascent stage with limited current sales volumes[65]. The expansion of the market for green hydrogen is considered to contain a structural "chicken or egg" paradox, as the existing market has neither significant manufacturing of electrolysers nor established downstream demand for green hydrogen nor derived synthetic fuels. Hence, in order to grow, the market requires the simultaneous scaling of both the demand and the supply side, both of which are intrinsically dependent on the other[66].

The paradox arises as, without external support or other incentives, buyers of green hydrogen or e-fuels are not likely to demand such fuels or commit to necessary investments in infrastructure and end-use applications until the price of green hydrogen or derived products reach proximity with its alternatives. However, such price proximity cannot be achieved until production has reached a sufficient level of industrial scale. Meanwhile, the investment into reaching such industrial scale will not take place until suppliers have an adequate degree of consumer commitment and certainty for the downstream demand for their products. This paradox is illustrated in Figure 8.

Figure 8: The green hydrogen paradox[67]



Solving this inherent market circularity is deemed to require outside support and investment from both private and public sources[68]. On the demand side, the currently observed expansion in industrial interest and growth in governmental support (in the form of defined national hydrogen roadmaps and expected revision of CO_2 quotas on grey hydrogen and fees and tariffs on fossil fuels) is considered to be creating increasingly tangible consumer commitment and demand certainty. However, additional investments in infrastructure and increased maturity of end-use applications are required to ensure the continued adoption of green hydrogen and e-fuels. Furthermore, as significant future demand is expected to come from price-sensitive industries, sustained consumer commitment continues to require a clear trajectory to price parity.

Generally, the pace of transition for the demand side, including the maturity of end-use applications, is anticipated to be more accelerated than the expected timeframe for establishing the required renewable energy and electrolyser capacity[69]. Hence, investments in electrolyser capacity and the capacity to manufacture and assemble such electrolysers, need to be taken in anticipation of not simply the current demand, but expectation of a continued increase in demand several years into the future. For that reason, suppliers of electrolysers, including the Company, are currently in the process of significantly expanding their manufacturing capacity.

[65] Hydrogen Europe – Green Hydrogen for a European Green Deal – A 2x40 GW Initiative (2020).
[66] Dansk Energi – Anbefalinger til en dansk strategi for Power-to-X (2020).
[67] Based on Power-to-X paradox as described by Dansk Energi – Anbefalinger til en dansk strategi for Power-to-X (2020).
[68] Hydrogen Council – Path to Hydrogen Competitiveness (2020) and van Ressen – Nature Climate Change - The hydrogen solution? (2020).
[69] Dansk Energi – Anbefalinger til en dansk strategi for Power-to-X (2020).

14.4.1 Current and estimated demand for green hydrogen and forecasted production capacity

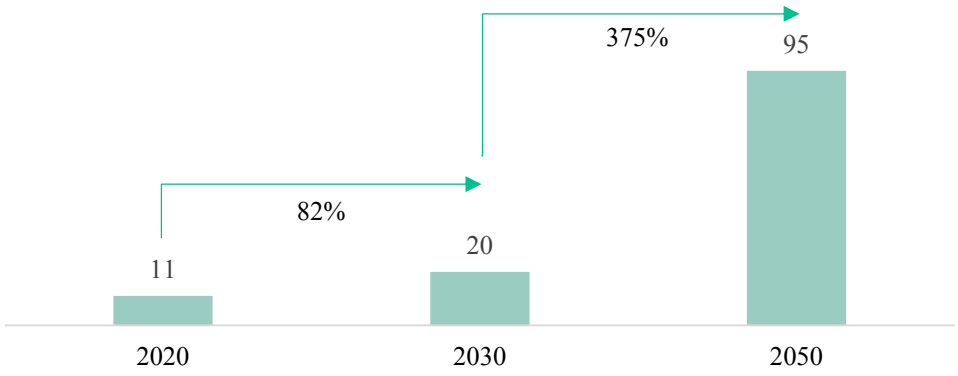
While the Company considers its target market to be global in nature, the European market represents both an important driver in the global development of green hydrogen and is generally well-documented. Therefore, Europe comprises the focal point of the following section on estimated demand. However, it should be noted that the Company considers its potential market to be larger and further believes that the general trend in demand expected in Europe is likely to be observed on other focus markets as well.

14.4.1.1 Demand for green hydrogen in Europe

The demand for hydrogen in Europe was estimated at approximately 11 Mt in 2020, primarily for use as feedstock in industrial processes, such as ammonia production and oil refining[70]. However, emerging hydrogen consumption in multiple sectors as part of the ongoing green transition efforts is expected to drive significant growth in total hydrogen demand and in particular demand for green hydrogen[71].

In 2021 the total consumption of hydrogen in Europe was estimated to reach 95 Mt in 2050, all of which is expected to be blue or green hydrogen. This is around 9 times the level of consumption of grey hydrogen in 2020[72]. In addition, the total demand in Europe in 2030 was estimated to reach 20 Mt of hydrogen per year, with the majority expected to be blue or green hydrogen.

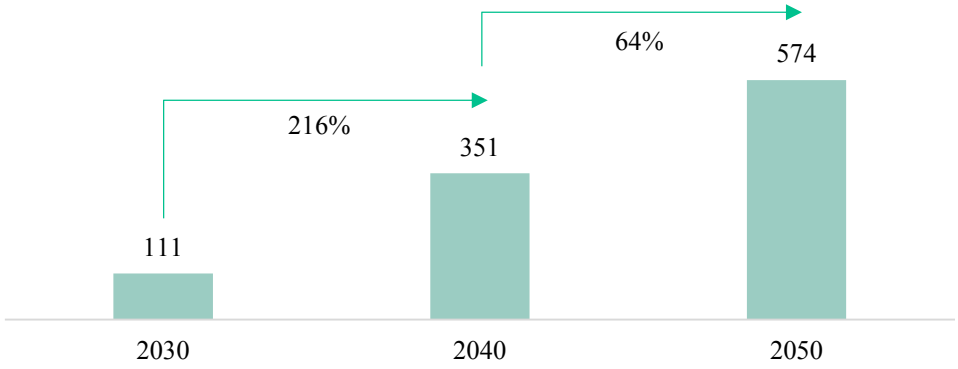
Figure 9: Hydrogen demand in Europe (Mt)[73]



Forecasted electrolyser capacity in Europe

Realising the growing demand for green hydrogen will require a nearly exponential expansion in electrolyser capacity towards 2050. From a modest electrolysis capacity in 2022 at approximately 162 MW or 29 Kt[74], the EU has an ambition of producing ten Mt of green hydrogen by 2030, and additionally import ten Mt of green hydrogen. DNV has made predictions on how much electrolysis capacity Europe is expected to be able to reach over time. As Figure 10 shows, 111 GW of electrolyser capacity is expected in 2030, producing 6.6 Mt hydrogen at the regional operating hours average of 3,000 hours/year, falling short on the 10 Mt ambition by 2030 in its REPower EU plan[75].

Figure 10: Electrolyser capacity in Europe (GW)[76]



[70] Dansk Energi – Anbefalinger til en dansk strategi for Power-to-X (2020).
[71] McKinsey – Net-Zero Europe (2020).
[72] McKinsey – Hydrogen for Net-Zero – A critical cost-competitive energy vector (2021).
[73] 2020 estimate from: Dansk Energi – Anbefalinger til en dansk strategi for Power-to-X (2020), 2030 and 2050 estimates from: Hydrogen for Net-Zero – A critical cost-competitive energy vector (2021).
[74] Hydrogen Europe – Clean Hydrogen Monitor (2022).
[75] DNV – Hydrogen Forecast to 2050 (2022).
[76] DNV – Hydrogen Forecast to 2050 (2022).

14.4.1.2 Growth in electrolyser manufacturing capacity

To supply the growing demand for green hydrogen, the Company and other electrolyser manufacturers are in the process of scaling their manufacturing and assembly capacity. Despite the expected industry-wide expansion of electrolyser manufacturing capacity, it is the Company's belief that demand is likely to grow at a faster rate than supply. Hence, the Company considers it to be likely that a future shortfall in the supply of electrolysers relative to demand will be observed.

14.5 Competitive dynamics and landscape

The competitive landscape for electrolysers is characterised as being relatively immature and in swift development. Currently, the Company's competitors, comprised primarily of companies based in the EU and the UK, are in the process of scaling their electrolyser manufacturing capabilities in order to meet expected surges in demand for electrolysers and electrolysis systems. While this, along with the potential entry of new competitors, would imply increasing competitive pressure in the market, the Company does not necessarily see this as a constraining factor for the Company's development. Rather, the Company believes increased competitor activity, which contributes to the total manufacturing capacity in the electrolysis industry, is likely to increase the downstream confidence in the hydrogen industry as a whole and drive additional demand certainty.

14.5.1 Competitor types

Existing electrolyser manufacturers vary widely in terms of both company size, maturity and operational focus; some are or form part of larger and more diversified conglomerates, of which electrolyser manufacturing is a smaller part of a larger product offering. Meanwhile, other companies, such as Green Hydrogen Systems, are so called original equipment manufacturers ("**OEMs**") focusing solely on manufacturing electrolysers for use in the green hydrogen sector (so-called "pure-players") and are typically significantly smaller on a total revenue basis. The Company generally encounters a broad range of competition ranging from other pure-players to players from part of larger industrial conglomerates. However, there is still a tendency for larger corporations and industrial conglomerates to bid on projects that are more intrinsically tied to their existing value chains. Nevertheless, Green Hydrogen Systems expects to encounter even stronger competition from larger and more diversified competitors going forward as the Company, as well as other pure-players, increasingly focus on larger projects. In particular, Germany-based Siemens, Belgium-based John Cockerill, US-based Plug Power and US-based Cummins have increased their activity on the Company's focus markets within the same project types as those pursued by the Company. At this stage of market maturity, when competing for certain projects, larger competitors are considered to benefit from having the support and financial strength from a larger group and irrespective of technology or offering they can be, from the perspective of the buyer, perceived less risky to trade with and considered a more reliable supplier. Prospectively, it is the expectation that this risk aversion bias will be gradually eliminated if and as the pure-players gain traction in the market and prove their technologies.

A few of the Company's competitors have based their product offering on technology produced ©n China via JVs or outsourced manufacturing facilities. Such include Norwegian Hydrogen Pro and Belgian John Cockerill for the global sale of pressurised alkaline electrolysers. It is the Company's impression that these companies are in the process of expanding their activities on markets similar to the Company's focus markets.

While the Company is focused solely on manufacturing, assembling, installing and servicing electrolysers, some pure-play green hydrogen players have further diversified their product offering to include downstream applications. These include Nel, ITM Power and McPhy, all of which have included hydrogen refuelling stations to their product offering.

While the above is a current picture of the competitive landscape, development in the industry is moving fast and competitors are generally actively seeking to improve their current product ranges and / or develop new and more efficient products.

14.5.2 Competitor technology choices

Competitors vary in their choice of technology across the three most mature electrolyser technologies: Atmospheric alkaline, pressurised alkaline and polymer electrolyte membrane electrolysis ("**PEM**"). While the Company itself is focused solely on pressurised alkaline, competition with the other technologies is frequent as all three can often be utilised in the same downstream application areas. On a European level, only 22% of the projects in 2022 had announced their electrolyser technology. When considering these, 29.0% of projects announced for delivery towards 2030 plan to use alkaline, 61.6% plan to use PEM and 9.4% plan to use Solid Oxide Electrolyser Cells ("**SOEC**") or another technology. Of these announced projects, PEM is frequently planned for use in smaller projects. The PEM technology's share of planned capacity is only 32.0%, while 60.9% of the capacity is planned to be provided by alkaline and 7.1% by SOEC or another technology[77]. As each technology has its advantages and disadvantages in different applications and demand is expected to significantly outweigh supply, the Company does not view it as likely that one technology will outcompete the others in the short term. The Company has previously offered a PEM solution, however, as the Company considers pressurised alkaline to hold stronger competitive advantages, the PEM offering has been phased out.

[77] Hydrogen Europe – Clean Hydrogen Monitor (2022).

Some competitors have elected to focus on several technologies. As an example, Nel has historically manufactured both atmospheric alkaline and PEM electrolysers and is in the process of developing a pressurised alkaline solution. Similarly, McPhy is primarily focused on pressurised alkaline, but has a smaller PEM-offering, and Sunfire focused on solutions based on pressurised alkaline and SOEC. Other pure-play competitors focus on only one technology, i.e. ITM Power specialised in PEM electrolysers and Hydrogen Pro specialised in pressurised alkaline solutions.

Among the larger and more diversified competitors, there is a tendency to focus solely on one technology, with the exception of Cummins, who has both a pressurised alkaline and PEM offering. Competitors which are solely providing PEM solutions include Siemens, Plug Power, H-Tec, and Areva H_2Gen, whereas Asahi Kasei and Thyssenkrupp offer atmospheric alkaline solutions, and John Cockerill relies on pressurised alkaline technologies.

The above-mentioned companies are the most frequently observed competitors of Green Hydrogen Systems. It should be noted that identities and number of competitors may change quickly and vary over time and between geographies as the Company and the market progress.

14.5.3 Competitive pressure beyond current landscape

In terms of new entrants into the market, the Company believes the electrolysis industry has several barriers to entry. These include:

- The costly and time-consuming development of technology along with long go-to-market timeframes from development to commercialisation. Several companies in the electrolyser market are well-established companies with long operating histories of which several years have been dedicated to technology development and commercialisation.
- The highly specialised knowledge of production processes and output efficiency optimisation, which is built through years of trial-and-error development and therefore difficult to replicate.
- Individual parts of electrolysers, such as electrodes and diaphragms, have solid potential for being patented and several existing players, including the Company, pursue an active patent strategy. The Company believes that the existence of such patents can limit the ability of new entrants to enter the market.

However, given the significant estimated demand growth in the market, the Company deems it likely that new entrants beyond the current landscape will seek to enter the market. At present, the Company considers the most likely sources of such increased competitive pressure to be: new electrolyser technologies (as elaborated on in section 14.2.3.3 (*Green hydrogen*)), entrants from other geographies and other low-carbon technologies, each as described below.

14.5.3.1 Entrants from other geographies

While the Company's current target market primarily is served by European electrolysis manufacturers, the Company considers it likely that manufacturers from other geographies would consider increasing their activity on the Company's target markets.

Outside the Company's focus markets, China particularly is considered a likely future challenger within green and electrolysis technology and hydrogen development. This is especially due to the size of the Chinese home market, along with an active domestic hydrogen strategy. While the Company is experiencing increased activity from European manufacturers importing Chinese technology, the Company has experienced limited to no direct competition from Chinese manufacturers. In a future more mature market, the Company considers it likely to see some direct Chinese competition.

Furthermore, with the adoption of the IRA it is likely that US players will benefit from a larger domestic market, and that new competitors from the U.S. will emerge.

14.5.3.2 Other low-carbon technologies

In terms of potential low-carbon substitutes for green hydrogen, the Company views blue hydrogen as the most likely competing technology. Although it is an emerging technology and the market impact is thus difficult to estimate, blue hydrogen shares nearly all advantages of green hydrogen. The primary exception is the CO_2 footprint as current carbon capture technologies cannot capture more than approximately 90-95% of the CO_2 emitted from natural gas reforming. This leaves a CO_2 footprint of approximately 1 kg CO_2 emissions per kg hydrogen produced, compared to nearly zero for green hydrogen[78]. Hence, over the longer term, green hydrogen is expected to be cheaper than blue hydrogen, as the imposition of CO_2 quotas would imply that even with limited emissions, the total cost to blue hydrogen would be driven upwards. However, it remains unclear which production method will be the most cost-effective through to 2030 and hence what the short-term influence of blue hydrogen will be[79].

[78] Dansk Energi – Anbefalinger til en dansk strategi for Power-to-X (2020).
[79] McKinsey – Net-Zero Europe (2020).

14.6 Trends

There have been no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year, except as otherwise disclosed in the Prospectus.

15. Business

Investors should read this section in conjunction with the more detailed information contained in this document, including the financial and other information appearing in sections 4 (Risk factors) and 16 (Operating and financial review).

The following commentary contains forward-looking statements. The Company's actual results could materially differ from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Prospectus, particularly under sections 4 (Risk factors) and 5 (Special notice regarding forward-looking statements).

15.1 Overview

Green Hydrogen Systems is an electrolyser Original Equipment Manufacturer ("**OEM**") and clean technology company established in 2007 and headquartered in Nordager, Kolding, Denmark. The Company develops, manufactures and assembles electrolysis solutions and related services for production of green hydrogen. The production of green hydrogen and its wide range of possible applications has the potential to be an important enabler of the ongoing decarbonisation of global societies, and, as a result, the demand for green hydrogen is surging, requiring a significant scale-up of electrolysis capacity.

The Company combines efficient, standardised, and modular electrolysis technology with an industrial approach to sourcing and manufacturing where assembly production can be established for swift product deployment. The Company's ambition is to bring affordable green hydrogen technology to a range of applications, including Power-to-X installations, transportation, and industrial facilities. The A-Series is currently the Company's core product platform, where units can operate stand-alone or as clustered solutions based on several modules to enable larger capacities of green hydrogen production. Based on the A-Series platform, the Company is progressed in developing a new prototype electrolyser platform, the X-Series, which will strengthen Green Hydrogen Systems' ability to participate in even larger projects, potentially in the GW scale. The Company has as of the date of this Prospectus not received any orders for X-Series electrolysers.

Due to the relatively small physical product footprint the Company's electrolysers can easily be transported to a wide range of customers and feature a plug-and-play installation process at the customers' sites. Furthermore, the modular technology provides the customers with a high degree of demand flexibility, as capacity can be expanded by incrementally increasing the number of units.

With multiple installations already operating in Northern Europe, Green Hydrogen Systems is scaling its operations to accommodate growth. The Company is experiencing commercial momentum and has delivered electrolysis solutions for different application areas, geographies and project sizes and is building its order backlog with new and repeat customers.

The Company's shares were listed on Nasdaq Copenhagen in 2021, raising capital to further scale and mature the Company. The main focus of progress and investments has since been in:

- development of the product offering;
- scaling of the manufacturing capacity;
- expansion of commercial efforts;
- establishment of service, and repair and parts business; and
- strengthening organisational capability.

The Company is in the process of commissioning and equipping its expanded facility. Once completed and fully upgraded, it is expected to increase the total potential manufacturing capacity to around 400 MW per year, with a targeted utilisation of 75 MW in 2024, 150 MW in 2025 and more than 200 MW in 2026. The expanded facilities are expected to enable scalable serial production of the A-Series and later X-Series, as well as increased warehousing area and improved quality control. The Company is seeking to have optionality to decide to increase capacity further within its current premises and facilities in Kolding, Denmark, or elsewhere. The Company's scale-up and growth efforts are backed by a strong and growing organisation and a management team with experience from listed companies in the energy sector and with scaling businesses.

In 2022 the Company identified certain component and function issues with its A-Series product causing a delay in the Company's delivery schedules. The issues also required a re-focus of R&D efforts as well as an overall delay in the Company's commercial ramp-up. Please see section 15.5.1.1 (*A-series 2022 technical issues*). It is the Company's view that these issues have been resolved, however, as the A-Series continues to be developed and improved upon, there are other issues and complications with the A-Series that are in the process of being remedied.

The Company has yet to finalise its prototype for the X-Series and although an X-Series prototype has been delivered to a facility for testing purposes, the final development and commercialisation into a marketable X-Series platform is ongoing. Based on the current plan, the first X-Series electrolyser can be delivered in 2024, depending on the timing of a customer order, if any, as well as the results from the ongoing testing of the X-Series prototype.

The Company's revenue was DKK 10.4 million in 2022, and it does not currently generate profits. Investments in R&D and sales and marketing as well as scaling of its manufacturing capacity and organisation are ongoing and continue to be a focus area for the Company. As at 1 May 2023, the Company's organisation counted more than 300 employees.

15.2 The Company's competitive strengths

Green Hydrogen Systems believes that the following strengths will support its prospects to capture a significant part of the green hydrogen market with a vision to pioneer the field of green hydrogen electrolysis to drive a sustainable global energy transition. The key strengths and competitive advantages are outlined below:

15.2.1 A competitive technology platform providing a pathway to position Green Hydrogen Systems as a leading supplier to the hydrogen economy

The Company has seen a positive commercial momentum and, as at 1 May 2023, the Company has received total orders of 22.5 MW of A-Series electrolysers, of which 2.7 MW have been delivered and revenue recognised. Additional units have been delivered to customer sites for testing and site acceptance tests. The remaining orders are included in the order backlog of approximately 19.8 MW as at 1 May 2023. The Company's established customer and partner base includes several well-reputed multinational companies. Furthermore, the Company has been appointed as supplier to the anticipated full-scale Power-to-X facility, GreenLab Skive/GreenHyScale. Several of the Company's projects comprise the first phase of larger projects, and several of its customers have made repeat orders.

In addition to the established backlog, the Company has a continuously growing and diverse pipeline of potential customers and projects within different application segments and geographies, along with a clear strategy for conversion of the pipeline to order backlog projects.

The Company's go-to-market strategy and prioritisation are firmly anchored in the Company's assessment of the market development for green hydrogen. As such, the Company currently focuses its sales efforts on Europe, specifically the Nordic region, UK, Germany, Benelux, France, and Iberia, along with select high potential markets such as Australia. The Company also pursues sales outside these geographies albeit on a more opportunistic level, with Chile being one such example where CE marked products (conformity with EU standards) are sold. In addition, the Company is considering other potential focus markets, including the U.S. In response to growing market demand for larger, centralised electrolysis projects, the Company is increasingly focusing and developing its offering to address such larger-scale projects. This is likely to include partnerships along the value chain.

15.2.2 Ongoing scale-up of existing manufacturing facilities to meet surging demand

Having focused on commercialisation of its product offering in recent years, Green Hydrogen Systems is, as of the time of this Prospectus, in the process of scaling up manufacturing capacity to accommodate its growing order backlog and pipeline. The first phase of the Company's scale-up plans was completed in November 2020, when the 4,500 m² site in Nordager, Kolding, Denmark was inaugurated with a manufacturing capacity of 75 MW per year based on operation with three shifts.

At the time of this Prospectus, the Company is in the process of commissioning and equipping its expanded facility of around 18,000 m² in total. Once completed and fully upgraded it is expected to increase the total potential manufacturing capacity to around 400 MW per year, with a targeted utilisation of 75 MW in 2024, 150 MW in 2025 and more than 200 MW in 2026. The expanded facilities are expected to enable scalable serial production of the A-Series and later X-Series, as well as increased warehousing area and improved quality control.

Based on an extrapolation of current maximum manufacturing capacity, the continuous optimisation of manufacturing and assembly processes and the planned introduction of the X-Series, the Company believes that it will be able to support a manufacturing capacity of more than 1,000 MW per year in the existing manufacturing facilities.

15.2.3 Competitive edge through favourable technological fundamentals and versatile system design

Green Hydrogen Systems has based its technology on pressurised alkaline electrolysis, which the Company believes is well-positioned to be a competitive technology in the future electrolyser market. The Company's technology has several competitive propositions including flexibility, reliability and efficiency. The flexibility stemming from the capability to switch dynamically between load rates

allows the technology to be highly compatible with renewable and variable energy sources required when producing green hydrogen. The testing and ongoing operations at customer sites have resulted in positive customer acceptance tests which in the view of the Company demonstrates a high level of reliability in terms of uptime and durability, and reliability remains a continuous focus for the Company. Finally, the Company's cell stack ("**stack**") and electrolysis system have a high efficiency level based on power consumption per kilo hydrogen produced. Altogether, performance on such key parameters supports the competitiveness of Green Hydrogen Systems' product offering.

Furthermore, the Company's system design and technological features allow for modular and versatile solutions that are well-suited for serial production. The Company's standardised and pre-tested electrolyser modules can be added like building blocks in clustered solutions to achieve multi-MW capacity and incremental scaling of projects. The Company's electrolysis systems fit a versatile range of projects and central and de-centralised applications due to a small physical footprint of the individual modules, ability to relatively quickly ramp up and down in load, along with high purity and a low dew point of the produced green hydrogen, which meet most requirements in end-use applications, including fuel cells. Given product standardisation and an industrial approach to manufacturing, the products are further suited for serial production which enhances manufacturing scalability, efficiency, predictability as well as quality assurance and work safety procedures.

15.2.4 Cost-out plan in place to drive down levelised cost of hydrogen

Green Hydrogen Systems estimates that its LCOH starting point is competitive across technology regimes and competitors, and that it can significantly influence key factors of LCOH, such as costs and system efficiency, to enable further LCOH reduction. The LCOH split of the Company's A90 solution, is approximately 25% capital expenditures, 10% other operating expenses and 65% electricity costs (based on an electricity price of EUR 40/MWh). The initiatives in place to reduce LCOH include output scale-up initiatives and incremental cost optimisation initiatives. Output improvements are an integral part of the Company's R&D roadmap and include continued advancement and refinement of the A-Series and the development of the X-Series, a large-scale product platform entailing an anticipated step-change in capital expenditures reduction. Within each product version and platform, Green Hydrogen Systems performs incremental cost optimisation initiatives encompassing the Company's cost-out program, its efforts to enhance the potential for serial production, and its research into increasing the system energy efficiency of its electrolysers.

The Company has a cost-out plan in place. Due to the technical issues with the A-Series as discussed in section 15.5.1.1 (*A-series 2022 technical issues*), few of the cost-out initiatives for the A-Series have been implemented over the past two years. However, the Company still sees a meaningful Capex reduction potential. The Company targets cost-out of around 50% from the X-Series and around 20-30% from the A-Series in 2026 compared to current cost levels of the A90 Mk1.0 (all other factors being equal). The cost-out program includes initiatives to reduce costs for product inputs, improve procurement terms and optimise sub-system designs to ease manufacturing at scale, enhance durability and facilitate the use of cheaper components. Furthermore, the Company works on optimising its technology, design and assembly processes to increase the suitability for serial production. Product standardisation, serial production and learning curve effects are expected to enable further efficiency and cost competitiveness following a scale-up of manufacturing. Lastly, the Company is focused on R&D efforts to achieve higher system energy efficiency through reducing cell resistance in the stack and designing the system for higher operating temperatures. While the Company cannot control the price of electricity, it has the ability to influence the efficiency of its electrolysers, i.e. the conversion rate of electricity to green hydrogen.

15.2.5 Organisational backbone and infrastructure in place to capture accelerated growth

Since its foundation, Green Hydrogen Systems has remained focused on developing its electrolysis technology and product platforms. Following the launch of the A-Series platform, additional management resources was added to the organisation in order to obtain the necessary competencies for a commercial roll-out.

The CEO, Sebastian Koks Andreassen, has a background with energy sector companies as well as experience with scaling businesses through both organic and inorganic growth. In February 2022, the Company hired Ole Vesterbæk who holds a strong track record from leading finance organisations. Moreover, Søren Rydbirk, CCO, Carsten Schütz, COO and Birgitte Høgh Frederiksen, CHO, support and lead a growing sales force, manufacturing capacity expansion, and organisational scale-up. In January 2023, Stephan Kim joined the Company as the new CTO bringing strong science and technical competencies as Dr.-Ing. (German engineering doctorate degree) and 22 years of leadership experience across various technical industries. In March 2023, Carsten Schütz joined as new COO. Carsten Schütz is trained as an aerospace engineer and has recently held positions as Vice President and Portfolio Leader HR & Security and Head of Component Delivery Team with Airbus Aerostructures GmbH bringing vast experience from engineering and technology roles across technical industries.

Green Hydrogen Systems is a technology and customer-focused organisation with the majority of its employees engaged in highly technical functions (approximately 60% of total employees as at 1 May 2023. The Company's location in Nordager, Kolding, Denmark is located in proximity to a Danish wind and energy cluster, which provides attractive opportunities to hire relevant talents.

Besides its management team, the Company has a competent Board of Directors with large energy sector experience and a broad set of competencies. In June 2022, Green Hydrogen Systems announced its aim of further strengthening its manufacturing, technology, and hydrogen competencies needed to support the business in its continued strategy execution. Following that, Anders Jakob Vedel, Chief Science Advisor and former CTO at Vestas Wind Systems, Dr Armin Schnettler, former Executive Vice President at Siemens Energy, and Karen Dyrskjøt Boesen, CFO at Sonnedix, joined as new members of the Board of Directors. Concurrently, Christian Clausen was elected as the new Chairman of the Board of Directors. Today, the Board of Directors include Christian Clausen (Chairman), Troels Øberg (Vice Chairman), Lars Valsøe Bertelsen, Karen Dyrskjøt Boesen, Simon Krogsgaard Ibsen, Anders Jakob Vedel, Armin Schnettler and Poul Due Jensen.

15.3 The Company's strategy

15.3.1 Strategic focus areas and initiatives

Green Hydrogen Systems' ambition is to advance and deploy a modular, standardised, and versatile best-in-class electrolyser technology to drive and develop the green hydrogen market and meet the growing demand from customers and other stakeholders. To deliver on this ambition, Green Hydrogen Systems will seek to establish the necessary platform to accelerate global growth, maintain the competitiveness of its offering and scale the business across the value chain. To support these efforts, the Company has identified a range of specific, strategic focus areas:

Figure 11 illustrates the Company's strategy and primary focus areas which are further elaborated on below.

Figure 11: Green Hydrogen Systems' strategic focus

15.3.2 1: Accelerate global growth

15.3.2.1 1.A: Launch local sales resources in focus markets

Several countries have been selected as short-term priorities for the Company to address. Such focus markets include the Nordic region, UK, Germany, Benelux, France, and Iberia, along with select high potential markets such as Australia. In focus markets, prioritised customer targets will be approached proactively and directly by the Company's own sales teams, based on local, dedicated sales resources. Furthermore, the Company is currently in the process of planning the establishment of its local sales platform. In addition, the Company aims to leverage partnerships with regional integrators to cope with market specific complexity across markets. While the Company will focus its proactive sales efforts on these focus markets, a more opportunistic sales approach will be taken in other markets, with Chile being one such example where CE marked products (conformity with EU standards) are sold. In addition, the Company is considering other potential focus markets, including the U.S. For further detail on the Company's sales approach and go-to-market strategy please refer to section 15.8 (*Sales and customers*).

15.3.2.2 1.B: Adapt proactive sales efforts to address market demand for larger projects

The Company's technology and system design allows for a highly versatile and application-agnostic electrolysis offering. As such, the Company does not expect to apply a narrow go-to-market strategy in terms of applications. However, in terms of project sizes, the Company is generally observing an industry trend towards medium and large-scale projects, where projects between 20 MW to 100 MW are considered medium-scale, and projects beyond 100 MW are considered large-scale. As the Company's products are modular and scalable, and with the expected launch of the X-Series product platform, the Company considers itself to be well-positioned to deliver to especially small-to-medium-scale projects in the range of 6 MW to 50 MW whereas the X-Series' is currently not expected to be cost-competitive for projects of more than 50 MW. The Company's participation in projects of more than 50 MW will likely be contingent on the Company partnering with large-scale EPC providers to develop and offer engineered integrated solutions. Therefore, the Company's primary focus will be on projects of up to 50 MW in the very short term, however, still with a focus on identifying and pursuing select larger scale projects with the right potential EPC partners.

To leverage its current product offering, the Company expects to increasingly shift its proactive sales efforts towards medium and large-scale projects, while keeping a certain focus on smaller projects. Targeting of large project sizes are likely to include partnerships along the value chain.

For further details on the Company's efforts to address larger projects, please see section 15.8.5 (*Go-to-market strategy*).

15.3.2.3 1.C: Promote and increase awareness of Green Hydrogen Systems and the green hydrogen industry

To support its ongoing sales and marketing efforts, the Company considers it important to drive further promotion and increasing awareness of both the potential role of green hydrogen in the energy system and the key strengths of the Company and its products. As the Company operates in an ecosystem with numerous stakeholders spanning customers and partners, regulatory and political actors, trade organisations and the general public, the Company seeks to employ a wide branding strategy spanning several channels and activities.

In terms of direct sales-oriented awareness among potential customers, the Company is seeking pre-sales marketing efforts for the upcoming X-Series, while keeping a certain marketing focus on the A-Series. The Company aims to leverage local and regional hydrogen networks and trade groups, which provide increased access to key opinion leaders in the industry, complemented by conferences and events with stakeholders across both the industrial, political, and regulatory level. Furthermore, the Company seeks to remain in continuous dialogue with political and regulatory stakeholders in its focus markets to promote the development of favourable market conditions, while employing an active media strategy to increase awareness with the general public.

15.3.3 2: Maintain offering competitiveness

15.3.3.1 2.A: Realise LCOH reduction through initiatives across key cost factors

On an industry level, LCOH is expected to decline significantly over the coming years. A development, which is considered necessary to enable the cost parity pathway for green hydrogen against fossil fuels and derived energy carriers. To realise an industry-level LCOH reduction and maintain the competitiveness of its offering, the Company is actively seeking to reduce the LCOH of its electrolysers. The Company has influence on several central LCOH components and is expecting to be able to drive cost reductions through the combination of a well-defined cost-out program, the realisation of serial production as well as a well-defined program for improved energy efficiency and operational reliability (uptime).

For further details on the Company's cost-out potential please refer to section 15.5.6 (*Significant cost-out potential*).

15.3.3.2 2.B: Continue high-priority R&D efforts to maintain competitive edge

To meet the increasing market demand for larger scale projects, a central part of the Company's strategy is the successful development and launch of the X-Series. The development and launch of the X-Series follows the quickest possible timeline that still allows sufficient time for each step of the Company's development process, including scoping and design, assembly, and prototype launch and testing. As of the time of this Prospectus, the Company fulfilled the expectation to deliver its prototype for the X-Series and to be ready for installation during H1 2023. In addition, initial sales initiatives for the first fully commercialised X-Series unit are ongoing with a target to submit binding offers to customers from late 2023. The development process is enabled by sharing and applying relevant parts of the existing A-Series technology in the development of the X-Series.

Concurrently with the ongoing development and launch efforts for the X-Series, the Company is continuously focus on improving, advancing and refining the existing A-Series as part of an ongoing development process.

15.3.3.3 2.C: Focus on and strengthen the service offering

The Company considers service during operations to be an important differentiator, a central element in total project economics and a critical part of the overall customer experience. Over time, the Company further believes that revenue from service contracts will constitute a noteworthy share of total revenues reaching around 10% in 2026, assuming realisation of its medium-term targets and the expected product mix. As such, strengthening the service offering is a strategic priority for the Company. For further details on the Company's service offering, please refer to section 15.8.4 (*Service revenue*).

To support the delivery of relevant service solutions to its customers, the Company will seek to expand its ability to leverage data extracted from installed electrolysers and field technicians. This includes establishing the necessary infrastructure to both retrieve, store and handle data, along with developing the principles for applying such data in surveillance and diagnostics services. Applying a more data-driven approach to its service offering is expected to support the Company's ability to perform predictive maintenance service and remote trouble shooting for its customers, conduct targeted performance improvements across an increasing install base and further provide real-use data for optimisation of the Company's products.

15.3.4 3: Scale-up across the value chain

15.3.4.1 3.A: Further scaling of manufacturing facilities over multiple phases

The Company is in the process of commissioning and equipping its expanded facility of around 18,000 m² in total. Once completed and fully upgraded, it is expected to increase the total potential manufacturing capacity to around 400 MW per year, with a targeted utilisation of 75 MW in 2024, 150 MW in 2025 and 200 MW in 2026. The expanded facilities are expected to enable scalable serial production of the A-Series and later X-Series, as well as increased warehousing area and improved quality control which will comprise significant investments.

Based on an extrapolation of current maximum manufacturing capacity, the continuous optimisation of manufacturing and assembly processes and the planned introduction of the X-Series, the Company believes that it will be able to support a manufacturing capacity of more than 1,000 MW per year in the existing productions facilities. Future expansion(s) may as well take place outside Denmark in pursue of lower costs, customer proximity or to satisfy local content requirements.

For further information on the Company's current facilities, please refer to section 15.7.1 (*Manufacturing and assembly facilities*).

15.3.4.2 3.B: Continuous evaluation of the potential for partnerships throughout the value chain

To meet the estimated growth in demand for electrolysers, the Company seeks to scale up along its full value chain. Today, the Company covers the majority of its value chain in-house, from R&D and sales and marketing to processing of certain raw materials, manufacturing, assembly and testing, delivery, EPC on a more occasional basis, and service and maintenance. However, to scale the business globally at the velocity required to meet the Company's growth plans entails significant resources in both an economic and managerial sense, particularly if all aspects are to be maintained in-house. Among other things, the Company will continuously evaluate the potential for entering into partnerships within select parts of the value chain which are not considered strategically sensitive to the business.

Examples of such potential areas include the development of regional partnerships with dedicated EPC-providers, local sales partnerships in select markets where the Company has limited presence and potential industrial partnerships for processing of certain raw materials and manufacturing of standard components. The Company believes that several partners for different areas of the value chain could potentially be available among suppliers to the existing renewable energy and fossil fuel industries.

15.3.4.3 3.C: Scale organisation, support functions and procedures

To support the strategy and execution thereof, the Company has in recent years strengthened its organisational capabilities and operational set-up to support the scaling of its activities. In particular within sales efforts, the R&D efforts, the build-out of manufacturing capacity and the administration of an increasingly global business. The Company expects to continue such organisational strengthening. As such, a successful execution of the other strategic initiatives is likely to entail a potential expansion of the number of employees in the Company.

15.3.5 Medium-term targets

Certain statements in this section, including in particular the financial targets described immediately below, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance and the Company's actual and future results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to

those described under sections 4 (Risk factors), 5 (Special notice regarding forward-looking statements) and 11 (Background to the Offering and use of proceeds).

Investors are strongly urged not to place undue reliance on any of the statements set forth below. We can give no assurance that the targets described below will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those described below.

Following a process of validating its medium-term targets, the Company announced its medium-term targets in March 2023. The new medium-term targets include the Company's expectations to the financial development for 2026.

Compared to the medium-term targets set out in connection with the IPO in June 2021, the new medium-term targets reflect the impacts from the delay in the commercial ramp-up caused by the issues with the A-Series experience in 2022 (see section 15.5.1.1 (*A-series 2022 technical issues*)), continued comfort in the competitiveness of the Company's product offering and continued positive development of the green hydrogen market with an increase in expected demand for electrolysis capacity.

By 2026, the Company targets to total revenue from contracts with customers of more than DKK 1,200 million. In 2025, the Company targets delivery and revenue recognition of 150 MW of electrolysis capacity corresponding to revenue of around DKK 1,000 million including service revenue from installed electrolysis (and including expected provisions for warranty claims and counter guarantees in the range of 5-10% of the contract value as well as liquidated damages in the range of 8-10% of the contract value of newer contracts).

Furthermore, the Company targets a positive EBITDA in 2026. The revenue growth is expected to be the main contributor to the targeted EBITDA development. In addition, the Company's cost-out plan is expected to contribute to a gradual improvement in margins.

The Company's medium-term targets are based on a number of factors, estimates, uncertainties and assumptions, many of which are outside the Company's control or influence and it is likely that one or more of the assumptions that the Company has relied upon will not prove to be accurate in whole or in part. The Company has based its assumptions and estimates on information available when the medium-term targets were prepared.

For the purpose of determining the Company's medium-term targets, the Company has applied the principal assumptions below:

- A successful development and commercial ramp-up of the X-Series with the first sale to customers targeted in the end of 2023 is expected to be a significant growth driver. From 2024, the X-Series is expected to become the main contributor to revenue and in 2026 the X-Series is expected to constitute more than 70% of the Company's total revenue. Please also see section 15.5.2 (*Status on X-Series development*).
- A-Series revenue in the medium-term is expected to be around or just above the same level as expected in 2023 based upon various de-central applications and projects in the market (see section 15.5 (*Products and technology*)). The projected sales figures for the A-Series product line are expected to be influenced negatively by the launch of the X-Series.
- Revenue from service relative to product revenue is expected to increase over the period as the installed base of electrolysers grows. Of its total revenue from customer contracts in 2026, the Company expects around 10% to be derived from service and other revenue sources. Service revenue is expected to be margins accretive. Please also see section 15.8.4. (*Service revenue*).
- While the Company currently observes increasing average selling prices mainly due to inflation and cost-in, the general assumption is a gradual decrease towards 2026 as the market and general competition develop. Average selling prices of the X-Series is expected to reflect competitive pricing and lower costs per MW of the X-Series versus the A-Series. The Company does not assume increasing prices as a result of inflation to affect average selling prices to customers.
- The Company's ability to scale its production capacity in accordance with the targeted growth in order backlog and sales pipeline, while operating at a satisfactory level of capacity utilisation and delivering projects according to the timeline expected by the Company's clients. The Company plans for expected production capacity of 75 MW in 2024, 150 MW in 2025 and more than 200 MW in 2026. Please also see section 15.7.1 (*Manufacturing and assembly facilities*).
- The Company's ability to successfully and timely implement and complete its cost-out program as described in section 15.5.6 (*Significant cost-out potential*).
- Primarily driven by the Company's cost-out plan, COGS relative to revenue is expected to gradually decrease towards around 75% of revenue in 2026. The Company targets cost-out of 50% from the X-Series and 20-30% from the A-Series in 2026 compared to current cost levels. Please also see section 15.3.3.1 (*2.A: Realise LCOH reduction through initiatives across key cost factors*).
- The successful execution of the expansion of sales and marketing efforts and general organisational scale-up as described in sections 15.3.2 (*1: Accelerate global growth*) and 15.3.4.3 (*3.C: Scale organisation, support functions and procedures*).
- Investments are expected to have peaked in 2022 and thereafter to decline gradually. The majority of the investments towards 2026 are related to R&D activities with numerous activities to further increase system performance of the A-Series and X-Series product platforms.

- Working capital development is expected to reflect the increased commercial activity, however including expected prepayments from customers working capital is expected to have a positive effect on liquidity towards 2026. As such, expected prepayments are an important part of financing the business plan. A significant share of prepayments will expectedly be used to deposit with banks to secure counter guarantees to the customers offsetting some of the positive liquidity impact.

The revenue and EBITDA development in the years until 2026 and the medium-term targets for 2026 are sensitive to a number of key assumptions, including particularly the future timing of X-Series development, sales and delivery. For example, the consequences in 2026 of a one-year delay in commercialisation of the X-Series are estimated to be a negative cash impact of approximately DKK 150 million, a decrease in revenue by around DKK 300 million and a decrease in EBITDA by around DKK 75 million (thereby becoming slightly negative (all else equal)). The cash flow towards 2026 would be negative due to the EBITDA development and continued investments. Delayed commercialisation of the X-Series would also have a number of commercial and operational consequences, including delayed or reduced revenue, refocusing of manufacturing set-up and an increased reliance on A-Series sales (and customer orders for A-Series units). See also risk factor 4.1.1.3.

Generally, the Company's ability to realise the medium-term targets are also contingent on the Company raising gross proceeds in the Offering of DKK 225 million or more and the disbursement of the DKK 250 million Term Loans to the Company (please also see section 11 (*Background to the Offering and use of proceeds*), as well as the Company's ability to successfully complete future capital raises.

The assumptions may also be affected by external factors beyond the Company's control including the following:

- The market demand for electrolysers will continue to develop as described in section *14 (Industry)*.
- An overall decline in the market price per MW of electrolyser capacity.
- No material deviation to the development in the competitive landscape as described in section 14 (*Industry*).
- The continuous availability of subsidies and other regulatory support in the Company's focus markets.
- A declining trend in prices on components sourced from external suppliers as a result of increasing scale in the Company's procurement and no material changes in the market price of nickel.
- The Company's results will not be adversely affected by abnormal disruptions preventing it from selling, producing and delivering its products and services.

15.4 History and development of the Company

Green Hydrogen Systems was founded in 2007 in Denmark and is now pursuing the ambition of pioneering the field of green hydrogen to drive a sustainable global energy transition by advancing and deploying a modular, standardised, and versatile electrolyser technology.

The table below provides a high-level overview of the Company's history since its incorporation and a brief description of the milestones and events presented.

Table 1: Green Hydrogen Systems timeline

	Year and month	Green Hydrogen Systems key milestones and events
Technology development	2007 – June	Incorporation of Green Hydrogen Systems.
	2009 – October	Green Hydrogen Systems' first pressurised electrolysers were launched for demonstration projects.
	2011 – December	Initiation of the HyProvide® project.
	2017 – October	The HyProvide® A-Series Mk0 became ready for commercial launch.
Commercialisation	2017 – December	Green Hydrogen Systems received the first order for its A-Series Mk0.
	2019 – August	Nordic Alpha Partners invested in Green Hydrogen Systems.
	2020 – September	Green Hydrogen Systems was chosen as an electrolysis partner for a pioneering wind-to-hydrogen project in Denmark.
	2020 – October	Green Hydrogen Systems was awarded a contract for a Power-to-X project in the Netherlands.

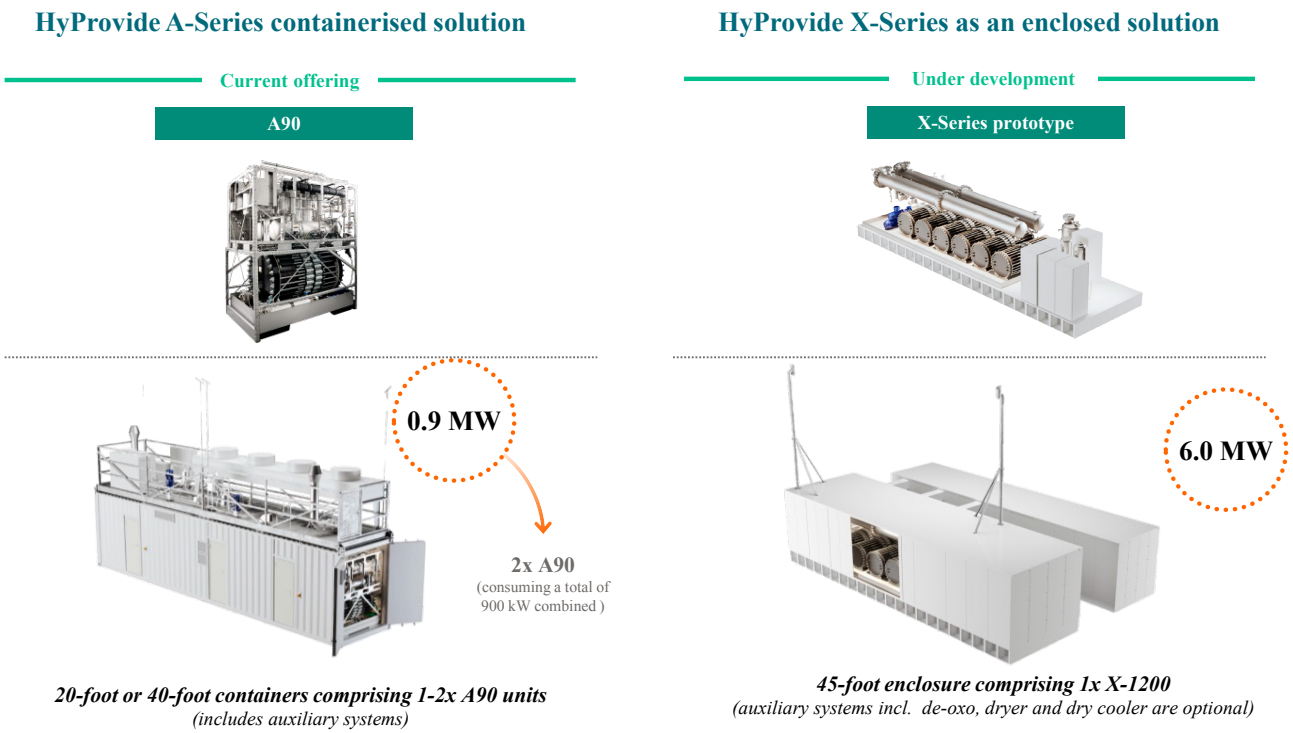
	Year and month	Green Hydrogen Systems key milestones and events
Scale-up	2020 – November	Initiation of scale-up of organisation and manufacturing capacity.
	2020 – December	Green Hydrogen Systems finalised commercial terms for a Power-to-X project in Denmark.
	2021 – April	Green Hydrogen Systems received its first orders for green hydrogen projects in Australia and the UK, respectively.
	2021 - June	Green Hydrogen Systems listed on Nasdaq Copenhagen raising gross proceeds of DKK 1.265 million.
	2021 - July	Launch of the next phase of manufacturing facilities expanding manufacturing capacity to an initial 400 MW.
	2022 - December	Delivery and revenue recognition of the first A90 electrolysers for customers in Norway and Sweden.
	2023 - January	Green Hydrogen Systems signed new order with a combined capacity of 7.2 MW, which is the Company's largest order to date.
	2023 - March	Delivery of X-Series prototype to GreenLab Skive facility for testing purposes.

15.5 Products and technology

Green Hydrogen Systems offers a range of pressurised alkaline electrolysis units and related supporting services. The A-Series is currently the Company's core product platform that has been commercially available in a prototype variant since 2017 and available for commercial delivery since 2021. By applying shared technologies from the A-Series platform, the Company is currently developing a new electrolyser platform, the X-Series for which a prototype is being installed and commissioned at the GreenLab Skive facility where it is being tested for not less than six months (with initial test data expected to be available by the end of Q3 2023). The Company is in dialogue with a potential customer for the possibility of partnering on a second testing site for another X-Series prototype. In addition, initial sales initiatives for the first fully commercialised X-Series unit are ongoing with a target to submit binding offers to customers from late 2023. See also section 15.5.2 (*Status on X-Series development*) for a general description of the X-Series development and the prototype-stage.

The Company's current and upcoming pressurised alkaline electrolysis solutions are set out in Figure 12 below.

Figure 12: Green Hydrogen Systems product overview



Notes: The X-Series could change as development is progressing.

The Company's near-term product offering is thereby expected to consist of two platforms:

i) A-Series: The A-Series is currently the Company's core product platform. It is a complete, pressurised alkaline electrolysis solution available in standardised and modular configurations for high product efficiency, versatility and scalability. Being the result of +13 years of R&D, the A-Series builds on a proven pressurised alkaline technology with robust operational performance. One process module in the A-Series platform has a green hydrogen production capacity of 90 Nm3 per hour (version A90). The A-Series is delivered in a either a 20-foot container installation consisting of one process module and balance of plant (the "**BOP**") with a power consumption of 0.45 MW, or in a 40-foot container installation consisting of two process modules and BOP with a power consumption of 0.90 MW. The 20-foot or 40-foot container units can operate stand-alone or clustered to meet required production volumes of green hydrogen. During 2021 and 2022, the entire A-Series has been upgraded from Mk0 to an improved Mk1.0. The Mk1.0 version includes the A90 process module, the BOP as well as the HyProManager™ software and control system enabling automatic and remote operations. Furthermore, The Company is the process of obtaining third-party design verification in addition to an improved safety concept according to ISO 12100, EN ISO 13849 and IEC 61508, which has already been obtained. Lastly, product reliability of the Mk1.0 has been improved relative to Mk0. As at 1 May 2023, total accumulated orders of the A-Series amount to 22.5 MW. 2.7 MW of these orders have been delivered as at 1 May 2023. The Company previously expected to introduce two additional and more powerful A-Series process modules (A120 and A150), however the focus is now instead on advancing and improving the A-Series platform based on the A90 process module and develop the more powerful X-Series platform.

ii) X-Series: The X-Series is a pressurised alkaline electrolyser currently under development. One X-1200 electrolysis unit consists of 6 stacks, BOP and software and control system, which has a green hydrogen production capacity of 1200 Nm3 per hour and with an expected power consumption of 6 MW. The X-1200 unit will enable Green Hydrogen Systems to target medium to large-scale projects, potentially also targeting the GW scale over time. The power consumption may be increased over time as the X-Series platform is being further advanced. The X-Series platform will be based on the stack technology of the A-Series, with increased electric current density and number of electrodes. The platform will further build on the Company's product principles of optimised modular design entailing seamless system scaling and dynamic operation (pressurised stack system). It is the expectation that the X-Series will drive cost reductions for its customers' production of hydrogen (LCOH). The expected cost savings drivers of the X-Series relative to the A-Series include an increased efficiency of operations and a reduction in the number of interfaces, which implies reduced capital expenditure and maintenance (including installation) costs.

Containerised solutions are offered for the A-Series electrolysers providing the Company with a competitive advantage compared to competing solutions that cannot be containerised. A containerised system is a plug-and-play solution, which implies ease of transportation and installation. When delivered in a container, the customer is only required to connect the system with power, water and a drain for it to work, since all auxiliary systems are included in the container. This is especially beneficial for projects located close to the renewable energy source. 20-foot containers can comprise one A90 module and auxiliary systems, whereas 40-foot containers can comprise two A90 modules and auxiliary systems.

The X-Series is to be provided in an enclosed solution. The solution is built on a skid-frame and an enclosure is mounted on the skid-frame. This solution is expected to drive down cost and simplify the assembly process significantly.

With the expected development and commercialisation of the X-Series platform, A-Series electrolysers are expected to mostly be delivered for smaller scale de-central applications, such as in proximity to fuelling stations, hydrogen based back-up power systems or similar in transport corridors whereas X-Series electrolysers are expected to be delivered for more centralised applications (e.g. larger renewable energy or Power-to-X facilities) connected to power grids and/or in proximity to larger industrial or residential areas, etc.

If and when the X-Series platform has become commercialised, it is the Company's plan to gradually shift sales efforts towards X-Series units away from the A-Series. This is largely based on the view that the ultimate commercial potential of the X-Series platform in terms of project numbers and volume, as well as the cost of hydrogen produced, is higher than that of the A-Series, enabling the X-Series to, over time, become a more competitive product. For the same reasons, A-Series sales are expected to stagnate in 2023 with revenue from A-Series in the medium-term expected to be around or just above the same level as expected in 2023. See also 15.3.5 (*Medium-term targets*).

In addition to its electrolysis solutions, the Company offers supporting services. Supporting services include installation and commissioning services as well as service during operations.

i) Installation and commissioning services consist of support during delivery and installation of the Company's electrolysis system as well as commissioning and site acceptance, typically all services provided by the Company.

ii) Services during operations are provided throughout the lifetime of the electrolysis installation and include remote monitoring, remote supervision and troubleshooting, on-site preventive maintenance, provision of spare parts and consumables, and on-site

incident management and repairs. The service offerings are offered as part of multi-year, fixed fee, service agreements as well as variable service sales, and a fixed fee, service agreement is currently mandatory the first three years. See further details in section 15.8.4 (*Service revenue*). In exceptional cases, the Company is also expected to assume responsibility for production and sales of hydrogen to an off taker.

15.5.1 Technical issues with and modifications of A-Series platform – guidance adjustments and profit protection plan

15.5.1.1 A-series 2022 technical issues

In 2022, testing and reviews conducted of the A-Series platform performance identified certain technical issues. These issues required some component redesign as well as test and validation of certain product components and functions. Some of the redesign led to change of specifications, e.g. lower pressure, higher power consumption and lower stack efficiency. Thus, as of today, the most critical issues identified have been managed or are being solved with adequate countermeasures, however, other issues have since surfaced which still require actions (see further below for information). The cost profile of the A-Series changed partly as a result hereof, but also due to various external factors. The sales price of A-Series units has since been adjusted accordingly.

A major redesign of the A-Series platform was performed improving safety and performance. For the Mk1.0 version of the A-series, the output pressure was increased to meet the customer needs, cooling of the power room was improved to allow operation up to 35 degree C ambient temperature, the top frame was redesigned to be compliant with the Machine Directive and the software was improved to enable fully automated operation. These improvements of the design (A90 Mk 1.0) are also being verified by an external consultancy firm. In 2023, the A-Series platform is planned to be further improved with focus on reliability (Mk1.1) and efficiency (Mk1.3).

In addition to these technical updates, the working methodology at the Company currently undergoes an improvement program aiming at agile project management and systematic Systems Engineering methodologies to foster cross-functional customer orientation as well as earlier design verification (frontloading).

15.5.1.2 A-Series 2023 quality issues and modifications/retrofits - guidance adjustment and profit protection plan

Currently, the Company is managing certain complications and issues relating to its A-Series models, most critically in the BOP assembly and in conforming components, such as lye-heat exchangers, level sensor vessels, separators and scrubbers. These issues are partly due to challenges in the supply of lye-heat exchangers and separator components not fulfilling the specified coating quality and thereby causing corrosion of certain BOP components. The Company has worked intensively with its current suppliers to improve specifications as well as their performance and is in the process of qualifying a second source for the manufacture of lye-heat exchangers, level sensor and separator vessels based on an improved design that is not susceptible to these supplier coating deficiencies.

The supply issues are gradually resolved with new component arrivals and additional arrivals expected during June allowing for scheduled next deliveries to customers in July. The Company is also in the process of qualifying a second source for the manufacture of lye-heat exchangers, level sensors and separator vessels based on an improved (interim) design that is less susceptible to coating deficiencies. The new supplier's deliveries are forecasted to start by early August and are expected to further mitigate the risk of supply disturbance to secure the remaining customer deliveries. The Company is likewise expecting that the BOP assembly will recover during June 2023 to facilitate one BOP assembly per week (to gradually increase over the course of 2023).

The Company has experienced corrosion of certain BOP components. The Company has obtained a further compliance assessment that supports the Company's chosen path to mitigate the corrosion of certain BOP components. A redesigned component (final fix) is expected to be introduced later in 2023. The design change will require the retrofit of already delivered electrolysers. To keep a high level of product safety, a quality inspection plan at factory and customer sites has been established.

The implementation of the modifications to address these issues have and will for the financial year ending 31 December 2023 contributed to increased costs of expectedly around DKK 80 million in 2023 (also caused by price inflation for materials and components and additional work required in the assembly and manufacturing process) which recently led the Company to adjust its EBITDA guidance for 2023. To partly offset such increased costs, the Company has adopted a profit protection plan providing for expected savings totalling around DKK 45 million for the financial year 2023. Cost-cutting measures in the profit protection plan include postponement of hirings of non-critical resources, postponement of investments as well as reduction of expenses from sales and general and administrative expenses.

For the Company to have sufficient manufacturing output (i.e. establish serial production) to deliver on its order backlog for 2023, it is critical that the Company manages the supply and quality issues in accordance with the production delivery plan as described above.

If the Company is not able to solve the BOP during the summer of 2023, the Company will not be able to deliver on its order backlog, which will have the result that some customer contracts cannot be revenue recognised in the financial year ending 31 December 2023.

Generally, delivered A-Series units may still be (and some are) subject to retrofits and it is emphasised that the Company considers the A-Series a product that is still being developed and improved. This is also reflected in the Company's focus on continuous development of the A-Series described in section 11 (*Background to the Offering and use of proceeds*). A primary focus in the more general development of the A-Series is improving the stack efficiency.

For the risks associated with the Company's development of its products, see risk factors 4.1.1.2 and 4.1.1.3. See also section 16.3 (*Principal factors affecting the Company's business and results of operations*).

15.5.2 Status on X-Series development

The development of the first X-Series prototype is progressing positively. The design reached a maturity status that enabled the initiation of assembly and the installation of major key components. Ongoing customer dialogues ensure that product development reflects market trends and a partnership with Burmeister & Wain Scandinavian Contractor was established for site preparation and installation of the first X-Series prototype. Development of the X-Series platform has been somewhat impacted by the 2022 A-Series issues, while also taking into account the technical upgrades from the A-Series.

The Company's first prototype for the X-Series is being installed and commissioned at the GreenLab Skive facility where it is being tested for not less than six months (with initial test data expected to be available by the end of Q3 2023). The test programme undergoes a series of interdependent and coordinated phases starting with basic software tests after the installation and commissioning phase, followed by tests with gradually increasing pressure up to the targeted performance values. The Company is in dialogue with a potential customer for the possibility of partnering on a second testing site for another X-Series prototype. The prototype provides valuable inputs to the design, production and testing of the first commercialised version "Mark 1.0" that is running as cross-functional product development project in its stage gates until 2024. However, there is still significant development work to be undertaken in relation to the prototype before a commercial X-Series unit can be available for manufacturing to customers. For example, these include optimised design-to-manufacturing to enable cost-efficient production ramp up, further virtual testing of new design features for the sake of higher product maturity as well as further product safety concepts to be endorsed by third parties. Moreover, as and when the test data for the first prototype becomes available, such data is also expected to lead to adjustments and modifications to the X-Series design, particularly in the first commercial project Mk 1.0 but also in follow-up versions Mk 1.x maturing the design.

In addition, initial sales initiatives for the first fully commercialised X-Series unit are ongoing with a target to submit binding offers to customers from Q4 2023 primarily based on the availability of satisfactory preliminary test data. As such, the Company is highly dependent on the timely availability of satisfactory testing data from the X-Series prototype. The Company has yet to finalise its prototype for the X-Series and although an X-Series prototype has been delivered to a facility for testing purposes, the final development and commercialisation into a marketable X-Series platform is ongoing. Assuming that satisfactory test data is achieved during Q3 2023, the Company aims towards closing the first commercial orders for X-Series during Q4 2023. In that case, manufacturing and delivery of first X-Series units to customers will be targeted for Q3 and Q4 2024. There is no certainty that this above-described timeline will apply, and the commercialisation and first sales of the X-Series may occur at a later time. Ultimately, the decision on when to launch sales of the X-Series is a commercial decision, balancing the risks and the benefits of commencing sales at an early stage (with a less tested product) or at a later stage (with a more thoroughly tested product, but potentially also delaying the manufacturing ramp-up and revenue recognition of X-Series sales). This entails a risk that if and when the X-Series is launched commercially, the product may not be fully tested which results in an increased risk of design flaws and complications in the X-Series, which can delay factory acceptance tests and/or necessitate retrofitting on customer sites.

15.5.3 Strategically developed pillars of the Green Hydrogen Systems product offering

The Company's product offering and solutions are based on three strategically developed pillars: i) competitive technology offering, ii) modularity, versatility and serial production, and iii) significant cost-out potential.

i) Green Hydrogen Systems' electrolysis system is based on the pressurised alkaline technology that holds several benefits including high flexibility, efficiency, reliability, independency of noble metals, small physical footprint per MW and high system delivery pressure.

ii) The Company's standardised electrolysers have a modular and versatile design and are suited for serial production strengthened by the Company's industrial approach to manufacturing with an assembly-focused setup.

iii) Green Hydrogen Systems has a significant cost-out potential as it has influence over the majority of factors included in LCOH and has a cost-out plan in place with a long list of LCOH reduction initiatives identified.

Each of these competitive parameters are further elaborated in the following segments: 15.5.4 (*Competitive technology*), 15.5.5 (*Modularity, versatility and serial production*) and 15.5.6 (*Significant cost-out potential*).

15.5.4 Competitive technology

The Company currently considers three main commercialised technologies in the market for green hydrogen electrolysis: Pressurised alkaline (focus of Green Hydrogen Systems), atmospheric alkaline, and PEM. Whilst the Company assesses that its pressurised alkaline technology has several competitive propositions compared to PEM and atmospheric alkaline, it also believes that all these technologies have a justified future in the green hydrogen market. Competing technologies are further described in: 14.2.3 (*Hydrogen production methods*).

15.5.4.1 Competing electrolyser technology regimes

The Company considers pressurised alkaline to be a well-positioned, competitive technology for the future electrolyser market. As the Company believes that electrolyser capital expenditures are expected to converge across technology regimes in the longer term, technological viability has the potential to be a key competitive differentiator going forward. As such, long-term market differentiators could be centred around technological flexibility, efficiency (main electricity usage and operating expenses), reliability and physical product footprint, which are all considered to be important factors for technological viability. Flexibility, in particular, is important when the energy source is renewable energy. Renewable energy is variable, and therefore, the ability to operate dynamically at variable load rates is important. In that regard, pressurised alkaline and PEM are considered better positioned than atmospheric alkaline.

The main electrolyser technology regimes including pressurised alkaline, PEM, and atmospheric alkaline are benchmarked across critical competitive dimensions in Figure 13. The assessment of the competitive dimensions is based on currently available products across technologies.

Figure 13: Benchmarking of competing electrolysis technology regimes[80]

Competitive dimension	Pressurized alkaline	PEM	Atmospheric alkaline
Flexibility *Capacity to operate dynamically at variable load rates*	✓[1]	✓	✗
	Key for utilization of renewable energy sources		
Reliability *System uptime and durability*	✓	(✓)[2]	✓
Efficiency *Competitive energy to hydrogen conversion*	✓	✓	✓[3]
Footprint *Minimal footprint compared to other electrolyser technologies*	✓	✓	✗
Independency of scarce resources *Noble metals not an input in process*	✓	✗	✓
Water purity *Lower water purity required in process*	✓	✗	✓
Independency of lye *The chemical lye is not contained in the electrolyser*	✗	✓	✗

Notes: 1) Flexibility on par with PEM for a system with multiple stacks, achieved through modularity of the electrolysers; 2) The PEM technology is less mature, and no project references are found old enough to prove the same stack lifetime as pressurised and atmospheric alkaline; 3) Efficiency may be challenged as there is a need for compression when higher output pressures are demanded.

[80] Company information.

Pressurised alkaline is characterised by providing a high level of operating flexibility. Green Hydrogen Systems demonstrates this in terms of static as well as dynamic flexibility. Static flexibility is measured by the static range, which is understood as the minimum and maximum range of electric loads at which the electrolyser can continue operations without risk of crossover[81]. The Company's A90 electrolyser has the ability to operate at variable load rates per unit. The ability to combine multiple of the Company's stacks can furthermore facilitate a higher system static range. This ability makes the Company's flexibility competitive across technologies and competitors. Dynamic flexibility is measured by the ramp-up/ramp-down rate of the electrolyser, which is determined by the possible percentage change in load per second. Green Hydrogen Systems has demonstrated a competitive ramp-up rate that matches renewable power output fluctuations, in e.g. a wind farm and thereby qualifies the Company's systems to work with different renewable energy sources. The technology is also well-positioned in terms of reliability, efficiency, physical product footprint and independency of scarce resources. It requires a lower water purity than in the electrolysis process based on the PEM technology, which decreases capital expenditure and operating expenses. On the other hand, lye is contained in the electrolyser and sometimes added in connection with service and maintenance, which also affects costs.

Similar to pressurised alkaline, atmospheric alkaline is an established and commercially proven technology with high reliability, independency of noble metals and with lower water purity required than in the electrolysis process based on the PEM technology. However, the atmospheric technology system typically needs to be assembled on-site, has a relatively large system footprint and does not have as high a capacity to operate dynamically at variable load rates. Furthermore, the scalability of atmospheric alkaline systems is assumed to be hindered by the need for on-site assembly and the large system footprint.

PEM is an emerging technology in a commercial setting but the available electrolysers based on the PEM technology are more suitable than the electrolysers based on atmospheric alkaline to handle dynamic operation with variable load. The PEM technology furthermore has a relatively small system footprint and high electric current density. However, PEM is dependent on noble metal catalysts (iridium and platinum), which may represent a bottleneck for scaling manufacturing of PEM electrolysers. According to an IRENA report from 2020[82], global production of platinum and iridium constitutes approximately 200 metric tons[83] and 7 to 7.5 metric tons per year, respectively. The report also states that hydrogen production based on PEM technology requires approximately 1 g platinum and approximately 1-2.5 g iridium per kW electrolysis capacity. This would lead to an estimated maximum global annual PEM electrolysis capacity of approximately 80 GW based on global platinum supply and 2.8 to 7.5 GW based on iridium supply. Compared to expected demand, iridium is thereby likely to represent a bottleneck for PEM electrolysis. Another drawback of the PEM technology is that the technology is less mature, and therefore, no project references are found old enough to prove the same stack lifetime and reliability as for pressurised and atmospheric alkaline.

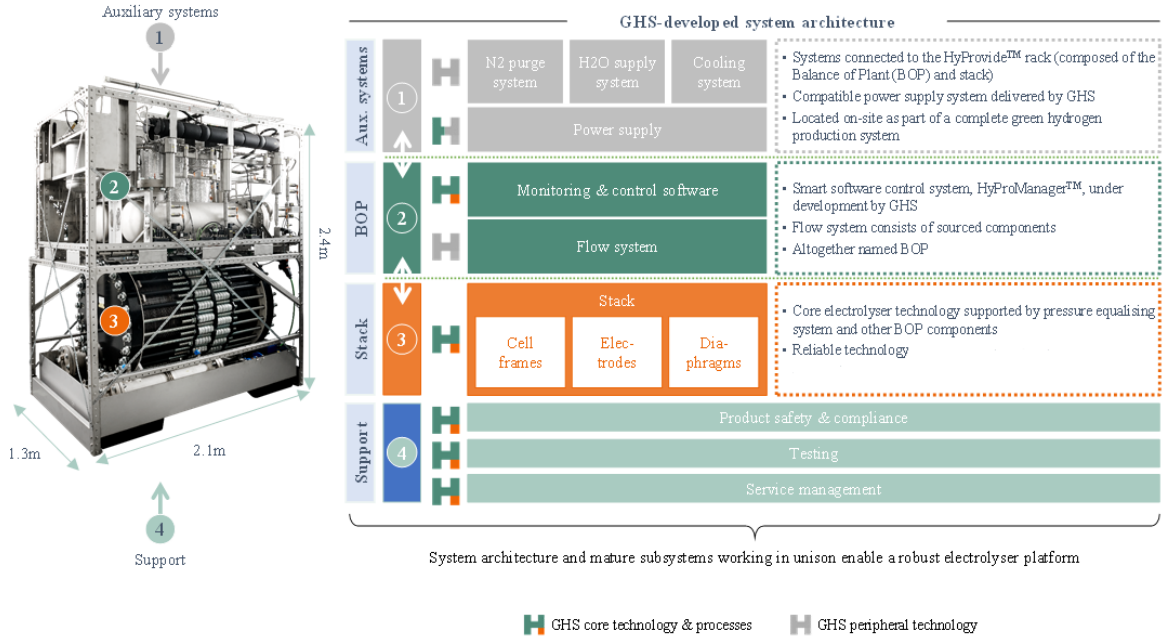
In summary, the Company's chosen technology, pressurised alkaline technology, is well-positioned on important parameters. The electrolysers based on pressurised alkaline technology have the capacity to operate at variable load rates and have small physical footprints as with the electrolysers based on PEM while being independent of noble metals and while having a reliable system uptime as is the case for the atmospheric alkaline technology.

15.5.4.2 Green Hydrogen Systems' product technology

The Company's electrolysis platform is based on the pressurised alkaline technology and is built on a Green Hydrogen Systems-developed system architecture. The system architecture combines three well-tested and mature subsystems including the stack, the BOP, and auxiliary systems, exemplified by the A-Series depicted in Figure 14. The stack and the BOP constitute the platform's rack, which is a module containing core elements and constitute the electrolyser. A core competence of the Company is its system architecture that ensures efficient interplay between the different subsystems.

[81] During operation, especially at lower loads, hydrogen can permeate through the diaphragm towards the oxygen side (crossover), increasing the risk of oxyhydrogen production.
[82] IRENA – Green hydrogen cost reductions (2020).
[83] Global platinum production can potentially be increased through recycling of catalytic reformers in cars and electronic equipment.

Figure 14: Green Hydrogen Systems' platform system architecture and subsystems for the A-Series



1. Auxiliary systems include the power supply as well as nitrogen purge systems, water supply systems and cooling systems. The systems are connected to the rack in a container or at the factory floor. The power supply unit converts AC supply voltage from the utility to DC current and voltage for the stack. The power supply is based on IGBT (insulated-gate bipolar transistor) and have an active front-end to avoid harmonic distortion on the grid. The power supply is always delivered by Green Hydrogen Systems, whereas the other auxiliary systems are only delivered by Green Hydrogen Systems when the electrolysis system is provided in a container. The cooling system removes the heat that is generated in the stack and power supply due to unavoidable inefficiencies. It furthermore cools the gas to condensate saturated water vapor and, in coordination with the drying of the gas in the dryers, achieve a low dew point of minus 70 degrees Celsius.
2. The BOP consists of a flow system and it will also include a monitoring and control software system that is currently under development. The flow system facilitates the direction of flows of water and electricity input as well as hydrogen output. The flow system thereby regulates the system pressure of the electrolyser. It is based on standard components including valves, sensors, piping, and pumps sourced from external suppliers. The BOP will also include a smart control system, the HyProManager™ software system, which will continuously monitor and control main system parameters. The system is currently being developed by Green Hydrogen Systems and will be considered core technology.
3. Designed and developed in-house by the Company, the stack is the heart of the electrolyser system. It includes cell frames,-electrodes and diaphragms, as well as standard components. The Company has conducted numerous test hours on the A-Series platform stack including durability tests at different loads and operating patterns, performance tests at different operating patterns, at load jumps and at overload as well as abnormal tests including pressure tests of the stack until it fails, tests at high temperature and abnormal tests of the individual components of the electrolysis system. For further details, see section 15.5.4.3 (*The Green Hydrogen Systems electrolyser stack*).
4. The A-Series subsystems are supported by three in-house processes including product safety and compliance processes, testing processes, and service management. Product safety and compliance processes ensure the quality and reliability of the product offering, which is further enhanced by the Company's extensive testing processes. The service management processes enable preventive monitoring and maintenance as well as incident management and repairs, which enhances the customers' operations and is valuable given the technological complexity of the systems.

The A-Series currently comprise the A90. The main specifications of the A90 are set out in Table 2 below.

Table 2: A-Series products

Electrolyser Unit	A90
Hydrogen outlet pressure (barg)	30
Hydrogen purity (%)	>99.998
Water concentration in hydrogen (ppm)	< 5
Oxygen concentration in hydrogen (ppm)	< 5
Maximum module power consumption (kW)	450
Stack voltage – DC (V)	<300
Stack current at 100% load (A)	1800
Hydrogen production rate (Nm^3/hour)	90
Maximum hydrogen production per day (kg)	194

As at 31 January 2023, the A-Series (A90 and earlier A-Series products) have been operating more than 4,300 hours combined, including test hours of the stack and system as well as operating hours at customers' sites. Although this key value is one of the indicators to analyse commercial operation and applicability, more data on uptime behaviour is needed to gain sufficient expertise about reliability and to demonstrate that the electrolyser versions are tested extensively for commercial application and operational performance.

The stack efficiency of the Company's A-Series electrolysers relative to different loads is considered by the Company to be a competitive feature. A high efficiency reduces the required use of electricity. Furthermore, the Company' electrolyser has a small physical product footprint measured as square meters per MW (sqm./MW). In combination with the easy scalability enabled by the modular technology, the small footprint serves as a competitive selling proposition. A small footprint allows for easy and cost-efficient transportation and use in a versatile range of applications. It is also expected to affect LCOH as customers will need to deploy smaller areas when installing the A90 Mk1.0 electrolysis system. Lastly, the Company's A90 Mk1.0 operates with a high system delivery pressure, which allows for a small product footprint and lower compression costs for the Company's customers. It thereby enhances versatility as pressurised hydrogen is necessary in many downstream applications, including hydrogen for transmission pipelines, storage, busses, trucks and passenger vehicles.

15.5.4.3 The Green Hydrogen Systems electrolyser stack

The stack is the core component of the A-Series electrolyser and is the key driver behind the efficiency and scalability of the Company's technology. The stack technology offers several competitive features outlined below. The competitive features and the efficiency are facilitated by the Company's overall system architecture, implying that the stack would not be as efficient in another system:

i) The stack of the A90 has a high electric current density of 600 mA/cm^2.

ii) The operating temperature is currently high at 80 degrees Celsius, and the Company aims to increase it in a controlled manner to improve hydrogen production efficiency of the electrolysis system.

iii) The cell frames in the stack have an optimal combination of mechanical strengths and dielectric properties, which enables at least 28 bar hydrogen output pressure. The high pressure allows for a small product footprint and lower compression costs for the Company's customers.

iv) The stack has an optimised flow system that secure an optimal distribution of temperature and the reactant lye. The optimised flow system enables higher durability and reliability of the system as well as higher efficiency.

The competitive features of the stack technology can be summarised as three central differentiators. Firstly, the design and technology of the stack allows for a dynamic operation as the stack is designed with a gasket system that minimises the crossover between H_2/O_2 at low power. This is beneficial to enhance the production of hydrogen, and the design is thereby critical to accommodate the input fluctuations that come from renewable energy sources. Secondly, the hydrogen output capacity can be scaled by increasing the number of cells in the stack or by connecting a number of stacks. The scalability feature of the stack is important for targeting larger green hydrogen projects.

15.5.5 Modularity, versatility and serial production

15.5.5.1 Modularity

The Company's electrolysis system has a modular design, which allows customers to scale their hydrogen projects incrementally and combine several electrolysers into one solution. The standardised and pre-tested modules can quickly and easily be added and installed in clusters like building blocks, which facilitate demand flexibility and scale. Customers can initiate their hydrogen production by investing in one or a few of the Company's electrolysers and later expand capacity by acquiring more electrolysers as market requirements change. Any number of modular units can be connected in a cluster to supply multi-MW solutions. The monitoring and control of the individual electrolysers is expected to be integrated via Green Hydrogen Systems' software solution, the HyProManager™, which is currently under development. The HyProManager™ software will enable control of individual units, clustered units and all units as a group. The HyProManager™ software system is thereby expected to provide automatic operation of the full electrolysis system with reduced manpower requirements. It will furthermore be easily integrated into supervisory control and data acquisition control systems (on-site or remote) as well as grid balancing/grid management systems.

Aside from the opportunity for incremental project build-out and integration of electrolysers into clustered solutions, advantages of the modular platform design and clustering of units include: i) dynamic utilisation of required inputs to the production of hydrogen, ii) automated redundancy, iii) easy service and maintenance, and iv) rapid system diagnostics:

i) The platform modularity and the HyProManager™ software system enable dynamic utilisation of the Company's electrolysers. Optimal hydrogen production is reached at approximately 50% load capacity, which can be achieved more consistently by having multiple units. Furthermore, multiple units can automatically balance the load factor to achieve a specified level of hydrogen production, which is critical when receiving variable input. For instance, having several modules at a green hydrogen plant allows for flexibility in situations where the renewable energy production is low, because selected modules can then be on standby while others can run at a low load. Thereby, a combination of modules can reach a lower load than one, larger module. Finally, dynamic utilisation and load balancing could increase the life span of the products because modules expectedly benefit from not being turned off. The small modules provide the possibility of keeping the modules running at low load when renewable energy production is low.

ii) Modularity and the HyProManager™ software system also facilitate automated redundancy where stable hydrogen production is secured if one unit is temporarily out of operation. This enables smooth operations during downtime.

iii) Similarly to (ii), modularity enables continued and stable production while servicing individual units as hydrogen production from other units can be increased while the units serviced are turned off.

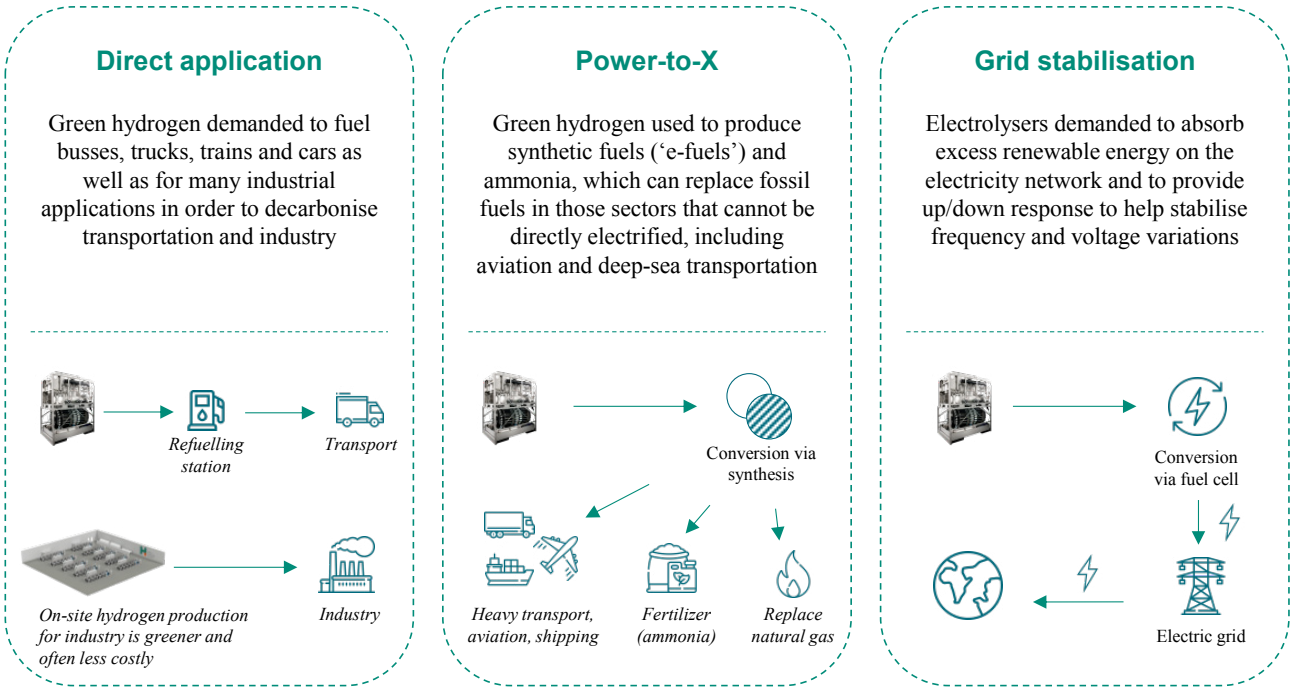
iv) Lastly, the modularity and the HyProManager™ software system allow for monitoring of each individual unit, which enables precise and rapid system diagnostics and problem-solving. This can enable predictive maintenance and has the potential to enhance the service offering for customers.

The Company's modular platform and its scalability potential are expected to enable increasingly large breakthrough projects. As the Company's electrolysers can be combined in large clusters that support multi-MW solutions, the Company and its customers have the ability to target larger projects over time. Clusters of the X-Series electrolysers are expected to enable GW-scale solutions.

15.5.5.2 Versatility

The Company's products are considered to be versatile as its electrolysis systems can be applied across many different market segments for green hydrogen production. The Company's product versatility enables its electrolysis systems to be used to produce hydrogen for various applications including direct applications, Power-to-X and grid stabilisation illustrated in Figure 15 and described in detail in section 14.2.5 (*The potential role of green hydrogen in the future energy system*). The Company can also in many cases provide standardised solutions for special projects that do not fit into easily definable categories.

Figure 15: Product applications



The versatility of the products is primarily enabled by i) the standardised and compact product design, ii) the high purity of the hydrogen produced with the Company's products, and iii) the low dew point of the hydrogen produced with the Company's products:

i) The small product footprint of the Company's electrolysers along with the modular nature of the units enable the Company's products to fit a versatile range of projects and applications. It is for example beneficial for customers running hydrogen fuelling stations to have small, compact units on-site that can be gradually scaled as demand increases. In other cases, for instance with production of hydrogen for industrial plants, customers need to be able to produce larger quantities of hydrogen. The modularity of the Company's electrolysis systems enables them to do so by acquiring additional units and combining them.

ii) The green hydrogen produced with the Company's electrolysis systems has a high purity level of >99.998%. This purity level exceeds the current known requirements for end-use applications, including fuel cells, and is practical for direct storage, further compression as well as immediate use. The automotive industry has the highest requirements for purity, and all of Green Hydrogen Systems' products achieve a purity level above these standards.

iii) Furthermore, the hydrogen produced with the Company's electrolysis systems has a low water concentration in hydrogen of less than 5 ppm, which means that the hydrogen produced is easily kept dry. This reduces the risk of ice forming in fuel cells, storage and pipe systems, which makes the Company's products applicable in many different areas. The automotive industry has more strict requirements for hydrogen dryness than any other industry, and all of Green Hydrogen Systems' products exceed these requirements.

15.5.5.3 Suited for serial production

The Company's modular technology and standardised electrolysis design makes its products suited for serial production, which in turn enables manufacturing scalability, efficiency and predictability, smooth installation at customer sites, and standardised quality assurance.

The Company's electrolysis systems require limited product customisation as the same modules can be used for containerised solutions for many different applications. Furthermore, the small physical footprint relative to other electrolysers in the market entails a simpler manufacturing process. The small footprint of the Company's electrolysis solution also reduces the need for on-site construction as the modules are easily transported. The Company's products thereby support an industrial approach to sourcing and procurement as well as a manufacturing strategy where assembly production lines can be established for rapid product deployment. The industrial approach is coupled with a LEAN-based manufacturing setup in order to enable short throughput times, high efficiency and high predictability.

Serial production entails a range of benefits including increased efficiency and an enhanced scalability of operations stemming from fewer unplanned manufacturing abruptions. The expected increase in efficiency and scalability support cost reductions and an increase in manufacturing capacity that will allow the Company to accommodate the expected increase in demand. Furthermore, the standardised nature of the product offering enables a smooth, 'plug-and-play' installation at the customers' sites along with quality assurance derived from the fact that the standardised products have been pre-tested and have proven reliable at other sites.

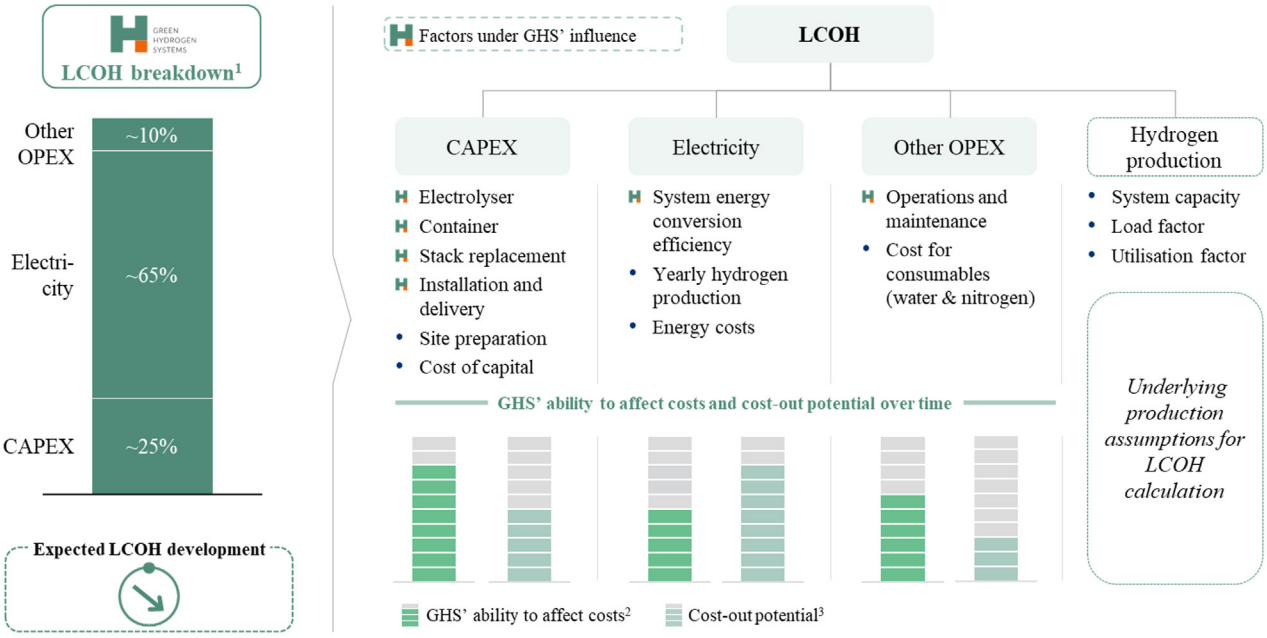
15.5.6 Significant cost-out potential

Green Hydrogen Systems has influence over the majority of factors that drive LCOH which allows for significant cost-out potential. The Company has a well-defined ongoing cost-out program, an industrial approach to manufacturing, and a R&D roadmap in place to realise cost component reductions as well as increased operational durability and efficiency. Most cost-out initiatives are tailored to the platform (A, X) driven by the specific design and supplier landscape. However, the initiatives are interlinked by sharing same principles occur when driving cost-out initiatives like "Design for Manufacturing or Value". Prospective investors should be aware that there is no guarantee that the Company will be successful in driving down LCOH. Investors should further be aware that some factors for driving down LCOH are outside of the Company's control (e.g. inflation, supply chain disruptions and power prices).

15.5.6.1 Levelised cost of hydrogen

When evaluating cost competitiveness in the hydrogen market, the key performance metric is LCOH. LCOH is the average net present cost per kg of hydrogen produced, incurred by the owner of a hydrogen project during its lifetime. The costs include capital expenditures, electricity costs and other operating expenses. In the context of Green Hydrogen Systems' A90 Mk1.0, capital expenditures, electricity, and other operating expenses constitute approximately 25%, 65% and 10%, respectively, of LCOH, assuming electricity input price of 40 EUR/MWh. The Company's LCOH breakdown as well as the factors included in LCOH are presented in Figure 16.

Figure 16: Levelised cost of hydrogen



Notes: 1) LCOH for Green Hydrogen Systems calculated based on estimated 2023 manufacturing cost side (i.e. without margins) for one A90 Mk1.0 containerised unit (90 Nm3/h), assuming electricity input price of 40 EUR/MWh; 2) Indicative illustration of Green Hydrogen Systems' ability to affect costs based on influence over LCOH factors; 3) Indicative illustration of expected impact on LCOH over time.

The capital expenditure share holds a significant cost-out potential as it comprises elements where the Company expects to have the highest ability to affect costs. Among capital expenditures, the Company expects to be able to affect the cost of the electrolyser, the container, the stack replacement, and the installation and delivery services.

Electricity usage makes up the largest cost component of LCOH, for which reason it is an important element for cost-out potential. The Company cannot affect the cost of renewable energy but can reduce green hydrogen production costs by increasing the efficiency of its system (all else equal). The Company expects to be able to increase its system energy efficiency through development of the existing and coming product platforms and thereby reduce the electricity usage in its electrolysis systems.

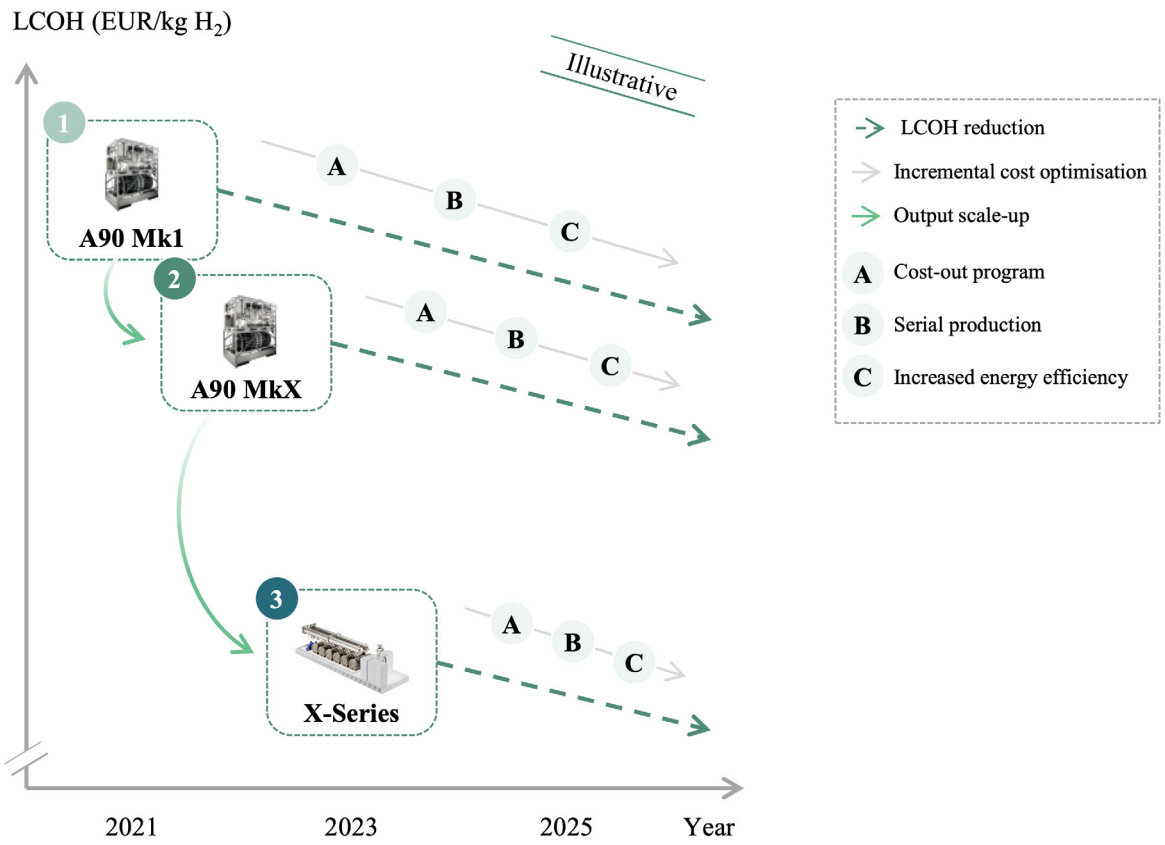
Other operating expenses include operations and maintenance costs as well as costs of consumables including water and nitrogen. The Company expects to be able to reduce the costs of operations and maintenance to some extent by improving the uptime, durability and lifetime of its products.

15.5.6.2 Initiatives to reduce LCOH across key cost factors

The Company expects to realise LCOH reductions in the future through initiatives across the key LCOH elements focused on incremental cost optimisation and output scale-up. The output scale-up is based on new versions of the Company's existing product

platform and a development of new product platforms and is expected to lead to a step-change reduction in LCOH. The initiatives and expected timing are illustrated in the Figure below. Figure 17 below is for illustrative purposes only.

Figure 17: Initiatives to reduce LCOH over time



Notes: The LCOH scale between the products and platform series is illustrative; A90 MkX represents continued advancement and refinement of the A90 product currently in version Mk1.0.

The newest version of the A-Series is the A90 Mk1.0, and the Company is currently improving this version with three incremental cost optimisation initiatives including i) the Company's cost-out program, ii) serial production, and iii) increased system energy efficiency.

i) The Company's cost-out program include integrated collaboration across the full value chain, should-cost analysis, sourcing optimisation and 'design to cost' initiatives. See section 15.5.6.3 (*Cost-out program*). The cost-out program is expected to affect all LCOH factors. The capital expenditure will be affected through savings on system components and commodity parts as well as through a more optimal design of its electrolysers. While cost-out for the A90 Mk1.0 has already been a focus in recent years, the Company still sees a potential for lowering capital expenditure. Furthermore, the design to cost initiatives are expected to, for instance, optimise product design, which could lower operating expenses. The design to cost initiatives are also expected to enhance the general efficiency of the Company's electrolysis systems, which will potentially reduce electricity costs.

ii) The Company continuously seeks to optimise its manufacturing and assembly processes as well as refine its system design to increase suitability for serial production. See section 15.5.5.3 (*Suited for serial production*). The Company expects that serial production will entail a higher level of efficiency in its manufacturing processes. Thereby, the Company expects to be able to reduce capital expenditure. Through continued standardisation of products, an increase in product quality is expected. Thus, the other operating expenses element of LCOH will potentially decrease. Further, the Company continuously assesses the level of pre-assemblies and outsourcing on non-critical assemblies to support cost and scalability.

iii) Increasing the system energy efficiency is a part of the Company's ongoing R&D efforts. The efforts are expected to reduce electricity costs. It involves further development of the A- and X-Series stack design enabling a) higher temperatures and b) cell resistance reduction stemming from thinner diaphragms, improved design and improved electrolyte conductivity.

Finally, the X-Series, will lead to a step-change in the Company's product performance affecting all elements of LCOH. This is achieved by optimising the BOP and stack, enabling greater scale economics and hydrogen output at a lower unit cost (referring to(C) in Figure 17). The Company targets cost-out of 50% from the X-Series and 20-30% from the A-Series in 2026 compared to current cost levels of the A90 Mk1.0 (all other factors being equal).

15.5.6.3 Cost-out program

The Company has a clear and defined plan in place to realise LCOH reductions and strengthen its competitive position over time for the A-Series while the X-Series cost-out plan is subject to ongoing amendments. The Company's cost-out activities are based on an integrated optimisation, securing an early, yet controlled supplier engagement in the design phase on in house designed components. The supply base is developed through an aligned strategy between internal stakeholders to maximise a balanced optimal solution from a capability/quality and cost/scalability perspective. The sourcing evaluation is performed with an ambition to improve the Company's current procurement terms by engaging in ongoing supplier negotiations as well as identifying alternative suppliers.

The Company has identified a list of initiatives with the objective to reduce costs for the A-Series Mk1.0. Examples of initiatives are: 1) redesigning components and subsystems so they can be procured or assembled at lower cost/effort (optimising design for value), 2) entering into high-volume discounts to obtain volume discounts and transfer supply contracts to suppliers in best-cost-countries, and 3) outsource non-core assembly parts for Cost-out potentials and scalability purposes.

By professionalising the supplier relationship management by roles and responsibilities throughout the entire process from strategy of negotiation and awarding to closely monitor and maintain the relation, the Company expects to change to scalable and cost-efficient vendors in e.g. Eastern Europe with large degree of dual sourcing as a strategic initiative.

With the "integrated approach on a common ownership" initiatives, the Company has an ambition of optimising sub-system designs to ease manufacturing at scale and improve component design in order to facilitate the use of increased cost competitive components anchored in category teams.

The identified cost-out initiatives are expected to contribute to the potential reduction in capital expenditures for the A90 Mk1.0.

In the past year, the Company has generally experienced cost-in rather than cost-out due to the macro-economic environment that has driven a general increase in input prices, shortage of certain materials and longer delivery times. At the same time, the restructuring of the A-Series design flaws has further caused a delay in cost-out potential from economies of scale incl. large-scale purchasing as well as more streamlined manufacturing and assembly processes.

In relation to the X-Series, specific cost-out initiatives are continuously being developed and amended as the bill of materials for the X-Series prototype is being set. These initiatives will among other be in the following areas: power supply savings, piping material, and in the use of separators and vessels. There is significant uncertainty concerning the cost-out potential of the X-Series as the X-Series is still at a prototype-level compared to the A-Series.

Going forward, there is no guarantee that the Company will be successful in implementing the cost-program as described in risk factor 4.1.3.1.

15.6 Research and development

Green Hydrogen Systems is a technology company that invests significantly in R&D in order to stay at the technological forefront and drive down LCOH over time. It has a three-pronged approach to R&D consisting of continuous product and process optimisation, research in core technologies, and an intellectual property and know-how strategy. The Company's business and technology are founded on its R&D efforts. The Company's R&D activities are performed by 105 employees (as at 1 May 2023) constituting approximately 33% of total employees. R&D spending (including external R&D costs and R&D employee costs) amounted to DKK 156 million in 2022.

The Company has two research teams and R&D sites located in Nordager, Kolding, Denmark and Nærum, Denmark, respectively, which are both in close proximity to skilled labour, education institutes and research partnerships. The R&D team in Nordager is located at the Company's headquarter and is working with product and component development with a focus on process, mechanical, and electrical areas of electrolysis. The team in Lyngby is co-located with Technical University of Denmark, which is seen as an innovation cluster, and is working with R&D of electrodes, other materials and processes. The Company's location in Nordager is located in proximity to the wind and energy cluster in Jutland, which provides ample opportunities to hire relevant talent and establish partnerships.

In connection with its continued development and R&D activities, the Company intends to apply for appropriate grants and subsidies to help finance and cover partly the costs of such activities.

[84] "Economic and Efficient Electrolytic Hydrogen production".

15.6.1 Research and development roadmap

Green Hydrogen Systems expects to create and maintain its competitive edge through high-priority efforts laid out in a R&D roadmap. Currently, customers in most target segments are looking for large-scale, modular electrolysis systems with limited footprint. The overall R&D strategy is therefore to develop the Company's concept further with a focus on improving the scalable platform for larger output volumes at a lower cost. This is achieved by focusing on continuous improvement of current product series as well as development of new product series.

Continuous improvement of existing products and processes is an important part of the Company's R&D in order to meet performance criteria related to system uptime, durability and efficiency. The efforts are also a part of the Company's cost-out program, where R&D are used to evaluate process design in order to keep costs at a competitive level. See section 15.5.6 (*Significant cost-out potential*).

The Company's approach to developing new product series is focused on research in core technologies. Core technologies include elements of the stack, particularly the electrode and diaphragms, the BOP, and the system architecture that combines all elements. The research activities related to the stack and the BOP are supported by computational fluid dynamics ("**CFD**") modelling to simulate the stack operations and thereby verify reliability of the stack once developed.

The Company operates with a R&D roadmap with a clear and detailed plan for the development phases to be implemented for each project. The R&D roadmap consists of the following projects:

i) Current projects: Include continuous advancement and optimisation of the A-Series, improving design, documentation and product reliability as well as the stack efficiency (see also risk factors 4.1.1.1 and 4.1.1.2).

ii) Platform projects: Include development and commercialisation of the upcoming X-Series platform, which is based on the A-Series. It is of high priority to the Company in order to address the increasing demand for multi-MW capacity solutions.

iii) Next-gen projects: Include high-temperature alkaline projects, which are expected to enable higher efficiency per electric current density. Feasibility studies are planned in the current R&D plan, and the project "EEEHy"[84] is one of several early-stage initiatives for increasing temperatures in the electrolysis process through improved system design.

The development of each new product platform is an extensive process where experience, trial-and-error know-how and issues fixing accumulated during the development of the Company's A-Series is taken into consideration.

15.6.2 Intellectual property strategy

The Company's technological competitiveness is based on developing and maintaining core knowledge in-house supported by an IP protection strategy. The IP protection strategy consists of three pillars: i) Creation of a relevant patent portfolio, ii) strict confidentiality approach for key trade secrets, and iii) full product ownership to avoid infringement.

The Company is in the process of creating a relevant patent portfolio with a commercial focus. The electrolysis system as a whole cannot be patented or otherwise legally protected because the pressurised alkaline electrolysis technology is based upon a proven and mature technology and is generally know-how based. However, various components and processes developed by the Company has been or are assessed to have the potential to be patented. The Company currently holds two patents related to stack design. While the patents are deemed relevant, the Company is not dependent on these patents. The Company has additionally identified 19 new patent candidates in the areas of electro catalysis, electrodes, design and process control. Six patent applications have been filed recently and there is an ongoing process of cooperating with external partner to investigate patentability and to further develop the IP strategy. Patents are, however, predominantly pursued when they are expected to be of high value from a financial and protective perspective, because patent applications include risks stemming from publication of detailed component and process descriptions. Recent reports indicate an increase in patent activity and new patents within the green hydrogen electrolyser field which the Company is actively monitoring.

The second pillar of the Company's IP strategy is the strict confidentiality policy that the Company has put in place. The Company is focused on keeping trade secrets not protected by IP rights strictly in-house and confidential. For that purpose, the Company has a principle of not sharing know-how externally and only sharing it in-house on a 'need to know' basis. In practice, the Company believes it is difficult to replicate the Company's technology in an external environment as the Company's technology is based on several years of trial-and-error complicating reverse engineering. The team behind the technology development consists of a number of engineers with long experience of services to the Company, and the Company focuses on incentivising key personnel important for the Company's development.

[84] "Economic and Efficient Electrolytic Hydrogen production".

Finally, Green Hydrogen Systems has full ownership across its product portfolio including its software, which is developed and maintained in-house. The Company is regularly conducting checks of its Freedom to Operate to determine whether its products and technology potentially infringe third-party intellectual property rights. At the date of this Prospectus, it is the Company's assessment that it does not violate any third-party intellectual property rights.

15.7 Manufacturing, assembly and supply chain

Green Hydrogen Systems has an assembly-focused manufacturing setup with most components being sourced externally and core components being processed or designed in-house at the Company's manufacturing facility.

Safety and health of the Company's employees and other stakeholders is the uncompromising priority number one, together with a dedicated focus on safety, health, environment, and quality. Green Hydrogen Systems continuously promotes an organisational culture with the safety mindset "take care" in all manufacturing processes in order to sustain awareness and actions for a safe working environment. The Company monitors safety on a daily basis, and registers and handles possible incidents to track and improve health and safety aspects. Furthermore, the Company has a strong focus on environmental standards and quality assurance. Promoting a sustainable environment is a core aspect of the Company's vision statement, and its assembly-focused setup ensures a less complex manufacturing process and thereby a reduced environmental footprint. Quality assurance is also an integral part of the Company's activities from product development to sourcing through manufacturing and to sales and service. An ERP system (SAP Business ByDesign ERP) was implemented in January 2021 to serve as a backbone for proactive quality control processes, including control plans and traceability in supply chain, manufacturing, testing, delivery and commissioning.

Green Hydrogen Systems received ISO certifications within ISO 45001 for occupational health and safety systems, ISO 14001 for environmental management systems, and ISO 9001 for quality management system standards in August 2021.

15.7.1 Manufacturing and assembly facilities

The Company manufactures and assembles its electrolysers in a new, modern facilities in Nordager, Kolding, Denmark. These facilities have been operational since November 2020. The facilities, its land and some surrounding land are all owned by the Company, of which the latter is owned for potential future expansions. The Company acquired the ownership of the facility and land as part of the 400 MW capacity expansion initiated in 2021. Currently, the Company is in the process of commissioning and equipping its expanded facility of around 18,000 m² in total. Once completed and fully upgraded, it is expected to increase the total manufacturing capacity to around 400 MW per year, with a targeted expected utilisation of 75 MW in 2024, 150 MW in 2025 and more than 200 MW in 2026. The expanded facilities are expected to enable scalable serial production of the A-Series and later X-Series, as well as increased warehousing area and improved quality control which will comprise significant investments.

The Company's A-Series and X-Series are/will be assembled on two different dedicated manufacturing lines. Refitting the A-Series line for X-Series manufacturing and vice versa would be costly and time consuming. Accordingly, the dedicated manufacturing capacity for the A-Series and for the future manufacturing of the X-Series, respectively, will not be immediately translatable to manufacturing capacity for other electrolyser series.

Based on an extrapolation of current maximum manufacturing capacity, the continuous optimisation of manufacturing and assembly processes and the planned introduction of the X-Series, the Company believes that it will be able to support a manufacturing capacity of more than 1,000 MW per year in the existing manufacturing facilities.

It is further the purpose of the Nordager site to act as a factory blueprint for the potential establishment of additional factories in the future. The Company will consider such new manufacturing facilities once the required investment is commercially substantiated e.g., if a project of substantial magnitude involves local content requirements, if there are favourable cost advantages related to the cost of energy and access to competent skills/workforce or if it could be beneficial for relationships with strategic customers or customer groups.

15.7.2 Assembly-focused manufacturing setup

Manufacturing of the Company's electrolysers follows an assembly-based process with all systems being assembled and tested in Nordager, Kolding, Denmark.

The current manufacturing facility follows the following flow:

- *Components warehouse*: Just-in-time warehouse with a limited amount of components stored.
- *Stack assembly & test*: The stack is assembled from the electrodes and a range of sourced Green Hydrogen Systems designed components. The stack undergoes a test phase to ensure stack integrity before assembly with the flow system, power supply and control system.

- *Electrolyser assembly*: Assembly of the rack, flow system, power supply and control system.
- *Container assembly*: In parallel to the assembly of the electrolysers, the container is pre-assembled, which consists of the installation of the power supply and other auxiliary systems included in the containerised solutions. Once the Green Hydrogen Systems electrolyser has been assembled, it is installed in the container. Finally, the containerised solution is electrically tested before it is moved to the outside testing area.
- *Electrolyser test*: The final containerised system is put in operation and undergoes production test (full power test) and (factory acceptance testing ("**FAT**") before delivery and installation.
- *Delivery and installation*: The system is delivered and installed at the customer's premises by Green Hydrogen Systems' technicians.

The assembly-focused pull production setup is beneficial for the Company as it is agile to meet demand and allows for serial production being a significant enabler of cost-out. The Company spends resources on R&D to improve manufacturing processes and components used in the manufacturing that will enable further cost-out. The manufacturing setup also entails that the Company currently does not manufacture electrolyser units to keep "in stock" and therefore the Company's inventory and warehouse storage is generally limited to components and raw materials as are deemed necessary to deliver on the Company's backlog in the short-term. There have been no significant developments in this approach since 31 December 2022.

The internal throughput time is currently around three months for a containerised A90 solution.

15.7.3 Supply chain and suppliers

Green Hydrogen Systems' electrolysers are for the most part assembled and manufactured from standardised components generally available in the European market as well as Green Hydrogen Systems-designed components sourced from capacity suppliers. Many suppliers are a combination of local and European companies, and the Company has extensive freedom to design its supply chain as most components are standard or manufactured by standard processes, and hence widely accessible.

Green Hydrogen Systems maintains a strong relationship with its main suppliers, which comprise a subset of its comprehensive supplier base. A dual sourcing strategy is in place for the majority of components by either actively buying from several suppliers or benchmarking and ensuring competition between multiple suppliers. The main component cost categories are power supply components, electrodes, gas system components, mechanical parts, pressure vessels, and control system components.

Currently, the Company sources the majority of its components on an order-by-order basis with the exception of some key components with long delivery time where the Company has negotiated frame agreements. The Company's sales & operations plan is however transferred into forecasting and long lead items are allocated against the approved sales & operations plan. The Company expects to engage in new supplier partnerships and negotiate additional frame agreements and contracts along with the ongoing scale-up and evaluation of its supplier network.

The raw materials used for the electrolyser manufacturing are primarily steel, nickel, and nickel-based materials as well as various generally available materials including plastics and rubber. The nickel pricing is currently quite volatile, however with currently 6-8% share of the electrolyser cost, the Company has a limited exposure to fluctuations in nickel prices, and is continuously evaluating for mitigating initiatives.

The current market situation with high inflation and shortage of certain materials has generally led to rising procurement cost and longer delivery time. The supply base still suffers from long lead items associated with the overall market disruptions around semiconductors and power supply components, and electronics has increased lead time, however, is currently being mitigated by additional frame agreements. Short term shortages on specific components with limited sources have required initiatives on alternatives to secure mid-term resilience on supplies.

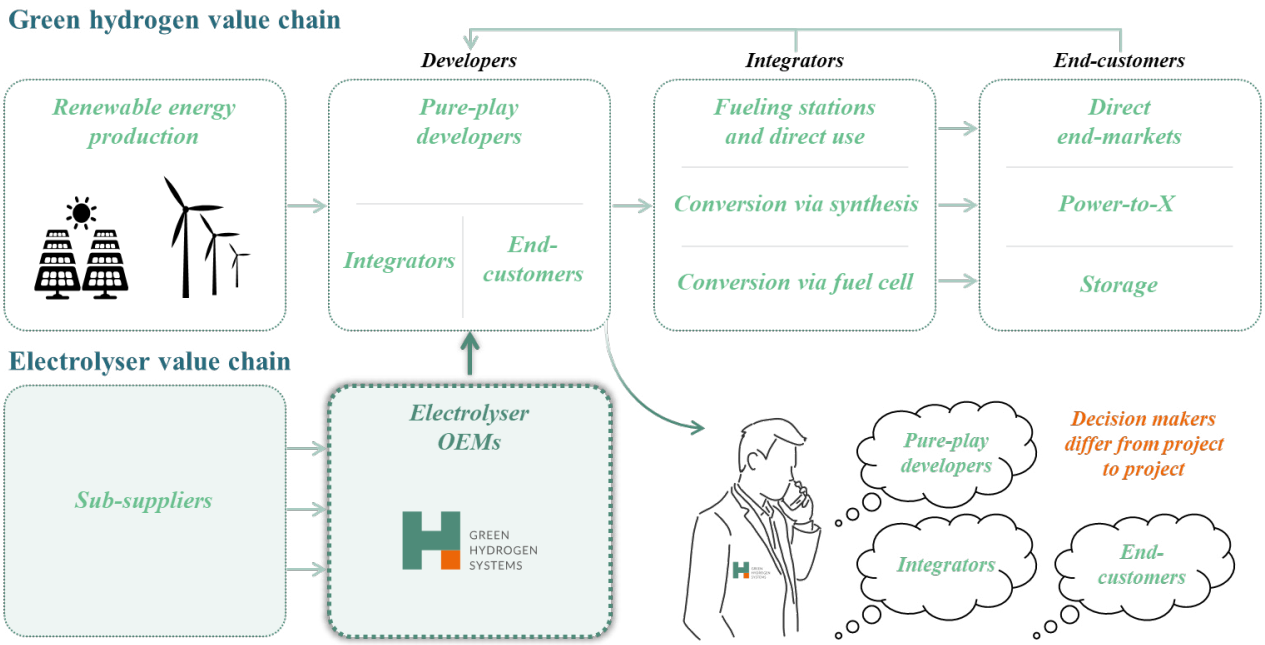
Recently, for example, the Company has experienced supplier challenges and disturbances. These include corrosion of BOP components and supply disturbances for lye-heat and separator components. The Company is on an ongoing basis monitoring its suppliers' performance to assess any potential for optimisation. See also risk factor 4.1.1.1 and section 15.5.1.2 (*A-Series 2023 quality issues and modifications/retrofits - guidance adjustment and profit protection plan*).

15.8 Sales and customers

The Company has delivered electrolysis solutions for different application areas, geographies and project sizes, and it has a strong pipeline with a potentially increasing magnitude of variety and scale.

Decision makers vary from project to project and can be either large-scale project developers, small-scale equipment integrators, or final asset owner. The green hydrogen value chain with examples of decision makers in the Company's focus markets is illustrated in Figure 18 below.

Figure 18: Green hydrogen value chain



The decision factors for the customers typically include: Price (e.g. costs per MW), delivery certainty (timely delivery), technology / technical specifications and commercial terms (e.g. guarantees and performance). The Company believes it is generally well-positioned relative to competition, especially due to its technology and technical specifications. However, some competitors are able to benefit from being part of larger integrated companies with strong balance sheets which especially can impact the commercial terms factor.

15.8.1 Sales approach and process

The Company's choice of sales approach depends on the nature of the targeted project, which can vary across application area, geography, size and project proximity to hydrogen production. Strategic partnerships, where Green Hydrogen Systems approaches potential customers in collaboration with relevant partners, is a proven model in e.g. new market entries. It is a relevant to collaborate with equipment integrators when the targeted project requires integration with other third-party equipment (e.g. compression, storage, fuelling station) or in certain industrial projects where a large-scale EPC provider will enhance the chances of winning the project. Green Hydrogen Systems approaches potential customers directly when the value proposition is strong without a partner. Collaboration with equipment integrators is typically the chosen approach in current focus markets, where the Company is working to enhance its positioning and visibility through local partners and stakeholders. Finally, a sales approach is to bid on public tender offers, where the Company either submits bids alone or joins forces with an EPC provider or other industry players in consortiums (typically backed by public funding).

For any given sales approach, the Company' sales process consists of three overall stages of touchpoints with the customer: i) marketing and sale, ii) customer project maturation and on-site installation and commissioning, and iii) remote and on-site service during operations.

i) Marketing and sale include marketing, lead generation, pipeline management, offer and quotation management as well as negotiation and contract signing. The lead time from sale to delivery is currently 6 to 12 months for the A-Series and is in respect to the X-Series expected to be 12 to 24 months (however, it will vary with individual projects) during which the Company sources relevant components and completes assembly and product tests. See section 15.7.2 (*Assembly-focused manufacturing setup*).

ii) Once the electrolyser is manufactured, the Company support installation at the customer's site and commissioning.

iii) Service during operations include remote monitoring, remote supervision and troubleshooting, on-site preventive maintenance, provision of spare parts and consumables, and on-site incident management and repairs. Green Hydrogen Systems recurring services as part of a multi-year service agreement as well as ad hoc repair services and provision of spare parts. A fixed fee service agreement is currently mandatory the first three years.

In respect of the X-Series, the Company does not intend to commit to any unconditional sales/orders of X-Series units until sufficient and satisfactory test data on the X-Series prototype is available, expectedly by the end of Q3 2023. Assuming that satisfactory test data is achieved during Q3 2023, the Company aims towards closing the first commercial orders for X-Series during Q4 2023. In that

case, manufacturing and delivery of first X-Series units to customers will be targeted for Q3 and Q4 2024. As such, the Company is highly dependent on the timely availability of satisfactory testing data from the X-Series prototype. However, the availability of what the Company considers satisfactory test data is not a guarantee that any commercialised X-Series units manufactured for delivery to customers will meet the Company's and its customers' expectations. Ultimately, the decision on when to launch sales of the X-Series is a commercial decision, balancing the risks and the benefits of commencing sales at an early stage (with a less tested product) or at a later stage (with a more thoroughly tested product, but potentially also delaying the manufacturing ramp-up and revenue recognition of X-Series sales). Reference is also made to section 15.5.2 (Status on X-Series development). This entails a risk that if and when the X-Series is launched commercially, the product may not be fully tested which results in an increased risk of design flaws and complications in the X-Series which can delay factory acceptance tests and/or necessitate retrofitting on customer sites.

15.8.2 Order backlog

The Company has seen a positive commercial momentum in terms of customer orders and order backlog over the past two years. In January 2023, a customer ordered 16 A-Series electrolyser units with a combined capacity of 7.2 MW, including a supply and service agreement. A majority of the ordered electrolysers, which is the Company's largest order to date, are targeted for delivery in 2023 and the remaining part in 2024. As at 1 May 2023 the order backlog, comprising signed customer contracts was approximately 19.8 MW. Several of the Company's projects comprise the first phase of larger projects, and several of the orders are from customers having made repeat orders. For a detailed description of the Company's order backlog, please also refer to sections 16.3 (*Principal factors affecting the Company's business and results of operations*) and 16.7.1 (*Order backlog (non-IFRS)*).

Certain technical issues and supply disturbances in relation to the A-Series may challenge the Company in delivering on its order backlog for 2023. See also risk factor 4.1.1.1 and 15.5.1.2 (*A-Series 2023 quality issues and modifications/retrofits - guidance adjustment and profit protection plan*).

In addition to the established order backlog, the Company has a continuously growing and diverse pipeline of potential customers and projects within different application segments and geographies, along with a clear strategy for conversion of the pipeline to order backlog projects. While the Company's current backlog is sufficient for the Company to meet its financial guidance (assuming timely delivery) for 2023, the Company has not over the past few months closed any new orders for A-Series units and sales of X-Series have not yet commenced. See also section 15.5.2 (*Status on X-Series development*) To build a sufficient order backlog to meet its medium-term targets and expected sales and deliveries for 2024, it is critical that the Company is able to land new orders in the near-term and during 2023. This is viewed as an ambitious but realistic target (but is nonetheless still subject to risks and uncertainties as also described in risk factor 4.1.2.1).

Prospective investors should be aware that while the orders in the Company's order backlog are based on executed customer contracts, there are several contracts that may be cancelled by customers due to a current delay in delivery which would reduce the Company's order backlog.

15.8.3 Revenue model and project cash flows

Currently, Green Hydrogen Systems' revenue streams and project cash flows for a standard project include both i) milestone payments for the electrolysis system, ii) payment for installation support and commissioning, iii) recurring payments based on a fixed fee service agreement, and iv) variable payments from ad hoc repair and provision of spare parts.

The timing and relative sizes of the cash flows and revenue streams vary from project to project and typically constitutes part of the negotiation process.

15.8.4 Service revenue

Service revenue accounted for approximately 7% of revenue from customer contracts in 2022, and the Company expects to increase its service revenue share gradually as the installed base grows.

After the first three years, where a service agreement is mandatory, the Company expects that the customers will be offered a multi-year renewal contract covering remote monitoring, remote supervision and troubleshooting, on-site preventive maintenance, Given the complexity of the Company's technology, it is expected that many customers will choose the multi-year service model. It is therefore expected that aftermarket services will be an important driver of growth and profitability in the future.

15.8.5 Go-to-market strategy

Green Hydrogen Systems is in the process of adapting its go-to-market strategy to address new markets and the increasing demand for large-scale projects.

Green Hydrogen Systems has identified a range of focus markets comprising of select countries in Europe, along with select high potential markets such as Australia. A number of countries have been selected as short-term priorities for the Company to address. Such focus markets include the Nordic region, UK, Germany, Benelux, France and Iberia. Various markets outside Europe have different technical compliance requirements and dealing with market-specific complexity whilst scaling requires significant resources. Therefore, the Company generally de-prioritise markets or deals where the CE-standard products do not fit. Especially the targeting of Australia with CE standard product requires continuous testing. While the Company will focus its proactive sales on these focus markets, opportunistic sales in other markets will also be considered, with Chile as an example of such opportunistic market. The Company evaluates its market prioritisation on a continuous basis due to the development pace of market trends. For example, with the adoption of the IRA, the U.S. has recently increased in market attractiveness, and therefore the Company is considering the U.S. as a potential focus market and how potential technology development and assembly partnerships could support sales to the U.S. Sales to the U.S. would also require a specific product variant, hereunder develop a 60 Hz product variant instead of the current 50 Hz variant, comply with US regulatory design requirements, and local sourcing of components. The Company is currently considering a potential go-to-market strategy for the U.S., however, there have been made no reservation or allocation of the expected proceeds from the Offering towards towards entering into any new geographic markets (including the U.S. market). See also section 11 (*Background to the Offering and use of proceeds*).

In focus markets, prioritised targets will be approached proactively and directly by Green Hydrogen Systems' own sales teams. Furthermore, such markets will typically have dedicated sales resources. Furthermore, the Company is currently in the process of planning the establishment of its local sales platform. Technical service support is expected to be established at a later stage when Green Hydrogen Systems' installed capacity in the country or region has increased. In addition, the Company aims to leverage partnerships with regional equipment integrators and service providers to cope with market specific complexity across markets. This includes building of a standardised and scalable partnership model powered by Green Hydrogen Systems.

In non-focus markets with limited, if any, proactive outreach from Green Hydrogen Systems' sales teams, the Company expects to rely on strategic partners and industrial conglomerates to identify high value opportunities.

15.8.5.1 Resources and focus dedicated to commercialising legal set-up

In recent years, the Company has significantly strengthened its legal resources internally and externally to broadly support and sustain the Company's operations. Particular, in relation to sales, legal resources have been provided to facilitate more and larger projects, to ensure compliance with internal governance and to meet customer requirements in relation to products and documentation. Going forward, the legal set-up will be continuously adapted in line with the growth of the Company and the requirements from external stakeholders. The Company has noted that more and more customers are making stricter demands for documentation and certification of the Company's products in the contracts. These stricter requirements, including for example the CE-marking with the involvement of a notified body, are considered to be within the scope of what the Company can deliver to its customers.

15.8.5.2 Adaptation of sales efforts to address increasing demand for large project sizes

In terms of project sizes, Green Hydrogen Systems has previously focused on smaller projects below 10 MW in scale. However, the Company is generally observing an industry trend towards larger electrolyser projects and believes that the future market will be dominated by larger projects. With the expected launch of the X-Series and the modularity and scalability of the Company's technology, Green Hydrogen Systems considers itself to be well-positioned to deliver to such larger projects upwards to 50 MW.

Hence, over the coming years, the Company will increasingly shift its proactive sales efforts towards larger projects exceeding 10 MW in scale. Similarly, the Company expects that the targeted projects to a larger extent will be driven by customers' intentions to produce hydrogen for distribution and exports rather than for on-site use. Meanwhile, smaller projects for on-site use will continue to be considered on a more opportunistic basis. In addition to the launch of the X-Series, efforts to support the proactive sales approach include developing a key account structure in focus markets and further an evaluation of the potential for creating partnerships to win projects that are considered strategically significant. Targeting of large project sizes of more than 50 MW is likely to include partnerships along the value chain, e.g. with EPC players for sales & marketing and project & delivery service, as well as potentially assembly partnerships in order to develop and offer engineered integrated solutions. The Company has a range of ongoing initiatives to explore such partnerships.

15.9 Organisation

The Company has grown its organisation rapidly from 18 employees as of 1 January 2020 to more than 300 employees as of 1 May 2023.The employee growth has since the IPO been spread out evenly in Research and Development, Technology and Support, Commercial & Service Commissioning, Operations and Supply Chain. Since 2021 there has also been an increase of employees in various well established support functions, such as Finance, IT & Digitalisation and HR.

Approximately 60% of the employees are employed in highly technical functions including R&D and technical aspects of Operations such as production technology, product sustaining, test, and service. All employees are employed in Denmark.

The Executive Management and Key Employee Team consists of 6 people and is presented in section 18 (*Board of Directors, Executive Management and Key Employees*). Employees with a deep understanding of the Company´s technology, product offering, and journey continue at critical positions with Green Hydrogen Systems, and more employees with substantial knowledge on the Company´s technology and product has joined since 2021.

15.10 Material contracts entered into by the Company outside the ordinary course of business

Save as disclosed below, there are no contracts (other than those entered into in the ordinary course of business) to which the Company is a party which (i) are, or may be, material to the Company and which have been entered into in the two years immediately preceding the date of this Prospectus; or (ii) contain any obligations or entitlements which are, or may be, material to the Company as of the date of this Prospectus.

15.10.1 Nordager Purchase Agreement

In July 2021, the Company entered into a purchase agreement for its acquisition of the property located at Nordager 21, 6000 Kolding (the "**Nordager Purchase Agreement**"), being the location of the Company's Nordager facility. The Company paid a total of approximately DKK 73.5 million (excluding VAT) for the property under the Nordager Purchase Agreement. Furthermore, the Company bought adjacent land from Kolding Kommune for approximately DKK 0.6 million and DKK 0.7 million, for a total amount of DKK 1.3 million.

15.10.2 Nordager Turnkey Contract

In July 2021, the Company entered into a turnkey contract with a turnkey contractor regarding an expansion of the Company's Nordager facility (the "**Nordager Turnkey Contract**"). The expected time of finalisation of the construction work is in August 2023. The work is carried out by various subcontractors engaged by the turnkey contractors.

15.10.3 Nykredit Mortgage Credit Finance Agreement

In March 2023, the Company entered into a mortgage credit financing agreement with Nykredit Realkredit A/S providing for a DKK 119 million mortgage financing of the Company's domicile building located at Nordager 21, 6000 Kolding (the "**Nykredit Financing Agreement**"). The loan under the Nykredit Financing Agreement has a maturity of 20 years and is to be repaid in quarterly instalments. The Nykredit Financing Agreement contains various terms regarding covenants and undertakings deemed customary (including but not limited to change of ownership/control, cross default, negative pledge, material adverse change undertaking, delivery of relevant information including financial information, compliance certificates and asset management reports on a quarterly basis, delivery of budgets for the coming year no later one month before the next financial year begins), as well as a financial covenant that the Company must maintain at least DKK 200 million in cash or cash equivalents (including cash restricted for counter guarantees) at all times. The financial covenant reflects the Company's internal policy of at all times having at least DKK 200 million as part of what the Company considers a prudent capital adequacy management system. The loan under the Nykredit Financing Agreement was disbursed in March 2023. The financial covenant has been waived for the period until and including 31 July 2023.

15.10.4 Term Loan Agreements

In June 2023, the Company entered into two term loan agreements (the "**Term Loan Agreements**") with each of APMH Invest A/S and Arbejdsmarkedets Tillægspension as lenders. Pursuant to the Term Loan Agreements, two term loans (the "**Term Loans**") in the total principal amount of DKK 250 million are, subject to certain conditions, made available to the Company. In addition to customary financing conditions precedent, the disbursement of the Term Loans is conditional on the Company accepting subscription applications for New Shares in the Offering to raise gross proceeds of DKK 225 million or more. Additionally, the disbursement of the Term Loans is conditional on the Company granting security by way of a DKK 120 million floating charge over certain of the Company's assets and a DKK 130 million second priority mortgage over the Company's property located at Nordager 21, DK-6000 Kolding (in each case subject to payment by the Company of applicable registration fees). The Term Loan Agreements contain various customary provisions such as cross default provisions and also include financial covenants mirroring those of the Nykredit Financing Agreement.

The Term Loan Agreements also provide that the balance of the Term Loans shall be subject to a fixed interest rate of 15 per cent. p.a. which shall be rolled up on quarterly basis and added to the principal amount of the Term Loans. The Term Loan Agreements also include a pledge from the Company to not create any other security over its assets as well as restrictions on the Company's ability to engage in certain new financing and debt arrangements (requiring that the proceeds from such new arrangements are applied towards prepayment of the Term Loans). The Term Loans will be due for repayment on 30 June 2026. Subject to the conditions for disburse-

ment of the Term Loans being satisfied, the Company expects that the Term Loans will be disbursed after completion of the Offering. If the Term Loans are prepaid in whole or in part prior to the date falling 24 months after their disbursement, such prepayment will be subject to a variable prepayment fee.

15.10.5 Rights Issue Agreement

Reference is made to section 24.3.3 (*Rights Issue Agreement*).

15.11 Legal proceedings

As of the date of this prospectus, the Company is not, and during the previous 12 months has not been, involved in any material governmental, legal or arbitration proceeding which may have or had in the recent past significant effects on the Company's financial position, other than tax audits undergone in the Company's ordinary course of business.

16. Operating and financial review

The following is a discussion of the Company's financial condition and results of operations as at and for the years ended 31 December 2022, 2021 and 2020, and a discussion of the Company's performance as at and for the period 1 January 2023 to 31 March 2023 with comparative figures for the period 1 January 2022 to 31 March 2022.

This section should be read in conjunction with the Company's 2022 Financial Statements, 2021 Financial Statements, 2020 Financial Statements and the Company's Q1 2023 Trading Statement, each as incorporated into this Prospectus by reference as set out in section 7 (Presentation of financial and certain other information), as well as section 8.2 (Documents incorporated by reference). This discussion may contain forward-looking statements, which are subject to risks and uncertainties, including, but not limited to, certain risks described in the "Risk factors" section of this Prospectus. Actual results could differ materially from those expressed or implied in any forward-looking statements. See section 5 (Special notice regarding forward-looking statements) in this Prospectus.

The Company's Financial Statements have been audited by the Company's independent auditors, PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, as stated in their report appearing therein. The Q1 2023 Trading Statement, including comparative figures for the period 1 January 2022 to 31 March 2022, has been prepared in accordance with the Company's accounting policies.

The overview of financial performance as well as the segment information below has been derived from the Company's regularly maintained records and operating systems. Additionally, certain measures presented herein are not measures of financial performance under IFRS and investors are cautioned not to place undue reliance on these measures.

16.1 Overview of financial performance

The tables below set out selected financial information extracted from the Company's Financial Statements and the Q1 2023 Trading Statement.

The Financial Statements incorporated by reference into this Prospectus have been prepared in accordance with IFRS and additional requirements of the Danish Financial Statements Act (in Danish: *årsregnskabsloven*), except for non-IFRS financial measures listed in section 16.7 (*Non-IFRS financial measures*) or as otherwise stated. For further information, including a reconciliation of the non-IFRS measures presented in this Prospectus to the nearest IFRS measure see section 16.7 (*Non-IFRS financial measures*). The Q1 2023 Trading Statement incorporated by reference into this Prospectus has been prepared in accordance with the Company's accounting policies. For further information, including a reconciliation of the non-IFRS measures presented in this Prospectus to the nearest IFRS measure see section 16.7 (*Non-IFRS financial measures*).

16.1.1 Q1 2023 Trading Statement

	For the period 1 January to 31 March	
(DKK '000)	2023	2022
Key figures		
Customer orders		
Order backlog end of period (MW)	20	12
Profit/loss		
Revenue from contracts with customers	13,832	97
Operating profit, EBIT	(82,456)	(57,604)
Net financials	(1,367)	(1,428)
Balance sheet		
Total assets	1,735,289	1,228,340
Equity	782,046	1,102,462
Cash flows		
Operating activities	(80,692)	(60,396)
Investing activities	(55,716)	(57,950)
Financing activities	233,959	(1,088)
Net cash flow for the period	97,551	(119,433)
Cash and cash equivalents*	N/A	824,132
Changes in net working capital	N/A	(11,882)
Employees		
Employees at end of period	293	219
Other performance measures		
Gross profit	N/A	(2,488)
Gross profit margin	N/A	(2,562%)
EBITDA	(73,303)	(50,215)
EBITDA margin	N/A	(51,718%)
Intangible CAPEX	39,296	31,531
Tangible CAPEX	20,840	26,419
Total CAPEX	60,136	57,950

* Including financial assets (listed bonds) that easily can be converted into cash with a repurchase agreement (repo) less related borrowings.

16.1.2 Income Statement

	For the year ended 31 December		
(DKK '000)	**2022**	**2021**	**2020**
Revenue from contracts with customers	10,422	5,172	9,433
Other operating income	3,330	2,382	2,793
Total revenue & operating income	**13,752**	**7,554**	**12,226**
Changes in inventory of finished goods and work in progress	26,658	25,580	36
Raw materials and consumables used	(99,556)	(57,323)	(17,208)
Work performed by the company and capitalised	79,704	49,272	10,485
Employee costs	(189,313)	(108,374)	(39,571)
Other operating expenses	(80,418)	(65,159)	(35,585)
Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)	**(249,174)**	**(148,450)**	**(69,617)**
Depreciation and amortisation	(33,792)	(14,883)	(3,072)
Operating profit/(loss) (EBIT)	**(282,967)**	**(163,333)**	**(72,689)**
Financial income	289	637	2
Financial expenses	(5,138)	(335,675)	(2,861)
Profit/(loss) before tax	**(287,816)**	**(498,371)**	**(75,548)**
Income tax	5,500	5,500	2,307
Profit/(loss) for the year	**(282,316)**	**(492,871)**	**(73,241)**

	For the year ended 31 December		
(DKK '000)	**2022**	**2021**	**2020**
Earnings per share attributable to shareholders	**(3.42)**	**(7.85)**	**(2.47)**
Diluted earnings per share attributable to shareholder	**(3.42)**	**(7.85)**	**(2.47)**

16.1.3 Statement of comprehensive income

	For the year ended 31 December		
(DKK '000)	**2022**	**2021**	**2020**
Profit/(loss) for the year	(282,316)	(492,871)	(73,241)
Other comprehensive income for the year	0	0	0
Changes in the fair value of debt instruments at fair value through other comprehensive income	(23,981)	(2,171)	0
Other comprehensive income for the year	**(23,981)**	**(2,171)**	**0**
Total comprehensive income for the year	**(306,296)**	**(495,042)**	**(73,241)**

16.1.4 Balance sheet

	For the year ended 31 December			1 January
(DKK '000)	**2022**	**2021**	**2020**	**2020**
Intangible assets	173,962	58,912	16,459	7,011
Property, plant and equipment	313,586	161,297	20,635	195
Financial assets at fair value through other comprehensive income	562,443	691,494	0	0
Right-of-use assets	7,875	8,235	14,535	370
Deposits	908	527	6,205	45
Total non-current assets	**1,058,773**	**920,465**	**57,834**	**7,621**
Inventories	170,004	73,423	7,611	8,016
Trade receivables	10,861	3,681	4,052	12,601
Income tax receivables	5,500	5,500	2,527	1,375
Prepayments	10,510	1,813	227	226
Other receivables	16,393	23,194	4,694	1,658
Financial assets at fair value through other comprehensive income	182,600	0	0	0
Cash and cash equivalents	95,340	266,924	155,953	9,412
Total current assets	**491,209**	**374,536**	**175,064**	**33,288**
Total assets	**1,549,982**	**1,295,001**	**232,898**	**40,909**

	For the year ended 31 December			1 January
(DKK '000)	**2022**	**2021**	**2020**	**2020**
Share capital	83,166	81,987	36,805	22,204
Share premium	1,742,521	1,740,789	39,328	18,115
Reserve for development costs	131,608	43,189	12,147	5,002
Reserve for financial assets at fair value through other comprehensive income	(26,152)	(2,171)	0	0
Accumulated deficit	(1,069,088)	(691,953)	(92,357)	(24,787)
Total equity	**862,056**	**1,171,842**	**(4,077)**	**20,534**
Borrowings	0	0	170,287	3,315
Lease liabilities	4,560	3,938	12,303	133
Provisions	0	0	0	226
Other payables	0	0	1,350	267
Total non-current liabilities	**4,560**	**3,938**	**183,940**	**3,941**
Borrowings	500,000	0	4,089	509
Trade payables	65,127	42,850	25,358	5,641
Lease liabilities	3,440	3,460	2,228	239
Contract liabilities	41,428	27,576	7,889	5,645
Deferred income	33,297	31,614	3,239	3,374
Provisions	14,944	3,114	984	419
Other payables	25,131	10,607	9,248	607
Total current liabilities	**683,366**	**119,221**	**53,035**	**16,434**
Total liabilities	**687,927**	**123,159**	**236,975**	**20,375**
Total equity and liabilities	**1,549,982**	**1,295,001**	**232,898**	**40,909**

16.1.5 Cash flow statement

	For the year ended 31 December		
(DKK '000)	**2022**	**2021**	**2020**
Profit/(loss) for the year	(282,316)	(492,871)	(73,241)
Changes in net working capital	(71,226)	(14,286)	31,307
Adjustments	64,884	362,584	15,957
Interests received	3,977	0	2
Interests paid	(4,688)	(13,348)	(572)
Income taxes paid/received	5,500	2,527	1,375
Net cash flow from operating activities	**(283,869)**	**(155,394)**	**(25,172)**
Payment for property, plant and equipment	(167,049)	(145,417)	(20,647)
Payment for development costs	(128,573)	(46,889)	(10,978)
Payment for financial assets at fair value through other comprehensive income	(103,367)	(699,959)	0
Sale of financial assets at fair value through other comprehensive income	21,699	5,494	0
Net cash flow from investing activities	**(377,290)**	**(886,771)**	**(31,625)**
Principal elements of lease payments	(4,547)	(4,658)	(1,008)
Proceeds from borrowings	500,000	0	202,997
Repayment of borrowings	0	(19,829)	(745)
Proceeds from share issues	2,911	1,269,338	3,144
Transaction costs for equity issuance	0	(91,715)	0
Cash settlement, warrants	(8,790)	0	0
Purchase of treasury shares	0	0	(1,050)
Cash flow from financing activities	**489,574**	**1,153,136**	**203,338**
Net cash flow for the year	(171,584)	110,971	146,541
Cash and cash equivalents, beginning of the year	266,924	155,953	9,412
Cash and cash equivalents at end of the year	**95,340**	**266,924**	**155,953**

16.2 Segment information

Green Hydrogen Systems serves one segment, which is inherent in the way the Executive Management considers and operates the Company. The costs related to the main nature of the business, being development and manufacturing of electrolysers for on-site hydrogen production, are not attributable to any specific revenue stream or customer type and are therefore borne centrally. The results of the single reporting segment, comprising the entire Company, are shown in the statement of comprehensive income.

The Executive Management together with Key Employees is the Chief Operating Decision Maker (CODM) which is made up of the senior leadership across the respective functional areas and is responsible for the strategic decision making and for the monitoring of the operating results of the single operating segment for the purpose of performance assessment. Segment performance is evaluated by the CODM based on profit or loss for the single segment and is measured consistently with profit or loss in the Financial Statements of the Company.

Furthermore, the CODM monitors revenue based on countries (based on the location of the respective customers), product offering and application.

The following tables displays external revenue by countries:

	For the period 1 January to 31 March	
(DKK '000)	**2023**	**2022**
Denmark	0	97
Sweden	0	0
Norway	66	0
Other	13,766	0
Total revenue	**13,832**	**97**

	For the year ended 31 December		
(DKK '000)	**2022**	**2021**	**2020**
Denmark	368	899	8,987
Sweden	2,249	1,490	12
Norway	7,289	0	0
Other	516	2,783	434
Total revenue	**10,422**	**5,172**	**9,433**

The following tables displays external revenue by product offering:

	For the period 1 January to 31 March	
(DKK '000)	**2023**	**2022**
Product revenue	13,699	0
Service and other revenue	133	97
Total revenue by product offering	**13,832**	**97**

	For the year ended 31 December		
(DKK '000)	**2022**	**2021**	**2020**
Product revenue	9,711	4,931	5,303
Service and other revenue	711	242	4,130
Total revenue by product offering	**10,422**	**5,172**	**9,433**

Revenues of DKK 2,142 and DKK 7,289 thousand, respectively, are derived from two external customers in 2022 (2021: DKK 2,519, DKK 1,490 and DKK 657 thousand, respectively, are derived from three external customers; 2020: DKK 7,983 thousand from a single external customer).

16.3 Principal factors affecting the Company's business and results of operations

Prospective investors should also refer to sections 4 (*Risk factors*) 14 (*Industry*) and 15 (*Business*) for further information relating to factors, which may affect Green Hydrogen Systems' business, financial condition and results of operations.

The following factors have affected, and will continue to affect, the Company's business and results of operations.

16.3.1 Green hydrogen market

As at the time of this Prospectus, the market for green hydrogen is at a nascent stage, and the expected future growth of the Company's operations and results is based upon the expectation that the market for electrolysis systems will grow significantly in the coming years. The key drivers and indicators of momentum in the market for green hydrogen are i) societal and political pressure to limit CO_2 emissions, ii) regulatory amendments and execution of national hydrogen strategies, iii) increased focus on Energy supply in EU and US, iv) surge in planned projects and growing industry alliances supporting large investments and v) decreasing cost of green hydrogen and are described in detail in section 14.3 (*Drivers and indicators of momentum in the market for green hydrogen*).

The expansion of the market for green hydrogen is considered to contain a structural "chicken or egg" paradox as the existing market has neither significant manufacturing of electrolysers or established downstream demand for green hydrogen or derived synthetic fuels. Hence, in order to grow, the market requires the simultaneous scaling of both the demand and the supply side, both of which are intrinsically dependent on the other. It is expected that demand is likely to grow at a faster rate than supply as the pace of transition for the demand side is anticipated to be more accelerated than the expected timeframe for establishing the required renewable energy and electrolysis capacity. In order to meet the expected surge in demand, the Company is currently investing heavily in the organisation and manufacturing capacity. These investments have impacted the Company's profitability negatively in the periods under review with the expectation to impact the Company's results positively in the future.

The Company and several competitors are expecting to significantly lower the cost of electrolysers over the coming years through a combination of cost-out programs and increasing manufacturing scale. The Company expects that this development will cause the market sales price per MW in electrolyser capacity to decline over time. Such a decline in market sales price may impact the Company's future revenue and the Company's result of operations, if the Company is not able to decrease its manufacturing costs at a similar pace as competitors.

The Company mainly focuses on select EU countries (the Nordic region, Germany, Benelux, France and Iberia) as well as Australia, South Korea and Japan. The future growth of the Company's operations is dependent on the development of the green hydrogen market in those focus markets.

The general economic conditions in the Company's focus markets might affect its revenues and results of operations. Regionally and nationally, the green hydrogen market and the electrolysis industry is exposed to the political and regulatory framework surrounding renewable energy and the general green transition including subsidies supporting the development of the market. Political support for green hydrogen may fade if, for instance, the economy experiences a setback where other agendas become more pressing. This entails a risk that the green hydrogen market will not grow as much and at as accelerated a pace as anticipated, but Green Hydrogen Systems expects that demand will nonetheless materialise over time. More information on the risks that could affect future income and operating results is described in section 4 (*Risk factors*).

16.3.2 Competitive environment

The competitive landscape for electrolysers is characterised by being relatively immature with only a few handfuls of electrolyser manufacturers having a fully developed and marketable product. The industry is, however, seeing significant interest from local and international companies, some of which have longer operating histories, benefit from larger organisations and generally have greater R&D, manufacturing, sales, marketing, distribution, and financial resources than the Company. Competitors in the green hydrogen market are expected to scale their electrolyser manufacturing capabilities in order to meet the expected surge in demand, which, along with potential new entrants, will imply increasing competitive pressure in the market.

Green Hydrogen Systems does not necessarily see the competitors' scale-up of manufacturing capacity as a constraining factor for its own development. Rather, the Company expects that an increase in competitor activity, which contributes to the total manufacturing capacity in the industry, is likely to increase the downstream confidence in the hydrogen industry as a whole and drive additional demand certainty. In addition, the Company expects that several technologies including the Company's pressurised alkaline technology have a justified future in the green hydrogen market. In sum, a fragmented landscape of competitors and technologies is anticipated.

The development of the competitive environment will inevitably affect the Company's future revenue and operating result, but the financial impact from increasing competitive pressure is uncertain. Further information on the risks related to the competitive environment is provided in section 4 (*Risk factors*).

16.3.3 Launch of new products

Historically, Green Hydrogen Systems has not offered a wide product portfolio, and up until the time of the Prospectus, the Company's revenue has relied entirely on the launch, commercialisation and performance of the A-Series and related services. The A-Series is currently the Company's core product platform. It is a complete, pressurised alkaline electrolysis solution available in standardised and modular configurations for high product efficiency, versatility and scalability. Being the result of +13 years of R&D, the A-Series builds on a proven pressurised alkaline technology with robust operational performance. During 2021 and 2022, the entire A-Series has been upgraded from Mk0 to an improved Mk1.0. The Mk1.0 version includes the A90 process module, the BOP as well as the HyProManager™ software and control system enabling automatic and remote operations. As of 1 May 2023, total accumulated orders of the A-Series amounted to 22.5 MW. 19.8 MW of these orders have been delivered as at 1 May 2023. The Company previously expected to introduce two additional and more powerful A-Series process modules (A120 and A150), however, the focus is now instead on advancing and improving the A-Series platform based on the A90 process module and develop the more powerful X-Series platform.

The Company expects to launch a new product platform in 2023, the X-Series. The X-Series is expected to enable 6 megawatts capacity per unit, which will allow the Company to target projects above 100 megawatts and potentially in the gigawatts scale. The new product platform is expected to be important for the Company's ability to gain market share as customers are expected to increasingly demand large-scale solutions as described in further details in 14.3 (*Drivers and indicators of momentum in the market for green hydrogen*). In addition, the X-Series is considered likely to enable cost savings relative to the A-Series through a capital expenditure reduction, reduction in engineering and installation costs and less maintenance time due to fewer critical parts to inspect.

Furthermore, the ability to complete the development, sales and delivery of the X-Series are of great importance to the Company's commercial viability. In 2026, the X-Series is expected to constitute more than 70% of the Company's total revenue and will decrease revenue by around DKK 300 million if commercial launch is delayed by one year (see also section 15.3.5 (*Medium-term targets*). Consequently, the Company's ability to successfully develop and commercialise its new product platform, the X-Series, as well as future products and services in its relevant markets is of great importance to the Company's long-term results and ability to deliver returns for its shareholders.

16.3.4 Ability to generate business opportunities and win new orders

The Company does not have a portfolio of multiple ongoing projects that are generating a consistent flow of revenues to the Company. The Company is seeking to build up a base of repeat customers consisting of local and small-scale project developers which are intended to generate a more consistent inflow of small-scale projects around the A-Series platform. The Company remains to experience an inflow of revenue generating projects for the X-Series platform which is targeting medium and large-scale MW projects where the Company is presented with business opportunities in the increasing segment of medium-scale projects of 20-100 MW.

It is important to be able to participate in medium and large-scale green hydrogen projects, particularly given the nascent stage of the green hydrogen market, because such participation may offer increased revenues and generate significant industry attention, potentially enabling the Company to generate future business opportunities. In addition, the Company may obtain valuable data on the on-site operation of its electrolysers from its potential participation in such projects.

From time to time, one project may generate multiple business opportunities for the Company but once that project is completed, participation in a second project may not be immediately available. Accordingly, the Company's ability to generate revenue is highly dependent on individual projects. Furthermore, most known medium and large-scale green hydrogen projects are themselves at early stages and subject to ongoing design, technical project management and commercial approval and commencement.

If the Company is not able to participate in early-stage green hydrogen projects, the Company may be in a disadvantaged position to generate future business opportunities, and the Company may face extended periods without being able to present any new sales orders.

16.3.5 Delivery of the order backlog

It is critical for the Company's ability to reach its short- and medium-term targets, including its guidance for the financial year ending 31 December 2023 that it is able to deliver on its backlog in a timely and satisfactory manner. The Company has previously had to adjust its guidance downwards caused by, *inter alia*, delivery delays, and such downwards guidance adjustments have been followed by a significant decrease in the trading price of the Company's Shares. The general commercial success of the Company, including customer relationships, future business opportunities and the Company's brand and reputation, is similarly dependent on the Company's ability to deliver on its current and ongoing order backlog. Based on these experiences, the Company cannot exclude or discount the risk that future deliveries may also be subject to delays, flaws, errors or sub-standard performance.

Contrary to previous guidance adjustments and profit warnings the Company has de-risked a number of internal factors related, *inter alia*, to the assembly process, quality control, product readiness and compliance that could lead to additional delivery delays. Furthermore, the Company has delivered and revenue recognised the first electrolyser units by the end of 2022 with additional units delivered and revenue recognised in Q1 2023.

Failure to deliver on the Company's order backlog will, if such failure occurs in the future, have a variety of knock-on effects on the Company's business and revenue such as, *inter alia*, potential cancellation of customer orders, none or delayed recognition of revenue from customer orders, provisions for liquidated damages.

16.3.6 LCOH reduction including cost-out program

The competitiveness of the green hydrogen industry as a whole as well as the Company's products are dependent on the ability to reduce LCOH over time. Reaching cost parity between green hydrogen and fossil fuel alternatives will be a key enabler for achieving widespread adoption of green hydrogen. Similarly, the LCOH associated with Green Hydrogen Systems' electrolysers must decrease significantly to remain competitive, ultimately reducing sales prices.

Green Hydrogen Systems' initiatives to reduce LCOH, further elaborated on in section 15.5.6.2 (*Initiatives to reduce LCOH across key cost factors*), shall ensure profitable sales in a market with declining prices. As an example, the Company's ongoing cost-out program is initiated to reduce, among others, direct materials costs and direct labour costs. As the gross profit of the Company's current order backlog is negative, improving on profit margins (which may be achieved through the cost-out program, among other things) is important for the Company. In addition, the Company's ability to increase scale and efficiency of its products will affect, among others, competitiveness (i.e., sales volumes). Conclusively, successful implementation of initiatives to reduce LCOH is expected to impact future revenue and operating results. The customer perceived LCOH is to a certain degree influenced by the Company's sales price which constitutes around 25% of the LCOH during the lifetime of a project. While the Company currently observes increasing average selling prices mainly due to inflation, the general assumption is a gradual decrease towards 2026 as the market and general competition develop. Average selling prices of the X-Series is expected to reflect competitive pricing and lower costs per MW of the X-Series versus the A-Series.

16.3.7 Investments in research and development

The Company is currently making significant investments in research and development concerning its product development and cost-out initiatives in order to meet customer demands, reduce LCOH, and expand its operations to include larger-scale projects. This has impacted operating results and cash flow in the periods under review negatively and is expected to continue to do so in the short to medium term. However, investments in research and development are crucial in terms of facilitating and increasing future revenue and operating results.

The Company's expenses for research and development are attributable to developing more efficient products and products with larger capacities, and approximately 80% of the costs are capitalised historically. The Company's total research and development expenses, including capitalised expenses, in 2022 amounted to DKK 156,635 thousand of which DKK 123,833 thousand was capitalised. In 2021 and 2020, total research and development expenses amounted to DKK 52,024 thousand and DKK 20,385 thousand respectively, of which DKK 44,852 thousand in 2021 and DKK 10,997 thousand in 2020 were capitalised. R&D expenses comprise both salaries, material costs and indirect production costs.

The total investments in research and development are expected to increase significantly compared with the periods under review driven by the continued development of the Company's product portfolio and specifically the development of the X-Series. The total expenses depend on a variety of factors, including but not limited to the Company's ability to drive projects forward according to plan and innovation.

16.3.8 Growth strategy

The Company is currently in a scale-up phase with the ambition to contribute to the development of the green hydrogen market while meeting the growing demand from customers and other stakeholders. The growth strategy has required and will in the short to medium term require continued investments in respect of production scale-up, the X-Series production line, the X-Series prototype build, test facilities as well as R&D activities focusing on the X-Series and numerous initiatives to further increase the performance of the A-Series and X-Series product platforms.

16.3.9 Currency fluctuations

The Company has its registered office in Denmark and recognises its financial position and earnings in DKK. The Company is currently only to a lesser extent affected by currency fluctuations as its current orders are denominated in either DKK or EUR, to which the DKK is pegged. Most of its costs are denominated in DKK, with nickel being the only significant cost, including commodities used in the manufacturing, that is denominated in USD. As a result, there are no significant impacts from currency fluctuations to the financial position and earnings in the periods under review.

In the future, the Company may accommodate customers and suppliers with local currency or USD invoices for which reason changes in exchange rates may affect the Company's financial statements.

16.3.10 Commodity and component prices

The Company is exposed to fluctuations in commodity prices (principally electricity and nickel). Electricity is consumed by the Company in its manufacturing processes and its research and development activities, especially during testing. Furthermore, the price of electricity from renewable sources is the single largest component of LCOH, which is a key factor for the competitiveness of green hydrogen electrolysers. In summary, fluctuations in commodity prices, in particular electricity prices, may benefit or adversely affect future income and operating results.

Further, the Company is exposed to the development in prices for components sourced from external suppliers. Price inflation contributed to the Company's recent EBITDA guidance adjustment as further described in section 15.5.1.2 (*A-Series 2023 quality issues and modifications/retrofits - guidance adjustment and profit protection plan*). The Company's electrolysers are for the most part assembled and manufactured from standardised components generally available in the European market as well as Green Hydrogen Systems-designed components sourced from capacity suppliers. The Company's cost breakdown by suppliers and cost categories are described in detail in section 15.7.3 (*Supply chain and suppliers*). Changes in prices on components sourced from external suppliers may affect the Company's financial statements and specifically the Company's gross profit (non-IFRS) (see section 15.5.1.2 (*A-Series 2023 quality issues and modifications/retrofits - guidance adjustment and profit protection plan*)).

16.3.11 Pandemics or other global or regional force majeure like events

Recent years have witnessed a variety of global and regional crises and macroeconomic challenges, including a pandemic, supply chain disruptions, the outbreak of war in Ukraine, and fluctuating energy prices. Additionally, there is uncertainty as to whether the global

economy is or will be in a recession in the near future. The Company cannot assess the probability of these risk types materialising in the future but based on its experience with the occurrence and impact of similar risks in the recent years (some of which are currently ongoing) it considers it likely that it will face challenges of this nature on a medium to long-term as well. If materialising, such risks may in some way have an adverse effect on the Company's business or its market and indirectly such effects could as a whole result in a material adverse effect on the Company's financial development.

16.4 Summary of the key financial development for the first quarter of 2023 (1 January to 31 March 2023) compared to the first quarter of 2022 (1 January to 31 March 2022)

Prospective investors should also refer to section 16.11 (*Description of key income statement line items*) for further information on recognition in the income statement.

16.4.1 Key figures

Revenue from contracts with customers for the period 1 January 2023 to 31 March 2023 totalled DKK 13,832 thousand compared to DKK 97 thousand for the same period in 2022. The increase in revenue from contracts with customers was primarily driven by an increase in delivery of electrolysers.

Operating profit, EBIT for the period 1 January 2023 to 31 March 2023 totalled DKK (82,456) thousand compared to DKK (57,604) thousand for the same period in 2022. The decrease in operating profit, EBIT was primarily driven by increased business activity.

Net financials for the period 1 January 2023 to 31 March 2023 totalled DKK (1,367) thousand compared to DKK (1,428) thousand for the same period in 2022. The decrease in net financials was primarily driven by development in market interest rates related to cash and financial assets.

Total assets as of 31 March 2023 were DKK 1,735,289 thousand compared to DKK 1,228,340 thousand as of 31 March 2022. The development was primarily driven by increases in tangible and intangible assets and inventories.

Equity as of 31 March 2023 was DKK 782,046 thousand compared to DKK 1,102,462 thousand as of 31 March 2022. Changes to equity in 2023 were due to a loss for the period of DKK (82,448) thousand.

Cash flow from operating activities for the period 1 January 2023 to 31 March 2023 was DKK (80,692) thousand compared to DKK (60,396) thousand for the period 1 January 2022 to 31 March 2023. Net cash flow from operating activities was primarily affected by a decrease in profit/loss for the period from DKK (57,657) thousand in the period 1 January 2022 to 31 March 2022 to DKK (82,448) thousand in the period 1 January 2023 to 31 March 2023, and a decrease in changes in net working capital from DKK (11,882) thousand in the period 1 January 2022 to 31 March 2022 to DKK (20,484) thousand in the period 1 January 2023 to 31 March 2023 mainly due to a decrease in inventories.

Cash flow from investing activities for the period 1 January 2023 to 31 March 2023 amounted to DKK (55,716) thousand compared to DKK (57,950) thousand for the period 1 January 2022 to 31 March 2022. Investing activity during the period 1 January 2023 to 31 March 2023 was primarily caused by investments related to development projects and expansion of facilities.

Cash flow from financing activities for the period 1 January 2023 to 31 March 2023 was DKK 233,959 thousand compared to DKK (1,088) thousand for the period 1 January 2022 to 31 March 2022. The cash flow from financing activities in the period 1 January 2023 to 31 March 2023 was mainly affected by an increase of DKK 120,000 thousand in loans related to the repurchase agreement (repo) the Company entered into during 2021 involving its holdings of listed bonds and a granted mortgage loan on the new facilities at Nordager 21, DK-6000 Kolding, amounting to DKK 117,453 thousand.

16.5 Summary of the key financial development in the financial year ended 31 December 2022 compared to the financial year ended 31 December 2021

Prospective investors should also refer to section 16.11 (*Description of key income statement line items*) for further information on recognition in the income statement.

16.5.1 Income statement

Total revenue & operating income for the financial year ended 31 December 2022 totalled DKK 13,752 thousand compared to DKK 7,554 thousand in 2021. The increase in total revenue & operating income was primarily driven by an increase in revenue from contracts with customers from DKK 5,172 thousand in 2021 to DKK 10,422 thousand in 2022 due to an increase in delivery of electrolysers. In other operating income there was an increase from DKK 2,382 thousand in 2021 to DKK 3,330 thousand in 2022

due to an increase in development costs eligible for grants. Other operating income comprises grants and subsidies for development projects, for example from the Danish Energy Agency and Innovation Fund Denmark.

Changes in inventory of finished goods and work in progress for the year ended 31 December 2022 amounted to DKK 26,658 thousand compared to DKK 25,580 thousand in 2021 and raw materials and consumables used for the year ended 31 December 2022 amounted to DKK (99,556) thousand compared to DKK (57,323) thousand in 2021. The change in the two was mainly driven by a general increase in manufacturing of electrolysers to fulfil customer contracts.

Work performed by the Company and capitalised for the financial year ended 31 December 2022 amounted to DKK 79,704 thousand compared to DKK 49,272 thousand in 2021. The increase was primarily driven by an increase in development activities especially related to enhancements to existing A-Series electrolysers and the new X-series.

Employee costs for the financial year ended 31 December 2022 amounted to DKK (189,313) thousand compared to DKK (108,374) thousand in 2021, corresponding to an increase of 75 percent, primarily driven by the large increase in employees, from 110 employees in 2021 to 242 employees in 2022, to accommodate the activities of the Company.

Other operating expenses comprise costs related to facilities, sales & marketing and administrative expenses. Other operating expenses for the financial year ended 31 December 2022 amounted to DKK (80,418) thousand compared to DKK (65,159) thousand in 2021, corresponding to an increase of 23 percent, primarily driven by increased business activity. 2021 was impacted by costs connected to the capital raising activities of approximately DKK 11,950 thousand.

Depreciation and amortisation for the financial year ended 31 December 2022 was DKK (33,792) thousand compared to DKK (14,883) thousand in 2021. The increase was primarily driven by initiated depreciation of development projects taken into use and depreciation of manufacturing facilities and equipment.

Financial expenses for the financial year ended 31 December 2022 was DKK (5,138) thousand compared to DKK (335,675) thousand in 2021. The decrease was primarily driven by a fair value loss on derivatives at fair value through profit or loss amounting to DKK (317,489) thousand related to a non-cash fair value adjustment mechanism derived from the convertible loan facility entered in December 2020.

Income tax for the financial year ended 31 December 2022 was an income of DKK 5,500 thousand compared to DKK 5,500 thousand in 2021. The effective tax rate for the financial year ended 31 December 2022 was 2 percent compared to 1 percent in 2021. The variance from the Danish corporation tax rate of 22 percent is caused by non-deductible costs, additional deductions of R&D costs and changes in unrecognised deferred tax assets.

Profit for the financial year ended 31 December 2022 was DKK (282,316) thousand compared to DKK (492,871) thousand in 2021 corresponding to an increase of 43 percent.

16.5.2 Balance sheet

Total non-current assets as of 31 December 2022 were DKK 1,058,773 thousand compared to DKK 920,465 thousand as of 31 December 2021. The development was primarily driven by an increase in intangible assets from DKK 58,912 thousand in 2021 to DKK 173,962 thousand in 2022 due to an increase in development activities, an increase in property, plant and equipment from DKK 161,297 thousand in 2021 to DKK 313,586 thousand in 2022 originating from the expansion of facilities and investments in production equipment and a decrease in financial assets at fair value through other comprehensive income from DKK 691,494 thousand in 2021 to DKK 562,443 thousand in 2022.

Total current assets as of 31 December 2022 was DKK 491,209 thousand compared to DKK 374,536 thousand as of 31 December 2021. Cash and cash equivalents decreased from DKK 266,924 thousand in 2021 to DKK 95,340 thousand as of 31 December 2022, due to significant investments in financial assets and inventory increased from DKK 73,423 thousand in 2021 to DKK 170,004 thousand in 2022 due to an increase in business activities to fulfil customer contracts.

Total equity as of 31 December 2022 was DKK 862,056 thousand compared to DKK 1,171,842 thousand as of 31 December 2021. Changes to equity in 2022 were mainly due to the loss for the period of DKK 282,316 thousand.

Total current liabilities as of 31 December 2022 was DKK 683,366 thousand compared to DKK 119,221 thousand as of 31 December 2021, corresponding to an increase of DKK 564,145 thousand. The development was primarily driven by an increase of DKK 500,000 thousand in loans related to the repurchase agreement (repo) the Company entered into during 2021 involving its holdings of listed bonds.

16.5.3 Cash flow

Net cash flow from operating activities for the financial year ended 31 December 2022 was DKK (283,869) thousand compared to DKK (155,394) thousand for the financial year ended 31 December 2021. Net cash flow from operating activities was primarily affected by a decrease in profit/loss for the year from DKK (175,382) thousand in 2021, excluding the non-cash fair value loss on derivatives to DKK (282,316) thousand in 2022, and a decrease in changes in net working capital from DKK (14,286) thousand in 2021 to DKK (71,226) thousand in 2022 due to negative effects from increasing inventory and positive effects from an increase in trade payables. Adjustments to cash flow from operating activities primarily comprise the non-cash fair value loss on derivatives, income tax, depreciations and amortisations.

Cash flow from investing activities for the financial year ended 31 December 2022 amounted to DKK (377,290) thousand compared to DKK (886,771) thousand for the financial year ended 31 December 2021. Investing activity during the financial year 2022 was primarily caused by investments related to the expansion of the Company's facilities, investments in production equipment, increasing development activities and investments in financial assets at fair value through other comprehensive income. Investing activity during the financial year 2021 was primarily caused by investments in financial assets at fair value through other comprehensive income amounting to DKK (699,959) thousand.

Cash flow from financing activities for the financial year ended 31 December 2022 was DKK 489,574 thousand compared to DKK 1,153,136 thousand for the financial year ended 31 December 2021. The cash flow from financing activities in 2022 was mainly affected by an increase of DKK 500,000 thousand in loans related to the repurchase agreement (repo) the Company entered into during 2021 involving its holdings of listed bonds.

16.6 Summary of the key financial development in the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

16.6.1 Income statement

Total revenue & operating income for the financial year ended 31 December 2021 was DKK 7,554 thousand compared to DKK 12,226 thousand in 2020. The decrease in total revenue & operating income was primarily driven by a decrease in revenue from contracts with customers from DKK 9,433 thousand in 2020 to DKK 5,172 thousand in 2021 due to a decrease in the number of delivered electrolysers. In other operating income there was a decrease from DKK 2,793 thousand in 2020 to DKK 2,382 thousand in 2021 due to decreased development activities partly funded with grants.

Changes in inventory of finished goods and work in progress for the year ended 31 December 2021 amounted to DKK 25,580 thousand compared to DKK 36 thousand in 2020 and raw materials and consumables used for the year ended 31 December 2021 amounted to DKK (57,323) thousand compared to DKK (17,208) thousand in 2020. The change in the two was driven by a general increase in manufacturing of electrolysers to fulfil customer contracts.

Work performed by the Company and capitalised for the financial year ended 31 December 2021 amounted to DKK 49,272 thousand compared to DKK 10,485 thousand in 2020. The increase was primarily driven by an increase in development activities especially related to enhancements to existing A-Series electrolysers.

Employee costs for the financial year ended 31 December 2021 amounted to DKK (108,374) thousand compared to DKK (39,571) thousand in 2020, corresponding to an increase of 174 percent, primarily driven by the large increase in employees, from 37 employees in 2020 to 110 employees in 2021, to accommodate the activities of the Company.

Other operating expenses for the financial year ended 31 December 2021 amounted to DKK (65,159) thousand compared to DKK (35,585) thousand in 2020, corresponding to an increase of 83 percent, primarily driven by increased business activity.

Depreciation and amortisation for the financial year ended 31 December 2021 amounted to DKK (14,883) thousand compared to DKK (3,072) thousand in 2020. The increase was primarily driven by initiated depreciation of development projects taken into use and depreciation of manufacturing facilities and equipment and new right-of-use assets.

Financial expenses for the financial year ended 31 December 2021 were DKK (335,675) thousand compared to DKK (2,861) thousand in 2020. The increase was primarily driven by a fair value loss on derivatives at fair value through profit or loss amounting to DKK (317,489) thousand related to a non-cash fair value adjustment mechanism derived from the convertible loan facility entered in December 2020.

Income tax for the financial year ended 31 December 2021 was an income of DKK 5,500 thousand compared to DKK 2,307 thousand in 2020. The effective tax rate for the financial year ended 31 December 2021 was 1 percent compared to 3 percent in 2020. The

variance from the Danish corporation tax rate of 22 percent is caused by non-deductible costs, additional deductions of R&D costs and changes in unrecognised deferred tax assets.

Profit for the financial year ended 31 December 2021 was DKK (492,871) thousand compared to DKK (73,241) thousand in 2020 corresponding to a decrease of 573 percent.

16.6.2 Balance sheet

Total non-current assets as of 31 December 2021 was DKK 920,465 thousand compared to DKK 57,834 thousand as of 31 December 2020. The development was primarily driven by an increase in tangible assets from DKK 20,635 thousand in 2020 to DKK 161,297 thousand in 2021 due to new facilities and expansion of them and an increase in financial assets at fair value through other comprehensive income from DKK 0 thousand in 2020 to DKK 691,494 thousand in 2021.

Total current assets as of 31 December 2021 were DKK 374,536 thousand compared to DKK 175,064 thousand as of 31 December 2020. Inventories increased from DKK 7,611 thousand in 2020 to DKK 73,423 thousand in 2021 due to increased business activity to fulfil customer contracts and cash and cash equivalents increased from DKK 155,953 thousand in 2020 to DKK 266,924 thousand in the financial year ended 31 December 2021, due to proceeds from share issues.

Total equity was DKK 1,171,842 thousand as of 31 December 2021 compared to DKK (4,077) thousand as of 31 December 2020. The increase in equity occurred in particular due to a capital increase during the year 2021 increasing the share capital by DKK 45,182 thousand as well as an increase in share premium of DKK 1,701,461 thousand, partly offset by a loss for the period of DKK (492,871) thousand.

Total non-current liabilities as of 31 December 2021 were DKK 3,938 thousand compared to DKK 183,940 thousand as of 31 December 2020. The decrease was primarily driven by conversion of borrowings to equity and repayment of borrowings in connection to the capital increase.

Total current liabilities as of 31 December 2021 were DKK 119,221 thousand compared to DKK 53,035 thousand as of 31 December 2020, corresponding to an increase of DKK 66,186 thousand. The development was primarily driven by an increase of DKK 17,492 thousand in trade payables due to increased business activity and costs and an increase in deferred income of DKK 28,375 due to prepayment of grants related to the Company's development projects.

16.6.3 Cash flow

Net cash flow from operating activities for the financial year ended 31 December 2021 was DKK (155,394) thousand compared to DKK (25,172) thousand for the financial year ended 31 December 2020. Net cash flow from operating activities was primarily affected by a decrease in profit/loss during the year from DKK (73,241) thousand in 2020 to DKK (175,382) thousand, excluding the non-cash fair value loss on derivatives and a decrease in changes in net working capital from DKK 31,307 thousand in 2020 to DKK (14,286) thousand in 2021 due to increasing inventories, deferred income and trade receivables as a consequence of growth and grants related to the Company's development projects.

Cash flow from investing activities for the financial year ended 31 December 2021 amounted to DKK (886,771) thousand compared to DKK (31,625) thousand for the financial year ended 31 December 2020. Investing activity during the financial year 2021 was primarily caused by investments related to the expansion of the Company's facilities, investments in production equipment, increasing development activities and investments in financial assets at fair value through other comprehensive income.

Cash flow from financing activities for the financial year ended 31 December 2021 was DKK 1,153,136 thousand compared to DKK 203,338 thousand for the financial year ended 31 December 2020. The cash flow from financing activities in 2021 was mainly affected by an increase in proceeds from share issues of DKK 1,266,194 thousand related to the listing of the Company. Transaction costs related to the listing of the Company amounted to DKK 91,715 thousand.

16.7 Non-IFRS financial measures

The following definitions apply throughout the Prospectus and include reconciliations from the relevant IFRS financial measures to the defined non-IFRS financial measures:

16.7.1 Order backlog (non-IFRS)

Order backlog is defined as the electrolyser capacity in megawatts (MW) of signed, but not delivered orders end of the period. Executive Management considers order backlog (non-IFRS) to be a useful measure to monitor the performance of the sales organisation including the effect of sales initiatives.

The following tables provide an overview of order backlog in MW end of the periods indicated:

	For the period 1 January to 31 March	
	2023	2022
Order backlog in MW	20	12.0

	For the year ended 31 December		
	2022	2021	2020
Order backlog in MW	13.2	9.9	4.9

16.7.2 Gross profit (non-IFRS)

Gross profit is defined as revenue from customer contracts, less direct product, and labour costs. Executive Management considers gross profit (non-IFRS) to be a useful measure to monitor the underlying performance and by excluding all indirect costs such as administrative and sales costs, depreciation, amortisation and impairment, the measure is not impacted by capital investments and indirect costs when measuring performance.

The following tables provide a reconciliation of revenue (defined as revenue from customer contracts) to gross profit (non-IFRS) for each of the periods indicated:

	For the period 1 January to 31 March	
(DKK '000)	2023	2022
Revenue from contracts with customers	13,832	97
Net direct costs	N/A	(2,585)
Gross profit	**N/A**	**(2,488)**

	For the year ended 31 December		
(DKK '000)	2022	2021	2020
Revenue from contracts with customers	10,422	5,172	9,433
Net direct costs	(20,442)	(22,189)	(13,455)
Gross profit	**(10,020)**	**(17,017)**	**(4,022)**

16.7.3 Gross profit margin (non-IFRS)

The following tables present the calculation of this measure:

	For the period 1 January to 31 March	
(DKK '000, except %)	2023	2022
Gross profit	N/A	(2,488)
Divided by: Revenue	13,832	97
Gross profit margin	**N/A**	**(2,562%)**

	For the year ended 31 December		
(DKK '000, except %)	2022	2021	2020
Gross profit	(10,020)	(17,017)	(4,022)
Divided by: Revenue	10,422	5,172	9,433
Gross profit margin	**(96%)**	**(329%)**	**(43%)**

16.7.4 EBITDA (non-IFRS)

EBITDA (non-IFRS) is defined as earnings before interest, tax, depreciation, and amortisation (EBITDA). Executive Management considers EBITDA (non-IFRS) to be a useful measure to monitor the underlying performance and by excluding such depreciation, amortisation and impairment, the measure is not impacted by capital investments when measuring performance.

The following tables provide a reconciliation of EBIT (defined as earnings before interests and taxes) to EBITDA (non-IFRS) for each of the periods indicated:

	For the period 1 January to 31 March	
(DKK '000)	2023	2022
Operating profit/(loss) (EBIT)	(82,456)	(57,604)
Depreciation and amortisation	9,153	7,389
Operating profit/(loss) before depreciation, amortisation, and impairment losses (EBITDA)	**(73,303)**	**(50,215)**

	For the year ended 31 December		
(DKK '000)	2022	2021	2020
Operating profit/(loss) (EBIT)	(282,967)	(163,333)	(72,689)
Depreciation and amortisation	33,792	14,883	3,072
Operating profit/(loss) before depreciation, amortisation, and impairment losses (EBITDA)	**(249,174)**	**(148,450)**	**(69,617)**

16.7.5 EBITDA margin (non-IFRS)

The following tables present the calculation of this measure:

	For the period 1 January to 31 March	
(DKK '000, except %)	2023	2022
EBITDA	(73,303)	(50,215)
Divided by: Revenue	13,832	97
EBITDA margin	**(530%)**	**(51,718%)**

	For the year ended 31 December		
(DKK '000, except %)	2022	2021	2020
EBITDA	(249,174)	(148,450)	(69,617)
Divided by: Revenue	10,422	5,172	9,433
EBITDA margin	**(2,391%)**	**(2,886%)**	**(738%)**

16.7.6 Intangible CAPEX (non-IFRS)

Intangible CAPEX (non-IFRS) is defined as costs for development activities. Executive Management considers Intangible CAPEX (non-IFRS) to be a useful measure to monitor investments in development of products and technologies.

The following tables provide an overview of investments in intangible CAPEX for each of the periods indicated:

	For the period 1 January to 31 March	
(DKK '000)	2023	2022
Development projects in progress	36,964	27,953
Other intangibles	2,332	3,578
Total intangible CAPEX	**39,296**	**31,531**

	For the year ended 31 December		
(DKK '000)	**2022**	**2021**	**2020**
Development projects in progress	123,833	42,984	10,997
Other intangibles	4,740	3,905	493
Total intangible CAPEX	**128,573**	**46,889**	**11,490**

16.7.7 Tangible CAPEX (non-IFRS)

Tangible CAPEX (non-IFRS) is defined as payments for property, plants, and equipment, reflecting investments in facilities and equipment for test and manufacturing. Executive Management considers Tangible CAPEX (non-IFRS) to be a useful measure to monitor investments in manufacturing capacity and facilities.

The following tables provide an overview of investments in Tangible CAPEX for each of the periods indicated:

	For the period 1 January to 31 March	
(DKK '000)	**2023**	**2022**
Leasehold improvements	0	0
Plant and machinery	1,082	156
Buildings	492	2,125
Real estate and similar rights	0	0
Assets under construction	13,437	20,858
Other fixtures and fittings, tool, and equipment	5,829	3,280
Total tangible CAPEX	**20,840**	**26,419**

	For the year ended 31 December		
(DKK '000)	**2022**	**2021**	**2020**
Leasehold improvements	0	0	10,117
Plant and machinery	790	7,014	0
Buildings	7,061	78,885	0
Real estate and similar rights	3,631	11,550	0
Assets under construction	131,630	35,284	0
Other fixtures and fittings, tool, and equipment	23,936	12,684	10,530
Total tangible CAPEX	**167,049**	**145,417**	**20,647**

16.7.8 Total CAPEX (non-IFRS)

CAPEX (non-IFRS) is defined as investments in Intangible and Tangible CAPEX (non-IFRS). Executive Management considers CAPEX (non-IFRS) to be a useful measure to monitor total investments in product development, manufacturing capacity and facilities.

The following tables provide a reconciliation of CAPEX to Intangible and Tangible CAPEX (non-IFRS), respectively, for each of the periods indicated:

	For the period 1 January to 31 March	
(DKK '000)	**2023**	**2022**
Intangible CAPEX	39,296	31,531
Tangible CAPEX	20,840	26,419
Total CAPEX	**60,136**	**57,950**

	For the year ended 31 December		
(DKK '000)	**2022**	**2021**	**2020**
Intangible CAPEX	128,573	46,889	11,490
Tangible CAPEX	167,049	145,417	20,647
Total CAPEX	**295,622**	**192,306**	**32,137**

16.7.9 Net Working Capital (non-IFRS)

Net Working Capital (non-IFRS) is defined as deposits, inventories, trade receivables and payables, prepayments, contract liabilities, deferred income and other receivables and payables. Executive Management considers Net Working Capital (non-IFRS) to be a useful measure to monitor short term liquidity.

The following tables provide a reconciliation of deposits, inventories, trade receivables and payables, prepayments, contract liabilities, deferred income and other receivables and payables to Net Working Capital (non-IFRS) for each of the periods indicated:

	For the period 1 January to 31 March	
(DKK '000)	2023	2022
Deposits	908	929
Inventories	194,918	92,763
Trade receivables	17,993	3,542
Prepayments	13,656	3,982
Other receivables	14,412	15,173
Trade payables	(53,703)	(37,943)
Contract liabilities	(79,096)	(29,127)
Deferred income	(32,632)	(34,044)
Other payables	(25,009)	(13,402)
Net Working Capital	**(51,447)**	**1,873**

	For the year ended 31 December		
(DKK '000)	2022	2021	2020
Deposits	908	527	6,205
Inventories	170,004	73,423	7,611
Trade receivables	10,861	3,681	4,052
Prepayments	10,510	1,813	227
Other receivables	16,393	23,194	4,694
Trade payables	(65,127)	(42,850)	(25,358)
Contract liabilities	(41,428)	(27,576)	(7,889)
Deferred income	(33,297)	(31,614)	(3,239)
Other payables	(25,131)	(10,607)	(9,248)
Net Working Capital	**43,694**	**(10,009)**	**(22,945)**

16.7.10 Free cash flow (non-IFRS)

Free cash flow is defined as cash flow from operating activities less cash flow from investing activities. Executive Management considers free cash flow to be a useful measure to monitor the cash flow generated from the Company's activities.

	For the period 1 January to 31 March	
(DKK '000)	2023	2022
Cash flow from operating activities	(80,692)	(60,396)
Cash flow from investment activities	(55,716)	(57,950)
Free cash flow	**(136,408)**	**(118,346)**

	For the year ended 31 December		
(DKK '000)	2022	2021	2020
Cash flow from operating activities	(283,869)	(155,394)	(25,172)
Cash flow from investment activities	(377,290)	(886,771)	(31,625)
Free cash flow	**(661,158)**	**(1,042,165)**	**(56,797)**

16.7.11 Cash and cash equivalents (non-IFRS)

Cash and cash equivalents mean an amount equal to the Cash and Cash Equivalents and other assets that are easily convertible into cash less borrowings. Executive Management considers Cash and Cash Equivalents (non-IFRS) to be useful measures to monitor the Company's liquidity.

	For the period 1 January to 31 March	
(DKK '000)	2023	2022
Cash and Cash Equivalents	192,891	147,491
Financial assets at fair value through other comprehensive income, current	181,099	0
Financial assets at fair value through other comprehensive income, non-current	562,986	676,641
Borrowings (repo)	(620,000)	0
Cash and Cash Equivalents	**316,977**	**824,132**

	For the year ended 31 December		
(DKK '000)	2022	2021	2020
Cash and Cash Equivalents	95,340	266,924	155,953
Financial assets at fair value through other comprehensive income, non current	562,443	691,494	0
Financial assets at fair value through other comprehensive income, current	182,600	0	0
Borrowings (repo)	(500,000)	0	0
Cash and Cash Equivalent	**340,382**	**958,418**	**155,953**

16.7.12 Headcount (non-IFRS)

Headcount (non-IFRS) is defined as the numerical number of employees of the Company at any given time. The headcounts referenced for Q1 2023 and Q1 2022 are the number of employees on 31 March 2023 and 2022, respectively. The headcounts referenced for 2022, 2021 and 2020 are the number of employees on 31 December in each of those years. Executive Management considers headcount to be a useful measure to monitor workforce-levels.

	For the period 1 January to 31 March	
	2023	2020
Headcount	**293**	**219**

	For the year ended 31 December		
	2022	2021	2020
Headcount	**276**	**188**	**55**

16.8 Working capital statement

Based on the Company's existing business plan, the Company's present working capital is not sufficient to meet the Company's current working capital requirements for the 12 months period following the date of this Prospectus.

The Company's cash and cash equivalents will by July 2023 amount to approximately DKK 200 million. As set out in section 15.10.3 (*Nykredit Mortgage Credit Finance Agreement*), the Company has undertaken a financial covenant to hold at least DKK 200 million in cash and cash equivalents, however, Nykredit has waived the covenant for the period until and including 31 July 2023. The Company would expect to be in breach of that financial covenant by 1 August 2023 if it does not raise new capital or obtain other financing. If the Company breaches the financial covenant under the Nykredit Financing Agreement, the DKK 119 million loan granted to the Company would become due and payable, unless the covenant breach is waived by Nykredit. Should that happen, the repayment would have an immediate negative impact on the Company's working capital, and a shortfall in the working capital would likely occur in the near future after that.

The Company has explored and will continue to explore other financing and/or capital raising opportunities, particularly if the Offering should not be completed. This includes dialogues with institutional and international financial investors as well as other relevant stakeholders.

In the event that the Offering is not completed and the Company's other efforts to raise new capital and/or obtain external financing do not succeed, the Company expects that it would then scale down its business as much as possible in order to reduce costs. At some point in time, however, if the Company is ultimately not successful in raising any new capital or financing, the Company may become subject to bankruptcy proceedings. Reference is made to risk factor 4.6.8 concerning the rights of shareholders in the event of the Company's insolvency and liquidation.

Subject to the completion of the Offering providing for gross proceeds of DKK 225 million (equivalent to net proceeds of approximately DKK 195 million) or more and the disbursement of the DKK 250 million Term Loans (combined net proceeds of approximately DKK 445 million or more), the Company assesses that the Company will have sufficient working capital to meet its present requirements for a period covering 12 months of planned activities.

16.9 Off-balance sheet arrangements

In the financial year ended 31 December 2022, the Company's off-balance sheet arrangements consisted of payments relating to leases not recognised. As of 31 December 2021, there was low asset-value or short-term lease arrangements with a total lease payment of DKK 747 thousand. As of 31 December 2022, there were low asset-value or short-term lease arrangements with a total lease payment of DKK 1,291 thousand.

16.10 Significant current and future investments

16.10.1 Significant current investments

The Company's most significant current investments are related to research and development of its electrolysers and associated investments in manufacturing and test facilities as well as employees to accommodate the expected increased level of activities. During 2023, the Company expects capitalised R&D costs as well as investments in property, plant, and equipment in the level of DKK 270 million to DKK 300 million. These investments have largely been financed with the proceeds from the Company's initial public offering in 2021.

16.10.2 Significant future investments

Investment in tangible and intangible assets is expected to have peaked in 2022 and thereafter to decline gradually to around 10% of revenue in 2026. The majority of the investments towards 2026 are expected to be related to R&D activities with numerous activities to further increase system performance of the A-Series and X-Series product platforms. Furthermore, the Company expects to invest in scaling of the manufacturing capacity such as automation initiatives, electrode plating and testing facilities. For further details, please refer to section 11 (*Background to the Offering and use of proceeds*). The Company's expected future investments will be financed with the proceeds of the Offering (as described in detail in section 11 (*Background to the Offering and use of proceeds*)) as well as proceeds from the Nykredit Financing Agreement and the Term Loans, both as described in section 15.10 (*Material contracts entered into by the Company outside the ordinary course of business*). If the Company does not raise its targeted proceeds in the Offering, the Company may need to revise its plans for future investments as also described in risk factor 4.3.1 and section 11 (*Background to the Offering and use of proceeds*).

16.10.3 No significant change

As at the date of this Prospectus, there have been no significant changes to the Company's financial condition and operating result since the end of the period covered by the Company's 2022 Financial Statements.

16.11 Description of key income statement line items

16.11.1 Revenue from contracts with customers

The Company mainly generates revenue from delivery of electrolysers, and related commissioning and maintenance services.

Revenue from contracts with customers is recognised when control of the related goods and services is transferred to the customer and is recognised by the amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. This normally corresponds to the amount as specified in the contract.

A customer contract may include multiple promises such as delivery of electrolysers, commissioning, and after-sales maintenance service. By applying the criteria in IFRS 15 the Company has determined that these promises normally comprise separate performance obligations for which revenue is recognised, as control with the respective performance obligation is transferred to the customer.

Customer payments are normally due 30 days after invoicing. No significant element of financing is deemed present. In general, the Company does not accept returns.

16.11.1.1 Revenue from sale of electrolysers

The Company recognises revenue from sale of electrolysers at the point in time where the performance obligation is satisfied, and the customer obtains control with the equipment. Depending on the contractual terms control is considered to have been transferred to the customer either when the factory acceptance test or the site acceptance test has been successfully completed. Subject to the terms of the individual contract, the Company has assessed that the customer has the ability to direct the use of and obtain substantially all the remaining benefits from the electrolyser at one of these points in time.

Customer payments for electrolysers are normally made in instalments based on contractually defined milestones and payment terms. In most contracts the customer makes partial payments in advance. The last instalment is normally invoiced either when the factory acceptance test or site acceptance test is successfully completed subject to the terms of the individual contract. Payments received from customers prior to the Company satisfies its performance obligation are recognised as a contract liability in the balance sheet. See further description of contract liabilities.

The Company provides its customers with warranties against design or manufacturing flaws and defects, normally within a period of 12 - 24 months after commissioning has taken place. The Company's estimated obligation under the standard warranty terms (assurance type warranties) is recognised under provisions.

16.11.1.2 Revenue from commissioning and maintenance service

Revenue generated from commissioning and after-sales maintenance services is recognised when the work is performed.

The amount of the transaction price allocated to commissioning is recognised over time as the commissioning services are rendered. As the commissioning generally does not take a substantial period of time to complete, the related revenue is normally recognised on a straight-line basis.

For maintenance contracts where the Company has agreed to provide routine maintenance over an agreed period of time for a fixed price, revenue is recognised on a straight-line basis over the contract period, as this according to Executive Management provides the most faithful depiction of the transfer of these maintenance services.

For maintenance contracts where the customers are invoiced on an hourly basis, the Company applies the practical expedient in IFRS 15 which allows revenue to be recognised in the amount the Company has the right to invoice the customer. This practical expedient is applicable when the amount corresponds directly with the value to the customer of the Company's performance completed to date.

Normally customer payments for maintenance service are due in advance of the maintenance service period.

16.11.2 Other operating income

Other operating income comprises items of a secondary nature to the main activities of the Company, including gains on sale of property, plant, and equipment. The amount of government grants recognised in the income statement during the year is also included, irrespectively of when the grants were received.

16.11.3 Changes in inventory of finished goods and work in progress

Changes in inventory of finished goods and work in progress comprise of the periods change in value of inventories of finished goods and work in progress. The change in inventory considers fixed and variable production overheads, such as depreciations and employee costs, incurred in converting materials into finished goods which have been included in the cost of inventories.

16.11.4 Raw materials and consumables used

Raw materials and consumables include the cost of raw materials and consumables used during the year for the production of the Company's finished goods as well as incurred development costs. Any write-downs of inventories for the year are also included.

16.11.5 Work performed by the Company and capitalised

Work performed by the Company and capitalised includes the amount of employee costs incurred and consumption of raw materials and consumables, which during the year have been capitalised as part of the Company's development projects.

16.11.6 Employee costs

Employee costs comprise salaries and wages, including holiday pay and pensions and other costs for social security, etc. as well as costs for share-based payment programs for the Company's employees and Executive Management.

16.11.7 Other operating expenses

Other operating expenses include facility costs, costs for advertising, administration, consultants, bad debts expense, losses on the sale of property, plant, and equipment as well as costs for short-term and low value leases.

16.11.8 Operating profit before depreciation and amortisation (EBITDA)

Operating profit before depreciation and amortisation (EBITDA) include total revenue and operating income, changes in inventory of finished goods and work in progress, raw materials and consumables used, work performed by the company and capitalised, employee costs and operating expenses.

16.11.9 Depreciation and amortisation

Depreciation and amortisation include the period's depreciation on property, plant and equipment, and right of use assets as well as the period's amortisation of intangible assets.

16.11.10 Operating profit (EBIT)

Operating profit (EBIT) represents operating profit depreciation and amortisation (EBITDA) after special items less depreciation and amortisation.

16.11.11 Financial income

Financial income is recognised in the income statements at the amounts that concern the financial year. Net financials include interest income, interest expenses calculated using the effective interest rate method, fair value adjustment of derivative financial instruments, etc.

16.11.12 Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income, interest expenses calculated using the effective interest rate method, fair value adjustment of derivative financial instruments, etc.

16.11.13 Profit before tax

Profit before tax represents operating profit (EBIT) plus financial income less financial expenses.

16.11.14 Tax on profit

Tax for the year comprises current tax and changes in deferred tax for the year.

16.11.15 Profit for the year

Profit for the year represents profit before tax net of tax on profit.

17. Prospective financial information for the financial year ending 31 December 2023

17.1 Statement by the Board of Directors and Executive Management

We have prepared and presented the prospective financial information for the financial year ending 31 December 2023, including the principal assumptions stated under section 17.2.2 (*Methodology and assumptions*). The accounting policies applied are in accordance with the accounting policies set out in the Notes to the Company's 2022 Financial Statements incorporated by reference into this Prospectus.

The prospective financial information for the financial year ending 31 December 2023 is based on a number of factors, including certain estimates and assumptions. The principal assumptions upon which we have based the prospective financial information for the financial year ending 31 December 2023 are described under section 17.2.2 (*Methodology and assumptions*). The prospective financial information for the financial year ending 2023 is based on a number of assumptions, and many of the significant assumptions we have used in preparing this information are outside of the Company's control or influence.

The prospective financial information for the financial year ending 2023 represents the best estimates of the Board of Directors and Executive Management at the date of publication of this Prospectus. Actual results are likely to be different from the prospective financial information for the financial year ending 31 December 2023 since anticipated events may not occur as expected and the variation may be material. You should read the prospective financial information for the financial year ending 31 December 2023 in this section in conjunction with section 4 (*Risk factors*) included elsewhere in this Prospectus. See also section 5 (*Special notice regarding forward-looking statements*).

Kolding, 13 June 2023

Green Hydrogen Systems A/S

Board of Directors

Christian Clausen Chairman	Troels Øberg Vice Chairman	Karen Dyrskjøt Boesen Board Member
Lars Valsøe Bertelsen Board Member	Simon Krogsgaard Ibsen Board Member	Anders Jakob Vedel Board Member
Armin Schnettler Board Member	Poul Due Jensen Board Member	

Executive Management

Sebastian Koks Andreassen CEO	Ole Vesterbæk CFO

17.2 Prospective financial information

17.2.1 Introduction

The Company's Board of Directors and Executive Management have prepared the prospective financial information for the financial year ending 31 December 2023 which is included in this Prospectus, in accordance with applicable laws, rules and regulations.

While this prospective financial information is presented with numerical specificity, this information is based upon a number of assumptions and estimates, which the Company considers reasonable. As a result, this prospective financial information is inherently subject to significant business, operational, economic, and competitive uncertainties and contingencies, and based upon future business decisions that are subject to change.

The Company's expectations presented in the prospective financial information as to future developments may deviate substantially from actual developments, and the Company's actual results of operations are likely to be different from the prospective financial information since anticipated events may not occur as expected or may materially differ from the forecast provided. Accordingly, shareholders and potential investors should treat this information with caution and not place undue reliance on the expectations set forth below.

17.2.2 Methodology and assumptions

The prospective financial information reflects the Company's estimates and assumptions concerning its performance for the financial year ending 31 December 2023. The prospective financial information has been prepared on the basis of the Company's accounting policies, which are in accordance with IFRS as adopted by the EU and presented in the Financial Statements incorporated by reference into this Prospectus.

The prospective financial information is prepared in accordance with the Company's normal forecasting and budgeting procedures and on a basis comparable to the historical financial information included elsewhere in this Prospectus. However, the prospective financial information is based on a large number of estimates made by the Company based on assumptions on future events, which are subject to numerous and significant uncertainties, for example, caused by business, economic and competitive risks and uncertainties, which could cause the Company's actual results to differ materially from the prospective financial information presented herein.

Certain of the assumptions, uncertainties and contingencies relating to the prospective financial information are outside of the Company's control, including those relating to changes in market, political, legal, fiscal or economic conditions, currency fluctuations and actions by customers or competitors.

While the Company has presented below the principal assumptions on which the prospective financial information is based, it is likely that one or more of the assumptions the Company has relied upon will not prove to be accurate in whole or in part.

The Company's actual results of operations could deviate materially from its forecasts as a result of other factors, including, but not limited to, those described under sections 4 (*Risk factors*) and 5 (*Special notice regarding forward-looking statements*). For more information regarding principal factors that the Company expects could have a substantial effect on its results of operations, see section 16.3 (*Principal factors affecting the Company's business and results of operations*).

For the purpose of preparing the prospective financial information for the year ending 31 December 2023, the Company has applied the principal assumptions set forth below.

17.2.2.1 Revenue

The Company's estimate of revenue is based on the following assumptions:

- The Company's estimate of revenue for the financial year ending 31 December 2023 is, to some extent, based on reported revenue of DKK 14 million for the three months ending 31 March 2023. The estimated revenue is further, to a significant extent, based on the expected volume of electrolysers delivered during the nine remaining months of the financial year ending 31 December 2023 and service agreements on installed electrolysers. The Company's estimate for the financial year ending 31 December 2023 assumes:
    - As at 1 May 2023, the Company had a total order backlog of 21.3 MW for delivery mainly during 2023 with the rest in 2024. This assumption regarding delivery of the existing order backlog is partially within the Company's control.
    - Reaching its expected revenue is dependent on the ability to revenue recognise as expected prior to the end of the financial year. Revenue recognition is contingent on completion of either factory acceptance test or site acceptance test of the

Company's electrolysers which can be subject to delays due to factors endogenous or exogenous to the Company. This assumption is partially within the Company's control.
    - Manufacturing and delivery of the order backlog scheduled for delivery (and revenue recognition in 2023) are contingent on a continued ramp-up of manufacturing capacity throughout the financial year of 2023 This assumption is largely within the Company's control.
    - Due to delays in delivery of the 2022 backlog (liquidated damages) and other price reductions, the recognised revenue for the financial year ending 31 December 2023 will be reduced by DKK 20 million (around 13%) compared to the initial order value.
    - The Company continuing to resolve the issues with the BOP assembly and assembly ramp-up during the summer of 2023 to consistently deliver four systems per month from August in accordance with the production delivery plan as described in section 15.5.1 (*Technical issues with and modifications of A-Series platform – guidance adjustments and profit protection plan*) in order to deliver on its order backlog for 2023.
    - The revenue estimate for the financial year ending 31 December 2023 is, all else equal, designed to absorb potential cancelations of a certain amount of customer orders.
    - Realisation of the upper level of the revenue estimate for the financial year ending 31 December 2023 is subject to delivery of the full order backlog initially expected for delivery in 2023 and assumes no additional delays or provision.

- For potential new orders signed and delivered in the financial year ending 31 December 2023, the Company assumes the average sales price per electrolyser for the remainder of the financial year ending 31 December 2023 will be in line with the level observed in H2 2022 and Q1 2023; however, direct comparability is encumbered by anticipated differences in configurations of delivered products, including whether the electrolysers are containerised. This assumption is partially within the Company's control.
- The Company assumes revenue of around DKK 3.0 million from service agreements for the financial year ending 31 December 2023. This assumption is partially within the Company's control.

The Company's estimate for the financial year ending 31 December 2023 is primarily based on historic experience, existing order backlog and current market expectations. Such estimates are dependent on a wide range of factors, some of which are partially within the Company's control and some of which are out of its control. In part, the Company's revenue trajectory is influenced by the Company's ability to deliver the backlog without interruption or disruption which is partially within the Company's control. It is also based on assumptions that are outside or substantially outside the Company's control, including assumptions relating to political and regulatory changes, macro-economic conditions and customer behaviour. The Company's estimates assumes that there will not be any material change in the competitive or regulatory landscape, and/or other external actions by the Company's customers which are significantly outside the Company's control and that could have an adverse effect on the Company's ability to continue its revenue trajectory. The Company's estimates further assume that results will not be adversely affected by abnormal disruptions preventing it from selling, manufacturing and delivering its products and services.

17.2.2.2 EBITDA (non-IFRS) and Capex (non-IFRS)

In addition to the Company's assumptions to revenue growth in the financial year ending 31 December 2023, the Company's expectations regarding EBITDA (non-IFRS) and Capex (non-IFRS) are based on the following assumptions:

- Reported EBITDA (non-IFRS) of DKK (73) million for the three months ending 31 March 2023.
- Execution of the profit protection plan with a savings effect of around DKK 45 million in 2023 on EBITDA. Specific measures in the profit protection plan include postponement of hirings of non-critical resources, postponement of investments as well as reduction of expenses from sales and general and administrative expenses.
- Reported Capex (non-IFRS) of DKK 60 million for the three months ending 31 March 2023.
- The Company assumes no material changes to the market price of nickel or other raw material and components compared to the average level from Q1 2023. This assumption is largely outside the Company's control.
- The Company assumes further investments in research and development as presented in section 11 (*Background to the Offering and use of proceeds*). Investments in research and development are assumed to be a combination of employee costs and external R&D costs. A majority part of the R&D costs will be capitalised while the remaining part will be expensed in the income statement impacting EBITDA. This assumption is mostly within the Company's control.
- The Company assumes further investments in tangible assets as presented in section 11 (*Background to the Offering and use of proceeds*). Investments in tangible assets are assumed to be a combination of investments in product industrialisation and investments in scaling-up the manufacturing facilities. This assumption is mostly within the Company's control.

17.2.2.3 Additional assumptions

- The Company incurs share-based payment costs related to a warrant program and an employee PSU program, described in section 19 (*Incentive programs*). This assumption is mostly within the Company's control.

- In relation to the Offering, fees (exclusive of fees to the Manager) of approximately DKK 14 million are expected. Approximately DKK 5 million of the DKK 14 million is expected to be recognised in the income statement for the full year 2023. This assumption is mostly within Company's control.
- A capital raise from the Offering of DKK 195 million or more in net proceeds to finance the expected growth and the execution of the Company's strategy. This assumption is partially within the Company's control.
- The disbursement of the DKK 250 million Term Loans after completion of the Offering. This assumption is partially within the Company's control.
- The Company expects currency exchange rates to be in line with the exchange rates seen at the end of 2022. This assumption is largely outside the Company's control.
- The Company expects that there will be no changes in existing political, legal, fiscal, market or economic conditions or in applicable legislation, regulations or rules, or tax-related outcomes which, individually or in the aggregate, have a material adverse effect on the operations. This assumption is largely outside the Company's control.

17.2.2.4 Non-IFRS financial measures

EBITDA and CAPEX presented within the Prospective Financial Information is not defined as or a measure of financial performance under IFRS, but is a measure used by the Company to monitor the performance of its business and operations. The Company has presented this non-IFRS measure within the Prospective Financial Information because it is considered both an important supplement measure of the Company's expected performance and is widely used by investors in comparing performance between companies.

Not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS measures contained in the Prospective Financial Information and it should not be considered a substitute for financial measures computed in accordance with IFRS.

The non-IFRS financial measures EBITDA and CAPEX are defined in sections 16.7.4 (*EBITDA (non-IFRS)*) and 16.7.8 (*Total CAPEX (non-IFRS)*).

17.2.3 Expectations for the year ending 31 December 2023

Based principally on the assumptions and methodology set out above, the expectation for the Company's performance for the year ending 31 December 2023 are:

- The Company expects revenue from contracts with customers to be between DKK 120 million and DKK 160 million.
- The Company expects EBITDA (non-IFRS) of between DKK -280 million and DKK -240 million.
- The Company expects Capex (non-IFRS) of between DKK 270 million and DKK 300 million.

See section 5 (*Special notice regarding forward-looking statements*).

The Company's financial and operational performance is affected by various factors. See section 16.3 (*Principal factors affecting the Company's business and results of operations*). For a discussion of certain factors that may have an adverse effect on the Company's operational and financial performance, see section 4 (*Risk factors*).

18. Board of Directors, Executive Management and Key Employees

18.1 Overview

The Company has a two-tier governance structure consisting of the Board of Directors and the Executive Management. The two bodies are separate and have no overlapping members. The Executive Management, consisting of Sebastian Koks Andreassen and Ole Vesterbæk, is supported by the key employees in its senior management team Birgitte Høgh Frederiksen, Stephan Kim, Søren Rydbirk and Carsten Schütz (the "Key Employees"), who together with the members of the Executive Management, comprise the Company's management team.

18.2 Board of Directors

The Board of Directors is responsible for the overall and strategic management and proper organisation of the Company's business and operations and it supervises the Company's activities, management and organisation. The Board of Directors appoints and dismisses the members of the Executive Management, who are responsible for the day-to-day management of the Company.

In accordance with article 9.1 of the Articles of Association, the general meeting of the Company shall elect not less than four and not more than nine members to the Board of Directors. The Board of Directors elects a chairperson (generically the "**Chairperson**" and when referring to Christian Clausen, the "**Chairman**") and a vice chairperson (generically the "**Vice Chairperson**" and when referring to Troels Øberg, the "**Vice Chairman**") of the Board of Directors among its members. If the Chairperson resigns during a term of election, the Vice Chairperson shall take up the position as Chairperson until a new Chairperson is elected among the members of the Board of Directors. See article 9.3 of the Articles of Association.

The members of the Board of Directors elected by the general meeting are elected for a term of one year until the next annual general meeting. Members of the Board of Directors may be re-elected.

The following table presents an overview of the members of the Board of Directors:

Name	Position	Independent	Year of first appointment	Expiration of term
Christian Clausen	Chairman	Independent	2020	2024
Troels Øberg	Vice Chairman	Not independent	2020	2024
Karen Dyrskjøt Boesen	Board member	Independent	2022	2024
Lars Valsøe Bertelsen	Board member	Independent	2019	2024
Simon Krogsgaard Ibsen	Board member	Independent	2020	2024
Anders Jakob Vedel	Board member	Independent	2022	2024
Armin Schnettler	Board member	Independent	2022	2024
Poul Due Jensen	Board member	Independent	2023	2024

The Company has based its assessment of the individual independence of the members of the Board of Directors on the criteria set out in the Corporate Governance Recommendations. As of the date of this Prospectus, seven members of the Board of Directors have been assessed by the Company to be independent whereas one member, Troels Øberg, of the Board of Directors is not considered independent by the Company. Troels Øberg is a partner of Nordic Alpha Partners and therefore represents the interests of Nordic Alpha Partners Fund I K/S, while Christian Clausen is a member of the advisory board of Nordic Alpha Partners (although not considered "not independent" by the Board of Directors due to this position).

The Company believes that the present members of the Board of Directors possess the professional skills and experience required to serve as board members of the Company and to supervise and manage a company with shares admitted to trading and official listing on Nasdaq Copenhagen.

18.2.1 Biographies

Other than as presented below, none of the members of the Board of Directors have been a member of the administrative, management or supervisory bodies of a company or a partnership or been a partner in a partnership outside the Company within the past five years.

Christian Clausen (full name: Christian Clausen, born 1955, Danish nationality) has been a member of the Board of Directors since December 2020 and the Chairman since 13 June 2022. Christian Clausen holds a Master of Science in Economics from the University of Copenhagen and has supplemented his education with Executive Education courses from INSEAD.

Christian Clausen is currently the manager and chairman of the board of directors of Clausen Capital ApS (*since 2018*), CEO of C2Capital ApS (*since 2019*), member of the board of directors of the Sorø Academy Foundation (*since 2020*), Sampo Plc. (*since 2016*), BW Group (*since 2016*) and Blackrock Group Ltd (*since 2016*), respectively. Christian Clausen is further fully liable partner of CC advisory (*since 2016*).

Christian Clausen has not held any other directorships or management positions within the past five years.

Troels Øberg (full name: Troels Øberg, born 1978, Danish nationality) has been Vice Chairman and a member of the Board of Directors since December 2020. Troels Øberg holds a Master of Science in Marketing & Strategy and a Bachelor of Science in Economics, Philosophy and Social Science, both from Copenhagen Business School, and has supplemented his education with the Executive Education course "Finance for Executives" from INSEAD.

Troels Øberg is currently a member of the executive management in Nordic Alpha Partners ApS (*since 2017*), Nordic Alpha General Partner I ApS (*since 2017*), Nordic Alpha Management Invest I ApS (*since 2017*), Nordic Alpha Partners II ApS (*since 2021*) and Nordic Alpha Management Warehousing II ApS (*since 2022*) as well as the vice chairman of the board of directors in Mater A/S (*since 2021*), vice chairman in Agro Intelligence A/S (*since 2021*) and the CEO of Oeberg Holding ApS (*since 2014*). Further, Troels Øberg is chairman of the board of directors in Kong Christian den IX og Dronning Louises Børnehave (*member since 2017 and chairman since 2018*).

Troels Øberg has held not held any other directorships or management positions within the past five years.

Karen Dyrskjøt Boesen (full name: Karen Dyrskjøt Boesen, born 1971, Danish nationality) has been a member of the Board of Directors since July2022. Karen Boesen holds a MSc of Business Admin and Commercial Law from Copenhagen Business School, Denmark.

Karen Boesen is currently CFO at Sonnedix UK Services Ltd (*since 2021*).

For the past five years, Karen Dyrskjøt Boesen has held the following directorships and management positions:

Director/board member	Seadrill Limited (*2022*)
Managing director	TotalEnergies UK, TOTAL Myanmar (*2020-2021*)
CFO	TotalEnergies UK, (*2017-2020*)

Lars Valsøe Bertelsen (full name: Lars Valsøe Bertelsen, born 1967, Danish nationality) has been a member of the Board of Directors since April 2019. Lars Valsøe Bertelsen holds a Master of Science in Economics and Business Administration and a Master of Science in Finance and Accounting both from Aarhus University, School of Business and Social Sciences.

Lars Valsøe Bertelsen is currently a Vice President at Norlys Holding A/S (*since 2019*) and a manager at ArosBay Invest ApS (*since 2018*) and BC DK ApS (*since 2021*). Moreover, he is a member of the board of directors of Aros Capital Fondsmæglerselskab A/S (*since 2018*).

For the past five years, Lars Valsøe Bertelsen has held the following directorships and management positions:

Chairman	Eniig City Solutions A/S (*2020-2023*) and Eniig Energiteknik A/S (*2020-2023*)
Manager	EMR Spanien 3 ApS (under frivillig likvidation) (*2022*)
Senior management positions	Eniig Holding A/S (*2018-2019*)

Simon Krogsgaard Ibsen (full name: Simon Krogsgaard Ibsen, born 1987, Danish nationality) has been a member of the Board of Directors since December 2020. Simon Krogsgaard Ibsen holds a Master of Science in Economics and Business Administration – Finance and Strategic Management and a Bachelor of Science in International Business and Politics, both from Copenhagen Business School.

Simon Krogsgaard Ibsen is currently a principal at A.P. Møller Holding A/S (*since 2018*) and a member of the executive management in KKWSH ApS (*since 2019*), Migo ApS (*since 2019*), APMH Invest IX ApS (*since 2020*) and APMH Invest XIII ApS (*since 2021*). Simon Krogsgaard Ibsen is the chief executive manager and a director in APMH Invest XXI ApS (*since 2021*) and APMH Invest XXV ApS (*since 2023*). Additionally, Simon Krogsgaard Ibsen is a member of the board of directors of KK-Group A/S (*since 2019*), KKWSH ApS (*since 2020*), KK Wind Solutions Holding A/S (*since 2020*) and APMH Invest IX ApS (*since 2020*), NCS International A/S (*since 2021*) and NCS International Holding ApS (*since 2021*).

For the past five years, Simon Krogsgaard Ibsen has held the following directorships and management positions:

Director/board member	Faerch A/S (*2021*), Faerch Group A/S (*2021*), Nissens Cooling Solutions A/S (*2021-2022*), Lyras DK ApS (*2021-2022*), Lyras A/S (*2021-2022*)
Manager	Faerch Group Holding A/S (*2020-2021*), Stormgade I ApS (*2019*), Stormgade II ApS (*2019*), KK Wind Solutions Holding A/S (*2019-2020*), APMH Invest XI ApS (*2020-2021*), Faerch Midco ApS (*2021*), Faerch Bidco ApS (*2021*), Faerch Debtco ApS (*2021-2021*) and NCS International Holding ApS (*2021-2022*)
Investment professional	EQT Partners (*2015-2018*)

Anders Jakob Vedel (full name: Anders Jakob Vedel, born 1957, Danish nationality) has been a member of the Board of Directors since July 2022. Anders Jakob Vedel holds a Bachelor degree in Mechanical Engineering and an Executive Leadership diploma from IMD/ Switzerland.

Anders Jakob Vedel is currently chief science advisor to Vestas Wind Systems A/S. Moreover, Anders Jakob Vedel is a member of the board of directors in Hvide Sande Havn Invest ApS (*since 2017*), S&L Access Systems AB (*since 2021*) and GreenLab Skive A/S (*since 2023*). Anders Jakob Vedel is a fully liable partner of Gårdejere A J Vedel/G Lauridsen (*since 1991*).

For the past five years, Anders Jakob Vedel has held the following directorships and management positions:

Director/board member	Vestas Offshore Wind A/S (*2014-2020*), Grundfos Holding A/S (*2019-2021*) and Nørhede – Hjortmose Besøgscenter ApS (*2020-2022*)
Manager	Vestas Wind Systems A/S (*2012-2019*)
Partner	Nørhede – Hjortmose Vind 9 I/S (*2012-2018*), Nørhede-Hjortmose Vindkraft I/S (*2016-2018*)

Armin Schnettler (full name: Armin Schnettler, born 1963, German nationality) has been a member of the Board of Directors since July 2022. Armin Schnettler holds A Dr.-Ing. and a Dipl.-Ing. Degree in Electrical Engineering from Technical University of Dortmund and a Professorship from RWTH Aachen University.

Armin Schnettler is currently Operating Partner in 5THydrogen (*since 2021*), Chairman of the board of directors of HIF EMEA (*since 2022*), Vice President of VDE (*since 2022*) CEO of Profas Consulting GmbH (*since 2011*) and managing director of Profas Energy Consult GmbH (*since 2022*). Moreover, Armin Schnettler is a member of the board of trustees of Stiftungsrat H.J. Müller Stiftung (*since 2016*) and a member of the advisory board/supervisory board of Reinhausen Group (*since 2010*).

For the past five years, Armin Schnettler has held the following directorships and management positions:

President	VDE (*2020-2022*)
Senior management positions	Siemens (*2013-2020*) and Siemens Energy (*2020-2022*)

Poul Due Jensen (full name: Poul Due Jensen, born 1971, Danish nationality has been a member of the Board of Directors since April 2023. Poul Due Jensen holds a Diploma in Business Administration and Economics from Aarhus School of Business as well as various executive educations from IMD Business School, Stanford University and INSEAD.

Poul Due Jensen is currently Group President & CEO of Grundfos Holding A/S (*since 2020*), a board member in Poul Due Jensens Fond (*since 2020*) and Ormstrup Gods A/S (*since 2009*) as well as manager of Zini ApS (*since 2020*).

For the past five years, Poul Due Jensen has held the following directorships and management positions:

Director/board member	Eksport Kredit Finansiering A/S (*2018-2021*) and EKF Danmarks Eksportkredit (*2018-2021*)
Manager	Grundfos US ApS (*2015-2019*)

18.3 Executive Management

According to article 10.1 of the Company's Articles of Association, the Board of Directors appoints an Executive Management committee consisting of one to three members. The primary task of the Executive Management committee is to carry out the day-to-day management of the Company with the support of the Key Employees.

The following table presents an overview of the current members of the Executive Management committee:

Name	Position	Year of first employment with the Company	Year of appointment to current position
Sebastian Koks Andreassen	CEO	2020	2020
Ole Vesterbæk	CFO	2022	2022

The Company believes that the members of the Executive Management committee possess the professional skills and international experience required for their positions in the Company and to manage a company with shares admitted to trading and official listing on Nasdaq Copenhagen.

18.3.1 Biographies

Other than as presented below, the members of the Executive Management committee have not been member of the administrative, management or supervisory bodies of a company or a partnership or a partner in a partnership outside the Company within the past five years.

Sebastian Koks Andreassen (full name: Sebastian Koks Andreassen, born 1973, Danish nationality) has been a member of the Executive Management since November 2020. Sebastian Koks Andreassen holds a Bachelor of Science in Economics and Business Administration from Copenhagen Business School and has supplemented his education with Executive Education diplomas from INSEAD and the University of Pennsylvania, The Wharton School.

Sebastian Koks Andreassen is currently a member of the board of directors of Triangle Energy Alliance (*since 2021*).

For the past five years, Sebastian Koks Andreassen has held the following directorships and management positions:

Chairman	INEOS E&P DK A/S (*2017-2018*)
Deputy chairman	DONG E&P Grønland A/S (*2016-2018*)
Director/board member	INEOS E&P Føroyar P/F, Faroe Islands (*2012-2018 and 2019-2020*), DONG E&P (Siri) UK Limited (Ltd), England and Wales (*2014-2018*), INEOS EP Norge AS (*2018-2020*), INEOS E&P DK A/S (*2019-2020*), INEOS E&P Grønland A/S (*2019-2020*), INEOS E&P (Siri) UK Limited (Ltd), England and Wales (*2019-2020*), INEOS E&P A/S (*2017-2018 and 2019-2020*) and Oil Gas Denmark (*2019-2020*)
Chief executive officer	INEOS Oil & Gas Norway (*2018-2019*), INEOS Oil & Gas Scandinavia (*2019-2020*), INEOS E&P DK A/S (*2019-2020*), INEOS E&P Grønland A/S (*2019-2020*), and INEOS E&P A/S (*2019-2020*)

Chief financial officer	DONG Energy Oil & Gas A/S (*2012-2017*) and INEOS Oil & Gas (*2017*)
Manager	INEOS E&P Føroyar P/F, Faroe Islands (*2019-2020*), PR-Wise ApS (*2016-2022*) and PR-Wise Holding ApS (*2016-2022*)
Branch manager	Siri, Branch of INEOS E&P (Siri) UK Limited, England and Wales (*2019-2020*)
Daily management positions	INEOS EP Norge AS (*2018-2020*)

Ole Vesterbæk (full name: Ole Vesterbæk, born 1969, Danish nationality) has been employed with the Company and been a member of the Executive Management since February 2022. Ole Vesterbæk holds Master of Science in Business economics and Audition and has participated in the Asian International Executive Program from INSEAD.

Ole Vesterbæk does not have any other managerial duties.

For the past five years, Ole Vesterbæk has held the following directorships and management positions:

Director/board member	SPF-Danmark A/S (*2019-2022*)
Manager	Danish Crown A/S (*2019-2022*), DC Pork Rønne ApS (*2019-2022*), Danish Crown China (*2020-2022*), Ecco A/S (*2012-2019*) and Ecco USA (*2018-2019*)

18.4 Key Employees

The Key Employees are comprised of four experienced senior officers in the Company's senior management team who will support the Executive Management in the day-to-day management of the Company with responsibility for their respective functional areas.

The following table presents an overview of the Company's current Key Employees:

Name	Position	Year of first employment with the Company	Year of appointment to current position
Birgitte Høgh Frederiksen	CHO	2021	2021
Stephan Kim	CTO	2023	2023
Søren Rydbirk	CCO	2021	2021
Carsten Schütz	COO	2023	2023

18.4.1 Biographies

Other than as presented below, none of the Key Employees have been members of the administrative, management or supervisory bodies of a company or a partnership or a partner in a partnership outside the Company within the past five years.

Birgitte Høgh Frederiksen (full name: Birgitte Høgh Frederiksen, born 1971, Danish nationality) has been chief human officer ("**CHO**") of the Company since December 2021. Birgitte Høgh Frederiksen holds a Master of Science in Psychology of Organisations from Roskilde University, Denmark.

For the past five years, Birgitte Høgh Frederiksen has held the following directorships and management positions:

Head of HR	INEOS Oil & Gas DK (*2020-2021*)
Director, Human Resources, Group Functions & HR Operations	Danish Crown (*2017-2018*)

Stephan Kim (full name: Dr.-Ing. Stephan Jin Man Kim, born 1975. German nationality) has been the chief technology officer ("**CTO**") of the Company since January 2023. Stephan Kim holds an Engineering Doctorate Degree from Fraunhofer Institute for Manufacturing Technology and Advanced Materials – IFAM / University of Bremen.

For the past five years, Stephan Kim has held the following directorships and management positions:

Chief Development and Innovation Officer	BEGO Bremer Goldschlägerei Wilh. Herbst GmbH & Co. KG (*2019-2022*)
Vice President Product Development Services / Strategic Projects PMO	SENVION SE (*2015-2019*)

Carsten Schütz (full name: Carsten Schütz, born 1972, German nationality) has been the chief operating officer ("**COO**") of the Company since March 2023. Carsten Schütz is trained as an aerospace engineer from the University of Stuttgart.

For the past five years, Carsten Schütz has held the following directorships and management positions:

Vice President – Portfolio Leader HR & Security	Airbus Aerostructures GmbH (*2022-2023*)
Vice President - Head of Component Delivery Team SA/A330 VT P, Stade	Airbus Operations GmbH (from 1 July 2022 Airbus Aerostructures GmbH) (*2021-2022*)
Vice President and Head of Plant Quality Hamburg	Airbus Operations GmbH (*2016-2021*)

Søren Rydbirk (full name: Søren Rydbirk, born 1977, Danish nationality) has been the chief commercial officer ("CCO") of the Company since February 2021. Søren Rydbirk holds a Master's degree in Strategy and Management from Aarhus School of Business and Social Sciences and has as an exchange student completed bachelor courses in Business Administration at the University of Alberta.

Søren Rydbirk is currently a member of the board of directors of Brintbranchen/Hydrogen Denmark (*since 2021*) and Energy Cluster Denmark (*since 2022*).

For the past five years, Søren Rydbirk has held the following directorships and management positions:

Senior management positions	Vestas Wind Systems A/S (*2014-2019*) and FLSmidth A/S (*2019-2021*)

18.5 Business address

The business address of the members of the Board of Directors, the Executive Management and the Key Employees is: c/o Green Hydrogen Systems A/S, Nordager 21, DK-6000 Kolding, Denmark.

18.6 Statement on past records

During the past five years, none of the members of the Board of Directors, the Executive Management or any of the Key Employees have been (i) convicted of fraudulent offenses; (ii) directors or officers of companies that have entered into bankruptcy, receivership or liquidation except as set out immediately below; or (iii) subject to any public incrimination and/or sanctions by statutory regulatory authorities (including designated professional bodies), and have not been disqualified by a court from acting as a member of an issuer's board of directors, executive board or supervisory body or being in charge of an issuer's management or other affairs.

Sebastian Koks Andreassen was a member of the board of directors and manager of INEOS E&P Føroyar P/F, Faroe Islands until its liquidation in October 2020. Moreover, Sebastian Koks Andreassen was the executive manager of INEOS E&P GRØNLAND A/S until October 2020. Voluntary liquidation proceedings in respect of INEOS E&P GRØNLAND A/S were commenced in November 2022.

Lars Valsøe Bertelsen was a manager of EMR Spanien 3 ApS (under frivillig likvidation) until November 2022 where voluntary liquidation proceedings were initiated.

18.7 Statement on conflicts of interest

There are no family ties among the members of the Board of Directors, the Executive Management or any of the Key Employees.

With the exception of Christian Clausen, Troels Øberg, Lars Valsøe Bertelsen and Simon Krogsgaard Ibsen, the Company is not aware of any member of the Board of Directors, or the Executive Management or any of the Key Employees having been appointed to their current position pursuant to an agreement or understanding with any of the Company's major shareholders, customers, suppliers or other parties.

Troels Øberg is a partner at Nordic Alpha Partners and thus represents the interests of Nordic Alpha Partners Fund I K/S due to his affiliation with Nordic Alpha Partners. Christian Clausen is a member of the advisory board of Nordic Alpha Partners and has been introduced to the Company by Nordic Alpha Partners. Lars Valsøe Bertelsen represents the interests of Norlys a.m.b.a. on the Board of Directors and Simon Krogsgaard Ibsen represents the interests of APMH Invest A/S.

None of the members of the Board of Directors, or the Executive Management or any other Key Employees have conflicts of interest with respect to their duties as members of the Board of Directors, or the Executive Management or as Key Employees. See also section 20 (*Ownership structure and shareholders*) for a description of the current ownership interest in the Company held by members of the Board of Directors, or the Executive Management and any of the Key Employees.

None of the members of the Board of Directors, the Executive Management or the Key Employees have positions in other companies which could result in a conflict of interest vis-à-vis such companies, either because the Company has an equity interest in such company or because the Company and the company concerned have an ongoing business relationship, except as disclosed under section 21 (*Related party transactions*). However, the Company may do business in the ordinary course with companies in which members of the Board of Directors, or the Executive Management, or the Key Employees may hold positions as directors or officers.

It follows from the Rules of Procedure of the Board of Directors and the Danish Companies Act (in Danish: *selskabsloven*) that a member of the Board of Directors or the Executive Management shall not participate in the preparation, discussions or the decision-making process concerning (a) an agreement between the Company and the member in question, (b) legal proceedings between the member in question and the Company or, (c) an agreement between the Company and any third-party or legal proceedings brought against any third-party if the member in question has a significant interest therein that may conflict with the Company's interests.

Certain members of the Board of Directors, Executive Management and Key Employees are subject to lock-up restrictions provided in connection with the Offering preventing them from disposing of or otherwise transferring Shares in the Company for a period of 180 days counted from the date of official listing of and trading of the New Shares under the existing ISIN code, subject to customary exemptions Please see section 24.3.3 (*Rights Issue Agreement*) for lock-up undertakings in relation to the Offering. In addition, certain restrictions on securities trading apply in respect of the Board of Directors, the Executive Management and the Key Employees as provided by law and the Company's internal rules.

19. Incentive programs

19.1 CEO share-based post IPO bonus

In connection with the employment of the CEO, it was agreed to reward the CEO for his long-term value creation for the Company. Accordingly, and pursuant to the employment contract of the CEO, the CEO was entitled to receive such number of Shares in the Company that corresponds to 0.75% of the outstanding share capital of the Company at, and to be delivered on, the Grant Date. The "Grant Date" referred to the earlier of (i) the date falling 720 days after the admission of the "Temporary Purchase Certificates" to trading on Nasdaq Copenhagen in connection with the Company's June 2021 initial public offering, (ii) the date falling 720 days after an independent third party's acquisition of a controlling interest in the Company, or (iii) the date for a sale of at least 90% of the Shares in the Company to an independent third party.

In accordance with the terms of the bonus, the Company on 7 June 2023 settled the post IPO bonus by 1) issuance of 271,329 Shares to the CEO against payment of a subscription price of DKK 1 per bonus Share, and 2) payment of a cash amount corresponding to the market value of 352,416 Shares calculated on the basis of the closing share price of the Shares on Nasdaq Copenhagen on 6 June 2023 together with a compensation bonus amount corresponding to the full subscription amount paid for the bonus Shares net of taxes and any other expenses or costs relating to such compensation bonus amount payable by the CEO. The maximum value of the bonus was capped at DKK 37.5 million.

19.2 Short-term incentive program

The Company has in 2023 launched a company-wide short-term incentive bonus scheme for all permanent employees. The participants are eligible for an annual performance cash bonus, which for Executive Management and all salaried employees is based on the achievement of certain predefined financial targets (which determine 3/4 of the bonus outcome) as well as individual targets determined by the Board of Directors from year to year. The short term incentive bonus scheme has 4 Tiers; Tier 1: Hourly paid; Tier 2: All salaried; Tier 3: People Managers and Senior Specialists; Tier 4: Executive Management.

All permanent hourly paid employees in the Company participate in the short-term cash-based bonus scheme, and are measured on the Company's financial targets that are aligned to those set by the Board of Directors. There are no individual targets set for the hourly paid employees.

For all participants, the short-term cash bonus opportunity is based on each participant's role and associated responsibilities, relevant market practice levels for the given role, and calculated as a percentage of each participant's base salary. No bonus is paid in cases where the targets (both financial and individual) are not met.

For members of the of Executive Management, the performance-based cash bonus may have a maximum of up to 100% of the annual fixed salary, however the typical target bonus level is 20-40% (and up to 70% for the CEO and CFO) of the annual fixed salary, with maximum being two times the target bonus level.

For all employees who are not part of the Executive Management, the performance-based cash bonus may have a maximum of up to 30% of the annual fixed salary, however the typical target bonus level is between 3-15% of the annual fixed salary, with maximum being two times the target bonus level.

19.3 Long-term share-based incentive program

Subject to the completion of the Offering, the Board of Directors has decided to implement a new long-term incentive plan (the "**LTIP**") for the Company's Executive Management and certain other employees. The purpose of this new plan is to ensure that these employees have an appropriate and market-aligned incentive to drive value creation for the shareholders after the Offering, and that they are rewarded for Company performance and retained. It will also act as a tool for the Company to attract and retain top talent.

The members of the Executive Management participating in the new long term incentive plan will be required to agree to shareholding requirements, so that the members of Executive Management must hold a minimum of half of their annual base salary after tax. All members of the Executive Management have five years to achieve the minimum shareholding.

Upon completion of the Offering or within the first year thereafter, and subject to any amendments by the Board of Directors, members of the Executive Management can receive annual restricted Performance Share Unit ("**PSUs**") grants when commenced for such individuals. The intention is to align the grants under the new LTIP, so that an appropriate incentive to drive value creation for the shareholders is maintained.

The number of PSUs initially granted (expressed as the target level) will be based on each participant's role and associated responsibilities, relevant market practice levels for the given role in comparable companies and calculated as a percentage of each participant's base salary.

The target and maximum number of PSUs for each participant will be based on the market value of Company's Shares at the time of the grant, and the value of these PSUs at target and maximum for members of Executive Management will follow the levels outlined in the Company's Remuneration Policy. Accordingly, the members of Executive Management may be granted PSUs of a value that may not exceed 100% of the annual fixed salary for each member of the Executive Management at the time of the grant. PSU grant levels will typically be targeted at 20-40% of the annual fixed salary, with maximum being two times the target level.

Each year, other selected employees who are critical to the Company's success may also be eligible to receive one-off long-term incentive grants, as determined by the Board of Directors based on a proposal from the Executive Management.

The PSUs will vest after a three-year vesting and performance period. Vesting is conditional upon the achievement on financial or strategic targets defined by the Board of Directors for each grant. For the first year, the defined targets are financial only, and linked to the Company's long-term financial performance on revenue growth over the period. Exceptional performance towards these targets can result in the vesting of up to two times the target number of PSUs granted, while performance below the threshold level will result in no PSUs vesting at all.

Vesting is also conditional upon continued employment with the Company and bad leavers will forfeit their right to PSUs (both granted and not granted). For PSUs granted in 2023 and forward, vesting will be conditional upon continued employment with the Company and, if leaving, the employees will forfeit their right to PSUs regardless of the reason for leaving (both granted and non-granted).

Each PSU that vests represents a right to receive free of charge one Share upon vesting. Unvested PSUs do not entitle the participant to any shareholder rights such as dividends or voting rights.

The LTIP is expected to be treated as an equity-settled share-based incentive program and expensed over the three-year vesting period, based on a number of conditions, e.g., fair value at grant calculated based on the Black-Scholes formula. As the LTIP will include non-market-based performance criteria (KPIs), the cost will be re-valued over the period subject to the expectations of KPI performance. The Company expects to cover Shares delivered under the LTIP either through the Company's existing authorisation to issue new Shares, or through the purchase and holding of treasury Shares.

20. Ownership structure and shareholders

20.1 Current ownership

Pursuant to section 38 of the Danish Capital Markets Act and section 55 of the Danish Companies Act, the Company has as of the date of this Prospectus received notifications of holdings of 5 percent or more of the share capital and voting rights from the Existing Shareholders below:

Name of major shareholder	% of share capital and voting rights
Nordic Alpha Partners Fund I K/S	30.59%
APMH Invest A/S	9.38%
Norlys a.m.b.a.	8.90%
Arbejdsmarkedets Tillægspension	5.99%

APMH Invest A/S is wholly-owned by A.P. Møller Holding A/S which is wholly-owned by A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal.

The major shareholders' Shares do not have different voting rights. All Shares in the Company rank pari passu, including with respect to voting rights. All Shares, including the New Shares, carry 1 vote per nominal value of DKK 1.

The Company may only publish company announcements regarding major shareholdings upon receipt of a prior notice to that effect from a shareholder. Thus, the actual ownership interest of the major shareholders stated above may have changed.

The Company is not majority-owned or controlled, directly or indirectly, by any third party, and the Company is not aware of any agreements that could later result in any third party taking over the control of the Company.

20.2 Dilution after the Offering

As a result of the Offering, the Company's share capital will be increased. If an Existing Shareholder decides not to exercise its allocated Pre-emptive Rights, such Shareholder's proportionate ownership interest will be diluted by up to 55.6 percent if the Offering is completed and all New Shares are subscribed for. If any Existing Shareholder exercises its Pre-emptive Rights in full, such Existing Shareholder will not be diluted, subject to that Existing Shareholder holding the relevant number of Pre-emptive Rights.

As at 31 March 2023, the Company's net asset value (equity) was DKK 782,046 thousand or approximately DKK 9.40 per Share. The net asset value per Existing Share prior to the Offering is determined by dividing the net asset value by the total number Existing Shares on the aforementioned date which was 83,165,961 (and thus not taking into account any subsequent share capital increases).

21. Related party transactions

The members of the Board of Directors, the Executive Management and the Key Employees as well as Nordic Alpha Partners Fund I K/S are considered to be related parties to the Company as they exercise significant influence over the Company's operations. Related parties also include such persons' relatives as well as undertakings in which such persons have significant interest.

As of the date of this Prospectus, Nordic Alpha Partners Fund I K/S owns 30.59% of the Company's share capital and has representatives on the Board of Directors. Moreover, APMH Invest A/S and Norlys a.m.b.a, currently holding 9.38% and 8.90%, respectively, of the Company's share capital, also have representatives on the Board of Directors.

The Company has entered into the Term Loan Agreements with each of APMH Invest A/S and Arbejdsmarkedets Tillægspension that are major shareholders of the Company as further described in section 15.10.4 (*Term Loan Agreements*)).

In addition, Nordic Alpha Partners Fund I K/S has entered into a subscription rights transfer agreement (the "**SRT Agreement**") with the Global Coordinator in connection with the Offering. Pursuant to the SRT Agreement, the Global Coordinator 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 the Global Coordinator 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 New Shares subscribed for by the Global Coordinator 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 the Global Coordinator.

The Company received the Subscription Commitments from certain major shareholders, being Nordic Alpha Partners Fund I K/S, APMH Invest A/S, Norlys a.m.b.a. and Arbejdsmarkedets Tillægspension as further described in section 24.3.3 (*Rights Issue Agreement*).

The Company has received the Management Commitments from certain members of the Board of Directors, Executive Management and Key Employees, being Christian Clausen (Chairman), Karen Dyrskjøt Boesen (board member), Simon Krogsgaard Ibsen (board member) (via wholly owned private company), Poul Due Jensen (board member), Lars Valsøe Bertelsen (board member) (personally and via wholly owned private company), Anders Jakob Vedel (board member), Armin Schnettler (board member), Ole Vesterbæk (CFO), Birgitte Høgh Frederiksen (CHO), Søren Rydbirk (CCO), Stephan Kim (CTO) and Carsten Schütz (COO) as further set described in section 24.2.2 (*Intention of major shareholders and members of management with regard to subscription of New Shares*).

Except in relation to compensation and benefits received as a result of membership of the Board of Directors or employment with the Company and as disclosed above, the Company has not undertaken any significant transactions with the members of the Board of Directors, the Executive Management or the Key Employees, or their respective related parties, since 1 January 2023.

22. Description of the Shares and share capital

22.1 Share capital before and after the Offering

As of the date of this Prospectus, the Company's share capital has a nominal value of DKK 83,437,290, divided into 83,437,290 Shares of nominally DKK 1 each or multiples thereof. All Shares are issued and fully paid up.

The Shares are as of the date of this Prospectus not divided into share classes, and all Shares have the same rights and rank *pari passu* in respect of voting rights, pre-emptive rights, redemption, conversion and restrictions or limitations according to the Articles of Associations or eligibility to receive dividend or proceeds in the event of dissolution and liquidation. No Shares carry special rights, restrictions or limitations pursuant to the Articles of Association. Each Share with a nominal value of DKK 1 gives the holder the right to one vote at the Company's general meetings.

22.2 Other securities

The Company has not issued any securities that are convertible, exchangeable nor has warrants attached to them, except for performance share units as described in section 19 (*Incentive programs*).

22.3 Takeover bids

No public takeover offers have been made by any third-party in respect of the Company's Shares during the past or current financial year.

The Articles of Association do not contain provisions that are likely to have the effect of delaying, deferring or preventing a change in control of the Company. Consistent with the Corporate Governance Recommendations, the Board of Directors has adopted a set of guidelines for the handling of takeover bids.

22.4 Information concerning the New Shares

22..4.1 Type of security, amount of New Shares and ISIN codes

The Offering comprises up to 104,296,612 New Shares each with Pre-emptive Rights for the Existing Shareholders. Further, the Prospectus comprises the admission of the New Shares to trading and official listing on Nasdaq Copenhagen in connection with the completion of the Offering.

22.4.1.1 Pre-emptive Rights

The Offering is being made at the ratio of 5:4 which means that each Existing Shareholder will be entitled to and will be allocated five (5) Pre-emptive Rights for each Existing Share held at the allocation time (as defined below), and that four (4) Pre-emptive Rights will be required to subscribe for one (1) New Share.

Pre-emptive Rights will be allocated free of charge to the Company's Existing Shareholders on 16 June 2023 at 17:59 (CEST) (the "**Allocation Time**") through Euronext Securities Copenhagen. Shares traded after 14 June 2023 at 17:00 (CEST) will be traded without (ex) Pre-emptive Rights, assuming that such Shares are traded with a customary two-day settlement period.

With the currently expected timetable, any trading in the Shares prior to the last trading day in Existing Shares including Pre-emptive Rights on 14 June 2023 at 17:00 (CEST), will include rights to receive Pre-emptive Rights in connection with the Offering. However, this will not apply if the registration in Euronext Securities Copenhagen of that particular trade in Shares does not take place until after the Allocation Time, which may be the case if one or both parties to the trade is or will become a shareholder in the Company registered through a nominee or omnibus account and the trade in question, therefore, has to be registered through one or more custody banks prior to the registration of the party in question in Euronext Securities Copenhagen. Investors are recommended to consult with their account-holding bank in relation to such trades.

Any trading in the Shares after 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 specific measures to settle the trade in Euronext Securities Copenhagen prior to the Allocation time 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 party to the trade in question who is the holder registered in Euronext Securities Copenhagen on the Allocation Time at 17:59 (CEST) will be considered the Existing Shareholder. The buyer and seller

should in such trade be aware that the value of the right to receive Pre-emptive Rights for the buyer will likely not be reflected in the trading price of the Shares on Nasdaq Copenhagen after the last trading day in Existing Shares including Pre-emptive Rights, since such trading price is based on the customary two-day settlement cycle. Investors are recommended to consult with their account-holding bank in relation to trading in the Company's Shares between the last trading day in Existing Shares including Pre-emptive Rights and the Allocation Time if such trade is not settled according to the customary two-day settlement cycle.

The Pre-emptive Rights have been approved for trading and official listing on Nasdaq Copenhagen to effect that they can be traded on Nasdaq Copenhagen during the period from 15 June 2023 at 9:00 (CEST) to 28 June 2023 at 17:00 (CEST) under the temporary ISIN code DK0062271557.

22.4.1.2 The New Shares

The Subscription Period for the New Shares will commence on 19 June 2023 at 9:00 (CEST) and will close on 30 June 2023 at 17:00 (CEST). The New Shares to be issued by the Company upon exercise of the Pre-emptive Rights will be of the same class as the Existing Shares. The New shares are offered at a price of DKK 4.50 per New Share.

After payment of the Subscription Price, the New Shares will be issued under the temporary ISIN code DK0062271631. The New Shares under the temporary ISIN code will not be admitted to trading and official listing on Nasdaq Copenhagen. The New Shares under the temporary ISIN code will solely be registered with Euronext Securities Copenhagen.

As soon as possible after registration of the New Shares with the Danish Business Authority expectedly no later than 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 Existing Shares DK0061540341 on 10 July 2023, and the temporary ISIN code of the New Shares 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.

22.4.2 Currency

The Offering will be carried out and trading in the Pre-emptive Rights will be in DKK. The New Shares will be denominated in DKK.

22.4.3 Resolutions, authorisations and approvals

The New Shares will be issued pursuant to an authorisation granted to the Board of Directors on the annual general meeting of the Company held on 18 April 2023.

On 13 June 2023, the Board of Directors exercised the authorisation granted in article 5.5 of the Company's articles of association and resolved to increase the share capital by a nominal amount of up to DKK 104,296,612 by the issuance of up the New Shares. Upon completion of the Offering, the share capital increase will be registered with the Danish Business Authority and the Company's registered share capital will consequently be DKK 187,733,902 divided into 187,733,902 Shares each with a nominal value of DKK 1, assuming subscription of all New Shares.

The New Shares are issued with pre-emptive rights for the Company's Existing Shareholders and rank pari passu with the Existing Shares.

The share capital increase related to the Offering will be registered with the Danish Business Authority upon completion of the Offering, following which the Company's registered share capital will amount to DKK 187,733,902 divided into 187,733,902 Shares with a nominal value of DKK 1 each, assuming subscription of all New Shares.

22.4.4 Negotiability and transferability of Shares

The Shares, including the New Shares, are negotiable instruments, and no restrictions under the Articles of Association or Danish law apply to the transferability of the Shares. However, see section 26 (*Selling and transfer restrictions*) for certain restrictions applicable to the New Shares.

22.4.5 Rights attached to the Pre-emptive Rights and the New Shares

22.4.5.1 Pre-emptive Rights

Four (4) Pre-emptive Rights carry the right to subscribe for one (1) New Share.

If any of the Pre-emptive Rights are not exercised during the Subscription Period, those Pre-emptive Rights will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to any kind of compensation. If the holder does not wish to exercise the Pre-emptive Rights to subscribe for New Shares, the holder can sell the Pre-emptive Rights during the Rights Trading Period.

22.4.5.2 The New Shares

22.4.5.2.1 Dividend rights

The New Shares have the same rights as the Existing Shares, including with respect to eligibility for any dividends. Upon the issuance and registration of the New Shares to be issued by the Company pursuant to the Offering with the Danish Business Authority (which is expected to take place on completion of the Offering), the New Shares will be entitled to receive dividends to the extent any dividends are declared and payable with respect to the New Shares.

Any dividends will be paid in DKK to the shareholder's account with Euronext Securities Copenhagen. No restrictions on dividends or special procedures apply to holders of New Shares who are not residing in Denmark. Dividend withholding tax may be withhold by the Company in accordance with applicable Danish law. See section 23 (*Taxation*) for a summary of certain tax consequences in relation to dividends or distribution to holders of Shares. Dividends which have not been claimed by shareholders within three years from the time they are payable will be forfeited and will accrue to the Company.

See section 12 (*Dividends and dividend policy*) for further information on dividends.

22.4.5.2.2 Voting and pre-emptive rights

All Shares in the Company will rank pari passu, including with respect to voting rights and Pre-emptive Rights. All Shares will accordingly carry one vote per Share of a nominal value of DKK 1.

22.4.5.2.3 Dissolution and liquidation

In the event of dissolution and liquidation, the New Shares (following registration with the Danish Business Authority, expected to occur upon completion of the Offering) will be entitled to a proportionate part of the Company's assets after payment of the Company's creditors. The Articles of Association do not contain any provisions on redemption or exchange of Shares.

22.4.6 Danish legislation concerning takeover offers, redemption and conversion of shares and disclosure of shareholdings

22.4.6.1 Mandatory takeover bids

The Danish Capital Markets Act (in Danish: *kapitalmarkedsloven*) and the Danish Executive Order no. 636 of 15 May 2020 on Takeover Bids (in Danish: *bekendtgørelse om overtagelsestilbud*) includes rules concerning public offers for the acquisition of shares admitted to trading on a regulated market (including Nasdaq Copenhagen).

If a shareholding is transferred, directly or indirectly, in a company with one or more share classes admitted to trading on a regulated market, to an acquirer or to persons acting in concert with such acquirer, the acquirer and the persons acting in concert with such acquirer, if applicable, shall give all shareholders of the company the option to dispose of their shares on identical terms, if the acquirer, or the persons acting in concert with such acquirer, as a result of the transfer, gains control over the company as a result of the transfer.

Control exists if the acquirer, or persons acting in concert with such acquirer, directly or indirectly, holds at least one-third of the voting rights in the company, unless it can be clearly proven in special cases that such ownership does not constitute control. An acquirer, or persons acting in concert with such acquirer, who does not hold at least one- third of the voting rights in a company, nevertheless has control when the acquirer has or persons acting in concert with such acquirer have:

i) the right to control at least one-third of the voting rights in the company according to an agreement with other investors; or

ii) the right to appoint or dismiss a majority of the members of the central governing body of the company.

Voting rights attached to treasury shares shall be included in the calculation of voting rights.

The Danish Capital Markets Act contains specific exemptions from the obligation to submit a mandatory takeover offer, including transfers of shares by inheritance or transfer within the same group and as a result of a creditor's debt enforcement proceedings. Exemptions from the mandatory tender offer rules may be granted under special circumstances by the Danish FSA (in Danish: *Finanstilsynet*).

22.4.6.2 Mandatory redemption of shares

Where a shareholder holds more than 90% of the shares in a company and a corresponding proportion of the voting rights, such shareholder may, pursuant to Section 70 of the Danish Companies Act (in Danish: *selskabsloven*), decide that the other shareholders have their shares redeemed by that shareholder. In this case, the other shareholders must be asked, by notice given in accordance with the rules governing notices for general meeting, to transfer their shares to the shareholder within four weeks after the request to transfer their shares. In addition, the other shareholders shall by notice published through the Danish Business Authority's (in Danish: *Erhvervsstyrelsen*) IT system be requested to transfer their shares within the same four-week period. Specific requirements apply to the contents of the notices to the other shareholders regarding the redemption.

Furthermore, where a shareholder holds more than 90% of the shares in a company and a corresponding proportion of the voting rights, the other shareholders may require such shareholder to acquire their shares pursuant to Section 73 of the Danish Companies Act.

22.4.6.3 Disclosure of major shareholdings

Shareholders in Danish companies with shares admitted to trading and official listing on Nasdaq Copenhagen are, pursuant to Section 38 of the Danish Capital Markets Act, required to give simultaneous notice to the company and the Danish FSA of the shareholding in the company, when the shareholding reaches, exceeds or falls below thresholds of 5%, 10%, 15%, 20%, 25%, 50% or 90% and limits of one-third or two-thirds of the voting rights or nominal value of the total share capital.

The notification shall be made promptly but no later than four weekdays after the shareholder was aware or should have become aware of the completion of the transaction, and in accordance with the provisions of the Danish Executive Order no. 1172 of 31 October 2017 on Major Shareholders. The shareholder is deemed to have become aware of the completion of the transaction two weekdays after the completion of the transaction. The shareholder shall disclose the change in voting rights and shares, including the number of voting rights (and the distribution of voting rights among share classes, if applicable) and shares held directly or indirectly by the shareholder following the transaction. The notification shall further state the transaction date on which the threshold was reached or no longer reached and the identity of the shareholder as well as the identity of any natural or legal person with the right to vote on behalf of the shareholder and in the case of a group structure, the chain of controlled undertakings through which voting rights are effectively held. The information shall be notified to the company and simultaneously submitted electronically to the Danish FSA. Failure to comply with the notification requirements is punishable by fine or suspension of voting rights in instances of gross or repeated non-compliance.

22.5 Governing law

The Shares, including the New Shares are and will be issued in accordance with Danish law.

23. Taxation

The following is a summary of certain Danish income tax considerations relating to an investment in the Shares. The Danish tax legislation as well as the tax legislation of investors' member states may have an impact on the income received from the Shares.

The summary is for general information only and does not purport to constitute exhaustive tax or legal advice. It is specifically noted that the summary does not address all possible tax consequences relating to an investment in the Shares. The summary is based solely upon the tax laws of Denmark in effect on the date of this Prospectus. Danish tax laws may be subject to change, possibly with retroactive effect.

The summary does not cover investors to whom special tax rules apply and, therefore, may not be relevant, for example, to investors subject to the Danish Pension Yield Tax Act (in Danish: *pensionsafkastbeskatningsloven*), including but not limited to pension funds, life insurance companies and individual pension savings, insurance companies and financial companies as well as investors trading in securities, including banks and stockbrokers. Further, the summary only sets out the tax position of the direct owners of the Shares and assumes that the direct investors are the beneficial owners of the Shares and any income derived thereon. Sales are assumed to be sales to a third-party.

Potential investors in the Shares are advised to consult their tax advisers regarding the applicable tax consequences of acquiring, holding, and disposing of the Shares based on their particular circumstances. Investors who may be affected by the tax laws of other jurisdictions should consult their tax advisers with respect to the tax consequences applicable to their particular circumstances, as such consequences may differ significantly from those described herein.

23.1 Taxation of Danish tax resident shareholders

23.1.1 Sale of shares – individuals

For the calendar year 2023, gains from the sale of shares are taxed as share income at a rate of 27% on the first DKK 58,900 (for cohabiting spouses, a total of DKK 117,800) and at a rate of 42% on share income exceeding such threshold. Such amounts are subject to annual adjustments and include all share income (i.e. all capital gains and dividends derived by the individual or cohabiting spouses, respectively).

Gains and losses on the sale of shares admitted to trading on a regulated market are calculated as the difference between the purchase price and the sales price. The purchase price is generally determined using the average method, which means that each share is considered acquired at a price equivalent to the average acquisition price of all the shareholder's shares in the issuing company.

Losses incurred in relation to the sale of shares admitted to trading on a regulated market can only be offset against other share income deriving from shares admitted to trading on a regulated market (i.e. received dividends and capital gains on the sale of shares admitted to trading on a regulated market). Excess losses will be offset against a cohabiting spouse's share income deriving from shares admitted to trading on a regulated market. Any remaining losses after the above deduction can be carried forward indefinitely and offset against future share income deriving from shares admitted to trading on a regulated market.

Losses on shares admitted to trading on a regulated market can only be set off against other share income derived from other shares admitted to trading on a regulated market as outlined above if the Danish Tax Agency (in Danish: *Skattestyrelsen*) has received certain information concerning the ownership of the shares before expiry of the tax return filing deadline for the income year in which the shares were acquired. This information is normally provided to the Danish Tax Agency by the securities dealer or custodian if the securities dealer or custodian is resident in Denmark.

23.1.2 Individuals investing through an investment savings account (Aktiesparekonto)

Gains and losses on shares owned through an investment savings account are calculated using the mark-to-market principle, i.e., as the difference between the market value of the assets in the account at the beginning of the tax year and the market value of the shares at the end of the tax year adjusted for further deposits on the account and adjusted for withdrawals from the account.

Taxation will take place on an accrual basis even if no shares have been disposed of and no gains or losses have been realised. If the shares owned through an investment savings account are sold or otherwise disposed of before the end of the income year, the taxable income of that income year equals the difference between the value of the shares at the beginning of the income year and the realisation sum. If the shares owned through an investment savings account are acquired and realised in the same income year, the taxable income equals the difference between the acquisition sum and the realisation sum. If the shares are acquired in the income year and

not realised in the same income year, the taxable income equals the difference between the acquisition sum and the value of the shares at the end of the income year.

Any annual gain will be subject to 17 percent taxation, and any loss may be carried forward. In 2023, the account is limited to a deposit of DKK 106,600. Tax is settled by the account institute.

23.1.3 Sale of shares – companies

Tax on the sale of shares by companies is subject to different regimes depending on whether the shares are considered as Subsidiary Shares, Group Shares, Tax-Exempt Portfolio Shares or Taxable Portfolio Shares defined as follows:

"**Subsidiary Shares**" are generally defined as shares owned by a company shareholder holding at least 10% of the nominal share capital of the issuing company.

"**Group Shares**" are generally defined as shares in a company in which the company shareholder of the company and the issuing company are subject to Danish joint taxation or fulfil the requirements for international joint taxation under Danish law.

"**Tax-Exempt Portfolio Shares**" are generally defined as shares not admitted to trading on a regulated market owned by a company shareholder holding less than 10% of the nominal share capital in the issuing company. Tax-Exempt Portfolio Shares are not relevant in respect of this Offering and will not be described in further detail.

"**Taxable Portfolio Shares**" are shares that do not qualify as Subsidiary Shares, Group Shares or Tax-Exempt Portfolio Shares, i.e., listed shares in companies in which a company shareholder holds less than 10% of the equity.

Gains or losses on disposals of Subsidiary Shares, Group Shares and Tax-Exempt Portfolio Shares are not included in the taxable income of the company shareholder.

Special rules apply with respect to Subsidiary Shares and Group Shares in order to prevent circumvention of the 10% ownership requirement through pooling of shareholdings in a holding company, just as other anti-avoidance rules may apply under Danish law. These rules will not be described in further detail.

Capital gains from the sale of Taxable Portfolio Shares are taxable at the corporate income tax rate of 22% (2023). Losses on such shares are generally deductible.

Gains and losses on Taxable Portfolio Shares are, as a general rule, calculated in accordance with the mark-to-market principle. According to the mark-to-market principle, each year's taxable gain or loss is calculated as the difference between the market value of the shares at the beginning of the tax year and the value of the shares at the end of the tax year. Thus, taxation will take place on an accrual basis even if no shares have been disposed of and no gains or losses have been realised. If the Taxable Portfolio Shares are sold or otherwise disposed of before the end of the income year, the taxable income of that income year equals the difference between the value of the Taxable Portfolio Shares at the beginning of the income year and the value of the Taxable Portfolio Shares at realisation. If the Taxable Portfolio Shares have been acquired and realised in the same income year, the taxable income equals the difference between the acquisition sum and the realisation sum. If the Taxable Portfolio Shares are acquired in the income year and not realised in the same income year, the taxable income equals the difference between the acquisition sum and the value of the Shares at the end of the income year.

A change of status from Subsidiary Shares, Group Shares or Tax-Exempt Portfolio Shares to Taxable Portfolio Shares (or vice versa) is for tax purposes deemed to be a disposal of the shares and a reacquisition of the shares at market value at the time of change of status.

23.1.4 Dividends—individuals

For the calendar year 2023, dividends received by individuals are taxed as share income. Share income is taxed at a rate of 27% on the first DKK 58,900 (for cohabiting spouses, a total of DKK 117,800) and at a rate of 42% on share income exceeding such threshold. Such amounts are subject to annual adjustments and include all share income (i.e. all capital gains and dividends derived by the individual or cohabiting spouses, respectively).

Dividends paid to individuals are generally subject to currently 27% withholding tax rate.

23.1.5 Dividends for individuals investing through an investment savings account (Aktiesparekonto)

Dividends from Shares invested through an investment savings account will be part of the return received and subject to the general tax principles for the account as described above.

23.1.6 Dividends—companies

Dividends received on Taxable Portfolio Shares are subject to the standard corporate tax rate of currently 22% (2023) irrespective of ownership period.

The general withholding tax rate is 27%, however a 22% (2023) tax rate applies to dividends distributed to Danish resident companies. Should the distributing company withhold at the higher rate, the shareholder can claim a refund of the excess tax paid. A claim for repayment must be filed within two months from the date of the decision to distribute the dividend; otherwise the excess tax will be treated as a tax paid on account and credited in the corporate income tax for the year.

Dividends received on Subsidiary Shares and Group Shares are not subject to taxation irrespective of ownership period, subject, however, to certain anti-avoidance rules that will not be described in further detail.

23.2 Taxation of shareholders tax resident outside Denmark

23.2.1 Sale of shares – individuals and companies

Denmark does not tax non-resident shareholders on capital gains realised on the sale of shares, irrespective of the ownership period. If an investor holds the shares in connection with a trade or business conducted from a permanent establishment in Denmark, gains on shares may be included in the taxable income of such activities pursuant to the rules applicable to Danish tax residents as described above.

23.2.2 Dividends – individuals

Under Danish law, dividends paid in respect of shares are generally subject to Danish withholding tax at a rate of 27%. A request for a refund of Danish withholding tax may, however, be made by the shareholder in the following situations:

1) Double Taxation Treaty

In the event that the dividend receiving individual is a tax resident of a state having a double taxation treaty with Denmark, the shareholder may claim a refund from the Danish Tax Agency of the tax amount exceeding the treaty rate through certain application procedures. Denmark has executed double taxation treaties with approximately 85 countries, including almost all members of the EU. The double taxation treaties generally provide for a 15% tax rate. The refund is sought by completing an online claim form and filing it with the Danish Tax Agency. The form can be completed and filed from the Danish Tax Agency's website.

When claiming such refund the shareholder must be able to document, *inter alia*, (i) that the shareholder is subject to limited or no tax liability to Denmark, (ii) that a withholding tax on the Danish dividend tax has actually been withheld, (iii) that the shareholder was the beneficial owner of the shares when the dividend distribution was approved and (iv) that the tax withheld exceeds the final tax payable according to an applicable double taxation treaty or the final tax payable according to current Danish law.

The documentation requirements can be found on the website of the Danish Tax Agency. According to these requirements it will be necessary to provide a tax residence certificate certified by the tax authorities in the jurisdiction of the claimant.

2) Relief under Danish tax law

In addition, if the individual shareholder holds less than 10% of the nominal share capital of the company and the shareholder is a tax resident in a jurisdiction which has a double taxation treaty or an international agreement, convention or other administrative agreement on assistance in tax matters according to which the competent authority in the state of the shareholder is obliged to exchange information with Denmark, dividends are generally subject to tax at a reduced rate of 15%. If the shareholder is an individual tax resident outside the EU, it is an additional requirement for eligibility for the 15% tax rate that the shareholder together with related shareholders holds less than 10% of the nominal share capital of the company. Note that the reduced tax rate does not reduce the withholding liability. Thus, the shareholder must also in this situation claim a refund as described above in order to benefit from the reduced rate.

Where a non-resident of Denmark holds shares, which can be attributed to a permanent establishment in Denmark, dividends are taxable pursuant to the rules applicable to Danish tax residents described above. See section 23.1 (*Taxation of Danish tax resident shareholders*).

23.3 Dividends for individuals investing through an investment savings account (Aktiesparekonto)

Individuals with tax residency outside Denmark will be subject to 15 percent taxation on any dividend on shares owned through an investment savings account. In 2023, the account is limited to a deposit of DKK 106,600.

For shareholders residing outside Denmark, only dividends paid in respect of shares in Danish companies are included in the 15 percent taxation.

23.3.1 Dividends – companies

Dividends received on Subsidiary Shares are exempt from Danish withholding tax provided the taxation of the dividends is to be waived or reduced in accordance with the Parent Subsidiary Directive (2011/96/EU as amended by 2015/121/EU) or in accordance with a tax treaty with the jurisdiction in which the company investor is resident.

Dividends received on Group Shares are exempt from Danish withholding tax provided the company investor is a resident of the EU or the EEA and the taxation of dividends should have been waived or reduced in accordance with the Parent Subsidiary Directive (2011/96/EU as amended by 2015/121/EU) or in accordance with a tax treaty with the country in which the company investor is resident had the shares been Subsidiary Shares.

Denmark applies a withholding tax at the statutory rate of 27% (2023) on all dividend distributions on Portfolio Shares (Taxable as well as Tax Exempt). Holders of Subsidiary Shares and Group Shares can be exempt from withholding by registering their holding percentage with the distributing company. The withholding tax applies irrespective of ownership period. It should be noted that Denmark applies a beneficial owner approach and participation exemption as well as the reductions available under treaties and domestic Danish law (described below) are therefore subject to Danish anti-avoidance rules.

A request for a refund of Danish withholding tax can be made by the shareholder in the following situations:

1) All foreign corporate shareholders

All foreign corporate shareholders (not being resident in a "blacklisted country") can claim a refund from the Danish tax authorities of the tax amount exceeding 22% (2023), subject to applicable anti-avoidance rules.

2) Double Taxation Treaty

In the event that the dividend receiving company is a resident of a state with which Denmark has entered into a double taxation treaty, the shareholder may claim a refund from the Danish Tax Agency of the tax amount exceeding the treaty rate, through certain certification procedures. Denmark has executed double taxation treaties with approximately 85 countries, including almost all members of the EU. The double taxation treaties generally provide for a 15% tax rate. The refund is sought by completing an online claim form and filing it with the Danish Tax Agency. The form can be completed and filed from the Danish Tax Agency's website.

When claiming such refund the shareholder must be able to document, *inter alia*, (i) that the shareholder is subject to limited or no tax liability to Denmark, (ii) that a withholding tax on the Danish dividend tax has actually been withheld, (iii) that the shareholder was the beneficial owner of the shares when the dividend distribution was approved and (iv) that the tax withheld exceeds the final tax payable according to an applicable double taxation treaty or the final tax payable according to current Danish law.

The documentation requirements can be found on the website of the Danish Tax Agency. According to these requirements, it will be necessary to provide a tax residence certificate certified by the tax authorities in the jurisdiction of the claimant.

3) Relief under Danish tax law

In addition, if the shareholder holds less than 10% of the nominal share capital of the company and the shareholder is a tax resident in a jurisdiction which has a double taxation treaty or an international agreement, convention or other administrative agreement on assistance in tax matters according to which the competent authority in the state of the shareholder is obliged to exchange information with Denmark, dividends on portfolio shares (taxable as well as non-taxable) are generally subject to tax at a reduced rate of 15% (2023). If the shareholder is a tax resident outside the EU, it is an additional requirement for eligibility for the 15% tax rate that the shareholder

together with related shareholders holds less than 10% of the nominal share capital of the company. Note that the reduced tax rate does not affect the withholding rate. Thus, the shareholder must also in this situation claim a refund as described above in order to benefit from the reduced rate.

Where a non-resident of Denmark holds shares, which can be attributed to a permanent establishment in Denmark, dividends are taxable pursuant to the rules applicable to Danish tax residents described above, see section 23.1 (*Taxation of Danish tax resident shareholders*).

A Danish withholding taxation/source taxation of 44% shall be applied to dividends paid to affiliated individual shareholders and affiliated corporate shareholders if the relevant shareholder is tax resident in a country which is "blacklisted" according to section 5 H(2) of the Danish Tax Assessment Act (Da: *ligningsloven*). As at the date of this Prospectus, the following jurisdictions are "blacklisted": American Samoa, the Republic of Fiji, Guam, Republic of Palau, Panama, Samoa, Republic of Trinidad and Tobago, the Republic of Vanuatu and the U.S. Virgin Islands.

On 1 July 2023, the following jurisdictions will also be blacklisted under section 5 H(2) of the Danish Tax Assessment Act: Anguilla, Bahamas, Costa Rica, British Virgin Islands, Marshall Islands and Turks and Caicao Islands. It should be noted that the list of "blacklisted" jurisdictions is updated by way of proposed bills on an ongoing basis in order to reflect any changes to the EU list of non-cooperative tax jurisdictions. It is the responsibility of the investors to be mindful of any changes to the list of "blacklisted" jurisdictions.

23.4 Share transfer tax and stamp duties

No Danish share transfer tax or stamp duties are payable on transfer of the shares.

23.5 Withholding tax obligations

As issuer of the Shares, the Company is obligated to withhold the taxes described above on all distributions of dividends.

24. Terms and conditions of the Offering

24.1 Conditions, Offer Statistics and Actions Required to Apply for the Offering

24.1.1 Allocation of Pre-emptive Rights and subscription ratio

Each holder of Shares registered with Euronext Securities Copenhagen on 16 June 2023 17:59 (CEST) (the "**Allocation Time**") will be allocated five (5) Pre-emptive Rights for each Share. Four (4) Pre-emptive Rights will be required to subscribe for one (1) New Share against payment of the Subscription Price of DKK 4.50.

Shares traded after 14 June 2023 at 17:00 (CEST) will be traded as excluding Pre-emptive Rights, provided that the Shares are traded with a customary two-day settlement cycle.

Upon registration of the capital increase relating to the New Shares with the Danish Business Authority, the New Shares will be issued under the temporary ISIN code DK0062271631. The New Shares issued under the temporary ISIN code will not be admitted to trading and official listing on Nasdaq Copenhagen. The New Shares issued under the temporary ISIN code will solely be registered with Euronext Securities Copenhagen. See section 25 (*Admission to trading and official listing*) for further details.

As soon as possible after registration of the New Shares with the Danish Business Authority, expectedly no later than on 6 July 2023, the New Shares will, expectedly no later than on 10 July 2023, be admitted to trading and official listing on Nasdaq Copenhagen under the permanent ISIN code for the Existing Shares DK0061540341, and the temporary ISIN code of the New Shares will be merged with the ISIN code of the Existing Shares, expectedly no later than on 11 July 2023.

24.1.2 Expected timetable of principal events

See section 10 (*Expected timetable of the Offering and financial calendar*).

24.1.3 Rights Trading period, Subscription Period and process

The Pre-emptive Rights have been approved for admission to trading and official listing on Nasdaq Copenhagen to the effect that they can be traded on Nasdaq Copenhagen during the Rights Trading Period from 15 June 2023 at 9:00 (CEST) to 28 June 2023 at 17:00 (CEST), under the temporary ISIN code DK0062271557.

If a holder of Pre-emptive Rights does not wish to exercise such Pre-emptive Rights to subscribe for New Shares, such Pre-emptive Rights may be sold during the Rights Trading Period.

Any Pre-emptive Rights not exercised during the Subscription Period will lapse with no value, and the holder of such Pre-emptive Rights will not be entitled to any kind of compensation.

The Subscription Period for the New Shares will commence on 19 June 2023 at 9:00 (CEST) and will close on 30 June 2023 at 17:00 (CEST).

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 (the "**Subscription Commitments**"). The Subscription Commitments are allocated between the relevant shareholders as follows:

Name	Commitment amount in DKKm
Nordic Alpha Partners Fund I K/S	60.0
APMH Invest A/S	44.0
Norlys a.m.b.a.	41.8
Arbejdsmarkedets Tillægspension	28.1
Total	**173.9**

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 the SRT Agreement with the Global Coordinator in connection with the Offering. Pursuant to the SRT Agreement, the Global Coordinator 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 the Global Coordinator 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 New Shares subscribed for by the Global Coordinator 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 the Global Coordinator.

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 (the "**Management Commitments**") as further set out below:

Name (title)	Commitment amount in DKK
Christian Clausen (Chairman)	2,162,187.00
Karen Dyrskjøt Boesen (board member)	100,000.00
Simon Krogsgaard Ibsen (board member) (via wholly owned private company)	98,077.50
Poul Due Jensen (board member)	49,500.00
Anders Jakob Vedel (board member)	250,000.00
Armin Schnettler (board member)	223,500.00
Lars Valsøe Bertelsen (partly via wholly owned private company)	70,312.50
Ole Vesterbæk (CFO)	150,000.00
Birgitte Høgh Frederiksen (CHO)	300,000.00
Søren Rydbirk (CCO)	1,000,000.00
Stephan Kim (CTO)	74,500.00
Carsten Schütz (COO)	45,000.00
Total	**4,523,077.00**

24.1.4 Reduction of subscription

Reduction of subscription is not applicable in connection with the Offering.

In the event that binding undertakings for Remaining Shares made by Existing Shareholders (who were registered as shareholders of the Company with Euronext Securities Copenhagen on 16 June 2023 at 17:59 (CEST)), potential investors who are residents of Denmark ("**Danish Retail Investors**") and/or Qualified Investors exceed the number of Remaining Shares (if any), the Remaining Shares will be allocated according to allocation keys determined by the Board of Directors.

24.1.5 Minimum or maximum subscription amounts

In connection with the Offering, the minimum number of New Shares that a holder of Pre-emptive Rights may subscribe for will be one (1) New Share, requiring the exercise of four (4) Pre-emptive Rights and the payment of the Subscription Price. The number of New Shares that a holder of Pre-emptive Rights may subscribe for is not capped. However, the number is limited to the number of New Shares that may be subscribed for through the exercise of the Pre-emptive Rights held or acquired.

24.1.6 Subscription for Remaining Shares

Remaining Shares may, without compensation to the holders of unexercised Pre-emptive Rights, be subscribed for by Existing Shareholders, Danish Retail Investors and/or Qualified Investors, who have made binding undertakings to subscribe for Remaining Shares before the expiry of the Subscription Period.

In case of oversubscription of Remaining Shares in connection with binding undertakings, such Remaining Shares will be allocated according to apportionment keys determined by the Board of Directors.

If the subscription orders for Remaining Shares do not exceed the number of Remaining Shares, the Company will issue the number of Remaining Shares subscribed for.

Existing Shareholders, Danish Retail Investors and/or Qualified Investors wishing to subscribe for Remaining Share must submit the application form in Annex A (*Application Form*) to their own custodian institution or financial intermediary. The application form must be submitted within an appropriate amount of time for the custodian institution or the financial intermediary to process and forward the application form to Danske Bank A/S so that the application form is received by Danske Bank A/S no later than on 30 June 2023 at 17:00 (CEST).

Payment for any Remaining Shares shall take place in accordance with the provisions set out in Annex A (*Application Form*).

Neither the Company nor the Manager can guarantee that Existing Shareholders, Danish Retail Investors and/or Qualified Investors who wish to subscribe for Remaining Shares will be allocated any Remaining Shares. Only Existing Shareholders that hold and exercise Pre-emptive Rights or investors who acquire and exercise Pre-emptive Rights are guaranteed allocation of New Shares and only in the event that the Offering is completed. Accordingly, Remaining Shares will only be available for allocation if the New Shares have not been subscribed for by the Existing Shareholders through the exercise of allocated Pre-emptive Rights or by investors through the exercise of allocated Pre-emptive Rights acquired.

Any Remaining Shares allocated will be delivered through Euronext Securities Copenhagen on or about 6 July 2023 against payment of the Subscription Price.

24.1.7 Payments and delivery

Upon exercise of the Pre-emptive Rights related to the New Shares, the holder must pay the Subscription Price of DKK 4.50 per New Share subscribed for. Payment for the New Shares will be made in DKK on the date of subscription, but no later than on 30 June 2023 at 17:00 (CEST), against delivery of the New Shares in the investor's account with Euronext Securities Copenhagen under the temporary ISIN code DK0062271631. Holders of Pre-emptive Rights are required to adhere to the account agreement with their own custodian institution or other financial intermediary through which they hold Existing Shares in accordance with the rules of such institution or intermediary. Financial intermediaries through which a holder may hold Pre-emptive Rights may require payment by an earlier date.

The Pre-emptive Rights and the New Shares will be delivered in book-entry form through allocation to accounts with Euronext Securities Copenhagen.

Upon admission to trading and official listing of the New Shares, the New Shares will be accepted for clearance through Euroclear and Clearstream.

24.1.8 Announcement of the results of the Offering

The results of the Offering will be communicated in a company announcement expected to be published via Nasdaq Copenhagen no later than two (2) business days after the expiry of the Subscription Period (expected to be on 4 July 2023)

The Offering will only be completed if and when the New Shares subscribed for are issued by the Company upon registration with the Danish Business Authority, which is expected to take place no later than on 6 July 2023 before listing of the New Shares.

24.1.9 Procedure for the exercise of and trading in Pre-emptive Rights

Holders of Pre-emptive Rights who wish to subscribe for New Shares will be required to do so through their own custodian institution or other financial intermediary in accordance with the procedures of such institution or intermediary. The deadline for notification of exercise depends on the holder's agreements with and the rules and procedures of the relevant custodian institution or other financial intermediary, and the deadline may be earlier than the last day of the Subscription Period. Once a holder has exercised its Pre-emptive Rights, such exercise may not be revoked or modified, except as set forth in this Prospectus with respect to any withdrawal rights in connection with the filing of a supplement to this Prospectus as a result of a material change that may affect the evaluation of the Pre-emptive Rights, the New Shares or the Existing Shares.

Exercise instructions without the necessary documentation, including a signed investor letter satisfactory to the Company, which originates from a person located in the United States, or which are postmarked in the United States, or any other jurisdiction in which it would not be permissible to subscribe for the New Shares, will be deemed to be invalid, and no New Shares will be credited to institutions with addresses in the United States or any other jurisdictions in which it would not be permissible to subscribe for the New Shares without the required documentation. The Company and the Manager reserve the right to reject any exercise of the Pre-emptive Rights by or on behalf of persons who fail to present the required documentation, including a signed investor letter satisfactory to

the Company, and (i) for acceptance or delivery of New Shares indicate an address in the United States or in any other jurisdiction in which it would not be permissible to subscribe for the New Shares; (ii) cannot show or prove to the satisfaction of the Company in its sole discretion that they are not in the United States or any other jurisdiction in which it would not be permissible to subscribe for the New Shares; (iii) who act on behalf of persons in the United States or any other jurisdiction in which it would not be permissible to subscribe for the New Shares, unless it is effected on a discretionary basis; (iv) in the opinion of the Company or its agents, have given their exercise instructions or certifications in or sent such instructions or certifications from the United States or any other jurisdiction in which it would not be permissible to offer the New Shares; or (v) purport to exclude any applicable representation or warranty in this Prospectus. See section 26 (*Selling and transfer restrictions*).

Any holders who exercise their Pre-emptive Rights will be deemed to have represented that they have complied with all applicable laws. Custodian institutions exercising Pre-emptive Rights on behalf of beneficial owners will be deemed to have represented that they have complied with the procedures set out in this Prospectus. Neither the Pre-emptive Rights nor the New Shares have been registered, or will be registered, under the U.S Securities Act or any state securities legislation in the United States. The Subscription Period will close on 30 June 2023 at 17:00 (CEST).

During the Rights Trading Period, holders of Pre-emptive Rights who do not wish to exercise their Pre-emptive Rights to subscribe for New Shares may sell their Pre-emptive Rights on Nasdaq Copenhagen or elsewhere, and a purchaser may use the acquired Pre-emptive Rights to subscribe for New Shares. Holders wishing to sell their Pre-emptive Rights should instruct their custodian institution or other financial intermediary accordingly.

The Manager may, from time to time, acquire and sell Pre-emptive rights, exercise Pre-emptive Rights and acquire and sell New Shares.

Any Pre-emptive Rights which have not been exercised during the Subscription Period will lapse without value, and the holders will not be entitled to any compensation.

24.1.10 Offering and proceeds

The Offering comprises up to 104,296,612 New Shares. Assuming subscription for all New Shares in the Offering, the gross proceeds will be approximately DKK 469 million and the net proceeds (gross proceeds less the Company's estimated costs related to the Offering) are expected to amount a total of approximately DKK 429 million, assuming all New Shares are subscribed for.

The Subscription Commitments only guarantee gross proceeds of approximately DKK 174 million and are conditional on the Company raising gross proceeds of DKK 225 million or more in the Offering Accordingly, there is no certainty that the Offering will generate the amount of proceeds which the Company is targeting.

If gross proceeds of DKK 225 million or more (but not the full targeted amount) are raised in the Offering, the Company expects to complete the Offering, however, 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 what would have otherwise been the case. Reference is also made to sections 4.3 (*Risks related to the Company's financial profile*), 11 (*Background to the Offering and use of proceeds*) and 16.8 (*Working capital statement*). If the Offering is completed, the Company expects to be granted the Term Loans (see section 15.10.4 (*Term Loan Agreements*)) in a total principal amount of DKK 250 million. The disbursement of the Term Loans is conditional on the Company accepting subscription applications for New Shares in the Offering to raise gross proceeds of DKK 225 million or more. The minimum gross proceeds expected to be raised in the Offering, if completed, together with the Term Loans would result in net proceeds accruing to the Company of approximately DKK 445 million. The maximum gross proceeds that may be raised in the Offering, if fully subscribed, together with the Term Loans would result in net proceeds accruing to the Company of approximately DKK 679 million.

24.1.11 Withdrawal or suspension of the Offering and termination of the Rights Issue Agreement

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 if the result of the Offering shows that gross proceeds of less than DKK 225 million will be raised in the Offering.

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 of 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 amount 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 Manager 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 are not met, the Manager may, at its discretion, terminate the Rights Issue Agreement which may accordingly require that the Company withdraws the Offering. See section 24.3.3 (*Rights Issue Agreement*) for information on the Rights Issue Agreement and conditions related to Subscription Commitments.

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.

A withdrawal of the Offering will be announced as a company announcement via Nasdaq Copenhagen. With respect to risks related to withdrawal of the Offering, see risk factor 4.6.4.

24.1.12 Withdrawal of applications for subscription

Instructions to exercise Pre-emptive Rights related to the New Shares are irrevocable, except in certain circumstances where a supplement to this Prospectus is published pursuant to applicable rules and legislation in Denmark due to any material changes in connection with the information in this Prospectus which may affect the evaluation of the Pre-emptive Rights, the New Shares or the Existing Shares. Investors who have submitted orders to subscribe for New Shares in the Offering shall have two working days following the publication of the relevant supplement within which the investors can withdraw their offers to subscribe for New Shares in the Offering. The right to withdraw a subscription for New Shares in the Offering in these circumstances will be available to all investors in the Offering, provided the obligation to publish a supplement to this Prospectus occurred before the closing of the Subscription Period or before the New Shares have been delivered, whichever occurs first. If the order is not withdrawn within the stipulated period any subscription for New Shares in the Offering will remain valid and binding. The procedure regarding the withdrawal of the subscriptions will be announced together with the relevant supplement to this Prospectus.

24.2 Plan of Distribution and Allotment

24.2.1 Notification of applicants in respect of amounts

There is no pre-allotment of New Shares. The New Shares may be subscribed for by the Existing Shareholders of the Company according to the Pre-emptive Rights allocated.

New Shares which have not been subscribed for by the Existing Shareholders before the expiry of the Subscription Period (Remaining Shares) may, without compensation to the holders of unexercised Pre-emptive Rights, be subscribed for by the Existing Shareholders, Danish Retail Investors and/or Qualified Investors, who have made binding undertakings to subscribe for such Remaining Shares according to the application form in Annex A (*Application Form*) before the expiry of the Subscription Period. In case of oversubscription of the Remaining Shares, such Remaining Shares will be allocated according to allocation keys determined by the Board of Directors.

Certain shareholders have, pursuant to the Subscription Commitments, severally and not jointly undertaken 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 pursuant to the Management Commitments 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.

24.2.2 Intention of major shareholders and members of management with regard to subscription of New Shares

Pursuant to the Subscription Commitments, 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. The Subscription Commitments are allocated between the relevant shareholders as follows:

Name	Commitment amount in DKKm
Nordic Alpha Partners Fund I K/S	60.0
APMH Invest A/S	44.0
Norlys a.m.b.a.	41.8
Arbejdsmarkedets Tillægspension	28.1
Total	**173.9**

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 the SRT Agreement with the Global Coordinator in connection with the Offering. Pursuant to the SRT Agreement, the Global Coordinator 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 the Global Coordinator 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 New Shares subscribed for by the Global Coordinator 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 the Global Coordinator.

Additionally, certain members of the Board of Directors, Executive Management and Key Employees have pursuant to the Management Commitments 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 as further set out below:

Name (title)	Commitment amount in DKK
Christian Clausen (Chairman)	2,162,187.00
Karen Dyrskjøt Boesen (board member)	100,000.00
Simon Krogsgaard Ibsen (board member) (via wholly owned private company)	98,077.50
Poul Due Jensen (board member)	49,500.00
Anders Jakob Vedel (board member)	250,000.00
Armin Schnettler (board member)	223,500.00
Lars Valsøe Bertelsen (partly via wholly owned private company)	70,312.50
Ole Vesterbæk (CFO)	150,000.00
Birgitte Høgh Frederiksen (CHO)	300,000.00
Søren Rydbirk (CCO)	1,000,000.00
Stephan Kim (CTO)	74,500.00
Carsten Schütz (COO)	45,000.00
Total	**4,523,077.00**

Certain other members of the Board of Directors and the Executive Management and the Key Employees are shareholders in the Company and have indicated on a non-committed basis that they intend to exercise their Pre-emptive Rights in whole or in part.

24.2.3 Subscription price

The New Shares are offered at the Subscription Price of DKK 4.50 per New Share (excluding fees, if any, from the investor's own custodian bank or brokers).

24.3 Placing and Underwriting

24.3.1 Manager

The Offering is coordinated by Danske Bank, which acts as Manager and Global Coordinator and Bookrunner of the Offering. Danske Bank will not participate in the solicitation, offer or sale of any New Shares within or directed into the United States and will not be involved in any activities relating to the Pre-emptive Rights, New Shares or Shares, within or directed into the United States.

The address of Danske Bank is:

Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark

24.3.2 Subscription and paying agents

Shareholders' instructions to exercise Pre-emptive Rights and subscribe for New Shares must be given to each shareholder's custodian institution or financial intermediary. Euroclear and Clearstream act as international payment intermediaries:

Euroclear Bank S.A./N.V.
1 Boulevard du Roi Albert II
1210 Brussels
Belgium

Clearstream Banking S A
42 Avenue JF Kennedy
1855 Luxembourg
Luxembourg

24.3.3 Rights Issue Agreement

As of the date of this Prospectus, the Company and the Manager have entered into a rights issue agreement (the "**Rights Issue Agreement**"). Pursuant to the Rights Issue Agreement, the Company has given customary representations and warranties to the Manager and has also undertaken to indemnify the Manager for certain liability obligations related to the Offering. The Offering is not underwritten by the Manager.

The Rights Issue Agreement contains closing conditions which the Company believes are customary for offerings such as the Offering and the closing of the Offering is dependent on compliance with all of the conditions set forth in the Rights Issue Agreement. The Manager may, at its own discretion, terminate the Rights Issue Agreement, which may accordingly require the Company to withdraw the Offering, if any of the closing conditions are not met or if certain unexpected circumstances such as a material adverse change occur. The Company is entitled to terminate the Rights Issue Agreement and withdraw the Offering immediately prior to completion if the result of the Offering shows that gross proceeds of less than DKK 225 million will be raised in the Offering.

The Company has undertaken that for a period of 180 days counted from the date of completion of the Offering that it will not without the prior written consent of the Manager, (a) issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in (a) or (b) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (c) submit to its shareholders a proposal to effect any of the foregoing.

The foregoing shall not apply to (a) the issue of the Pre-emptive Rights and the Offer Shares and (b) the grant and transfer of Shares or share based instruments in connection with the terms of the Company's incentive programmes as described in the Prospectus.

Further, certain members of the Board of Directors, the Executive Management and the Key Employees have each agreed that for a period of 180 days counted from the date of official listing of and trading of the New Shares under the existing ISIN code they will not without the prior written consent of the Global Coordinator (i) offer, pledge, sell, contract to sell, sell any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic

consequences of ownership of any Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise.

The abovementioned obligations shall not apply to (i) any disposal of Shares to the direct or indirect shareholders or wholly-owned subsidiaries of the covenantor in connection with or arising out of any dividend or other distribution, or any liquidation, etc affecting the covenantor or any of its affiliates; (ii) any disposal of Shares to a related party, provided that the related party adhere to the lock-up undertaking; (iii) exercise of the pre-emptive rights allocated/granted or acquired in the Offering; (iv) the covenantor's sale or exercise of subscription rights received in connection with a subsequent rights issue or other pre-emptive share offering by the Company; (v) the covenantor's disposal of subscription rights received in connection with the Offering or a subsequent rights issue or other pre-emptive share offering by the Company; (vi) any disposal of Shares subscribed for or acquired in connection with the Offering or on or after completion of the Offering; (vii) any disposal of Shares subscribed for or acquired pursuant to an employee incentive program of the Company in which the covenantor is participating; (viii) any disposal of Shares in accordance with any order made by a court of competent jurisdiction or required by law or regulation; (ix) any disposal of Shares (a) pursuant to acceptance of a takeover offer for shares in the Company (and the execution and delivery of an irrevocable commitment or undertaking to accept such an offer) or (b) to an offeror or potential offeror during an offer period or otherwise in response to or pursuant to a takeover offer; (x) a disposal of Shares in response to or as required by or in connection with any corporate action in relation to a capital reorganisation, legal merger, split-up or analogous process or similar event (provided that the covenanter has not voted in favour of such corporate action at a general meeting), or any compulsory acquisition, redemption or squeeze-out of Shares; (xi) the deposit or withdrawal of any Shares into or out of (as the case may be) participant accounts with the clearing systems (including through intermediary, broker or other person); and (xii) any offer by or on behalf of the Company to repurchase Shares in connection with a general buy-back program.

Certain shareholders have, pursuant to the Subscription Commitments, severally and not jointly undertaken 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. 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. It is a closing condition under the Rights Issue Agreement that the Subscription Commitments shall have been duly executed and delivered by the parties thereto, and shall be in full force and effect as of the date hereof, the result date of the Offering, and the closing date of the Offering, and the shareholders providing the Subscription Commitments and the Company shall have complied with and performed all of their obligations under their Subscription Commitments, as of the date hereof, the result date of the Offering, and the closing date of the Offering, respectively, including, payment for the Offer Shares subscribed for by the shareholders providing the Subscription Commitments pursuant to the Subscription Commitments when due, however, default by a shareholder providing Subscription Commitment shall not result in this condition not being fulfilled to the extent the Offering remains subscribed for an amount of gross proceeds of at least DKK 225 million.

The Subscription Commitments are subject to customary conditions that are expected to be satisfied, including, among others:

- that the Company prior to completion of the Offering has not i) been subject to a change of control event as qualified in the Danish Capital Markets Act section 44, or ii) disposed of substantially all of its material assets, or (iii) taken part in a merger or demerger nor any scheme of arrangement,
- that up to the time of the commencement of the completion of the Offering, no event having occurred with respect to the Company that individually or in the aggregate, would reasonably expected to have a material adverse effect on the business, financial position, results of operations or assets and liabilities of the Company and its investments taken as a whole, and
- that the Company receives binding subscription applications for New Shares in the Offering to raise gross proceeds of DKK 225 million or more (including the proceeds guaranteed by the Subscription Commitments).

In addition, Nordic Alpha Partners Fund I K/S has entered into the SRT Agreement with the Global Coordinator in connection with the Offering. See section 24.2.2 (*Intention of major shareholders and members of management with regard to subscription of New Shares*) for a description of the SRT Agreement.

Additionally, pursuant to the Management Commitments certain members of the Board of Directors, Executive Management and Key Employees severally and not jointly undertaken to exercise their allocated Pre-emptive Rights and/or apply for subscription for Remaining Shares for an aggregate amount of DKK 4.52 million. The Management Commitments are conditional on the approval and publication of this Prospectus and Nasdaq Copenhagen's conditional approval of the admission to trading and official listing of the New Shares and the Pre-emptive Rights which have been satisfied.

24.4 Costs of the Offering

The estimated costs and expenses related to the Offering payable by the Company to the Manager, other advisor fees and expenses (including subscription commission to Danish account holding institutions) are estimated to be approximately i) DKK 30 million in case gross proceeds of DKK 225 million are raised in the Offering, or ii) DKK 40 million in case the targeted gross proceeds of DKK 469 million are raised in the Offering. The fee to the Manager is variable and, therefore, the total expenses are subject to the results of the Offering.

The Company has agreed to pay a subscription commission to Danish account holding institutions equivalent to 0.125 percent of the Subscription Price for the New Shares subscribed for through the relevant account holding institution in connection with the Offering.

No commissions or fees are payable by the Company in connection with the Management Commitments or the Subscription Commitments.

Neither the Company nor the Manager will charge expenses to investors. Investors will have to bear customary transaction and handling fees charged by their account keeping financial institution.

24.5 Issuing and settlement agent

Danske Bank A/S
Company reg. no. 61126228
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark

24.6 Interests of natural and legal persons involved in the Offering

As described in section 24.2.2 (*Intention of major shareholders and members of management with regard to subscription of New Shares*), certain members of the Board of Directors, Executive Management and Key Employees have pursuant to the Management Commitments severally and not jointly undertaken to exercise their allocated Pre-emptive Rights and/or apply for subscription for Remaining Shares for an aggregate amount of DKK 4.52 million. Certain other members of the Board of Directors, Executive Management and Key Employees are shareholders in the Company and have indicated on a non-committed basis that they intend to exercise their Pre-emptive Rights in whole or in part and therefore have an interest in the Offering.

As described in section 18.7 (*Statement on conflicts of interest*) and in section 20 (*Ownership structure and shareholders*), certain members of the Board of Directors, the Executive Management and the Key Employees as well as other former and current employees are shareholders, directly or indirectly, in the Company, or hold economic interests therein, and therefore have direct economic interests in the Offering. A member of the Board of Directors also represents Nordic Alpha Partners Fund I K/S and, similarly, APMH Invest A/S and Norlys a.m.b.a. each have representatives on the Board of Directors as well. See section 19 (*Incentive programs*).

The Company has entered into two Term Loan Agreements with each of APMH Invest A/S and Arbejdsmarkedets Tillægspension as further described in section 15.10.4 (*Term Loan Agreements*). The disbursement of the Term Loans is conditional on the Company accepting subscription applications for New Shares in the Offering to raise gross proceeds of DKK 225 million or more. APMH Invest A/S is a major shareholder in the Company and has a representative on the Board of Directors and Arbejdsmarkedets Tillægspension is a major shareholder in the Company.

The Company has received the Subscription Commitments from certain major shareholders, being Nordic Alpha Partners Fund I K/S, APMH Invest A/S, Norlys a.m.b.a. and Arbejdsmarkedets Tillægspension as further described in section 24.3.3 (*Rights Issue Agreement*). Nordic Alpha Partners Fund I K/S, APMH Invest A/S and Norlys a.m.b.a. each have representatives on the Board of Directors.

The Manager and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the Manager and its affiliates have from time to time engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with the Company or any of the Company's or respective related parties. This includes the SRT Agreement. See section 24.2.2 (*Intention of major shareholders and members of management with regard to subscription of New Shares*) for a description of the SRT Agreement. With respect to certain of these transactions and services, the sharing of information is generally restricted for reasons of confidentiality, internal procedures or applicable rules and regulations. The Manager has received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with potential investors' and the Company's interest.

In addition, in the ordinary course of business, the Manager and its affiliates may make or hold a broad array of investments including serving as counterparties to certain derivative and hedging arrangements and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for its own account and for the accounts of its customers; and such investment and securities activities may involve securities and/or instruments of the Company. The Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Company is not aware of any other potential interests of natural or legal persons involved in the Offering who may have a material interest in the Offering.

25. Admission to trading and official listing

25.1 The Offering

The Company's Existing Shares are admitted to trading and official listing on the regulated market Nasdaq Copenhagen under the permanent ISIN code DK0061540341 and an application has been made for the New Shares to be admitted to trading and official listing on Nasdaq Copenhagen under the permanent ISIN code.

In connection with the Offering, the Pre-emptive Rights have been approved for admission to trading and official listing on the regulated market Nasdaq Copenhagen to the effect that they can be traded on Nasdaq Copenhagen during the period from 15 June 2023 at 9:00 (CEST) to 28 June 2023 at 17:00 (CEST), under the temporary ISIN code DK0062271557.

The New Shares will be issued under a temporary ISIN code, which will not be admitted to trading and official listing on the regulated market Nasdaq Copenhagen but is used solely for registration with Euronext Securities Copenhagen.

In connection with the Offering, the New Shares have been approved for admission to trading and official listing on the regulated market Nasdaq Copenhagen and accordingly, after registration of the New Shares with the Danish Business Authority, the New Shares are expected to be admitted to trading and official listing on Nasdaq Copenhagen under the permanent ISIN code for the Existing Shares DK0061540341, expectedly on 10 July 2023, and the temporary ISIN code for the New Shares is expected to be merged with the ISIN code of the Existing Shares on 11 July 2023 after 17:00 (CEST).

25.2 Market making and stabilisation

The Company has not entered into any market maker agreement or agreement regarding stabilisation in connection with the Offering.

25.3 Other relationships

The Manager and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Manager and its affiliates have from time to time engaged in, and may in the future engage in, commercial banking, investment banking and financial advisory transactions and services in the ordinary course of their business with the Company or any of the Company's or respective related parties. This includes the SRT Agreement. See section 24.2.2 (*Intention of major shareholders and members of management with regard to subscription of New Shares*) for a description of the SRT Agreement. With respect to certain of these transactions and services, the sharing of information is generally restricted for reasons of confidentiality, internal procedures or applicable rules and regulations. The Manager has received and will receive customary fees and commissions for these transactions and services and may come to have interests that may not be aligned or could potentially conflict with potential investors' and the Company's interest.

In addition, in the ordinary course of business, the Manager and its affiliates may make or hold a broad array of investments including serving as counterparties to certain derivative and hedging arrangements and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers; and such investment and securities activities may involve securities and/or instruments of the Company. The Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

26. Selling and transfer restrictions

The Offering consists of a public offering in Denmark with Pre-emptive Rights for the Company's Existing Shareholders and potentially private placements in certain other jurisdictions.

26.1 United States

The Offering has not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Pre-emptive Rights and New Shares are only being offered and sold (i) outside the United States in compliance with Regulation S of the U.S. Securities Act and (ii) in the United States only to certain persons who are QIBs within the meaning of Rule 144A of the U.S. Securities Act pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and who sign investor letters satisfactory to the Company.

None of the Pre-emptive Rights or the New Shares (including, for the avoidance of doubt, any Remaining Shares) have been or will be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States. None of the Pre-emptive Rights or the New Shares may be offered, sold, taken up, exercised, resold, renounced, transferred, distributed, subscribed for, purchased, pledged or delivered, directly or indirectly, within or into the United States or to or for the account or benefit of persons in the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of the Pre-emptive Rights or the New Shares in the United States.

For the period of 40 days after the commencement of the Offering, an offer or a transfer of Pre-emptive Rights or New Shares in the United States made by a securities broker (regardless of whether or not this broker partakes in the rights issue) could entail a breach of the registration requirements under the U.S. Securities Act, unless made in accordance with an exemption from the registration requirements under the U.S. Securities Act.

For as long as any of the Pre-emptive Rights and New Shares are "restricted securities"' within the meaning of Rule 144(a)(3) of the U.S. Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted Pre-emptive Rights and New Shares, or to any prospective purchaser of such restricted Pre-emptive Rights and New Shares designated by such holder or beneficial owner, upon written request the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act. The Company is exempted from reporting under the U.S. Exchange Act pursuant to Rule 12g3-2(b).

The Company is incorporated under the laws of Denmark and none of the members of the Board of Directors or the Executive Management are citizens or residents of the United States. Therefore, it may not be possible for investors to effect service of process within the United States upon the Company, or upon any of the members of the Board of Directors or the Executive Management, or to enforce outside the United States judgments obtained against the Company, or against any of the members of the Board of Directors or the Executive Management in U.S. courts, including, without limitation, judgments based upon the civil liability provisions of the U.S. federal securities laws or the laws of any state or territory within the United States. There is no treaty between the United States and Denmark providing for reciprocal recognition and enforceability of judgments rendered in connection with civil and commercial disputes and, accordingly, a final judgment rendered by a U.S. court based on civil liability may not be enforceable in Denmark. It is uncertain whether Danish courts would allow actions to be predicated on the securities laws of the United States or other jurisdictions outside Denmark. Danish courts are likely to deny claims for punitive damages and may grant a reduced amount of damages compared to U.S. courts. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Company may not be subject to the civil liability provisions of the federal securities laws of the United States.

The Manager will not participate in the solicitation, offer or sale of any Pre-emptive Rights and the New Shares within or directed into the United States and will not be involved in any activities relating to the Pre-emptive Rights or the New Shares, within or directed into the United States.

26.2 European Economic Area

In relation to each Relevant State, no offering of Pre-emptive Rights or New Shares has been or will be made pursuant to the Offering to the public in that Relevant State prior to the publication of a prospectus concerning the Pre-emptive Rights and the New Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State

and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that an offering of Pre-emptive Rights and New Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation (a "**Qualified Investor**");

b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the Manager for any such offer; or

c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Pre-emptive Rights or New Shares shall require the Company or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to Pre-emptive Rights and New Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offering, the Pre-emptive Rights and the New Shares so as to enable an investor to decide whether to acquire the Pre-emptive Rights and/or subscribe for the New Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

26.3 United Kingdom

In relation to the United Kingdom, no offering of Pre-emptive Rights or New Shares has been or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus concerning the Pre-emptive Rights and the New Shares which has been approved by the Financial Conduct Authority in the United Kingdom in accordance with the UK Prospectus Regulation and the FSMA, except that an offering of Pre-emptive Rights and New Shares may be made to the public in the United Kingdom at any time under the following exemptions under the UK Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Manager for any such offer; or

c) at any time in other circumstances falling within section 86 of the FSMA,

provided that no such offer of Pre-emptive Rights or New Shares shall require the Company or any Manager to publish a prospectus pursuant to Section 85 of the FSMA or Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to Pre-emptive Rights and New Shares in the UK means the communication in any form and by any means of sufficient information on the terms of the Offering, the Pre-emptive Rights and the New Shares so as to enable an investor to decide whether to acquire the Pre-emptive Rights and/or subscribe for the New Shares, the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, and the expression "**FSMA**" means the Financial Services and Markets Act 2000.

In the United Kingdom, this Prospectus is for distribution only to, and is directed only 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.

26.4 Canada

The New Shares are not being offered and may not be sold and the Pre-emptive Rights are not being offered and may not be sold to any purchaser in a province or territory of Canada other than the provinces of Alberta, British Columbia, New Brunswick, Nova Scotia, Ontario, Prince Edward Island and Quebec.

The New Shares and the Pre-emptive Rights may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the New Shares and/or Pre-emptive Rights must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Manager is not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Offering.

26.5 General

The Offering is made pursuant to Danish law, and neither the Company nor the Manager have taken any action or will take any action in any jurisdiction, with the exception of Denmark, which may result in a public offering of the Pre-emptive Rights and/or New Shares.

The distribution of this Prospectus and the Offering is restricted by law in certain jurisdictions, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Neither the Company nor the Manager accept any legal liability for any violation of these restrictions by any person, irrespective of whether such person is an Existing Shareholder or a potential purchaser of Pre-emptive Rights and/or subscriber to the New Shares.

Further, the Pre-emptive Rights and the New Shares are subject to transfer and selling restrictions in certain jurisdictions. Potential purchases of Pre-emptive Rights and/or subscribers of the New Shares must comply with all applicable legislation and regulations in countries in countries or territories in which they acquire, subscribe for, offer or sell Pre-emptive Rights and/or New Shares or possess or distribute the Prospectus and must obtain consent, approval or permission, as required, for the acquisition of New Shares. Persons in whose possession this Prospectus may come are required by the Company and the Manager to inform themselves about such restrictions and to observe such restrictions.

All investors should examine the tax consequences of an investment in the Pre-emptive Rights and New Shares through their own advisors. This Prospectus does not constitute an offer or an invitation to purchase any Pre-emptive Rights or purchase for any New Shares in any jurisdiction in which such offer or invitation would be unlawful.

The Prospectus may not be distributed or otherwise made available, the New Shares may not be offered, sold or subscribed for, directly or indirectly, and the Pre-emptive Rights may not be offered, sold acquired or exercised, directly or indirectly, in any jurisdiction other than Denmark, unless such distribution, offering, sale, acquisition exercise or subscription is permitted under applicable legislation in the relevant jurisdiction. The Company and Manager may request receipt of satisfactory documentation.

No action has been or will be taken in any country or jurisdiction other than Denmark that would, or is intended to, permit a public offering of the Offer Shares, or the possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Prospectus comes are required by the Company and the Manager to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Offer Shares or have in their possession or distribute such offering material, in all cases at their own expense. Neither the Company nor the Manager accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of any of the Offer Shares, of any such restrictions.

27. Legal matters

Bech-Bruun Law Firm P/S has acted as legal counsel to the Company in connection to the Offering in relation to Danish law, and Fried, Frank, Harris, Shriver & Jacobson (London) LLP has acted as legal counsel to the Company in connection to the Offering in relation to US law. Certain legal matters in connection with the Offering will be passed upon for the Company by Bech-Bruun Law Firm P/S and Fried, Frank, Harris, Shriver & Jacobson (London) LLP. Plesner Advokatpartnerselskab has acted as legal counsel to the Manager in connection to the Offering in relation to Danish law. Certain legal matters in connection with the Offering will be passed upon for the Manager by Plesner Advokatpartnerselskab.

28. State authorised public accountants

28.1 The Company's independent auditors

The name and address of Green Hydrogen Systems A/S' independent auditors are as follows:

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
(Company registration (CVR) no. 33771231)
Strandvejen 44
DK-2900 Hellerup
Denmark

PricewaterhouseCoopers was elected as auditor at the extraordinary general meeting by the shareholders on 30 December 2020, reelected on the annual general meeting on 18 April 2023, and is a member of FSR – Danish Auditors (in Danish *"FSR – Danske Revisorer"*), which is Denmark's trade organisation of auditing, accounting, tax and corporate finance.

The Board of Directors had prior to nomination of PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab ("**PwC**") emphasised the following criteria for election of auditor for the Company: extensive experience with Danish publicly listed companies, proactive approach to advisory and audit services, efficient audit process, and competent and skilled auditors.

PwC is represented by Rasmus Friis Jørgensen, State Authorised Public Accountant (mne28705), and Jacob Brinch, State Authorised Public Accountant (mne35447), both members of FSR – Danish Auditors (FSR – danske revisorer).

The audited Financial Statements of the Company as at and for the year ended 31 December 2022 with comparative figures as at and for the years ended 31 December 2021 and 31 December 2020, which have been audited by the Company's independent auditors, PwC, as stated in their report appearing therein, have been incorporated into this Prospectus by reference.

Rasmus Friis Jørgensen, State Authorised Public Accountant (mne28705) and Jacob Brinch, State Authorised Public Accountant (mne35447) both from PwC, have audited and signed the Financial Statements of the Company for the financial year ended 31 December 2022 with comparison figures for the period 1 December 2021 to 31 December 2021, prepared in accordance with IFRS.

29. Additional information

29.1 Name, registered office and date of incorporation

Green Hydrogen Systems A/S
Nordager 21
DK-6000 Kolding
Denmark
Telephone: +45 7550 3500
Website: **www.greenhydrogen.dk**

The Company was incorporated in Denmark as a public limited liability company under the laws of Denmark on 20 June 2007.

The registered office of the Company is located in the municipality of Kolding at Nordager 21, DK-6000 Kolding, Denmark.

Information on the Company's website does not form part of this prospectus, unless incorporated by reference.

29.2 Registration

The Company is registered with the Danish Business Authority (in Danish: *Erhvervsstyrelsen*) under registration (CVR) no. 30548701 and its LEI is 984500COESDF699DEC11.

29.3 Objective of the Company

Pursuant to article 2.1 of the Articles of Association, the Company's objects are development, production, sale, installation, operation and servicing of hydrogen systems, production and sale of hydrogen and any related activities.

29.4 Share issuing agent

The Company's share issuing agent is:
Danske Bank A/S
Company reg. no. 61126228
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark

30. Regulatory disclosures

Below is a summary of company announcements published by the Company during the 12 months preceding the date of this Prospectus:

30.1 Announcements relating to transactions by persons discharging managerial responsibilities

- On 19 April 2022 Green Hydrogen Systems disclosed that a member of Green Hydrogen Systems' Executive Management on 19 April 2022 received an aggregated amount of 24,811 performance share units in accordance with a long-term incentive scheme for Green Hydrogen Systems Executive Management.
- On 13 July 2022 Green Hydrogen Systems disclosed that a member of the Green Hydrogen Systems Board of Directors on 12 July 2022 purchased 115,450 Green Hydrogen Systems Shares.
- On 26 August 2022 Green Hydrogen Systems disclosed that a member of the Green Hydrogen Systems Board of Directors on 24 August 2022 purchased 10,000 Green Hydrogen Systems Shares.
- On 30 August 2022 Green Hydrogen Systems disclosed that the Chair of the Green Hydrogen Systems Board of Directors on 29 August 2022 purchased 42,564 Green Hydrogen Systems Shares.
- On 31 August 2022 Green Hydrogen Systems disclosed that a member of the Green Hydrogen Systems Board of Directors on 30 August 2022 purchased 15,000 Green Hydrogen Systems Shares.
- On 3 March 2023 Green Hydrogen Systems disclosed that the CEO of Green Hydrogen Systems on 1 March 2023 transferred 99,269 Green Hydrogen Systems Shares.
- On 24 April 2023 Green Hydrogen Systems disclosed that a person closely associated with a member of the Green Hydrogen Systems Board of Directors on 20 April 2023 sold 16,000 Green Hydrogen Systems shares.
- On 25 April 2023 Green Hydrogen Systems disclosed that the CFO of Green Hydrogen Systems on 25 April 2023 was awarded 35,870 performance share units relating to Shares in Green Hydrogen Systems.
- On 2 May 2023 Green Hydrogen Systems disclosed that a member of the Green Hydrogen Systems Board of Directors on 1 May 2023 sold 5,000 Green Hydrogen Systems Shares.
- On 26 May 2023 Green Hydrogen Systems disclosed that a member of the Green Hydrogen Systems Board of Directors on 23 May 2023 purchased 8,800 Green Hydrogen Systems Shares.
- On 7 June 2023 Green Hydrogen Systems disclosed that the CEO of Green Hydrogen Systems on 7 June 2023 subscribed for 271,329 Green Hydrogen Systems Shares in connection with the settlement of a bonus scheme.
- On 9 June 2023 Green Hydrogen Systems disclosed that the CEO of Green Hydrogen Systems on 9 June 2023 transferred 101,748 Green Hydrogen Systems Shares.

30.2 Announcements which can be qualified as inside information

- On 12 April 2022 Green Hydrogen Systems announced that it identified technical design complications in its HyProvide® A-Series platform which would impact the financial guidance for 2022 due to delay in delivery of the order backlog.
- On 13 June 2022 Green Hydrogen Systems announced that the technical design complications in its HyProvide® A-series platform had been reviewed and root causes identified. In order to rectify the technical design complications implementation plans for corrective actions and subsequent test were established in close coordination with key suppliers.
- On 20 January 2023 Green Hydrogen Systems announced that it signed a new order including supply and service agreement of 16 A-Series pressurised alkaline electrolyser units with a combined capacity of 7.2 MW which is the Company's largest order to date.
- On 23 January 2023 Green Hydrogen Systems announced that following successful acceptance tests and deliveries of A90 electrolyser units in December 2022 as well as continued progress in assembly and finalisation of additional customer orders, Green Hydrogen Systems is able to firm-up financial expectations and announces full-year guidance for 2023.
- On 1 March 2023 Green Hydrogen Systems announced medium-term targets for the period towards 2026 and provided an update on a potential upcoming capital increase.
- On 31 May 2023 Green Hydrogen Systems announced that it adjusted its EBITDA guidance for 2023 due to increased costs associated with necessary modifications to A-Series electrolysers in the order backlog and at customer sites.

31. Glossary

The following explanations are not intended as exhaustive technical definitions and are provided purely for assistance in understanding certain terms as used in this Prospectus.

31.1 Industry and business glossary

"AEM"	anion exchange membrane – a polymer membrane capable of conducting negatively charged ions
"Alkaline electrolysis"	electrolysis performed with an alkaline electrolyte. Alkaline means that the conducting electrolyte is alkaline (pH > 7)
"Ammonia"	chemical compound with the formula NH3
"A-Series"	the Company's HyProvide© A-series is a series of complete alkaline electrolyser modules
"Blue hydrogen"	hydrogen produced using the same methods as grey hydrogen, but approximately 90% of emissions (CO and CO_2) are captured and stored underground (CCS) or captured and used (CCU)
"BOP"	balance of plant
"CCS"	carbon capture and storage – a process where otherwise emitted CO_2 is captured and stored underground
"CCU"	carbon capture and utilisation – process where emitted CO_2 is captured and used for e.g. electrolysis
"Cell"	two electrodes typically separated by a membrane submerged in electrolyte. A single unit of a stack
"CFD"	computational fluid dynamics – a method for simulating and analysing fluid flows and behaviour applied by the Company to simulate the stack operations
"Decarbonisation"	the process of reducing or eliminating the use and emission of carbon dioxide (CO_2) from energy sources and various applications
"Dimethyl ether"	organic compound with the formula CH_3OCH_3
"Electrification"	the process of powering by electricity, including the introduction of electrical power by changing over from an earlier power source
"Electrode"	electrical conductor that makes direct contact with the electrolyte
"Electrolysis"	process by which electric current is passed through a substance to drive a chemical reaction
"Electrolyte"	solution with dissolved ions capable of conducting electricity
"Electrolyser"	device capable of doing electrolysis
"EPC"	engineering, procurement and construction, e.g. turnkey/full-service solutions for various projects
"European Green Deal"	a set of policy initiatives by the European Commission with the overarching aim of making Europe climate neutral by 2050
"ESG"	Environmental, Social and Governance
"E-fuels"	electrofuels - colloquial term for various synthetic fuels made by storing renewable energy in chemical compounds
"FCH JU"	the Fuel Cells and Hydrogen Joint Undertaking
"FCV"	fuel cell vehicle, e.g. a vehicle with a fuel cell transforming hydrogen to electricity
"Fossil fuels"	fuels such as petroleum (oil), coal, natural gas which contain high percentages of carbon, including carbon dioxide (CO_2) that are released when the fuels are combusted
"Gasification"	conversion of fossil fuels and biomass into gaseous products, e.g. hydrogen (H_2), nitrogen (N_2), carbon mono oxide (CO) and carbon dioxide (CO_2)
"GHG"	greenhouse gas
"GreenLab Skive"	a green industrial business park located in Skive, Denmark
"Green hydrogen"	hydrogen produced from electrolysis where the electricity is provided by renewable energy sources
"Grey hydrogen"	fossil-based hydrogen often produced from steam reforming – a process where methane is heated with water vapor to form hydrogen and CO and CO_2
"Grid"	electrical grid – interconnected network delivering electricity
"Grid stabilisation"	the mitigation of fluctuations in electricity supply and demand
"HHV"	high heating value
"Hydrogen"	chemical element with the symbol H and atomic number 1
"IEA"	the International Energy Agency

"IRA"	the U.S. Inflation Reduction Act
"IRENA"	the International Renewable Energy Agency
"Ion"	chemical compound with either a positive or negative electric charge (cation and anion respectively)
"IT"	Information Technology
"Kerosene"	organic compound with high energy density
"LCOH"	levelised cost of hydrogen – an indicator of the unit cost of production of hydrogen
"Methanol"	chemical compound with the chemical formula CH_3OH
"Nordager Purchase Agreement"	the purchase agreement relating to the Company's acquisition of the property located at Nordager 21, 6000 Kolding, being the location of the Company's Nordager manufacturing facility
"Nordager Turnkey Contract"	the Company's turnkey contract concerning certain ongoing construction works on the Company's Nordager manufacturing facility
"Nykredit Financing Agreement"	the Company's DKK 119 million mortgage financing agreement concerning its property located at Nordager 21, 6000 Kolding
"OEM"	Original Equipment Manufacturer
"Paris Agreement"	the 2015 Paris Agreement under the United Nations Framework Convention on Climate Change
"PEM"	proton exchange membrane – a polymer membrane capable of conducting protons and other positively charged ions
"Power-to-X"	the conversion of electrical energy into various chemical compounds and fuels, such as ammonia, gas, e-fuels, etc.
"RED II"	the Renewable Energy Directive (RED II) (EU) 2018/2001 (recast)
"Reforming"	a chemical process where products from crude oil is converted into end gasoline and similar products
"Renewable energy"	energy produced from renewable resources such as sunlight, wind and water currents through **renewable energy plants**, e.g. wind farms, solar plants and hydropower plants
"REPowerEU"	the European Commission's REPowerEU plan presented on 18 May 2022
"R&D"	research and development
"SMR"	steam methane reforming, a method to produce grey hydrogen using natural gas and water
"SOEC"	solid oxide electrolysis cell
"Stack"	multiple cells connected in series
"X-Series"	multi-MW electrolyser platform developed by the Company
"UN"	United Nations
"Volumetric energy density"	energy contained in a compound per volume
"Water electrolysis"	electrolysis where water (H_2O) is split into its elements, hydrogen (H_2) and oxygen O_2

31.2 Prospectus and Offering glossary

"Allocation Time"	16 June 2023 at 17.59 (CEST)
"Articles of Association"	the articles of association of the Company
"Board of Directors"	the Board of Directors of the Company at any given date
"CET"	Central European Summer Time
"Chairperson" or **"Chairman"**	the Chairperson of the Board of Directors of the Company, currently Christian Clausen as Chairman
"Clearstream"	Clearstream Banking, S.A.
"Company" or **"Green Hydrogen Systems"**	Green Hydrogen Systems A/S
"Corporate Governance Recommendations"	the Recommendations on Corporate Governance of the Danish Committee on Corporate Governance issued on 2 December 2020
"Danish Capital Markets Act"	Consolidated Act no. 41 of 13 January 2023 on Capital Markets, as amended (in Danish: *kapitalmarkedsloven*)
"Danish Companies Act	Consolidated Act no. 1451 of 9 November 2022 on limited liability companies, as amended (in Danish: *selskabsloven*)
"Danish Executive Order on Major Shareholders"	Executive Order no. 1172 of 31 October 2017 on major shareholders (in Danish: *bekendtgørelse om storaktionærer*)
"Danish Executive Order on Takeover Bids"	Executive Order no. 636 of 15 May 2020 on takeover bids (in Danish: *bekendtgørelse om overtagelsestilbud*)

"Danish Financial Statements Act"	Consolidated Act no. 1441 of 14 November 2022 on annual financial statements, as amended (in Danish: *årsregnskabsloven*)
"Danish FSA"	Danish Financial Supervisory Authority (in Danish: *Finanstilsynet*)
"Danish Pension Yield Tax Act"	Consolidated Act no. 185 of 6 March 2020 on the taxation of pension yields, as amended (in Danish: *pensionsafkastbeskatningsloven*)
"Danish Retail Investor"	a person who is a resident of Denmark
"Danish Tax Agency"	Skattestyrelsen
"Danske Bank"	Danske Bank A/S
"DKK" or **"Danish kroner"**	Danish kroner, the lawful currency of Denmark
"EEA"	European Economic Area
"EU"	European Union
"euro", "EUR" or **"€"**	euro, the lawful currency of the participating member states in the Third Stage of the European and Monetary Union of the Treaty Establishing the European Community
"Euroclear"	Euroclear Bank S.A./N.A., as operator of the Euroclear System
"Euronext Securities Copenhagen"	the official Danish central securities depository and designated securities settlement system operated by VP Securities A/S, CVR no. 21 59 93 36
"Existing Shareholders"	a person who is registered with Euronext Securities Copenhagen as a shareholder of the Company on 16 June 2023 at 17:59 (CEST)
"Existing Shares"	83,437,290 shares with a nominal value of DKK 1 each issued by the Company prior to the Offering, comprising the Company's entire share capital
"Executive Management"	the executive management of the Company as registered with the Danish Business Authority (in Danish: *Erhvervsstyrelsen*)
"Financial Statements"	the audited financial statements of the Company as at and for the year ended 31 December 2022 with comparative figures as at and for the years ended 31 December 2021 and 2020
"FSMA Order"	The Financial Services and Markets Act of 2000 (Financial Promotion) Order 2005, as amended
"GDPR"	the EU General Data Protection Regulation (Regulation (EU) 2016/679)
"Global Coordinator and Bookrunner"	Danske Bank A/S
"Group Shares"	shares in a company in which the company shareholder of the company and the issuing company are subject to Danish joint taxation or fulfil the requirements for international joint taxation under Danish law
"IFRS"	International Financial Reporting Standards as adopted by the EU
"Issuer Rules of Nasdaq Copenhagen"	Nordic Main Market Rulebook for Issuers of Shares on Nasdaq Copenhagen of 1 February 2021
"Key Employees"	Birgitte Høgh Frederiksen, Stephan Kim, Søren Rydbirk and Carsten Schütz
"LTIP"	the Company's long-term incentive plan
"Management Commitments"	the commitments undertaken by certain members of the Board of Directors, Executive Management and Key Employees to severally and not jointly exercise allocated Pre-emptive Rights and/or apply for subscription for Remaining Shares for an aggregate amount of DKK 4.52 million
"Manager"	Danske Bank A/S
"Market Abuse Regulation"	Regulation (EU) no. 596/2014 on Market Abuse, as amended
"MiFID II"	EU Directive 2014/65/EU on markets in financial instruments, as amended
"MiFID II Product Governance Requirements"	collectively, (a) MiFID II, (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and (c) local implementing measures
"Nasdaq Copenhagen"	Nasdaq Copenhagen A/S, CVR no. 19042677
"New Shares"	such number of new Shares that are being offered by the Company as will raise gross proceeds of up to DKK 469 million in the Offering
"NI 33-105"	National Instrument 33-105 Underwriting Conflicts
"Offering"	the offering of up to 104,296,612 New Shares with a nominal value of DKK 1 each
"Order 2005"	the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
"Permits"	approvals and permits from relevant administrative authorities
"Pre-emptive Rights"	the Pre-emptive Rights allocated to Existing Shareholders to subscribe for New Shares on the terms set out in this Prospectus
"Prospectus"	a prospectus in English prepared for the purpose of the Offering
"Prospectus Regulation"	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended

"PSUs"	performance share units granted under the LTIP
"PwC"	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
"Qualified Investor"	a qualified investor as defined under the Prospectus Regulation
"Q1 2023 Trading Statement"	the Company's quarterly trading statement for the period 1 January 2023 to 31 March 2023
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant persons"	persons who: (i) are investment professionals falling within Article 19(5); or (ii) falling within Article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc."), of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available
"Relevant State"	any Member State of the European Economic Area (other than Denmark)
"Remuneration Policy	the remuneration policy applicable to the Board of Directors and the Executive Management of the Company approved in accordance with Section 139 of the Danish Companies Act (in Danish: *selskabsloven*)
"Rights Issue Agreement"	the rights issue agreement entered into on 13 June 2023 between the Company and the Global Coordinator
"Rights Trading Period"	the trading period for the Pre-emptive Rights commencing on 15 June 2023 at 9:00 (CEST) and closing on 28 June 2023 at 17:00 (CEST)
"Shares"	the outstanding shares of the Company
"SRT Agreement"	the subscription rights transfer agreement between Nordic Alpha Partners Fund I K/S and the Global Coordinator
"Subscription Commitments"	The undertakings by Nordic Alpha Partners Fund I K/S, APMH Invest A/S, Norlys a.m.b.a. and Arbejdsmarkedets Tillægspension 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
"Subscription Period"	the period for subscription of the New Shares commencing on 19 June 2023 at 09:00 (CEST) to 30 June 2023 at 17:00 (CEST)
"Subscription Price"	DKK 4.50 per New Share at which the New Shares will be subscribed for
"Subsidiary Shares"	shares owned by a company shareholder holding at least 10% of the nominal share capital of the issuing company
"Tax-Exempt Portfolio Shares"	shares not admitted to trading on a regulated market owned by a company shareholder holding less than 10% of the nominal share capital in the issuing company
"Taxable Portfolio Shares"	shares that do not qualify as Subsidiary Shares, Group Shares or Tax-Exempt Portfolio Shares
"Term Loans"	the term loans with a total principal amount of DKK 250 million which may be granted to the Company under the Term Loan Agreements, subject to certain conditions, including the Company raising gross proceeds in the Offering of DKK 225 million or more
"Term Loan Agreements"	collectively, the term loan agreements entered into between the Company as borrower and each of APMH Invest A/S and Arbejdsmarkedets Tillægspension, respectively, as lender, pursuant to which certain term loan facilities in the aggregate principal amount of DKK 250 million have been made available to the Company, subject to certain conditions, including the Company raising gross proceeds in the Offering of DKK 225 million or more
"U.S." or "United States"	United States of America
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended
"Vice Chairperson" or **"Vice Chairman"**	the Vice Chairperson of the Board of Directors, currently Troels Øberg as Vice Chairman

Annex A — Application Form

Only one subscription form per custody account.

Definitions used in the Prospectus also applies in this application form. Also, the restrictions related to the Offering set out in the Prospectus applies to this application form.

Subscription of Remaining Shares in the Company

Instructions on the use of Pre-emptive Rights may not be given by using this form, but by contacting the Existing Shareholder's / Danish Retail Investor's (who is a resident of Denmark) / Qualified Investor's custodian institution or financial intermediary in the usual manner.

This application form is for the sole use of:

1. Existing Shareholders wishing to subscribe for more New Shares.
2. Danish Retail Investors (who are residents of Denmark) wishing to subscribe for Remaining Shares.
3. Qualified Investors wishing to subscribe for Remaining Shares.

To be submitted to the Existing Shareholder's, Danish Retail Investor's or the Qualified Investor's own custodian bank for endorsement and processing.

Securities Code	New Shares	DK0062271631	Subscription price	DKK 4.50
Global Coordinator and Bookrunner:	Danske Bank			
Subscription Period:	19 June 2023 09:00 (CEST) to 30 June 2023 at 17:00 (CEST)		Expected date of official listing of New Shares:	10 July 2023
Date of payment	6 July 2023			

Existing Shareholders, Danish Retail Investors and Qualified Investors wishing to subscribe for Remaining Shares must submit this application form to their own custodian institution or financial intermediary. The application form must be submitted within in appropriate time for the custodian institution or the financial intermediary to process and forward the application form, such that the application form is received by Danske Bank no later than on 30 June 2023 at 17:00 (CEST).

In case of oversubscription of Remaining Shares in connection with binding undertakings, such Remaining Shares will be allocated according to apportionment keys determined by the Board of Directors.

If the subscription orders from Existing Shareholders, Danish Retail Investors and Qualified Investors do not exceed the number of Remaining Shares, the Company will issue the number of Remaining Shares subscribed for.

For Existing Shareholders

I/we hereby confirm that I/we am/are holder(s) of Existing Shares.

I/we hereby submit a binding order to subscribe for _____ (whole number) Remaining Shares in the Company.

For Danish Retail Investors

I/we hereby confirm that I/we am/are a resident of Denmark.

I/we hereby submit a binding order to subscribe for_____ (whole number) Remaining Shares in the Company.

For Qualified Investors

I/we hereby confirm that I/we am/are a Qualified Investor.

I/we hereby submit a binding order to subscribe for_____ (whole number) Remaining Shares in the Company.

Statement by Existing Shareholders, Danish Retail Investors and Qualified Investors

This application form is submitted on the terms and conditions set out in the Prospectus dated 13 June 2023.

I/we undertake to pay the countervalue of the shares allocated at the Subscription Price. Payment will be effected on 6 July 2023 pursuant to the contract note submitted to me/us against shares under the temporary ISIN code DK0062271631, if agreed with your custodian bank. If the number of subscription orders exceeds/does not exceed the number of shares offered, the Remaining Shares will be allocated on the terms set out in this Prospectus.

Danske Bank is authorised to share this application form and the information included herein with the Company and my/our custodian bank.

Information and signature

Name:	VP account:
Address:	Account used for settlement:
Post code and city:	Custodian bank:
Date:	I/we wish not to be listed in the Company's register of shareholders, please tick:
Telephone:	My custodian bank or financial intermediary is entitled to forward this application form to Danske Bank A/S, please tick:
Signature:	

The Remaining Shares will be registered in the relevant Existing Shareholder's / Danish Retail Investor's / Qualified Investor's VP account with Euronext Securities Copenhagen

Registration no.:	CD identification:
Stamp and signature:	

GDPR notice

For detailed information about Danske Bank A/S' handling of personal information, see for private clients **https://danskebank.dk/PDF/GDPR/Danske_Bank_privacy_notice.pdf** and for professional clients **https://danskebank.dk/PDF/GDPR/danske_bank_privacy_notice_business.pdf**.

THE COMPANY
Green Hydrogen Systems A/S
Nordager 21
DK-6000 Kolding
Denmark

MANAGER
Global Coordinator and Bookrunner
Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark

LEGAL ADVISERS
To the Company:

As to Danish Law
Bech-Bruun Law Firm P/S
Langelinie Allé 35
DK-2100 Copenhagen
Denmark

As to United States Law
Fried, Frank, Harris, Shriver & Jacobson (London) LLP
100 Bishopsgate
London, EC2N 4AG
United Kingdom

To the Manager:

As to Danish Law
Plesner Advokatpartnerselskab
Amerika Plads 37
DK-2100 Copenhagen
Denmark

AUDITOR
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Denmark