

Prospectus



CAVENDISH HYDROGEN ASA

(a public limited liability company incorporated under the laws of Norway)

Listing of the shares on the Oslo Stock Exchange

This prospectus (the "**Prospectus**") has been prepared by Cavendish Hydrogen ASA, a public limited liability company incorporated under the laws of Norway ("**Cavendish**" or the "**Company**", and together with its subsidiaries, the "**Group**") in connection with the listing (the "**Listing**") of all of the Company's shares, each with a par value of NOK 2.00 (the "**Shares**") on Euronext Oslo Børs, a stock exchange being part of Euronext and operated by Oslo Børs ASA (the "**Oslo Stock Exchange**").

On 31 May 2024, the Company applied for the Shares to be admitted to trading and listed on the Oslo Stock Exchange. The Oslo Stock Exchange approved the Company's application for Listing on 6 June 2024, conditioned on the Company satisfying the other listing conditions set by the Oslo Stock Exchange.

Trading in the Shares on the Oslo Stock Exchange is expected to commence on or around 12 June 2024 under the ticker code "CAVEN".

Carnegie AS is acting as global coordinator, and Arctic Securities AS and Fearnley Securities AS as joint lead managers (together, the "**Managers**") for the Listing.

The Shares are registered in the Norwegian Central Securities Depository, Euronext Securities Oslo (Nw.: *Verdipapirsentralen*) (the "**VPS**") in book-entry form with ISIN NO 001 3219535. All Shares rank *pari passu* in all respects and carry full and equal rights in the Company. The Shares will be eligible for clearing through the facilities of the Oslo Stock Exchange.

THIS PROSPECTUS SERVES AS A LISTING PROSPECTUS ONLY. THE PROSPECTUS DOES NOT CONSTITUTE AN OFFER, OR INVITATION TO PURCHASE, SUBSCRIBE OR SELL, ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SHARES OR OTHER SECURITIES ARE BEING OFFERED OR SOLD IN ANY JURISDICTION PURSUANT TO THIS PROSPECTUS.

Investing in the Shares involves a high degree of risk. Any prospective investors should read the entire Prospectus, and in particular consider Section 2 "*Risk factors*", when considering an investment in the Company.

The distribution of this Prospectus may be restricted by law in certain jurisdictions. Persons in possession of this Prospectus are required by the Company to inform themselves about and to observe any such restrictions. Any failure to comply with these regulations may constitute a violation of the securities laws of the relevant jurisdiction. See Section 15 "*Selling and transfer restrictions*"

Managers



10 June 2024

IMPORTANT INFORMATION

This Prospectus has been prepared by the Company solely for use in connection with the Listing of the Shares on the Oslo Stock Exchange.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended (the "**Norwegian Securities Trading Act**") and related secondary legislation, including the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, and as implemented in Norway in accordance with section 7-1 of the Norwegian Securities Trading Act (the "**EU Prospectus Regulation**"). This Prospectus has been prepared solely in the English language.

This Prospectus has been approved by the Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*, the "**Norwegian FSA**"), as the competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Prospective investors should make their own assessment as to the suitability of investing in the securities.

For the purposes of this Prospectus, the capitalized terms "Group" and "Cavendish" are, unless otherwise stated or the context otherwise requires, used to describe the Company and its subsidiaries following completion of the Reorganization (as defined below). For definitions of certain other terms used throughout this Prospectus, see Section 17 "*Definitions and Glossary of terms*".

The information contained in this Prospectus is current as of the date hereof and is subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, every significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus, which may affect the assessment of the Shares and which arises or is noted between the date of this Prospectus and the Listing, will be presented in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

No person is authorized to give information or to make any representation concerning the Group in connection with the Listing other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorized by the Company or the Managers or by any affiliates, representatives, advisors or selling agents of any of the foregoing.

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents, is prohibited.

No Shares or any other securities are being offered or sold in any jurisdiction pursuant to this Prospectus. The distribution of this Prospectus may in certain jurisdictions be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase or sell any of the Shares in any jurisdiction in which such offer or sale would be unlawful. Neither this Prospectus nor any advertisement or other material pertaining to the Shares may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about and to observe any applicable restrictions. In addition, the Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Prospective investors should be aware that they may be required to bear the financial risks of an investment in the Shares for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. See Section 15 "*Selling and transfer restrictions*".

This Prospectus shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with the Oslo District Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Prospectus.

In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Group and the Shares, including the merits and risks involved. None of the Company or the Managers or any of their respective representatives and advisers are making any representation to any purchaser of Shares regarding the legality of an investment in the Shares by such purchaser under the laws applicable to such purchaser. Each prospective investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

All Sections of the Prospectus should be read in context with the information included in Section 4 "*General information*".

NOTICE TO INVESTORS IN THE UNITED STATES

No federal or any state securities commission or regulatory authority in the United States has confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense under the laws of the United States.

The Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States for offer or sale as part of their distribution and may not be offered, sold, pledged or otherwise transferred within the United States.

INFORMATION TO DISTRIBUTORS

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, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each 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 Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the 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 advisor) 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. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Listing.

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 Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

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APPENDICES TO THE PROSPECTUS:

APPENDIX A	Articles of Association of Cavendish Hydrogen ASA
APPENDIX B	Combined Annual Financial Statements for the years ended 31 December 2023, 2022 and 2021
APPENDIX C	Combined Interim Financial Statements for the three months' period ended 31 March 2024
APPENDIX D	Company Financial Statements for the period from incorporation on 13 March 2024 to 26 April 2024

1 SUMMARY

SECTION A | INTRODUCTION

(i) Warning

This summary should be read as an introduction to the Prospectus. Any decision to invest in the Shares should be based on a consideration of the Prospectus as a whole by the investor. An investment in the Shares involves inherent risk and the investor could lose all or part of its invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the 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 where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where 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 such securities.

(ii) The securities:

The Company has one class of shares, and all Shares are equal in all respects. The Shares are registered in book-entry form with the VPS with ISIN NO 001 3219535.

(iii) The issuer:

Cavendish Hydrogen ASA, with registration number 933 187 764 and registered address Dronning Eufemias gate 16, N-0191 Oslo, Norway. The Company's LEI code is 254900D1PHIIOFANVY07. The Company may be contacted by telephone to +47 930 90 190 or by e-mail to post@cavendishh2.com.

(iv) The competent authority approving the Prospectus:

The Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*), with registration number 840 747 972 and registered address Revierstredet 3, N-0107 Oslo, Norway. The Financial Supervisory Authority of Norway can be contacted by telephone to +47 22 93 98 00 or by e-mail to post@finanstilsynet.no.

(v) The date of approval of the Prospectus:

10 June 2024.

SECTION B | KEY INFORMATION ON THE ISSUER

(i) Who is the issuer?

Corporate information

The Company was incorporated on 13 March 2024 and is a public limited liability company with registration number 933 187 764, organized and existing under the laws of Norway pursuant to the Norwegian Public Companies Act. The Company's LEI code is 254900D1PHIIOFANVY07. The Company is headquartered in Dronning Eufemias gate 16, N-0191 Oslo, Norway. The Company's website is <https://cavendishh2.com>.

The Company was incorporated as part of Nel ASA's ("Nel") Reorganization whereby its business within the fueling division was organized as a separate Group, with the Company as parent company.

Principal activities

The activities of the Group are to develop, produce, market and sell equipment for fueling hydrogen into on-road vehicles, mainly related to fueling passenger vehicles, taxi fleets and small bus fleets. The Group also provides related services to the equipment, including installation supervision, commissioning, service and sale of spare parts. The Group has its main place of operation in Herning, Denmark, which also serves as a hub for installation and service personnel covering the European market. The Group also has similar hubs in California (the U.S.) and South Korea, as well as a small development hub and sales office in Austria. Since 2006, the Group has sold more than 140 fueling stations across 15 countries. The Group is progressing its development of a product portfolio to address the anticipated expansion of the market for long-distance heavy-duty trucking.

Major shareholders

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. Pursuant to the Company's shareholders' register as of the date of this Prospectus, Nel holds 100% of the Shares in the Company. Following the Distribution (as defined below), no shareholders other than as set out below are expected to hold more than 5% of the Shares. The table below show the Shares expected to be held upon completion of the Distribution.

Shareholder	Number of Shares	Percentage
The Goldman Sachs Group, Inc.	33 426 506	5.27%

Key managing directors

The Company's executive management consists of the following individuals:

- Robert Borin, Chief Executive Officer
- Marcus Halland, Chief Financial Officer

Statutory auditor

The Company's independent auditor is Ernst & Young AS, with registration number 976 389 387 and registered address Stortorvet 7, N-0155 Oslo, Norway.

(ii) What is the key financial information regarding the issuer?

Financial information in the Prospectus has been derived from the following financial statements (together, the "Financial Information"):

- Combined Annual Financial Statements for the years ended 31 December 2023, 2022 and 2021, prepared in accordance with IFRS Accounting Standard as approved by EU and audited by Ernst & Young AS.
- Combined Interim Financial Statements for the three months' period ended 31 March 2024, with comparative financial information for the three months' period ended 31 March 2023, prepared in accordance with IAS 34 and subject to a limited review by Ernst & Young AS.

The following summarizes the consolidated financial data of the Group as derived from the Financial Information:

Statement of comprehensive income

<i>(in EUR 1,000)</i>	Three months ended	Year ended 31 December		
	31 March	2023	2022	2021
	2024 <i>(unaudited)</i>			
Revenues and income	9 712	30 393	24 217	32 653
EBITDA	(5 835)	(19 369)	(37 232)	(19 979)
Operating loss	(6 016)	(24 106)	(74 321)	(23 905)
Net loss	(6 057)	(28 889)	(75 300)	(24 665)
Total comprehensive income	(5 510)	(28 201)	(74 261)	(25 331)

Consolidated statement of financial position

<i>(in EUR 1,000)</i>	As of 31 March	As of 31 December		
	2024 <i>(unaudited)</i>	2023	2022	2021

Total assets	63 336	69 895	82 267	97 588
Total equity	15 960	21 364	5 746	38 785
Total liabilities	47 376	48 531	76 521	58 803

Consolidated statement of cash flows

(in EUR 1,000)	Three months ended 31 March		Year ended 31 December	
	2024 (unaudited)	2023	2022	2021
Net cash flow from operating activities	(1 905)	(18 806)	(32 178)	(25 279)
Net cash flow from investing activities	(1 493)	(4 284)	(5 381)	(6 075)
Net cash flow from financing activities	2 427	27 128	34 492	33 532
Effect of exchange rate changes on cash	(232)	325	(139)	415
Net change in cash and cash equivalents	(1 203)	4 363	(3 207)	2 593
Cash and cash equivalents at the beginning of the period	7 018	2 655	5 862	3 268
Cash and cash equivalents at the end of the period	5 816	7 018	2 655	5 862

Pro forma financial information

Not applicable. The Prospectus does not contain pro forma financial information.

Description of any qualifications in the audit report relating to the Financial Information

Not applicable. The audit reports relating to the Combined Annual Financial Statements and the Company Financial statements respectively do not contain any qualifications.

• **What are the key risks that are specific to the issuer?**

Risks associated with the Group's business and industry in which it operates

- The Company is exposed to risks related to the separation of the Group from Nel, including the completion of the Distribution being subject to the Listing and various transition risks following the Reorganization and Listing.
- The business of the Group is exposed to risks related to technological change in a highly competitive market, to keep an activity level and expansion of its operations that meet changes in customers' requirements, the development of the market for fueling products, other energy products and renewable energy, as well as the prices of hydrogen and renewable power.
- The Group is exposed to inherent risks related to their products, as the hydrogen market is rapidly developing new technologies and products. New products may not have undergone extensive real-world testing or use and may contain defects that are not detected until after they are shipped or installed.
- The Group relies on government subsidies, incentives, mandates and other mechanisms to support their purchases of the Group's products and services, which entails a risk for changes in regulatory prioritization of efforts to reduce carbon emissions.
- The Group is at risk of delay, cost overruns, renegotiation or cancellation of large commercial contracts
- The Group is subject to risk related to intellectual property, trade secret laws and contractual restrictions to protect important proprietary rights, as well as other industry participants register intellectual property rights that limit the Group's ability to operate its business and proceed with its projects as planned
- The Group is subject to risk relating to customers' ability to succeed and fulfil their contractual obligations, and that the Group fulfills yields or quality in manufacturing, sales, customer relationships and reputation
- The Group is dependent on a limited number of third party suppliers for key production components for its hydrogen fueling products and is exposed to risk relating to external suppliers of services and goods.
- The Group is subject to risks related to legal, governmental or arbitration proceedings, including intellectual property disputes
- The Group is subject to contractual risks

- The Group may incur significant costs to comply with, or as a result of, health, safety, environmental and other laws and regulations
- The Group is dependent on government subsidies and supportive regulatory framework
- The Group has accumulated operating losses and had negative cash flow from operating activities
- The Company will need to raise additional capital to finance its operations

SECTION C | KEY INFORMATION ON THE SECURITIES

(i) What are the main features of the securities?

Type, class and ISIN

All of the Shares are common shares of the Company created under the Norwegian Public Companies Act. The Shares are registered in book-entry form with the VPS and have ISIN NO 001 3219535.

Currency, par value and number of securities

The Shares will be traded in NOK on the Oslo Stock Exchange. As of the date of this Prospectus, the Company's share capital is NOK 67 236 290, divided into 33 618 145 Shares, each with a par value of NOK 2.00.

Rights attached to the securities

The Company has one class of shares in issue. In accordance with the Norwegian Public Companies Act, all Shares provide equal rights in the Company, including rights to dividend and voting rights. Each Share carries one vote. Pursuant to Norwegian law, the shareholder rights attaching to the Shares are subordinated any other Company creditor in the event of insolvency.

Transfer restrictions

The Shares are freely transferable. The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Shares. Share transfers are not subject to approval by the Company's board of directors (the "**Board Members**" or the "**Board of Directors**").

Dividend and dividend policy

The Company's dividend policy is to not pay dividends at this stage of its development as it at this stage of development of the industry in which it operates needs to prioritize long-term value creation through development of technology and product, growth of organizational and production capacity and capability, and in becoming a more solid counterparty for its customers. The Company does not intend to declare or pay any dividends to shareholders in the near future. There can be no assurance that in any given year a dividend will be proposed or declared.

From its incorporation and up to the date of this Prospectus, the Company has not paid any dividends.

(ii) Where will the securities be traded?

On 31 May 2024, the Company applied for the Shares to be admitted to trading and listed on the Oslo Stock Exchange. The Oslo Stock Exchange approved the Company's application for Listing on 6 June 2024, conditional upon inter alia the Company obtaining a minimum of 500 shareholders, each holding Shares with a value of more than NOK 10 000 and there being a minimum free float of the Shares of 25%. The Company expects that these conditions will be fulfilled through the Distribution.

The Company expects that the Shares will commence trading on the Oslo Stock Exchange on or around 12 June 2024 under the ticker code "CAVEN".

The Company has not applied for admission to trading of the Shares on any other stock exchange, regulated market or multilateral trading facility, and the Shares have not previously been subject to public trading.

(iii) What are the key risks that are specific to the securities?

- The Goldman Sachs Group, Inc. will have significant voting power and the ability to influence matters

requiring shareholder approval, together with a limited group of proxy voting advisors

SECTION D | KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

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

Admission to trading

Trading in the Shares on the Oslo Stock Exchange is expected to commence on or around 12 June 2024, see (ii) "*Where will the securities be traded?*" above.

Total expenses of the admission to trading

The Company's total costs and expenses of, and incidental to, the Listing are estimated to amount to approximately NOK 20 million.

(ii) Why is this Prospectus being produced?

Reasons for the admission to trading

This Prospectus has been prepared in order to facilitate for the Listing and subsequent trading of the Shares on the Oslo Stock Exchange.

Conflict of interest

The Company is not aware of any interest of any natural and legal persons involved in the Shares that is deemed material.

2 RISK FACTORS

This Prospectus is a listing prospectus. An investment in the Company and the Shares involves inherent risk. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Prospectus, including the Financial Statements and related notes. The risks and uncertainties described in this Section "Risk factors" are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Company is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment.

The risk factors included in this Section 2 are presented in a limited number of categories, where each risk factor is sought placed in the most appropriate category based on the nature of the risk it represents. Within each category the risk factors deemed most material for the Group, taking into account their potential negative effect for the Group and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision. If any of the following risks were to materialize, either individually or together with other circumstances, it could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in loss of all or part of an investment in the Shares. Additional factors of which the Company is currently unaware or which it currently deems not to be risks, may also have corresponding negative effects.

2.1 RISKS RELATING TO THE GROUP'S BUSINESS AND THE INDUSTRY IN WHICH IT OPERATES

2.1.1 Risk related to the separation of the Group

The Company was incorporated on 13 March 2024 as a direct subsidiary of Nel. As of the date of this Prospectus, the Distribution (as defined in Section 4.2 "*The Reorganization and the Distribution*" below) and the Listing, have not yet taken place. Completion of the Distribution is subject to satisfaction of the conditions for Listing set by the Oslo Stock Exchange. There is a risk that the conditions for Listing will not be satisfied in time or at all. In the event the conditions for Listing are not satisfied at all, the Distribution will not be completed, and the Company will continue to be a wholly owned subsidiary of Nel.

The Company has entered into the TSA (as defined in Section 4.2 "*The Reorganization and the Distribution*" below) with Nel, establishing time-limited mutual provision of support services related to administration, HR, finance and IT, as well as services from Nel to the Company to enable the Company to set up an internal and/or external legal function. Nel has no previous experience of processes to provide services of a comparative scope and scale to a third-party, and the Company therefore faces the risk that the services that are covered by the TSA may not be provided to the Company in the manner anticipated by the TSA. Further, the TSA will not address all potential issues that may arise in the transitional period. If the Distribution and the Listing are completed, the Group will therefore be subject to various transitional risks inherent in such reorganization and separation of the Group from Nel. For instance, the Group has no operating history as a group separate from Nel and thus it may be difficult to assess its historical performance and outlook for future results of operations, financial condition and cash flows. Transitional risks that may materialize are, among others, implementation of systems and routines (e.g., systems and routines for compliance with the General Data Protection Regulation (EU) 2016/679 ("**GDPR**") and systems for IT services), and/or other integration or separation measures taking a longer time and/or being costlier than anticipated, or that existing customers do not want to renew their customer relation with the Group as a separate entity, which in turn could result in decreased revenues for the Group. There is also a risk that the

benefits underlying the decision to separate the Group from Nel may not be realized or turn out to be incorrect, which could result in decreased revenues or additional operating costs for the Group. Further, the Company as a stand-alone company, may be unable to obtain financing on favorable terms or at all.

If the transition of the Group as a stand-alone group fails, this could adversely impact the Group's results of operations, cash flow and financial condition.

2.1.2 The Group is exposed to risk related to technological change in a highly competitive market

The Group competes in a highly competitive market at an early stage of development. There are many current and potential competitors within hydrogen fueling products and services and many competitors providing substitutional products or services based on other technologies. The market consists of competitors which have partly longer operating histories, greater name recognition, lower costs, access to larger customer bases and significantly greater financial, sales and marketing, distribution, technical and other resources than the Group. There is a risk that competitors may utilize technological change to launch new products and services, to provide products or services at more competitive prices, or to secure exclusive rights to new technologies. This risk is heightened compared to more mature industries as the high rate of innovation could allow the Group or any of its competitors to develop blocking intellectual property or secure exclusive commercial access to sub-components that can give a sustained competitive advantage. Examples of areas for such potential technological breakthroughs include cryo-compressed hydrogen, liquid hydrogen and sub cooled liquid hydrogen technologies, all of which are not widely available in commercial installations today. If these circumstances materialize, it may have a material adverse effect on the Group's business, prospects, financial results or results of operations.

2.1.3 The Group is exposed to risk related to changing customer requirements

The primary market in which the Group participates is currently in transition from light-duty vehicles ("LDVs") (passenger vehicles, taxi fleets and small bus fleets) to heavy-duty vehicles ("HDVs") (long distance trucking). The Group needs to successfully complete development and launch of competitive products to meet future customer requirements in time for that market to mature. In the interim, the Group needs to uphold its activity level in the current market segments to ensure cost coverage. The Group may fail to time its development efforts to the expected transition of customer requirements, the expected new market segment may be materially delayed giving less revenue potential, and/or the current market segments may deteriorate more rapidly than expected. If the current market deteriorates more rapidly than expected or if the HDV market grows slower than expected, there is a risk that the Group's revenue outlook will worsen leading to a higher funding need. If the HDV market matures before the Group is ready to launch commercially viable products, the Group may lose market share and get a weaker competitive position over time. If any of these circumstances materialize, it may have a material adverse effect on the Group's business, prospects, financial results or results of operations.

2.1.4 The Group is exposed to risk relating to the efficiency of hydrogen and price of renewable power

The Group specializes in hydrogen fueling technologies for its manufacturing of hydrogen fueling stations. The efficiency of hydrogen, the so-called "well-to-wheel", is typically lower than that of battery technologies. A higher price for renewable power or a lower growth than expected in new renewable power could negatively affect the growth in and price of hydrogen production. Availability of affordable hydrogen that meets the quality specifications in SAE J2601, ISO 14687 or comparable fueling standards is a crucial element for the Group, as this is the type of fuel used in the Group's products. Without an affordable hydrogen price, there will be limited incentive to develop, sell or buy hydrogen vehicles and therefore limit the Group's ability to achieve its development goals and future prospects. An expansion of battery technologies, could in turn reduce the market size for hydrogen fueling technologies, which could materially adversely affect the Group's revenues, results of operation and cash flow.

2.1.5 *Risk related to the Group's product quality, performance and defects in a constantly evolving hydrogen market*

In a rapidly moving hydrogen market, where new technologies and products are constantly being developed and introduced, the Group is exposed to inherent risks related to its products. Although the Group's products and equipment must meet stringent quality requirements, there is a residual risk of potential defects in these products, particularly as there is often no agreed global standard for such products, combined with the fact that new products have typically had limited exposure to real-world testing/use and may contain defects that are not detected until after they are shipped or installed. Notably, there have been some instances where such risks have materialized for the Group, whereby defects have surfaced post-installation. For example, one such instance arose when the Group introduced a new product in the European market, which was significantly more utilized than expected and beyond its capacity, which led to defects in the product post-installation. Consequently, the Group incurred significant costs associated with both the development of a solution and its subsequent implementation.

The continuing risks of product defects occur because the Company cannot test for all possible scenarios or applications. The fact that the products are installed, operated and serviced by customers with various degrees of relevant knowledge and experience may increase the risk of issues arising with the operation of products and accompanying disagreements/challenges with customers, including with respect to which party assumes liability for any such issues. Any such defects, for which the Group may be held liable, could cause the Group to incur significant replacement costs or re-engineering costs, divert the attention of its engineering team from product development efforts, and significantly affect its customer relations and business reputation. If the Group has delivered products that turn out to be defective or, in future delivers defective products, or if there is a perception that its products are defective, the Company's credibility and the market acceptance and sales of its products could be harmed. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations. Furthermore, widespread product failures may damage the Group's market reputation, reduce its market share and cause sales to decline. A successful product liability claim against the Group (including claims arising out of contractual warranties) could require it to make significant damages payments, which would negatively affect the Group's business, prospects, financial results and results of operations. Although a defect in the Group's products may be caused by defects in products delivered by the Group's sub-suppliers which are incorporated into the Group's products, the Group may not be entitled to or be successful in claiming reimbursement, repair, replacement or damages from its sub-suppliers relating to such defects, while remaining liable to its direct customer for the defect.

Like other fuels, hydrogen's usability as a fuel is related to it having high energy content compared to its weight. Substances with high energy content have inherent risks related to fire, explosion or other catastrophic events. For instance, this risk materialized for the Group during an incident at the Kjørbo hydrogen station outside Oslo, Norway, in 2019, as described in Section 7.16.3. With hydrogen fueling being a relatively new industry, the risk of such events occurring increases due to a lack of maturity in the value chain. The same immaturity increases the potential for adverse consequences as hydrogen-related safety incidents may lead to delayed or reduced market growth. Furthermore, equipment sold by the Group is installed, operated and maintained by parties outside the Group. There is therefore a risk of catastrophic failure related to equipment delivered by the Group resulting from events not covered by the Group's procedures and processes or failure to follow such procedures and processes. The Group is therefore at risk both directly and indirectly from catastrophic events related to hydrogen-related accidents. A catastrophic event involving hydrogen may result in a significant adverse effects on the Group's market opportunities, sales outlook, order backlog and financial performance, and may put the Company at risk of legal action, including but not limited to claims for damages and criminal prosecution.

2.1.6 *The Group is exposed to risk relating to government regulations, incentives, mandates and standards*

The industry in which the Group operates is at an early stage of development, and the cost of renewable hydrogen, of installing and operating hydrogen fueling stations, as well as the cost and technical performance of hydrogen fueled vehicles, all need to improve. The Group's customers therefore rely on government subsidies, incentives, mandates or other mechanisms to support their purchases of the Group's products and services. Changes in regulatory prioritization of efforts to reduce carbon emissions, may lead to reduction or removal of such support mechanisms. As a result, the Company's target market may be reduced and/or delayed, which may have a material adverse effect on the Group's business, prospects, financial conditions, results of operations and/or cash flow.

In recent years, there has been significant progress in establishing regulatory frameworks for hydrogen activities. In the EU, renewable hydrogen is addressed and given a pivotal role in both the EU's climate strategy, as delineated in the 'Fit for 55' package and the Commission's REPowerEU communication. The 'Fit for 55' package has spearheaded several key advancements, such as widening the scope of The EU emissions trading system ("**EU ETS**") to include e.g. hydrogen producers in some respects, together with including hydrogen in the Carbon Border Adjustment Mechanism ("**CBAM**"). Moreover, the ReFuelEU aviation and FuelEU maritime regulations offer incentives for renewable and low-carbon hydrogen in transportation, while the Alternative Fuels Infrastructure Regulation aims to expand hydrogen fueling networks. Additionally, revisions to the Energy Taxation Directive support renewable hydrogen by increasing taxes on fossil fuels. Furthermore, in the U.S., the Inflation Reduction Act ("**IRA**") and the Bipartisan Infrastructure Law ("**BIL**") have proven to be very helpful in reducing the cost gap between renewable and fossil hydrogen, and hence de-risking hydrogen projects. The IRA's clean energy incentives include many provisions for clean hydrogen and fuel cell technologies, either extending many existing federal tax credits, increasing existing federal tax credits, or creating new federal tax credits.

Despite recent rapid regulatory developments, some gaps persist, notably in standards development, especially concerning technical and safety standards for hydrogen transport and storage. In the European context, there are also uncertainties regarding state aid regulations for decarbonization efforts. The Company anticipates encountering industry-specific government regulations in its operational jurisdictions, such as regulatory approvals or permits required for product design, installation, and operation. Delays in obtaining such approvals could restrict the Group's development and growth. Furthermore, changing regulations, or interpretations of current or future regulations, may lead to the Group being required to redesign or stop marketing and selling products in certain geographies, or redesigning or changing products already delivered. Consequently, changes in regulations that apply to the Group could have a material adverse effect on the Group's business, financial condition and results of operations.

2.1.7 *Risk related to markets for fueling products, other hydrogen energy products or renewable energy*

Significant markets may never develop for fueling products, other hydrogen energy products or renewable energy as a major source for hydrogen production or they may develop more slowly than the Company anticipates. Any such delay or failure would significantly harm the Group's revenues and it may be unable to recover the losses it has incurred and expect to continue to incur in the development of its products and technology. Fueling products, other hydrogen energy products and renewable energy as a source for hydrogen production represent emerging markets, and whether or not end-users will want to use such products and technology may be affected by many factors, many of which are outside the Group's control, including: the emergence of more competitive technologies and products; other environmentally clean technologies and products that could render the Group's products obsolete; the future cost of hydrogen and other fuels; the regulatory requirements, hydrogen fueling infrastructure and other hydrogen energy products; government support, hydrogen storage technology and hydrogen fueling technology; the manufacturing and supply costs for fuel cell components and systems; the

continued development and improvement of existing power technologies; and the future cost of fuels used in existing technologies.

2.1.8 Risk related to intellectual property, trade secret laws and contractual restrictions to protect important proprietary rights

The Company seeks to protect important proprietary manufacturing processes, documentation and other written materials, and other intellectual property primarily under patent, trade secret and copyright laws. It also typically requires employees, consultants and companies that have access to its proprietary information to execute confidentiality agreements. The steps taken by the Company to protect its proprietary information may not be adequate to prevent misappropriation of its technology. In this regard, we note that some of the Group's employment contracts, including those for certain key employees, do not include provisions regarding protection of intellectual property rights, which may result in intellectual property rights to technology etc. developed by employees not being fully vested in the Group. In addition, the Group's proprietary rights may not be adequately protected because:

- people may not be deterred from misappropriating its technologies despite the existence of laws or contracts prohibiting misappropriation;
- policing unauthorized use of the Group's intellectual property is difficult, expensive and time-consuming, and the Company may be unable to determine the extent of any unauthorized use; and
- the laws of certain countries in which the Company markets or plans to market its products may offer little or no protection for its proprietary technologies.

Unauthorized copying or other misappropriation of the Group's proprietary technologies could enable third parties to benefit from the Group's technologies without compensating the Group for doing so. Any inability to adequately protect its proprietary rights could harm the Group's ability to compete, to generate revenue and to grow its business. This could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

2.1.9 Risk related to the Company's freedom to operate

In a rapidly developing industry predicting future key innovations presents a greater challenge than in more mature industries. The Group makes efforts to secure freedom to operate through patenting, licensing, documenting internal innovation and publishing improvement ideas and new concepts. Despite these efforts, other industry participants may register intellectual property rights that limit the Group's ability to operate its business and proceed with its projects as planned. It is therefore a risk that the Group's products, technologies, or projects could inadvertently infringe upon existing patents, trademarks, or other proprietary rights owned by third parties. In the event of such infringement, the Group may face litigation, injunctions, or other legal actions, which could result in costs, damages, or restrictions on the Group's ability to pursue its planned business activities, prospects, financial outcomes, and operational results.

2.1.10 The Group may be unable to successfully manage the anticipated expansion of its operations

The Company intends to, inter alia, continue to pursue growth initiatives, such as launching new products and expand facilities. As the Group's customers to a large extent depend on government subsidies or mandates at the current state of market development, the Group may need to rapidly adjust its cost structure and organization to adapt to changes in financial or other incentives. The uneven pace of the Company's anticipated expansion in facilities, staff and operations may place serious demands on the Group's managerial, technical, financial and other resources. The Company organization is currently relatively small. There is no guarantee that the Company will be able to build a capable organization at a speed that is required to meet the demand by its customers or potential customers. The Company's failure to manage its growth effectively or to implement its strategy in a

timely manner may have a significant adverse effect on the Group's business, prospects, financial results and results of operations, and may significantly harm its ability to achieve profitability.

2.1.11 The Group may be unable to retain or replace key executives, key employees and qualified employees

Due to intense competition and rapid growth in the hydrogen industry, there is a shortage of professionals with relevant advanced technological skill set and experience hydrogen in general and hydrogen fueling in particular. There is a risk that key executives, key employees and qualified employees will be attracted by competitors and that the Company will be unable to find a sufficient number of appropriate new employees. The Company may not be successful in retaining its key executives, key employees and qualified employees or replace such person with corresponding qualifications. If the Company fails to do so, or if such competition leads to severe wage inflation, it could have a material adverse effect on the Group's business, prospects, financial results and/or results of operations.

2.1.12 The Group's large commercial contracts are subject to risks of delay, defect/warranty costs, cost overruns, renegotiation or cancellation

The Group participates in large commercial contracts consisting of multiple hydrogen fueling station modules for installation across several sites, and in a variety of legal jurisdictions, which are subject to risks of delay, defect/warranty costs and cost overruns inherent in any large framework contract. Such risks arises from numerous factors, including unexpectedly long delivery times for, or shortages of, key equipment, parts and materials, unforeseen design and engineering problems leading to delays, defect/warranty costs, labor disputes and work stoppages, health, safety and/or environmental accidents/incidents or other safety hazards, disputes with suppliers, last minute changes to the customer's specifications, adverse weather conditions or any other force majeure events, and inability or delay in obtaining regulatory approvals or permits. Failure to complete part of a contract covering multiple station modules on time may result in the delay, defect/warranty costs, renegotiation or cancellation of the contract. Further, significant delays could have a negative impact on the Company's reputation and customer relationships. The risk is concentrated as the majority of the Group's current order backlog relates to a single customer for which limited deliveries have taken place at the date of this Prospectus. The Group could also be exposed to contractual penalties for failure to complete the project and commence operations in a timely manner, all of which would materially adversely affect the Group's business, financial condition and results of operations.

2.2 RISK RELATED TO CUSTOMER RELATIONSHIPS AND THIRD PARTIES

2.2.1 Risk relating to the Group's key customers and the customers' ability to succeed and fulfil their contractual obligations

The Group's ability to generate incremental revenue depends to a substantial degree on its customers' ability to succeed and fulfil their contractual obligations, and in particular their obligation to compensate the Group in accordance with the contract. A number of the Group's existing customers are growing rapidly from a small base with limited funding. Should these customers fail to succeed with their business plans or fail to fulfil their contracts with the Group, the Group's sales to such customers may be adversely affected, and the Group's revenues and results may suffer as a result. Should these risks materialize with respect to any of the Group's most substantial customers, the material adverse impact on the Group's business, results of operations, financial conditions and/or prospects as a result thereof may be material.

The Group has certain key customers, in particular related to the sale of equipment, which individually accounts for more than 10% of the total revenues of the Group. In the year ended 31 December 2023, three new large customers individually accounted for approximately 23%, 19% and 11% respectively (representing a total 53%) of

the total revenues from customers in 2023. There is a risk that such key customers could try to take advantage of their significance to the Group in future negotiations, which could result in narrower margins, lower prices and/or increased costs for the Group. This would have a negative impact on the Group's financial position. In addition, the loss of one or several of the Group's key customers could result in decreased net sales, which could have a negative impact on the Group's revenues.

2.2.2 Risk related to yields or quality in manufacturing, sales, customer relationships and reputation

The manufacturing of the Group's products is a complex process, and the Company continuously strives to improve its processes. As the industry is growing from a small base, the rate of change in components, methods work instruction, software and design is much higher compared to the number of units produced than in more mature industries. In such changes, the Group relies on experience, estimates and information from sub-suppliers in assessing its future cost and performance, metrics that will form the basis for the requirements in the customer contracts. If the Group does not achieve planned yields, its product costs could increase, and product availability could decrease, each of which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations. In order to produce certain of the Group's products at affordable prices, the Group will have to manufacture a large volume of such products. The Group's failure to develop these manufacturing processes in an efficient, low-cost way that will enable the Group to meet the quality, price, engineering, design and production standards or production volumes required to successfully mass market such products, could prevent the Group from achieving its growth and profitability objectives. The Group, like any manufacturer, may from time to time receive complaints from customers regarding the quality of its products. If the Group is not able to achieve satisfactory quality in manufacturing its products, or is not able to continue to develop at the same rate as its competitors, the demand for its products could be adversely affected and existing contracts could be terminated. Furthermore, failure to meet contractual obligations or customer expectations on quality, defect levels, ongoing maintenance cost and product performance may result in disputes with customers and potential significant claims (including warranty claims). If any of these risks were to materialize, this could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

2.2.3 The Group is dependent on a limited number of third party suppliers for key production components for its products

The Group is dependent on a limited number of third party suppliers for key production components for its hydrogen fueling products. All contract manufactured or purchased components are designed and selected in order to avoid a critical supply situation. There are few, if any, suppliers that may substitute the delivery of key production components within a short period of time. If the Group fails to develop or maintain its relationships with its suppliers, such suppliers are prevented from supplying, or its suppliers delivers products not in compliance with contractual obligations, then the Group may be delayed in manufacturing its products or its products may be available only at a higher cost which could prevent the Group from timely delivering its products to its customers and the Group may experience order cancellation, customer claims and loss of market share. The Group has historically accumulated operating losses and intends to pursue profitable growth in the future. Any failure by third party suppliers for delivery of key production components may result in inability to pursue profitable growth in a highly competitive market, which could have a material adverse effect on the Group's business, prospects, financial results and results of operations.

2.2.4 The Group is exposed to risk relating to external suppliers of services and goods

The Group's hydrogen fueling manufacturing operations rely to varying degrees on external subcontractors and suppliers of services and goods. This operating model inherently contains a risk to the Group's goodwill and branding. If suppliers fail to meet agreed or generally accepted standards in areas such as anti-bribery and anti-corruption, anti-trust laws, export control regulations, international trade sanctions, environmental compliance,

human rights, labor relations and product quality, this could have a significant adverse effect on the Group's business, prospects, financial results and results of operations, and could in a worst case scenario expose the Group to legal action and/or liability. In general, the Company aims at dual sourcing of critical components to limit risk. In addition, the majority of spend is directed towards large industrial companies with full ISO compliance and smaller vendors that are in compliance with local legislation. Further, the Company conducts regular quality reviews, including production site visits for risk assessments, as well as integrity/compliance reviews of relevant suppliers.

2.2.5 The Group is exposed to risk relating to safety events at customer sites

All fueling equipment transfers energy-intensive fuel into a vehicle be that gasoline, diesel, hydrogen or other fuels. Energy-intensive fuel has inherent risks relating to explosion, fire or other events that may cause catastrophic damage to people, property, equipment or the environment. Even if the Group follows laws and regulations and works with safety in a systematic manner, there is a risk that such an event may occur with equipment delivered by the Group. Regardless of root cause (operator error, wrongful installation, contaminated supply, etc.), the Group is at risk of legal proceedings in such an event. In addition to risk of significant monetary compensation, the reputation of the Group may be severely affected, potentially giving rise to a material adverse effect on the profitability and business outlook of the Group.

2.3 RISK RELATED TO LEGAL MATTERS

2.3.1 Risk related to legal, governmental or arbitration proceedings, including intellectual property disputes

The Company, the Group, its customers or third parties may be involved in legal, governmental or arbitration proceedings related to the ordinary course of the Group's business, including personal injury litigation, intellectual property litigation, contractual litigation, environmental litigation, tax or securities litigation, as well as other proceedings. Such disputes may entail significantly higher operating expenses by way of additional legal and other related costs, and, depending on the end result, could have a material and adverse effect on the Group's financial condition, reputation and market position.

To illustrate, the Group is currently involved in a legal dispute in the federal court in California against Iwatani Corporation of America ("**Iwatani**"), a contracting party in California where Iwatani is, among other things, claiming intentional misrepresentation, fraudulent behavior, concealment, false promises, fraud in making contracts, breach of contract for deliveries and maintenance of equipment for hydrogen fueling. As of the date of this Prospectus, Iwatani has filed a lawsuit with claims for damages towards Nel, Nel Hydrogen A/S, Nel Hydrogen Inc as well as certain persons related to Nel including Robert Borin, the CEO of the Company and chair of the Board Jon André Løkke. Based on reasonable evaluations at this early stage of the dispute, the companies and persons involved will fight the allegations, on both formal, procedural and material bases. As of the date of this Prospectus, the Nel companies and individuals have filed motions to have the lawsuit dismissed on various grounds. Please refer to Section 7.16.2 "*The Iwatani dispute*" below for further information on current proceedings. Defending against the claims may lead to the Group incurring significant legal costs and other external costs, while also requiring the attention and capacity of the Group's key management and other internal resources. In the event that the Group is unsuccessful in defending against or settling the above mentioned claim or is otherwise unsuccessful in defending against other claims that may arise, or negotiating reasonable settlements with its customers, subcontractors, or other parties, the Group could incur cost overruns, reduced profits, or, in some cases, a loss of an operation or service, all of which could result in financial difficulties or bankruptcy any specific entities and individuals ultimately subject to a successful claim and/or the Group as a whole.

With respect to intellectual property rights, the Group may receive claims from various industry participants, alleging infringement of their patents, including claiming damages and/or stopping the Group from using trademarks which could harm the Group's ability to compete, generate revenue and to grow its business. To protect its intellectual property rights and to maintain its competitive advantage, the Group may file suits against parties who it believes are infringing its intellectual property. The ultimate outcome of any legal, governmental or arbitration proceedings and the potential costs associated with prosecuting or defending such proceedings, including the diversion of the management's attention to these matters, could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and/or prospects.

2.3.2 The Group is subject to contractual risks and tort claims

The Group has entered into several contracts where delivery, installation and commissioning have been significantly delayed, among other things, due to the Covid-19 pandemic leading to lack of availability of components that in a normal market would be available at short notice, challenges in shipping products and delay and difficulty in work requiring physical presence such as installation support, commissioning, service and third party verification. Some of these delayed contracts are still not completed, and there are potential disputes over how much of the delay that is caused by force majeure events. The Group is subject to contractual risk, including but not limited to consequences related to delay and defects/warranty claims. For delay, such consequences may exceed penalties already paid and/or costs already provided for. For claims related to defects and/or warranty issues the risks could entail an obligation to repair/replace defective equipment and/or liability for damages in contract or tort. The Company also notes that some of the Group's earliest deliveries are reaching the end of their technical life and that some customers are decommissioning equipment delivered by the Group, and that one existing customer has also terminated certain contracts for convenience. Lower growth in hydrogen HDVs, lower than expected availability of hydrogen, hydrogen being at higher prices, site operating costs being higher than expected and changes in government support for hydrogen fueling, all means that the financial return and near-term growth outlook for the Group's customers has been worse than originally anticipated. As past customers are reducing their operations and looking to minimize losses, the Group is subject to higher than normal contractual risk and the potential costs and risks associated with handling contractual disputes, including the diversion of management's attention to these matters, could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, and/or prospects.

2.3.3 Risk related to patent protection on the technology embodied in its products and production processes

The Group has historically invested significantly in research and development in order to become a leading manufacturer of hydrogen fueling stations. In order to achieve future success in a highly competitive market, the Group is dependent on its ability to protect patents on the technology embodied in its products and production processes. Failure in obtaining patent applications or insufficient scope and/or protection of issued patents may make it difficult for the Group to effectively protect its intellectual property from misuse or infringement by other companies. Any inability to obtain and enforce intellectual property rights could have a material adverse effect on the Group's business, prospects, financial results and results of operations. In addition, given the costs of obtaining patent protection and the sometimes limited potential for protection, the Company may choose not to patent-protect certain innovations that later turn out to be important. There is also a general risk that the Company receives information regarding other parties' know-how and trade secrets subject to confidentiality agreements, which may hinder the Group from development of similar intellectual assets.

2.3.4 Risk relating to foreign sales and operations

A substantial portion of the Group's revenues derives from foreign sales and the Company expects to continue expanding its international operations. The Group's international activities may be subject to inherent risks, including regulatory limitations restricting or prohibiting the provision of the Group's products and/or services,

unexpected changes in regulatory requirements, tariffs, customs and other trade barriers, difficulties in staffing and managing foreign operations and technology export and/or import restrictions or prohibitions. There may also be a heightened litigation risk associated with operating in certain jurisdictions (notably the U.S.). Further, laws and regulations are subject to continual changes, and some legislative changes may be either disadvantageous to the Group's business or could oblige the Company to change its course of business or amend its business strategy to a less profitable strategy. If the Company does not properly manage foreign operations or if the Group fails to comply with applicable national and/or international laws and regulations, this could lead to costly litigations, penalties and other sanctions, and thus materially adversely affect its business and profitability.

2.3.5 The Group may incur significant costs to comply with, or as a result of, health, safety, environmental and other laws and regulations

The Group's operations are subject to numerous environmental requirements. Such laws and regulations govern, among other matters, air pollution emissions, wastewater discharges, solid and hazardous waste management, and the use, composition, handling, distribution and transportation of hazardous materials. Many of these laws and regulations are becoming increasingly stringent (and may be on a "strict liability" basis), and the cost of compliance with these requirements can be expected to increase over time. The Group's production depends on various discharge permits granted by various authorities, as well as codes and standards, including for example ISO-certification to ISO 9001, Underwriter Laboratories ("**UL**") factory certification, Conformité Européenne ("**CE**") certification of the Group's products and certifications in accordance with directive 2014/68/EU (the "**Pressure Equipment Directive**") and directive 2014/34/EU (the "**ATEX Directive**"). As of the date of this Prospectus, the Group is compliant with local law in all countries of operation. From time to time, breaches of the allowed emission limits set out in such granted permits may occur. If such limits of the relevant permits should be exceeded, this may have a significant effect on the Group's operations and results, as the Group may be ordered to temporarily halt production, be subject to fines and/or be ordered to undertake corrective measures. The requirements to be met, as well as the technology available to meet those requirements, continue to develop and change. To the extent that any of these requirements impose substantial costs or constrain the Company's ability to expand or change its processes, the Group's business, prospects, financial results and results of operations could suffer. Any breach of such requirements could further result in fines or other substantial costs and/or constraint the Group's ability to operate its production plant, which could have a material adverse effect on its business, prospects, financial results and results of operations.

2.3.6 Risk relating to use of consultants and reclassification as employees

The Group has engaged several consultants to assist in its operations. Although the Group's consultancy agreements are not subject to Norwegian law, some of the terms within these agreements could, under mandatory Norwegian law, imply a risk that consultants might be deemed de facto employees or hired-in employees of the respective Group company. Should a consultant be misclassified, there is a risk that they could seek reclassification as an employee or hired-in employee of the relevant Group company. Such reclassification could entitle the individual to employment protections, as well as unpaid holiday pay and pension contributions. Furthermore, the Group company in question could be held liable for the employer's social security contributions (payroll tax), withholding tax on salaries, additional penalty charges on social security contributions, and potential penal sanctions, which in turn could adversely affect the Group's business and financial condition.

2.3.7 The Group is dependent on government subsidies and supportive regulatory framework

The Group depends substantially on government subsidies for its technology development. Political developments could lead to a material deterioration of the conditions for, or a discontinuation of, the subsidies for its technology development or its competitors obtaining larger subsidies giving the Group a competitive disadvantage. It is also possible that government financial support for the Group's technology will be subject to judicial review and determined to be in violation of applicable constitutional or legal requirements, or be

significantly reduced or discontinued for other reasons. Without government subsidies, or with reduced government subsidies, the availability of profitable investment opportunities for the Group would be significantly lower, which could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

2.3.8 The Group is subject to risks related to product liability claims

The Company has an unwavering ambition of no incidents at sites with its technology. However, it is possible that the Group's products could result in injury, whether by product malfunctions, defects, improper installation or other causes, which exposes the Group to the general risk of product liability claims. There are several risks relating to products associated with hydrogen. Hydrogen possesses high rating on the flammability scale because it is flammable when mixed in small amounts with ordinary air and ignition can occur at low volumetric ratio of hydrogen to air due to the oxygen in the air and the simplicity and chemical properties of the reaction. The storage and use of hydrogen poses challenges due to leaking as a gaseous fuel, low-energy ignition, wide range of combustible fuel- air mixtures, buoyancy and its ability to embrittle metals. Liquid hydrogen poses additional challenges due to its increased density and the extremely low temperatures needed to keep it in liquid form.

There is a risk that product liability claims will be brought against the Group (noting, for instance, that the Group operates in certain jurisdictions that may be considered higher risk from a product liability perspective, such as the U.S. and South Korea), the effect of any resulting negative publicity on its business, or if its insurance coverage is inadequate to cover potential product liability claims. For example, the Group may be liable for product liability claims if an incident at a hydrogen fueling station results in shutdown of hydrogen fueling stations and a temporary halt in sales of fuel cell vehicles. Another example may be workplace accidents that cause personal injury to employees or others, where the Group may be held liable for third party complaints as a product manufacturer. Moreover, the Company may not have adequate resources in the event of a successful claim against it. The successful assertion of product liability claims against the Group could result in potentially significant monetary damages, which could have a material adverse effect on the Group's business, prospects, financial results and results of operations.

2.3.9 The Group is subject to risks related to cyber security and online monitoring and electronic transfer of data

The Group uses an online monitoring system which inter alia entails that operational data from its products are digitally transferred from the fueling stations to an operational center and/or the relevant customer. The Group's operations are dependent on its systems being compliant with applicable cyber security and data sharing requirements. The Directive (EU) 2022/2555 on measures for a high common level of cybersecurity across the Union (the "**NIS2 Directive**") may impact the Group directly through legislation or indirectly if customers bound by the NIS2 Directive require the Company to demonstrate compliance. New or changed requirements related to cyber security in general, and the NIS2 Directive in particular, either regulatory or mandated by customers, may entail increased operating costs for the Group to implement necessary systems and procedures for compliance and/or penalties for non-compliance with legislative or contractual obligations. The Group may also have to adjust its products on both existing and new projects. The risk and size of any costs for non-compliance with the NIS2 Directive for the Group are as of the date of this Prospectus difficult to accurately assess, as the NIS2 Directive may not be implemented in all EU member states (and is not implemented in Norway) and implementation of the Directive in different member states may lead to variations in legislative requirements. There is also a risk of cyber-attacks or other data breaches which may expose the Group to legal action. A data breach could also lead to operational data becoming available to the Group's competitors, which in turn may lead to a reduction in the Company's competitiveness.

2.3.10 The Group is subject to risks related to reduced or limited insurance coverage, including cyber insurance

All insurance coverage held by the Group is subject to annual renewal processes, which result in an inherent risk of potential reductions and/or limitations in coverage, as well as higher premiums. The Group's insurance policies include, without limitation, workers' compensation, general liability and product liability, professional indemnity, directors and officers, cargo and property damage coverage. While annual renewals for most insurance policies proceed smoothly for the Group, some renewal processes are more complex. This includes cyber insurance which often entails intricate underwriting processes and evolving risk assessment criteria, distinct from conventional insurance policies. Failure to secure adequate and comprehensive insurance coverage during the renewal period poses significant potential risks to the Group, including financial losses, regulatory liabilities, and reputational harm.

As of the date of this Prospectus, the Company is in the process of obtaining cyber insurance coverage for the Group. The Group is exposed to risks in the event of a cyber-attack or data breach, which could lead to substantial financial losses, reputational damage, and legal liabilities. Any such incidents could materially and adversely affect the Group's business, financial condition, and results of operations.

As the Group is growing rapidly from a small base, is still developing new technology, is subject to markets shifting rapidly in importance and is currently operating with financial losses, ensuring and maintaining insurance cover sufficient for its future revenues and scope of operation is challenging. If the Group is not adequately insured, there is a risk that the Group may face risks of loss or liabilities in relation to assets, damages, cyber-attacks, personal injury, death and/or other matters.

2.4 RISK RELATED TO FINANCIAL MATTERS

2.4.1 The Group has accumulated operating losses and has negative cash flow from operating activities

The Company has since incorporation accumulated losses and had negative cash flow from operating activities. Such losses and negative net cash flow from operating activities may continue if the Company proceeds with product development and requires regulatory approval for sale of products delivered from its technology. It is the Company's intention to achieve revenues and a profitable business in the future. However, the Company intends to pursue growth initiatives and focus on long term high value orders, which in the short term will have a negative impact on the Company's ability to deliver positive financial results. For the three months period ended 31 March 2024, the Group reported revenue of EUR 9.7 million, representing a revenue growth of approximately 40% compared to the revenue in the fueling segment reported by Nel the same quarter 2023, and had an order backlog of EUR 28.0 million. Despite the increase in revenue for the first quarter of 2024, the Group reported a net loss of EUR 6.1 million in the quarter. The loss in the first quarter 2024 compares to EUR 8.0 million in the same quarter 2023. It is uncertain when and if the Group will achieve significant revenues, profitability and/or positive net cash flow from operations.

2.4.2 The Company will need to raise additional capital to finance its operations

Based on its current projections, the Company will find it necessary to raise additional capital through equity issues, debt financing, collaborative arrangements, strategic alliances or from other sources in order to successfully execute strategies with respect to product development and commercialization within its existing business, to finance further growth in general, or for other reasons. The Company may not be able to raise additional capital at the relevant time in the future. If required funds are not available and the Group continues to accumulate losses and negative net cash flow from operating activities, the Company may have to reduce expenditure on product development and/or marketing activities, which could have a material adverse effect on

the Group's business, results of operations, financial condition, cash flow and/or prospects. Lack of ability to obtain sufficient funding in the future could result in Insolvency or liquidation of the Group.

2.4.3 The Group is exposed to credit risk

The Group is exposed to credit risk, which is the potential loss that may arise from any failure in the ability or willingness of a counterparty to fulfil its contractual obligations, as and when they fall due. Competitive pressure and challenging markets may increase credit risk through sales to financially weak customers, extended payment terms and sales into new and immature markets. This could have a material adverse effect on the Group's business, financial condition, results of operations, cash flow, and/or prospects. In regards to trade receivables, the Group's customer credit risk is managed by each business unit subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit rating scorecard and individual credit limits are defined in accordance with this assessment. Other receivables are prepaid expenses or accruals. Outstanding customer receivables are regularly monitored. As of the first quarter of 2024, the maximum risk exposure related to trade receivables and contract assets amounted to approximately EUR 5.6 million. The Group does not hold collateral as security. Although the Group performed impairment analysis of major clients and other collectively in groups, the Group may have significant losses due to failure in the ability or willingness of a counter party to fulfil its contractual obligations. In turn, this could have a material adverse effect on the Group's business, results of operations, financial condition, cash flow and/or prospects.

2.4.4 The Group is exposed to foreign currency exchange rate fluctuations

The Group operates internationally and a significant part of its business is conducted in countries with other currencies than in EUR (i.e. the Group's functional reporting currency). Thus, the Group is subject to currency risks arising from foreign currency transactions and exposures. As the Company reports its consolidated results in EUR, any change in exchange rates between EUR and its subsidiaries' functional currencies, primarily with respect to changes in USD and DKK, affects its consolidated statement of income and consolidated statement of financial position. In 2023, 47% of the Group's revenues related to customers in Europe, 49% related to customers located in North America, 4% related to customers located in Asia and 0% related to customers in Middle East, Africa, South America and Oceania. As of 31 December 2023, of the Group's allocated property, plant and equipment, 0% was allocated to Norway, while 85% was allocated to Denmark, 13% was allocated to the United States and 2% was allocated to South Korea. As the Company expands its international operations, including with projects in new markets, the Group's currency risk exposure is expected to increase. The Group is on an overall level managed as an EUR company for currency risk management purposes with primary focus on EUR cash flow. Although the Company secures larger net exposures from contracts in foreign currency by entering into forward currency contracts, the Group's financial results may be adversely affected by currency exchange fluctuations, and any efforts by the Group to engage in currency hedging activities may not be effective. Currency exchange rate fluctuations, thus, could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and/or prospects.

2.4.5 Risk related to impairment of intangible assets

As of 31 March 2024, the Group's intangible assets constituted 40% (approximately EUR 8.7 million) of total non-current assets and 12% of total assets. As of 31 March 2024, the Company had no goodwill recognized. Intangible assets related to the Group in accordance with IFRS Accounting Standards the Group tests at least annually whether it is necessary to do an impairment of intangible assets. The value of the cash generation units will be stipulated as the recoverable amount, which is the higher of net sales value and value in use. The estimated recoverable amount is calculated on the basis of the present value of budgeted cash flows. The calculation requires the use of estimates relating to future cash flows, uncertainty will normally attach to these cash flows. Events, changes in assumptions and management assessments will all affect the evaluation of

impairments in the relevant period. Even though based on management in each subsidiaries view, the estimates and assumptions used are sufficiently accurate to determine the recoverable amount of its assets, the estimated recoverable amount may differ significantly from the actual future amounts. Changes in the development of net sales (expected growth rate), profitability, discount rate and cash flow growth rate, forecasts or a combination of these factors, could lead to impairment losses on intangible assets, which could weaken the Group's financial conditions, results of operations, equity and/or its ability to pay dividends or distributions. If the value of intangible assets is impaired, it could have an adverse effect on the Group's financial condition, results of operations, equity and/or its ability to pay dividends or distributions.

2.4.6 *The Group is exposed to interest rate changes, which could affect its profitability and cash flow*

Interest rates, which are impacted by factors outside of the Group's control, including the fiscal and monetary policies of governments and central banks, as well as Norwegian and international political and economic conditions, may affect the Group's results of operations, profitability and return on capital in different areas. The Group is exposed to interest rate risk primarily in relation to its pensions, leases and bank deposits, and a change in interest rates may therefore affect the results of operations, profitability and capital return. Considering the Group's cash balance, which amounted to approximately EUR 5.8 million at the end of the first quarter of 2024 and approximately EUR 52.7 million following completion of the Reorganization presented in the "As adjusted" column in Section 8, the Group receives interest income with positive contribution to its profitability and cash flow.

2.5 RISKS RELATED TO THE SHARES

2.5.1 *The Company may or may not pay any dividend in the foreseeable future*

The Company is currently in a growth phase and is not in a position to pay any dividends. Moreover, there are no guarantees that the Company will be able to distribute dividends in the future or that shareholders will be able to obtain a return on their investment in the Company's Shares. The payment of future dividends will depend on legal restrictions, the Group's capital requirements, including capital expenditure requirements, its financial condition, general business conditions as well as any restrictions that future financing or other contractual arrangements may place on the Group's ability to pay dividends.

2.5.2 *The Goldman Sachs Group, Inc. will have significant voting power and the ability to influence matters requiring shareholder approval, together with a limited group of proxy voting advisors*

Following completion of the Distribution, it is expected that The Goldman Sachs Group, Inc. will be the largest shareholder of the Company, thereby having the ability to influence the outcome of matters submitted for the vote of the Company's shareholders, such as the election of members of the Board of Directors. Based to the Company's expected shareholder structure and previous general meetings of Nel, a limited group of proxy voting advisors are expected to have significant influence at the Company's general meetings. The voting proposals suggested by such proxy voting advisors may result in resolutions deemed by the Board of Directors to be in the best interest of the Company not being made, which in turn could have an adverse effect on the market value of the Shares.

2.5.3 *Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares*

The Group is in a growth phase and may over time consider raising additional equity through issuance of Shares or other securities to fund its growth or make selected investments, in addition to issue Shares under the Company's incentive programs or for general corporate purposes. Any such offering could reduce the proportionate ownership and voting interests of holders of Shares as well as the earnings and the net asset value

per Share. Furthermore, any offering by the Company of new Shares could have a material adverse effect on the market price of the Shares.

3 RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Listing of the Shares on the Oslo Stock Exchange.

The Board of Directors of Cavendish Hydrogen ASA accepts responsibility for the information contained in this Prospectus. The Board Members confirm that to the best of their knowledge, the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

Oslo, 10 June 2024

The Board of Directors of Cavendish Hydrogen ASA

Jon André Løkke
Chair of the Board

Vibeke Strømme
Board Member

Mimi Kristine Berdal
Board Member

Allan Bødskov Andersen
Board Member

Kim Søgård Kristensen
Board Member

4 GENERAL INFORMATION

4.1 Other important investor information

This Prospectus has on 10 June 2024 been approved by the Norwegian FSA, as competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval shall not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Shares.

The Company has furnished the information in this Prospectus. The Company's advisors make no representation or warranty, express or implied, as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Prospectus is, or shall be relied upon, as a promise or representation in this respect, whether as to the past or the future.

The information contained herein is current as of the date hereof and is subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, every significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus, which may affect the assessment of the Shares and which arises or is noted between the time when the Prospectus is approved by the Norwegian FSA and the Listing, will be presented in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus shall under any circumstance imply that there has not been any change in the Group's affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

Neither the Company nor the Managers nor any of their respective affiliates, representatives or advisors, is making any representation, express or implied, to any offeree or purchaser of Shares regarding the legality or suitability of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

Investing in the Shares involves a high degree of risk. See Section 2 "*Risk factors*".

4.2 The Reorganization and the Distribution

The Company is a newly incorporated Norwegian public limited liability company, currently 100% owned by Nel. The Company was established for the purpose of Nel's reorganization comprising the steps set out below, whereby Nel's business within the fueling division has been contributed to and organized as a separate Group, with the Company as parent company, to facilitate the Listing. All steps, excluding step (x) regarding the Distribution (as defined below), are together referred to as the "**Reorganization**".

As of the date of this Prospectus, only the Distribution described in step (x) is yet to be completed. For further details about the Reorganization, see Section 7.10.2 "*The Reorganization establishing the Group*".

- (i) The incorporation of the Company as a wholly owned subsidiary of Nel (completed on 13 March 2024).
- (ii) The transfer of 100% of the shares in Nel's direct operating subsidiaries Nel Hydrogen Inc, Nel Korea Co. Ltd, and Nel Hydrogen A/S (together, the "**Fueling Entities**") to the Company (which indirectly includes the shares in Nel Austria GmbH, 100% owned by Nel Hydrogen A/S, and Nel Korea Co. Ltd's 4.75% shareholding in Hydrogen Energy Network Co. Ltd ("**HyNet**")), together with all long term receivables due to Nel from the Fueling Entities (the "**Receivables**"). As settlement, the Company (as

debtor) issued a seller's credit to Nel (as creditor), in an amount corresponding to the purchase price and market value for the shares in the Fueling Entities and the nominal value of the Receivables.

- (iii) Transfer of cash in the aggregate amount of approximately EUR 59.3 million (corresponding to approximately NOK 688 million) from Nel to the Company against issuance of new Shares in the Company to Nel and increase in the par value of each Share.
- (iv) The conversion of the seller's credit (see item (ii) above) against issuance of new shares in the Company to Nel.
- (v) Settlement of net short-term liabilities between the Nel and the Group.
- (vi) The entering into of a transitional services agreement (the "**TSA**") between the Company and Nel, establishing time-limited mutual provision of support services related to administration, HR, finance and IT.
- (vii) The entering into of a joint procedural agreement (the "**Joint Procedural Agreement**") between certain subsidiaries in the Group and Nel regarding the relationship between the involved parties in relation to the legal dispute with Iwatani, as further described in Section 7.16.2.
- (viii) The transfer of a limited set of customer contracts, inter alia related to the sale, installation support, commissioning and related services of electrolysers and related equipment from Nel Hydrogen Inc. to other entities fully owned by Nel.
- (ix) Transfer of a limited set of employees between the Company and its subsidiaries on the one hand and Nel and its subsidiaries on the other.
- (x) A distribution of the Shares in the Company to the shareholders of Nel by way of a dividend in kind (the "**Distribution**"). The Distribution was resolved by the board of directors of Nel on 6 June 2024, by use of an authorization granted by the annual general meeting of Nel on 23 April 2024 in accordance with section 8-2 (2) of the Norwegian Public Companies Act and registered with the Norwegian Register of Business Enterprises on 30 April 2024. The Distribution entails that the shareholders of Nel as of close of trading on the Oslo Stock Exchange on 7 June 2024 (being registered as such in the VPS as of close of business on 11 June 2024 pursuant to the VPS' standard two days' settlement procedure (the "**Record Date**")) will receive one Share in the Company for every 50 shares held in Nel, with no fractional shares issued and with rounding to the nearest whole share. Any Shares that are not distributed due to downward rounding will be kept by Nel. These Shares are intended to be transferred to the Company without consideration when appropriate following completion of the Distribution and be held by the Company as treasury shares. Since fractions of shares represent a small value, these will not be compensated through cash payments to the affected shareholders. The Distribution will be regarded as repayment of paid in capital by the shareholders of Nel. Completion of the Distribution is subject to satisfaction of the conditions for Listing set by the Oslo Stock Exchange. There is a risk the conditions for Listing will not be satisfied in time or at all.

Following completion of the Distribution, the shares of Nel (comprising Nel's electrolyser division after completion of the Reorganization) will remain listed on the Oslo Stock Exchange under the ticker code "NEL".

This Prospectus has been prepared in connection with the Listing of the Shares on the Oslo Stock Exchange. Given that the Company was established as parent company of the Group with effect from the completion of the Reorganization, certain information described herein relates to the period prior to completion of the Reorganization, i.e. when Nel, and not the Company, was the parent company of the Group. For more information, see Section 7.10.2 "*The Reorganization establishing the Group*" and Section 4.3.1 "*Financial information*".

4.3 Presentation of financial and other information

4.3.1 Financial information

As the Company was incorporated on 13 March 2024, the Company has not prepared any historical financial statements for previous financial years. Prior to completion of the Reorganization (see Section 4.2 above), the activities of the Group constituted of Nel's fueling division. In order to provide financial statement for the Group's underlying business, the Company has prepared the following financial statements:

- (i) For the years ended 31 December 2023, 2022 and 2021, combined financial statements have been prepared for the Group using information extracted from information underlying Nel's audited consolidated financial statements showing statement of financial position, comprehensive income statement, a statement of changes in equity, cash flow statement and accounting policies and explanatory notes (the "**Combined Annual Financial Statements**"). The Combined Annual Financial Statements are attached to this Prospectus as [Appendix B](#). The Combined Annual Financial Statements are presented in EUR and have been prepared in compliance with IFRS[®] Accounting Standards as adopted by the EU ("**IFRS Accounting Standards**") and reflect assets, liabilities, revenue and expenses historically recognized within Nel's fueling division. All figures presented in the Combined Annual Financial Statements are according to what has been recorded historically in the fueling division in Nel, with additional allocations being made to cover various functions not historically reflected in the division. The Combined Annual Financial Statements have been prepared to meet the requirements in connection with the Listing of the Shares on the Oslo Stock Exchange, and for no other purpose. The Combined Annual Financial Statements have been audited by Ernst & Young AS ("**EY**"). The audit report is issued without any qualifications, modifications of opinion or disclaimers and is included in [Appendix B](#).
- (ii) For the three months' period ended 31 March 2024, with comparative financial information for the three months' period ended 31 March 2023, unaudited condensed combined interim financial statements have been prepared for the Group using information extracted from information underlying Nel's unaudited condensed consolidated interim financial statements (the "**Combined Interim Financial Statements**"). The Combined Interim Financial Statements are attached to this Prospectus as [Appendix C](#). The Combined Interim Financial Statements are presented in EUR and have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU ("**IAS 34**"). The Combined Interim Financial Statements have been prepared based on the recognition and measurement criteria as stated in the Combined Annual Financial Statements. The Combined Interim Financial Statements have been subject to a limited review by EY, as set out in [Appendix C](#).

The Combined Annual Financial Statements and the Combined Interim Financial Statements are together referred to as the "**Financial Information**".

In addition to the Financial Information, the Company has prepared financial information for the Company on a stand-alone basis, covering the period from its incorporation on 13 March 2024 and until 26 April 2024 (the "**Company's Financial Statements**"), attached to this Prospectus as [Appendix D](#). The Company's Financial Statements are prepared in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act and are presented in EUR. The Company's Financial Statements have been audited by EY. The audit report is issued without any qualifications, modifications of opinion or disclaimers and is included in [Appendix D](#).

For information regarding accounting policies and the use of estimates and judgments, please refer to note 1 of the Combined Annual Financial Statements, and note 1 of the Combined Interim Financial Statements.

Apart from the audit of the Combined Annual Financial Statements and the Company's Financial Statements, and the limited review of the Combined Interim Financial Statements, EY has not audited, reviewed or produced any

report on any other information provided in this Prospectus. There is no financial information in the Prospectus not extracted from the above mentioned financial statements.

4.3.2 *Industry and market data*

In this Prospectus, the Company has used industry and market data from independent industry publications and market research.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified, however, source references to websites shall not be deemed as incorporated by reference to this Prospectus.

The Company confirms that no statement or report attributed to a person as an expert is included in this Prospectus.

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. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. 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 judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

The Company cautions prospective investors not to place undue reliance on the above-mentioned data. Unless otherwise indicated in the Prospectus, any statements regarding the Group's competitive position are based on the Company's own assessment and knowledge of the market in which it operates. Such information and data are sourced herein as "**Company Information**".

As a result, 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 in Section 2 "*Risk factors*" and elsewhere in this Prospectus.

4.3.3 *Currencies*

In this Prospectus, all references to "EUR" are to the lawful common currency of the EU member states who have adopted the Euro as their sole national currency; all references to "USD" are to the lawful currency of the United States; all references to "DKK" are to the lawful currency of Denmark; and all references to "NOK" are to the lawful currency of Norway. No representation is made that the EUR, USD, DKK or NOK amounts referred to herein could have been or could be converted into EUR, USD, DKK or NOK as the case may be, at any particular rate, or at all. The Financial Information is presented in EUR.

4.3.4 Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

4.3.5 Alternative performance measures (APMs)

4.3.5.1 Introduction

In order to enhance investors' understanding of the Group's performance, the Company presents in this Prospectus certain alternative performance measures ("**APMs**") as defined by the European Securities and Markets Authority ("**ESMA**") in the ESMA Guidelines on Alternative Performance Measures 2015/1057.

An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specific in the applicable financial reporting framework (IFRS Accounting Standards). The Company uses APMs to measure operating performance and is of the view that the APMs provide investors with relevant and specific operating figures which may enhance their understanding of the Group's performance. The APMs presented herein have been used in the Prospectus, and are in the Executive Management's opinion relevant for reporting purposes after the Listing.

The APMs presented herein are not measurements of performance under IFRS Accounting Standards or other generally accepted accounting principles and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with IFRS Accounting Standards or other generally accepted accounting principles), as a measure of the Group's operating performance; or (b) any other measures of performance under generally accepted accounting principles. The APMs presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results. The Company believes that the APMs presented herein are commonly reported by companies in the markets in which the Group competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation, amortization and impairment, which can vary significantly depending upon accounting measures (in particular when acquisitions have occurred), business practice or non-operating factors. Accordingly, the Group discloses the APMs presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies across periods. Because companies calculate the APMs presented herein differently, the Group's presentation of these APMs may not be comparable to similarly titled measures used by other companies.

The Company uses the following APMs (presented in alphabetical order):

EBITDA	<p>EBITDA is defined as earnings before interest, tax, depreciation, amortization and impairment. EBITDA corresponds to operating profit/(loss) plus depreciation, amortization and impairment.</p> <p>As performance measure, the Company believes that EBITDA is a measure relevant to investors who want to understand the profitability of the underlying business before investment in property, plant and equipment and intangible assets, and financial items.</p>
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Order intake	<p>Order intake is defined as firm purchase orders with agreed price, volume, timing, terms and conditions entered within a given period. The order intake includes both contracts and change orders. For service contracts and contracts with uncertain transaction price, the order intake is based on estimated revenue. The measure does not include potential change orders.</p> <p>As performance measures, the Company believes that order intake is a measure relevant to investors as a measure of the Company's wins in the market and relevant to understand future revenue and profits.</p>
Order backlog	<p>Order backlog is order intake where revenue is yet to be recognized.</p> <p>The Company is of the opinion that using order backlog as performance measure will provide valuable insight for investors into future revenue, operational efficiency and business performance for the Group. The measure provides insight into the required capacity of the company in future periods.</p>

4.3.5.2 Calculations and reconciliations of the APMs

The table below sets out the APMs presented by the Group in this Prospectus on an historical interim and annual basis. The table below shows the relevant APMs on a reconciled basis, to provide investors with an overview of the basis of calculation of the APMs. See Section 4.3.5.1 above for a further description of the APMs presented below.

The calculation of the APMs in this Prospectus is based on the Financial Information as further described in Section 4.3.1 "*Financial information*".

APMs	Year ended 31 December			Three months ended 31 March	
<i>(in EUR 1,000)</i>	2023	2022	2021	2024	2023
Operating loss	(24 106)	(74 321)	(23 905)	(6 016)	(7 014)
Depreciation and amortization	4 689	4 696	3 926	1 232	1 179
Impairment of tangible and intangible assets	48	32 393	-	-	-
EBITDA	(19 369)	(37 232)	(19 979)	(4 784)	(5 835)
Order intake	25 773	28 265	20 496	5 243	3 030
Order backlog	32 401	34 531	26 067	27 998	31 597

4.4 Cautionary note regarding forward-looking statements

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements as a general matter are all statements other than statements as to historic facts or present facts and circumstances. They appear, among other areas, in the following sections in this Prospectus, Section 6 "*Industry and Market Overview*", Section 7 "*Business of the Group*", and Section 9 "*Selected Historical Financial Information*", and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Group, operating results, liquidity, prospects, growth, the implementation of strategic initiatives, as well as other statements relating to the Group's future business

development and financial performance, and the industry in which the Group operates, such as, but not limited to the Group's expansion in existing and entry into new markets in the future.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry and potential market in which the Group may operate in the future, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Important factors that could cause those differences include, but are not limited to:

- the Group's strategy, outlook and growth prospects;
- the Group's operational and financial objectives, including statements as to the Company's medium or long-term growth, margin, and dividend policy;
- the competitive nature of the business in which the Group operates and the competitive pressure and competitive environment in general;
- earnings, cash flow, dividends and other expected financial results and conditions;
- the expected growth and other developments of the industries which the Group operates;
- the Group's planned investments;
- forecasts; and
- the Group's liquidity, capital resources, capital expenditures, and access to funding.

The risks that are currently known to the Company and which could affect the Group's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 2 "*Risk factors*".

The information contained in this Prospectus identifies additional factors that could affect the Group's financial position, operating results, cash flow, liquidity and performance. Prospective investors in the Shares are urged to read all Sections of this Prospectus for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates when considering an investment in the Company.

These forward-looking statements speak only as of the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. 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.

5 DIVIDENDS AND DIVIDEND POLICY

5.1 Dividends policy

The Board of Directors' ambition is that the Company's shareholders will achieve a competitive return on their investment over time through a combination of an appreciation of the value of the Shares, and in the longer term attractive dividends. The Company's dividend policy is to not pay dividends at this stage, considering the current development of the industry in which the Company operates.

Going forward, the Company will prioritize long-term value creation through development of technology and product, growth of organizational and production capacity and capability, and in becoming a more solid counterparty for its customers. Hence, the Company does not intend to declare or pay any dividends to shareholders in the near future. There can be no assurance that in any given year a dividend will be proposed or declared.

Any future proposal by the Board of Directors to declare dividends will be subject to applicable laws and will be dependent on a number of factors, including the Company's financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, maintaining the appropriate strategic flexibility, and other factors that the Board of Directors may deem relevant. See Section 5.2 below for more information.

From its incorporation and up to the date of this Prospectus, the Company has not paid any dividends.

5.2 Legal and contractual constraints on the distribution of dividends

In deciding whether to propose a dividend and in determining the dividend amount in the future, the Board of Directors must take into account applicable legal restrictions, as set out in the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45, as amended (the "**Norwegian Public Companies Act**"), the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

Dividends may be paid in cash or in some instances in kind. The Norwegian Public Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- a) Section 8-1 of the Norwegian Public Companies Act regulates what may be distributed as dividend, and provides that the Company may distribute dividends only to the extent that the Company after said distribution still has net assets to cover (i) the share capital and (ii) other restricted equity (i.e. the reserve for unrealized gains and the reserve for valuation of differences).
- b) The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Following the approval of the annual accounts for the last financial year, the general meeting may also authorize the Board of Directors to declare dividends on the basis of the Company's annual accounts. Dividends may also be resolved by the general meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the general meeting's resolution.

- c) Dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

Pursuant to the Norwegian Public Companies Act, the time when an entitlement to dividend arises depends on what was resolved by the general meeting when it resolved to issue new shares of the company. A subscriber of new shares of a Norwegian public limited company will normally be entitled to dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises (Nw.: *Foretaksregisteret*). The Norwegian Public Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 14 "*Norwegian taxation*".

Other than the legal constraints as described above, the Company is not subject to any restrictions on dividend distribution.

5.3 Manner of dividend payments

Although the Company expects that dividends will be declared in EUR, the Company's share capital is denominated in NOK and any dividends on the Shares will therefore be set in NOK. As such, investors whose reference currency is a currency other than NOK may be affected by currency fluctuations in the value of NOK relative to such investor's reference currency in connection with a dividend distribution by the Company, if declared by the Board of Directors.

Any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder, and will be paid to the shareholders through the Company's registrar with the VPS, DNB Bank ASA, Registrars Department (the "**VPS Registrar**"). Shareholders registered in the VPS who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered accounts, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

6 INDUSTRY AND MARKET OVERVIEW

6.1 Introduction

The hydrogen market and industry represent a dynamic and evolving segment of the global energy landscape, characterized by its potential to contribute to the transition towards cleaner, more sustainable energy sources. With growing awareness of the need for decarbonization and the advancement of technology enabling more efficient hydrogen production, storage, and use, the Company is of the view that the industry is poised for expansion. Current market estimates state that the total hydrogen demand in Europe for 2022 was beyond 8 megatons (Mt).¹ To compliment this estimate, governments and corporations across the globe are increasingly recognizing hydrogen's role in achieving energy sustainability, leading to regulatory advancements, investments in infrastructure, research, and development to harness hydrogen's potential in areas such as in the mobility sector.

The hydrogen fueling industry is considered an important component in the global shift towards sustainable mobility and further attempting to meet the increasing demand for clean transportation options. With roots in hydrogen production, the sector is focused on the expansion and enhancement of hydrogen fueling stations ("HRS") to support vehicles spanning from light-duty up to heavy-duty specifications. Such a structural evolution of infrastructure is needed for the widespread adoption of hydrogen as a fuel source.

This Section offers an overview of the different hydrogen fueling markets, their benefits and the state of these markets as of the date of this Prospectus.

6.2 Heavy-duty segment and light-duty segment

The heavy-duty segment of the hydrogen fueling market caters primarily to vehicles that require high energy density fuels for long-range and heavy-load applications, such as trucks, buses, and other commercial vehicles. This segment is characterized by its need for robust, high capacity fueling infrastructure capable of supporting the rigorous demands of commercial transportation. There are several inherent differences between the HRS for heavy-duty vehicles (HDVs) and light-duty vehicles (LDVs). Firstly, in terms of volume, LDVs such as cars and vans require only between 2 and 10kg of hydrogen per fueling, medium-heavy-duty buses and trucks in the range 10-50 kg per fueling, whilst larger vehicles such as heavy buses and trucks require hydrogen in the range of 40-100 kg. Naturally the time demand of fueling increases in the HDV segment, leading to more technically challenging requirements in order to facilitate competitive fueling times with current internal combustion engine solutions. Further, the pressurized volume accessible on-site, where the fueling station is located, is of far greater magnitude. This means that the on-site hydrogen storage of HDV stations is significantly larger than for LDV stations, where LDV stations typically have storage levels between 200-500 kg of hydrogen, HDV stations would have in the range 1,000-4,000 kg hydrogen.² HDV stations therefore require both storage and hydrogen supply to be more effective and voluminous.

¹ Source: European Hydrogen Observatory, The European Hydrogen Market Landscape, November 2023, <https://observatory.clean-hydrogen.europa.eu/sites/default/files/2023-11/Report%201%20-%20November%202023%20-%20The%20European%20hydrogen%20market%20landscape.pdf>.

² Source: Company information

Conversely, the LDV segment focuses on passenger vehicles and smaller transport solutions, where the emphasis is on convenience, accessibility, and the integration of hydrogen fueling into existing urban infrastructures. This market segment is driven by consumer adoption rates, advancements in vehicle technology, and the expansion of fueling networks to provide comprehensive coverage for everyday users. The LDV segment has over the past decade increased adoption of battery electric vehicles ("BEV") and evidently room for hydrogen fueling within this space has decreased, albeit not disappeared.

6.3 Advantages of hydrogen as a fuel

6.3.1 Introduction

Hydrogen fueling emerges as a possible solution in the global shift towards sustainable transportation, offering characteristics that balance environmental objectives with the practical demands of both HDVs and LDVs. Hydrogen as a fuel promises zero tailpipe emissions but also seeks to maintain the convenience of conventional vehicles in terms of range and fueling times.³ The application of hydrogen fuel cells in vehicles delivers a quiet, smooth driving experience with rapid acceleration, underpinning the dual benefits of performance and environmental sustainability.

6.3.2 Benefits for the heavy-duty segment

In the realm of heavy-duty transportation, hydrogen fueling addresses important operational needs with several key advantages. The high energy density of hydrogen is ideally suited for long-haul journeys and heavy loads, allowing vehicles to maintain long operational ranges without the need for prolonged downtime. Importantly, hydrogen fueling has limited impact on electrical grids, a significant advantage over the demands of charging battery electric vehicles, which for heavy-duty applications could otherwise necessitate major electrical infrastructure upgrades or the development of new power generation capacities. For instance, charging a battery powered truck with the equivalent energy transfer as fueling 6.5 kg hydrogen per minute, would require a grid connection in the range of 7-11,000 kW, while hydrogen fueling would only require a grid connection of approximately 900 kW.⁴ This makes hydrogen a sustainable solution that supports the transition towards zero-emission HDVs without imposing undue strain on power systems.

Fueling HDVs with a range of 800 km can according to the Company's estimates be accomplished within less than 15 minutes with current technology and is by the Company expected to decrease as further development takes place. This efficiency is crucial for sectors that demand high availability and quick turnaround, such as commercial logistics and public transportation. Moreover, the efficiency of hydrogen as a fuel source is highlighted by its energy density; one kg of hydrogen can provide a passenger car around 100km of range and a 40 ton long haul truck up to 13 km of range, equivalent to the energy content of approximately 3 liters of diesel/petrol.⁵ Furthermore, the zero-emission output of hydrogen fuel cells, which emit only water, is important for meeting environmental targets in sectors where achieving full electrification presents substantial challenges. These characteristics underscore the role of hydrogen in contributing to sustainability and reducing reliance on fossil fuels in the transportation sector.

³ Source: Company Information, Nel's Capital Markets Day 2021

⁴ Source: Company Information

⁵ Source: Company Information

6.3.3 *Benefits for the light-duty segment*

For the light-duty segment, including passenger cars and smaller commercial vehicles, hydrogen fuel cells offer the advantage of long driving ranges and short fueling times, comparable to conventional gasoline vehicles. Light-duty fuel cell electric vehicles ("FCEVs") can be refueled in just 3-5 minutes, offering a range of over 500 kilometers,⁶ which addresses one of the primary concerns associated with electric vehicles: range anxiety. Furthermore, the integration of hydrogen fueling infrastructure alongside traditional fueling stations provides drivers with the convenience of familiar fueling practices, supporting the transition to zero-emission vehicles. The compact nature of fuel cells also allows for more flexible vehicle design and passenger space, not compromised by large battery packs, enhancing the overall appeal of light-duty hydrogen-powered vehicles.⁷

6.4 **Market size and forecast**

6.4.1 *Hydrogen market and industry overview*

The global hydrogen market is characterized by its contribution to the broader energy transition towards cleaner, renewable sources across various sectors, including industrial processes, power generation, the mobility sector, and residential and industrial heating. Demand for hydrogen has mostly been dominated by the refining and ammonia sectors, together accounting for 81% of the total consumption of hydrogen in the EU, EFTA, and the UK in 2022.⁸ However, the Global Energy Perspective report anticipates a broadening of the hydrogen market's scope, forecasting an increased demand extending to power generation, residential and industrial heating, and suitably, the mobility sector.⁹ The 2023 report from the Hydrogen Outlook corroborates similar projections, anticipating that the hydrogen market is poised for growth, potentially expanding to more than three times its current size by 2050. This anticipated growth is largely attributed to the mobility sector, which is estimated to see a significant increase in hydrogen demand, potentially multiplying by a factor of 100 from current levels. Figure 1 below provides a graphical illustration of this trend, depicting illustrative market values for the years 2030 and 2040 to visualize the projected growth trajectory.

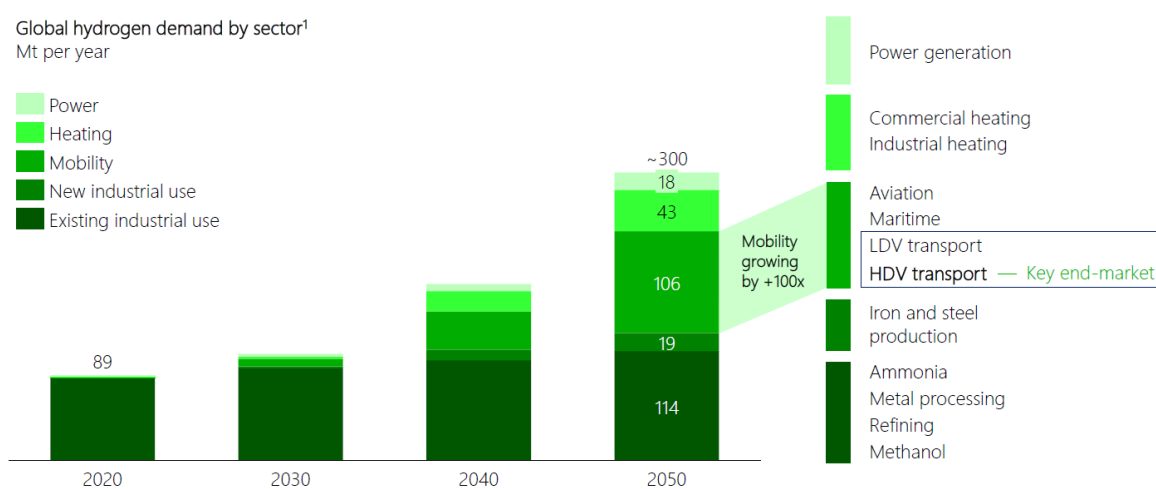
⁶ Source: California Air Resources Band, <https://driveclean.ca.gov/hydrogen-fueling>

⁷ Source: BMW, June 2013, <https://www.bmw.com/en/innovation/how-hydrogen-fuel-cell-cars-work.html>

⁸ Source: European Hydrogen Observatory, The European Hydrogen Market Landscape, November 2023, <https://observatory.clean-hydrogen.europa.eu/sites/default/files/2023-11/Report%201%20-%20November%202023%20-%20The%20European%20hydrogen%20market%20landscape.pdf>

⁹ Source: European Hydrogen Observatory, The European Hydrogen Market Landscape, November 2023, <https://observatory.clean-hydrogen.europa.eu/sites/default/files/2023-11/Report%201%20-%20November%202023%20-%20The%20European%20hydrogen%20market%20landscape.pdf>

Figure 1: Global hydrogen demand outlook



Source: McKinsey Global Energy Perspective 2023 – Hydrogen Outlook¹⁰

6.4.2 Hydrogen mobility market

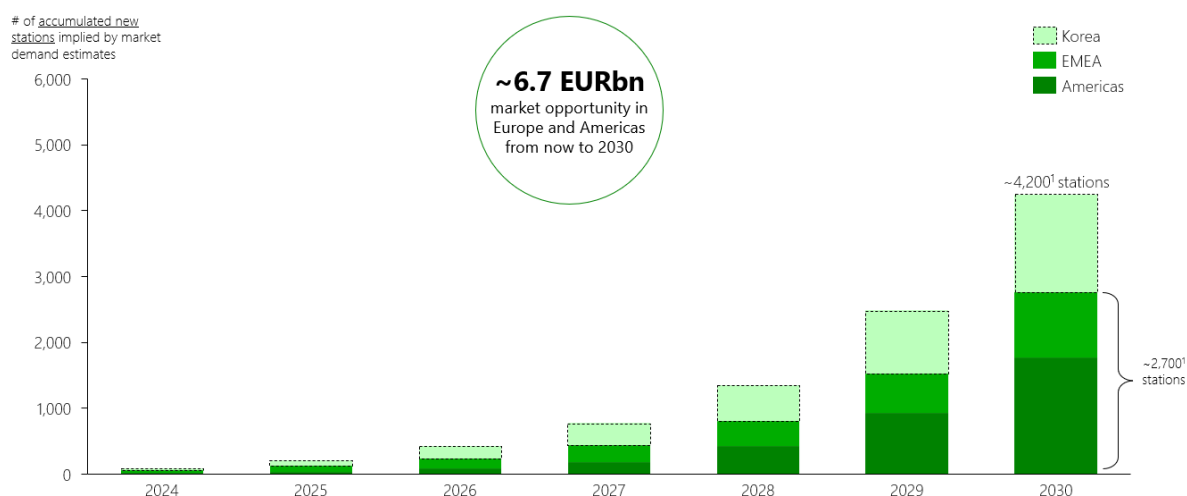
In the realm of mobility, the hydrogen fueling market is defined by its role in facilitating the energy transition for the mobility sector towards renewable alternatives. This market segment focuses on the infrastructure and technology essential for the viability of hydrogen-powered vehicles. It serves two primary purposes: catering to the fuel needs of LDVs and addressing the more complex fueling demands of HDVs, a segment the Company believes has growth potential and technological development needs. Over recent years, the LDV market has witnessed a notable increase in the adoption of battery electric vehicles, representing 14% of all new car sales globally in 2022.¹¹ Conversely, in the HDV market, electric vehicles constituted approximately 1.2% of truck sales worldwide.¹² This suggests that while there is a clear trend towards electrification and zero emissions in the LDV sector, the same trend is not as pronounced in the HDV market offering up potential for other fueling alternatives to capture market share. Company estimates, based on market projections by Power Tech Research, indicate significant growth in the hydrogen fueling station market from 2024 to 2030. As shown in Figure 2, it is projected that 4,200 new hydrogen fueling stations will be established worldwide by 2030, excluding China. Of these, 2,700 stations are estimated to enhance the hydrogen fueling infrastructure in Europe and America. The total market opportunity for these regions is estimated by the Company to be approximately EUR 6.7 billion, not including potential aftermarket services such as maintenance and other offerings.

¹⁰ Source: McKinsey & Company, Global Energy Perspective 2023: Hydrogen Outlook, January 2024, <https://www.mckinsey.com/industries/oil-and-gas/our-insights/global-energy-perspective-2023-hydrogen-outlook>

¹¹Source: McKinsey & Company, Global Energy Perspective 2023: Hydrogen Outlook, January 2024, <https://www.mckinsey.com/industries/oil-and-gas/our-insights/global-energy-perspective-2023-hydrogen-outlook>

¹² Source: IEA, Global EV Outlook 2023, April 2023, <https://www.iea.org/reports/global-ev-outlook-2023>

Figure 2: Estimated global hydrogen fueling station development, excluding China



Source: Company estimates based on Power Tech Research market forecasts¹³

The adoption of hydrogen as a fuel source for on-road vehicles is intricately linked to its economic viability, articulated through the levelized cost of hydrogen ("LCOH"). This metric details the financial feasibility of hydrogen by encompassing associated costs. The general approach to estimating the LCOH is based on a discounted cash flow model including various variables such as investment expenditure, energy prices, grid costs and other operational costs, all spread over the lifetime of production facilities and discounted accordingly.¹⁴ The LCOH differs between hydrogen sources and is therefore categorized according to its production methodology, enabling a differentiation of hydrogen by its greenhouse gas emission during production. Grey and blue hydrogen are generated from natural gas through steam reforming, though, blue hydrogen includes carbon capture in the production process and is hence labelled less environmentally strenuous. Green hydrogen is produced without emission, utilizing renewable energy and electrolysis. Near-term renewable LCOH ranges between 4.5 to 6.5 USD per kilogram, up by 30-65% relative to the past few years.¹⁵ Multiple factors have caused this increase, such as higher labor and material prices, hiked cost of capital, and increased renewable power cost. The LCOH for hydrogen produced through steam reforming has also due to input factors experienced a stark increase. The related cost has increased from 1.5-1.8 EUR in 2018, to an elevated level of 5.5-5.7 EUR in 2022, on a European average.¹⁶

6.4.3 HDV fueling market

6.4.3.1 Introduction

The Company views the HDV segment within the hydrogen transportation industry as a notably emerging market. This sector is primarily focused on vehicles that are utilized for commercial purposes, including trucks, buses, and other large transport vehicles. The Company expects the hydrogen HDV segment to experience growth due to

¹³ Source: Company estimates based on Power Tech Research market forecasts, March 2024, subscription required to access data

¹⁴Source: Hydrogen Europe, Clean Hydrogen Monitor 2023, November 2023, https://hydrogeneurope.eu/wp-content/uploads/2023/10/Clean_Hydrogen_Monitor_11-2023_DIGITAL.pdf

¹⁵Source: Hydrogen Council, Hydrogen Insights December 2023, November 2023, https://hydrogeneurope.eu/wp-content/uploads/2023/10/Clean_Hydrogen_Monitor_11-2023_DIGITAL.pdf

¹⁶Source: Hydrogen Europe, Clean Hydrogen Monitor 2023, November 2023, https://hydrogeneurope.eu/wp-content/uploads/2023/10/Clean_Hydrogen_Monitor_11-2023_DIGITAL.pdf

several factors. First, advancements in hydrogen fuel cell and battery technologies are developing to make it feasible for HDVs to operate efficiently over long distances. This technological evolution, coupled with the potential for expanding infrastructure in hydrogen fueling will enable a more practical and cost-effective transition away from fossil fuels. In addition, as of the date of this Prospectus, there are few other viable green options for fueling the HDV segment which possesses the same favorable characteristics of hydrogen. The demand for greener HDV solutions is further reinforced by the increasing societal and regulatory pressures for cleaner transportation options. Governments and international bodies are introducing regulations and incentives aimed at accelerating the adoption of low-emission vehicles in the commercial transport sector, as discussed in the regulations overview in Section 7.14.

6.4.3.2 The value chain

The Company recognizes investments and development throughout the hydrogen high-capacity fueling value chain. The Company identifies three main segments within this chain: hydrogen production, heavy-duty hydrogen fueling, and heavy-duty hydrogen road transport. Each segment involves both original equipment manufacturers (OEMs) and operators of the respective equipment. Figure 3 below displays companies that, according to the Company's assessment, currently operate or are poised to enter these specified segments.

Figure 3: Companies displaying commitment to the high-capacity hydrogen fueling value chain



Source: Company information

To support the Company's impression of development and investment throughout the value chain, in 2022, Shell plc ("Shell") announced the final investment decision for the Holland Hydrogen 1 project,¹⁷ a 200 MW electrolysis facility located in the Port of Rotterdam, the Netherlands. The Holland Hydrogen 1 project is projected to be the largest renewable hydrogen production site in Europe upon completion in 2025.¹⁸ It is designed with a daily output capacity of 60,000 kg of green hydrogen, which is sufficient to supply approximately 1,000 heavy-duty trucks per day, according to Company estimates.¹⁹ The energy required for hydrogen production at this facility will be

¹⁷ Source: Shell, July 2022; <https://www.shell.com/news-and-insights/newsroom/news-and-media-releases/2022/shell-to-start-building-europes-largest-renewable-hydrogen-plant.html>

¹⁸ Source: Shell, July 2022; <https://www.shell.com/news-and-insights/newsroom/news-and-media-releases/2022/shell-to-start-building-europes-largest-renewable-hydrogen-plant.html>

¹⁹ Source: Company information

supplied by the Hollandse Kust Noord, a 759 MW offshore wind farm. Furthermore, Shell has pledged to invest approximately USD 1 billion annually into hydrogen and carbon capture and storage technologies during 2024 and 2025.²⁰

Per the insights from the European Hydrogen Market Landscape report, there has been a notable expansion in the roll-out of FCEV trucks and buses within Europe. The count of FCEV trucks increased to 109 in 2022, from 34 in 2020.²¹ Similarly, for buses and coaches, the numbers extended to 334 in 2022, up from 140 in 2020, indicating a quickening pace of adoption across public and commercial transportation, but low rates of overall market share. Figure 4 depicts current and announced developments within the heavy-duty hydrogen road transport OEM segment, where the available hydrogen bus and truck fleet contains more than 100 vehicle models as of the date of this Prospectus.²²

Figure 4: Hydrogen truck developments



Source: Nikola Corporation, Hyundai ECV, Man Truck and Bus, Daimler Truck, Navistar Inc., Volvo Trucks, Hydrogen Insight, General Motors, Mitsubishi Motors

Hydrogen Europe's forward-looking assessments²³ suggest an upward trajectory in the utilization of hydrogen as a primary fuel source across the HDV sector. It is projected that by the year 2030, the market share of hydrogen-powered trucks will hit 10% of all new sale HDV trucks, with expectations of this to grow further to 37.5% by 2040,

²⁰ Source: Hydrogen Insight, June 2023, <https://www.hydrogeninsight.com/production/shell-will-spend-up-to-1bn-annually-on-hydrogen-and-ccs-in-2024-and-2025/2-1-1467919>

²¹ Source: European Hydrogen Observatory, The European Hydrogen Market Landscape, November 2023, <https://observatory.clean-hydrogen.europa.eu/sites/default/files/2023-11/Report%2001%20-%20November%202023%20-%20The%20European%20hydrogen%20market%20landscape.pdf>

²² Source: Hydrogen Council, Hydrogen Insights 2023, December 2023, <https://hydrogencouncil.com/wp-content/uploads/2023/12/Hydrogen-Insights-Dec-2023-Update.pdf>

²³ Source: Hydrogen Europe, Long-Term Outlook on Zero-Emission Mobility, February 2024, https://hydrogeneurope.eu/wp-content/uploads/2024/02/2024.02.14-Long-term-outlook-on-zero-emission-mobility_Report_14-02-2024_DIGITAL.pdf

as per median forecasts. In parallel, the penetration of hydrogen fuel within the buses and coaches segment is estimated to reach a 25% market share by the year 2035. The European Hydrogen Market Landscape report also provide future projections indicating a significant increase in hydrogen demand within the transport sector, estimated to reach 1.90 Mt per year by 2030, expanding to 8.63 Mt by 2040, and further to 16.83 Mt by 2050.²⁴

²⁴ European Hydrogen Observatory, The European Hydrogen Market Landscape, November 2023, <https://observatory.clean-hydrogen.europa.eu/sites/default/files/2023-11/Report%2001%20-%20November%202023%20-%20The%20European%20hydrogen%20market%20landscape.pdf>

7 BUSINESS OF THE GROUP

7.1 Introduction to the Group

The Company is a developer and manufacturer of hydrogen fueling stations. The Company's core product is the H2Station™, which consists of several types of hydrogen fueling stations that provide fuel for hydrogen fueled vehicles (e.g. FCEV), including cars, vans, buses and trucks with comparable fast fueling and long range as compared to conventional vehicles today. Beside development, manufacturing, assembly and sales of the H2Station™, the Group offers services like project execution, installation, commissioning, operation support and maintenance for its own products.

The Group primarily operates in Herning, Denmark, where the H2Station™ manufacturing plant is located. At the Herning facility, one of the largest HRS factories globally based on an analysis of production facility footprint of the top five HRS suppliers,²⁵ the Group has more than 190 employees representing the full value chain under one location, which has been in operation for six years. Further the Group has service hubs on three different continents, including key markets in North America, Europe and South Korea.

The Group has installed fueling stations in several European countries, in California, U.S, and in South Korea, providing hydrogen fueling for hydrogen fueled vehicles (e.g. FCEVs from major car manufacturers). Since 2006, the Group has sold more than 140 fueling stations across 15 countries, including the U.S., South Korea, Poland, France, Germany, the Netherlands, Canada, Iceland, United Kingdom, Denmark, Sweden, Norway, Latvia and Belgium. This has resulted in a comprehensive track-record of operations, with more than 2,500 tons of hydrogen dispensed and more than 500 000 successful fuelings.²⁶

The Group has invested significantly in research and development ("**R&D**") since it began manufacturing hydrogen fueling stations in 2006, and considers itself as one of the global leaders on hydrogen fueling stations for mobility applications, based on market shares being in top three of hydrogen fueling station sites.²⁷ The Group's further ambition is to keep a strong position and act as the preferred supplier of hydrogen fueling stations for international infrastructure operators such as oil-, energy-, and gas companies or pure play companies. The Company aims to become a leading supplier of cost competitive high-quality fueling stations solutions for HDV's, and intends to continue to strengthen its position by adding new products to the portfolio as further described in Section 7.9 "*Strategy*".

7.2 Compliance and certification achievements

The Group's compliance and certifications play an important role in the operations and business development of the Group, as they validate the quality and safety of the Group's products as well as facilitate expansion into new markets.

The Group was among the first manufacturers of hydrogen fueling stations to achieve fast fueling of hydrogen in compliance with the SAE J2601 fueling standard,²⁸ which is required by the major car manufacturers to ensure a safe and fast fueling of FCEVs.²⁹ The Group was the first to achieve a UL factory certification for a hydrogen

²⁵ Source: Company information

²⁶ Source: Company information

²⁷ Source: Company information

²⁸ Source: ScienceDirect, July 2011, <https://www.sciencedirect.com/science/article/abs/pii/S1464285911702188>.

²⁹Source: Research gate, International Journal of Hydrogen Energy / 42(26), Impact of hydrogen SAE J2601 fueling methods on fueling time of light-duty fuel cell electric vehicles, May 2017, available on request,

fueling station product.³⁰ The UL certification sets the new industrial norm and benchmark for safety level and legal compliance for hydrogen fueling stations, and enables a faster and more streamlined installation, as well as permitting process in the United States, one of the leading markets for HRS deployment. Recently, the Group obtained Canadian UL certification which completes its strategy of targeting the North American market.

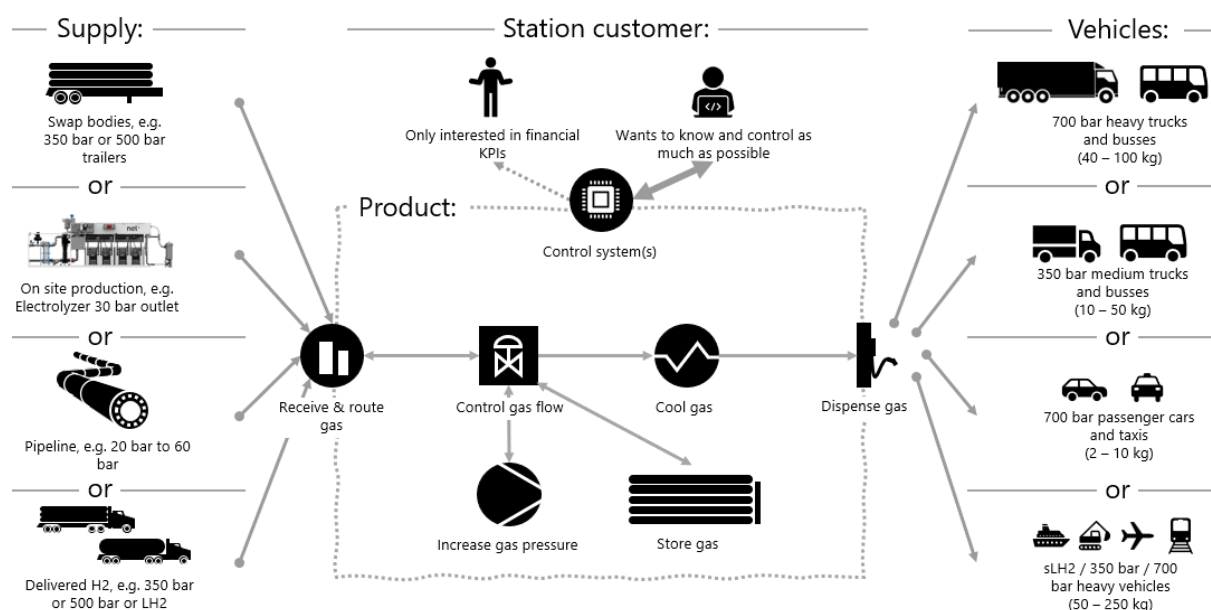
The Group's products are CE certified for the European market and Korean Gas Safety ("KGS") certified for the South Korean market. In addition, the Group achieved an international acknowledged OIML certification for the majority of offered dispenser models, and is striving towards OIML certification of all of the Group's dispensers.³¹ The OIML Certification System facilitates the issuance, registration, and utilization of OIML certificates and OIML type evaluation/test reports in accordance with OIML recommendations.³² As the OIML certificate is internationally acknowledged, it reduces the effort for the Group to obtain national certificates for weights and measurements in more than 100 countries worldwide.³³

7.3 Product environment

7.3.1 Overall environment

The overall environment of products offered by the Group is shown in the figure below.

Figure 5: Overall environment of the Group's products



Source: Company information

https://www.researchgate.net/publication/316970453_Impact_of_hydrogen_SAE_J2601_fueling_methods_on_fueling_time_of_light-duty_fuel_cell_electric_vehicles

³⁰ Source: Nel press release, April 2018, <https://nelhydrogen.com/press-release/h2station-achieves-ul-certification-as-the-first-hydrogen-fueling-station-product-in-the-world/>

³¹ Source: Force Technology, July 2021, <https://forcetechnology.com/en/about-force-technology/news/news-archive/worlds-first-oiml-certificate-hydrogen-refuelling-station-force-certification>

³² Source: OIML, 2014, https://www.oiml.org/en/files/pdf_r/r139-1-e14.pdf

³³ Source: Company information. The Group's current OIML certifications are available here: <https://www.oiml.org/en/@search?SearchableText=Nel+Hydrogen>

Not all supply markets or vehicle markets are addressed by current product offerings, which mainly address the 700bar passenger car and 350bar bus market. 700bar and 350bar are common fueling pressures for how to fill defined by the internationally acknowledged standard SAE J2601. The current product development with the working name "high-capacity hydrogen refueling station" ("**HC-HRS**") will focus on the 700bar and 350bar truck and bus market and be able to also serve 700bar passenger cars and light commercial vehicles.

7.3.2 Hydrogen supply

The majority of the Group's current product portfolio is supplied by delivered hydrogen or swap bodies, i.e. electrolyser and pipeline solutions. The products depend on high pressure supply to guarantee high H₂ throughput.

The initial version of the HC-HRS is designed to cover the supply forms of swap bodies, onsite production and pipeline. The modular approach of the HC-HRS will also allow use of low supply pressures down to approximately 20bar. Due to the high hydrogen throughput of HC-HRS, delivered hydrogen beside swap bodies will not be a priority to the Group. It is planned that the station will be adapted to liquid hydrogen supply at a later point in time. The Company believes that these supply method changes from compressed gaseous hydrogen to liquid hydrogen stations show promise for future success. Any hydrogen production source can be used, if the hydrogen quality meets the specification of the ISO 14687, SAE 2719, or comparable standards.

7.3.3 Vehicles

The FCEV market offers different types and brands of vehicles. The Company's conclusion based on internal and external market studies is that hydrogen as fuel has the largest potential in road transport in the heavy vehicle sector.³⁴ The Group's current product offering can fill 700bar passenger cars and light commercial vehicles, as well as 350bar medium vehicles. 700bar medium and heavy vehicles can also be filled but only for demonstration purposes. To reach a reasonable hydrogen sales volume, larger station capacity is needed. This is addressed by the development of the Group's new HC-HRS. Figure 6 below displays the transferred energy according to various fueling station capabilities and specifications. The kW energy transfer is calculated by multiplying the energy density of 1 kg hydrogen, equivalent to 33 kWh,³⁵ with the amount of kg per minute multiplied by 60 (minutes per hour). Current technology, as displayed in Figure 6, ranges between 1.5-3 kg hydrogen per minute, whilst HDVs will likely require around 6.5 kg per minute. The Company estimates, according to the aforementioned formula, that the same level of energy transfer when fueling 6.5 kg of hydrogen per minute will require a 12.8 MW average capacity charger for BEV, equivalent to the consumption of a city with approximately 50 000 inhabitants.³⁶

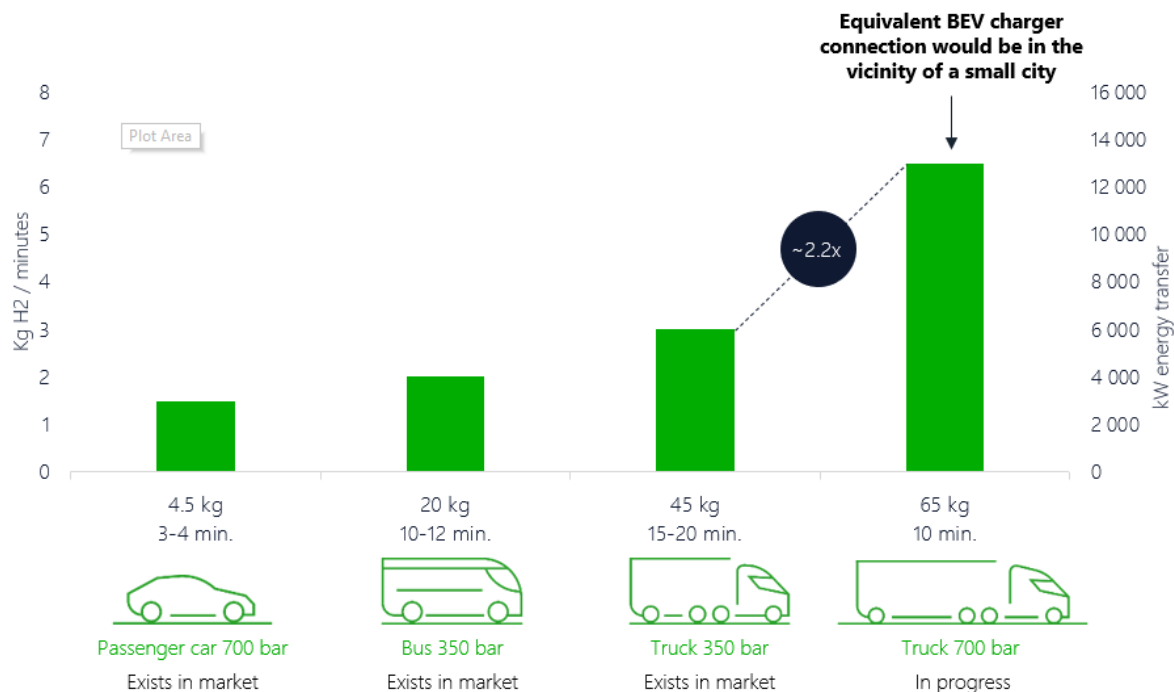
³⁴ Source: McKinsey & Company, August 2022, <https://www.mckinsey.com/capabilities/operations/our-insights/global-infrastructure-initiative/voices/unlocking-hydrogens-power-for-long-haul-freight-transport> and International Energy Agency, Global Hydrogen Review, September 2023, <https://iea.blob.core.windows.net/assets/ecdfc3bb-d212-4a4c-9ff7-6ce5b1e19cef/GlobalHydrogenReview2023.pdf>

³⁵ Source: RMI, October 2019, <https://rmi.org/run-on-less-with-hydrogen-fuel-cells/>

³⁶ Source: Company information

Figure 6: Hydrogen and energy transfer during fueling

Hydrogen and energy transfer during fueling



Source: Company information. Note: kW energy transfer is the dispenser to tank energy, differing from energy to wheel energy transfer.

7.3.4 Station customers and operators

The Group's station customers usually fall under one of the three groups below:

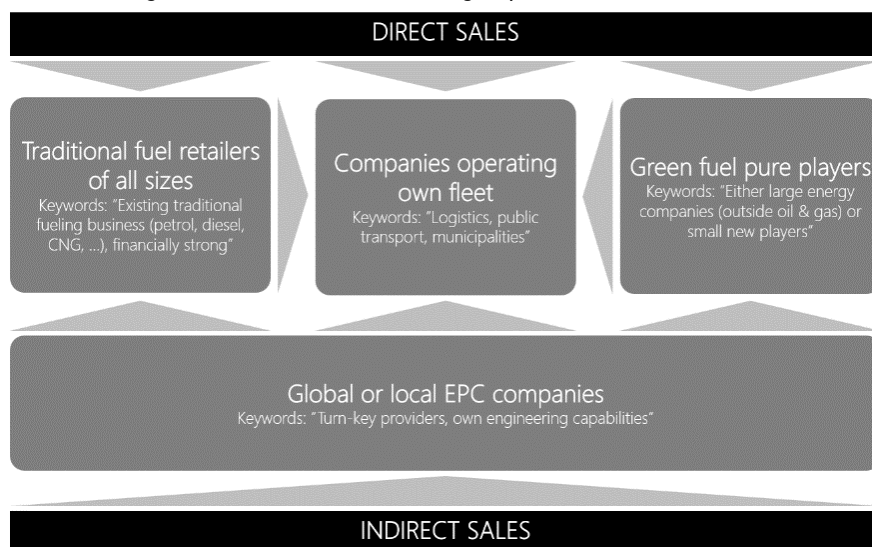
- Traditional fuel retailers
- Green fuel pure players / energy companies
- Companies operating their own fleet

The station customers which purchase and own the stations are not necessarily also the station operators. In some cases the station customers who own the stations, use a 3rd party as operator.

All three types of station customers can have contracts with engineering-procurement-construction companies ("EPCs"). EPCs provide turn-key solutions to station customers, means they cover everything from overall project management, engineering, civil works, purchasing hydrogen fueling equipment, installation, gardening, etc. Especially in case of public tenders for municipalities this represent a common model as municipalities usually prefer to have one contractor only.

The figure below shows an overview and keyword-description of the three groups of station customers.

Figure 7: Overview of the three groups of station customers.



Source: Company information

The typical H2Station™ operator profile varies between pure operators (outsourcing all maintenance activities and some operator support activities like monitoring and small trouble shooting) and operators covering everything (including most maintenance activities) themselves. This wide range of operator requirements results in different levels of interaction with the Group's products. Consequently, several user access levels, data packages, documentation packages, operation and maintenance trainings are required for the Group to accommodate the various customer needs.

The Group has entered into several agreements with its station customers and operators. In recent years, various agreements with key customers have been entered into, including but not limited to agreements with companies in the Everfuel group related to five hydrogen fueling sites in Holland, Germany, and Denmark; seven hydrogen fueling sites in Poland contracted by PAK-PCE; five sites in South Korea with KOGAS-Tech, and seven sites in South Korea with HyNet. See Section 7.5.1 for further details about the HyNet joint venture.

7.3.5 Product functionality

All products of the Group can receive hydrogen from a minimum of one hydrogen source. In case of delivered hydrogen, or swap trailer supply, a trailer operator interacts with a "supply-or swap-panel" by connecting all process connectors such as pneumatic controls and hydrogen and by operating it via the respective "human-machine-interface".

The supplied gas is either used directly or pressurized before further use. Usually, the gas pressure of the supply of the product is not high enough to conduct a complete fill directly. This requires that the pressure is increased using one or several hydrogen compressors. The compressors increase the gas pressure from the respective inlet pressure to pressures between 450 and 950bar. Gas with a sufficient pressure level is routed to either a buffer storage or directly to the cooling system, which is upstream the dispenser.

The buffer storage is used to cover peak flows which occur during a typical hydrogen fueling. They vary between 40kg and a few tons of hydrogen and contain pressure levels between 200bar and 1,000bar. The cooling system cools the hydrogen down to a level between -10°C to -40°C before it is filled into a vehicle tank. That ensures a fast and safe fueling, regardless of the ambient temperature. The dispenser downstream the cooling system

connects via the fueling nozzle to the vehicle tank. Fueling customers are only interacting with the dispenser and its related auxiliaries, like payment systems or key card readers. Every type of hydrogen dispenser contains a vast amount of safety features, such as gas detection, break way couplings, crash sensors and more.

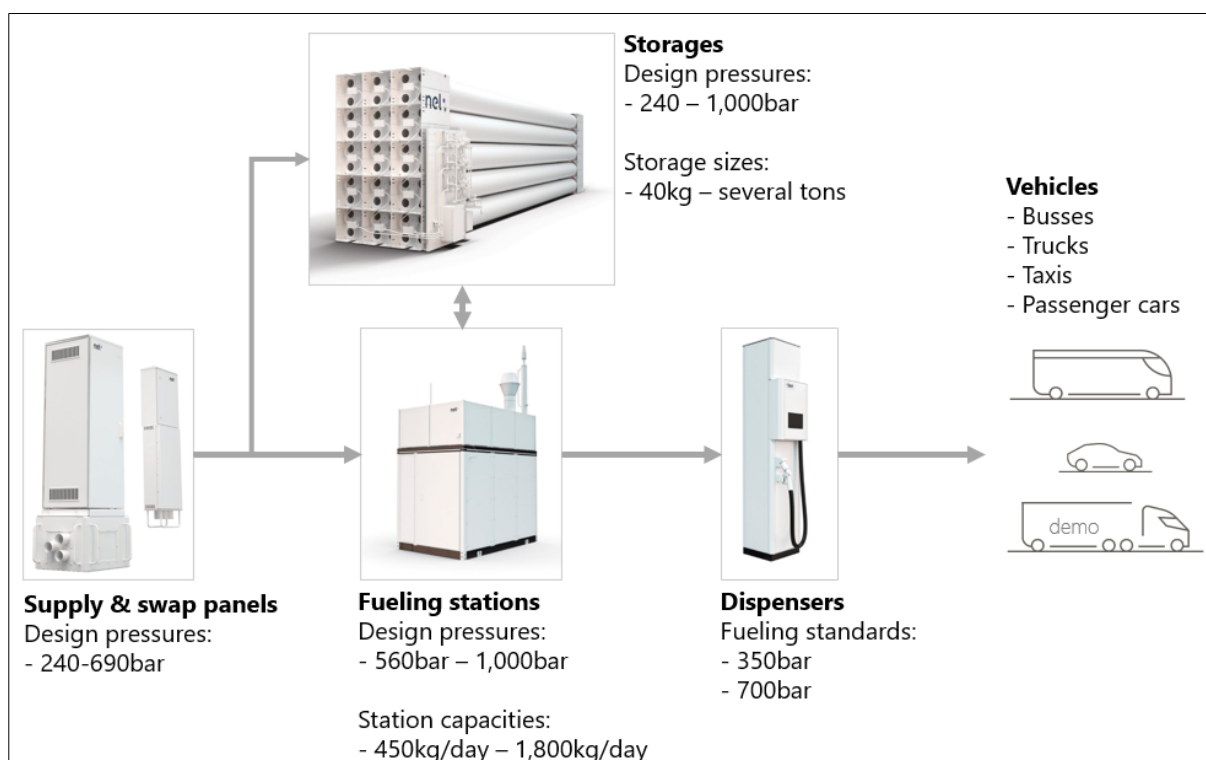
Operators control the H2Station™ products via a human-machine-interface (HMI), which can be accessed remotely. Historic operational product data is accessible for operators via different interfaces, such as cloud access or direct access via a local edge computer.

7.4 Product offering

7.4.1 Current product portfolio

The Group generates revenue through (i) the sales of a range of fueling equipment products (supply- and swap panels, storages, fueling stations and dispensers) and (ii) fueling equipment related services (project execution, installation, commissioning, and service and maintenance). The Group produces, sells and delivers hydrogen fueling equipment to operators who provide hydrogen fueling for road vehicles. The equipment covers swap panels, storages, fueling stations and dispensers, as illustrated in Figure 8 below.

Figure 8: Current product portfolio



Source: Company information

The Group's current product portfolio excels especially in combination with high pressure hydrogen supply. For the initial markets with low daily hydrogen demand, this is also the most cost-efficient solution. However, in a more mature market with an optimized hydrogen value chain, the hydrogen fueling station must handle low inlet pressures in a cost-efficient manner to keep hydrogen transport costs also low. Through the current product portfolio, the Group offers solutions for 700bar light vehicles and 350bar medium and heavy vehicles. The 700bar

products for light vehicles can also fill 700bar medium and heavy vehicles but only for demonstration purposes, as the filling will take relatively long, due to the limited station capacity.

The below table shows the current target regions and vehicle market of the Group's offered product portfolio. The Group's products are primarily based on the same technology and similar design, with adjustments due to local requirements.

Target region	Vehicle market
Europe	<ul style="list-style-type: none"> • 700bar light vehicles • 350bar medium vehicles
South Korea	<ul style="list-style-type: none"> • 700bar light vehicles • 700bar medium vehicles (demo only)
Europe	<ul style="list-style-type: none"> • 350bar medium vehicles
North America	<ul style="list-style-type: none"> • 700bar light vehicles • 350bar medium vehicles (demo only) • 700bar medium & heavy vehicles (demo prototype only)

7.4.2 Project execution and service

The Group further performs project execution (project management, installation, and commissioning) and service of the equipment. The target customers of project execution and service are customers of fueling equipment built by the Group.

The below table shows the Group's current offered services.

Service name	Target region	Scope
Project execution	North America Europe	<ul style="list-style-type: none"> • Project management • Project engineering • Installation • Commissioning
Maintenance	North America Europe South Korea	<ul style="list-style-type: none"> • Preventative maintenance • Corrective maintenance
Support for operators	North America Europe South Korea	<ul style="list-style-type: none"> • Online monitoring and remote support • 24/7 hotline • Data sharing

The service contracts include preventative maintenance activities such as regular inspections of the equipment and replacement of components with regular wear and tear. Additionally, the service contracts could include corrective maintenance of fueling equipment in case of unscheduled breakdown.

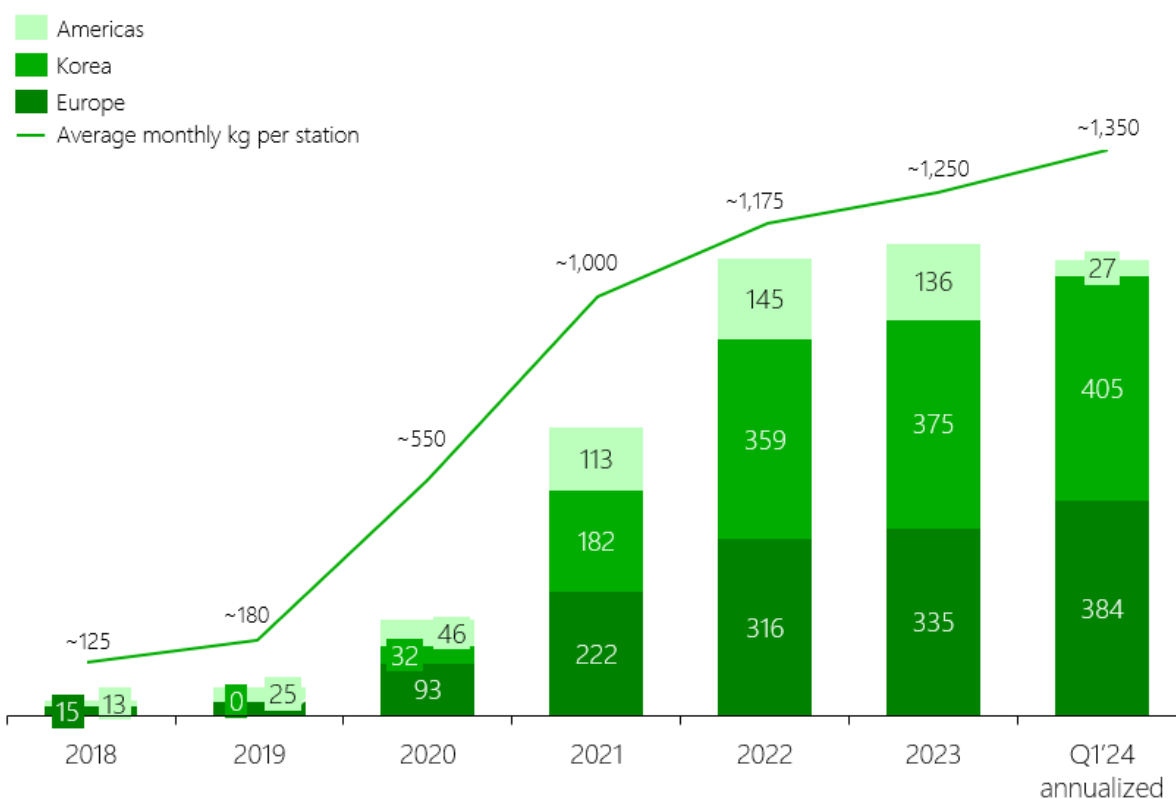
7.4.3 Current product portfolio operational data

Technological advancements in hydrogen fueling infrastructure continue to align with increasing global demand. This positive trend is evidenced by the Group's sustained operation and performance of 15 hydrogen stations across Korea since the first quarter of 2022, which collectively meet rising regional needs. Figure 9 illustrates the progression of hydrogen dispensed mass from 2018 through the first quarter of 2024, segmented by the Americas, Korea, and Europe. The figure highlights significant growth in dispensed hydrogen volumes from the Group's current product offering. In the Americas, a noted decrease in dispensed hydrogen mass in 2024 and late 2023 has been attributed to a temporary hydrogen shortage coupled with the decommissioning of older legacy stations.

Figure 9: Dispensed mass across regions

Dispensed mass

In 1,000s kg hydrogen



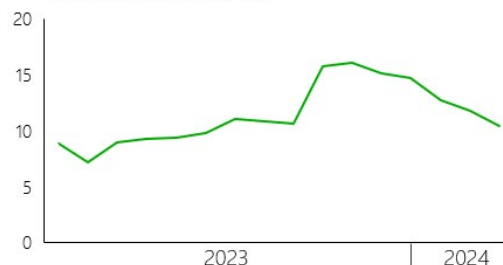
Source: Company information
 Site case study: Shell Groningen

Figure 10: Shell Groningen case study

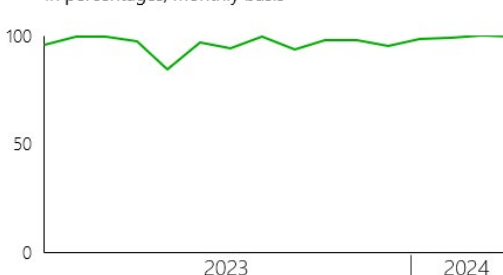
Shell's 20 bus fleet 350 bar filling site
Two stations provided by Cavendish Hydrogen



Dispensed hydrogen¹
In 1,000 kgs, monthly basis



Site availability¹
In percentages, monthly basis



Source: Company information. Note: 1) Data is as of 24 April 2024 and April numbers are adjusted to reflect the full month.

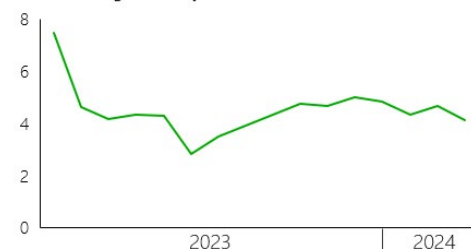
Shell's Groningen station represents its first operational hydrogen filling point for buses globally. It was constructed on behalf of the local public transport agency to support a fleet of 20 Qbuzz hydrogen buses. The site is installed with two filling stations supplied by the Group, where fueling a 25 kg tank takes approximately 10 minutes and facilitates approximately 400 km of travel. The station has maintained a high level of reliability, with site availability reaching 99.68% in April 2023 and averaging 96.1% throughout 2023. There has been a substantial increase in hydrogen throughput, from 91 tons in 2022 to 133 tons in 2023.

Figure 11: KOGAS-Tech #05 case study

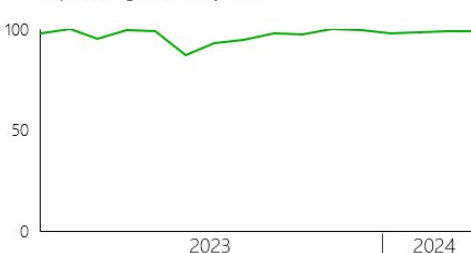
KOGAS-Tech's LDV 700 bar filling site
Single station provided by Cavendish Hydrogen



Dispensed hydrogen¹
In 1,000 kgs, monthly basis



Site availability¹
In percentages, monthly basis



Source: Company information; Note: 1) Data is per March 2024, 2) Data is per April 2024
Site Case Study: KOGAS-Tech #05, South Korea

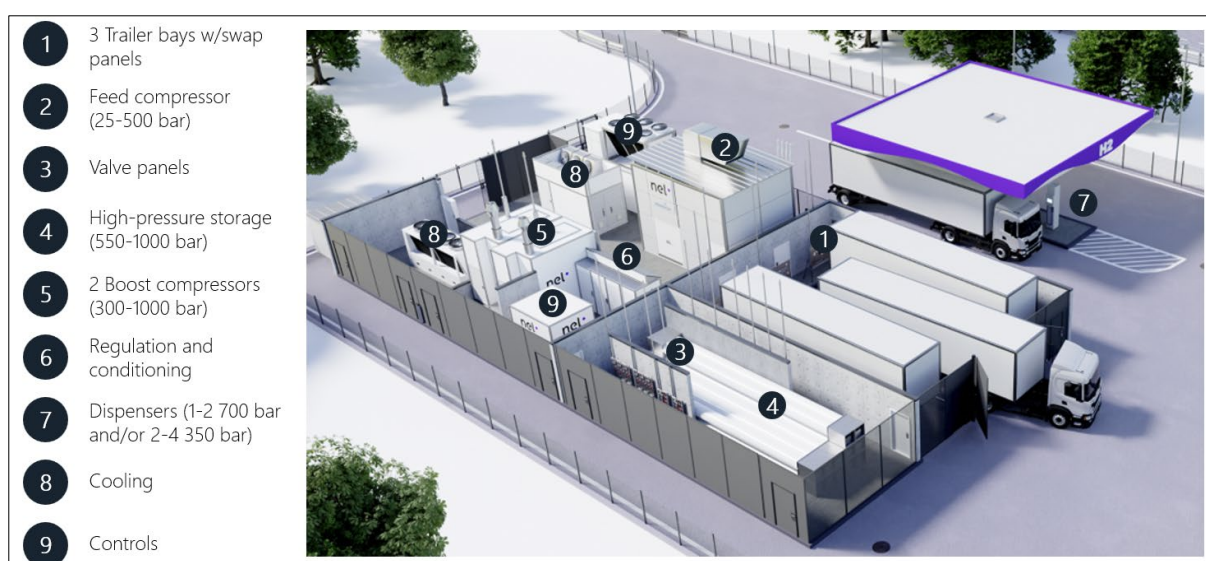
KOGAS-Tech #05, located in Gyeonggi Province, South Korea, is the region's first hydrogen fueling station. Operational since late 2020, the station is equipped with a single LDV 700-bar filling station provided by the Group. It allows for fueling LDVs in under five minutes, filling a 5 kg hydrogen tank sufficient for approximately 600 km of driving range. On average, the station services 30-40 Hyundai NEXOs daily, with around 1,030 refuels per month in 2024. The site's reliability has consistently been high, with availability rates of 96.9% in 2023 and 98.4% in 2024, averaging over 97.2%. The total hydrogen dispensed year-to-date as of April 2024 has exceeded 54,000 kg.

7.4.4 Upcoming product platform High Capacity – Hydrogen Refueling Station "HC-HRS"

The Group's upcoming product platform, HC-HRS, will redirect the focus from light and medium vehicles to medium and heavy vehicles. The new product platform is highly flexible in its variant configuration to accommodate most of the Group's customer requirements. HC-HRS will offer variants which can also handle low inlet pressures in a cost optimized way. The new platform is based on the collective knowledge from the Group's current product fleet and customer feedback and has its development focus on reliability engineering and "validation-and verification" testing.

The figure below shows a conceptual example of a HC-HRS supplied by swap trailers, capable of dispensing 260kg/h to 700bar hydrogen trucks via 1 or 2 dispensers. Many more variants are possible.

Figure 12: HC-HRS platform



Source: Company information

7.5 Joint ventures and other material agreements

7.5.1 Hydrogen Energy Network (HyNet), a joint venture in South Korea

In March 2019, Nel Korea Co. Ltd. co-signed an agreement for the establishment of HyNet, a new special purpose company. HyNet is a joint venture among 13 industrial companies, with the major shareholders being Hyundai Motor Company, Korea Gas Corporation, and Air Liquide Korea. HyNet plans to build and operate hydrogen fueling stations in South Korea together with strategic investors and is financially supported by the Korean Ministry of Environment.

The target of HyNet was primarily to expand the hydrogen fueling infrastructure in South Korea by installing 100 stations by 2022 and to operate them until 2029. To date, HyNet has confirmed orders of 86 HRSs, whereas 53 of these are in commercial operation.

HyNet has to date ordered and are currently operating seven stations and sites from the Group. In February 2024, Nel Korea Co. Ltd entered a one-year service and maintenance contract with HyNet covering all seven sites. Of these, one site remains within its warranty period, set to expire on 26 June 2024. Following the warranty expiration for this specific site, the one-year service and maintenance will commence as of 27 June 2024.

As of 31 March 2024, Nel Korea Co. Ltd. has invested approximately EUR 3.8 million in HyNet, and in Group's books the investment shows approximately EUR 0.9 million. As of the date of this Prospectus, the Group has a 4.75% ownership stake in HyNet. HyNet is currently exploring ways to improve its capital position. However, the challenging capital position for HyNet indicates that the remaining book value of the investment of approximately EUR 0.9 million might be at risk of further write-downs. The Group has no obligations for further investments in HyNet.

7.5.2 Framework contract with Shell

On 31 January 2017, Nel Hydrogen A/S entered into a framework agreement for the supply, installation and commissioning and service and maintenance of H2Station™ hydrogen fueling stations in California, U.S, with Shell, in a partnership with Toyota Motor Corp. In December 2018, Nel Hydrogen A/S entered into an additional framework agreement with Shell, which broadened the scope to include heavy duty applications and a global focus.

Through the framework agreement, the Group was awarded one purchase order in January 2017 on H2Station™ equipment and services from Equilon Enterprises LLC. This purchase order is known as the Trident Portfolio and was terminated for convenience by the customer in February 2024.

An additional purchase order, known as the Shell Portal/Ocean portfolio, was awarded in November 2018 and is in operation in the California, U.S. Other purchase orders under the framework agreement included three sites in the Netherlands.

The framework contract with Shell expired 9 November 2022 and has not been renewed.

7.5.3 Framework contract with U.S. oil and gas company

In December 2021, the Group entered into its first firm purchase order for delivery of multiple station modules, to be located in California, U.S. In December 2022, the Group entered into a capacity reservation agreement with an undisclosed US energy company for the delivery of 16 hydrogen fueling stations to be deployed in the U.S. The agreement also includes installation assistance and commissioning services, as well as service and maintenance agreements of H2Station™ hydrogen fueling stations.

In June 2023, the Group signed a framework agreement and received a firm purchase order for delivery of the 16 hydrogen fueling stations to be deployed in California, U.S. As of the date of this Prospectus, the Group is working on installation and commissioning services on the first site in Northern California.

7.6 Research and development

The Group invests significant resources in R&D in order to develop new products, improve current technologies and ensure competitiveness in the global market. Approximately 60 of the Group's current employees located in Denmark, Austria and the U.S. are working directly with R&D.

The R&D team span across a range of engineering disciplines. These teams collectively hold the engineering skillsets needed for developing new technologies, products and solutions for the hydrogen fueling industry. Beside the engineering capacity, R&D also contains a project management office to prioritize, organize, plan and drive execution of projects in the R&D project portfolio.

New products are developed according to a stage-gate model where the main inputs come from the Group's product management team which interprets current and future market needs and translates those needs into product requirements. Solutions and products are tested by a designated R&D test team before being released to the market. To enable and facilitate the necessary testing and validation of engineering solutions, the Group's R&D team has a designated and well-equipped laboratory and testing facility capable of performing component-, system- and product-level testing.

Performance of current products is continuously analyzed and improvement projects will ensure that operational improvements are implemented.

7.7 Grant agreements

The Group has continuously secured grants from national (EU DP/Danish Energy Agency) and European public programs to support the Group's R&D and demonstration efforts. The majority of grants are awarded separately towards the Group's business.

The Group has had a continuous and growing pipeline of public grants, even though the allocation of public grants in recent years has shown some stagnation compared to previous years. As of the date of this Prospectus, several grant contracts are under execution, negotiation and planning. The grants received are primarily used for development of new and current technologies and products and for H2Station™ deployment in relevant European markets.

Set out below is an overview of the grants received by the Group for the years ended 31 December 2021, 2022 and 2023, and for the three months period ended 31 March 2024. The table lists the Group's products for which grants have been directly allocated for R&D and demonstration purposes.

Grant agreements¹⁾ <i>(in EUR 1,000)</i>	2021	2022	2023	First quarter 2024	Total
Income	596	367	1 092	17	2 071
Denmark	28	36	101	17	182
H2RES	0	-	1	-	1
HyTon	28	36	102	17	183
EU	568	331	991	-	1 890
H2ME-2	452	55	469	-	975
PRHYDE	-	0	-	-	0

CosmHyc Demo	-	245	341	-	585
CosmHyc XL	118	18	-	-	136
Cosmhyc	1	-	-	-	1
H2ME-1	-	13	181	-	194
Reduction of Cap. R&D	797	418	647	103	1 965
Denmark	679	290	530	72	1 571
H2Cost2	54	54	54	13	174
HyBoost2	92	92	92	23	298
HyScale	7	122	103	30	262
HyTon	-	23	88	6	116
H2Cost	23	-	-	-	23
REST	39	-	-	-	39
HyBoost	426	-	179	-	605
HyProvide	39	-	16	-	54
EU	118	128	117	30	394
H2ME-2	118	92	117	20	348
PRHYDE	-	37	-	10	47
Total	1 393	785	1 739	120	4 037

¹⁾ For the products listed, H2RES, HyTon, PRHYDE, CosmHyc and CosmHyc XL have received grants for product development, while H2ME-1 and H2ME- 2 have received grants for both product development and demonstration, hereunder commissioning. Grants have been allocated to the CosmHyc Demo-product only for demonstration and commissioning purposes.

Under the H2ME-1 and H2ME-2 funding program, the Group has received funding related to deployment of H2Stations™ in several European countries, including Iceland, Sweden, Denmark and France. The H2ME-2 program is recently completed and the success of the program is currently being evaluated by the Clean Hydrogen Partnership.

The terms of the grants include clauses that may result in reduction of the grants or claims for reimbursement, particularly in cases where delays occur at certain sites where stations were commercially operational after the funding program deadline. As of the date of this Prospectus, no reimbursements of grants have been requested.

7.8 Competitive landscape and strengths

The hydrogen fueling was previously a market by a small group of providers, but recently, there has been a surge in new entrants. Given the anticipated increase in FCEVs, driven by the strong emphasis on eco-friendly mobility solutions, it is highly probable that the competition in this sector will intensify in the coming years.

The Company has identified that the hydrogen fueling station market includes companies such as Linde Group, Maximator Hydrogen GmbH, Hydrogen Refueling Solutions SA, Haskel, McPhy, Air Liquide, Air Products and Chemicals Inc., Hyosung Corporation, and Resato International B.V among its key operators. The various companies operate in different application areas, such as molecules/gas production, pure play fueling equipment or high-pressure components suppliers. In 2023, the Group had a market share of approximately 9% within the light-and medium duty vehicle fueling market commercial sites in operation (excluding the markets in Asia, with the exception of Korea), making the Company the third largest player of the HRS installed base. The market

share is calculated based on reviewed data extracted from the LBST database, rectified with any inaccuracies using internal Company information.³⁷

To stay competitive in the hydrogen fueling industry, the Group capitalizes on its vast experience in the hydrogen fueling market and applies the knowledge gained over the past 20 years to develop current and future technologies and solutions. Consequently, the Group's currently installed products provide a significant amount of operational performance data, offering valuable insights. These insights, combined with the Group's test laboratory facility further enable the Group to improve and verify product efficiency, performance, and pave the way for further advancements in the rapidly evolving industry.

In addition, the Group currently has approximately 75 patents- or patent applications protecting its proprietary technology and solutions. The Group's past engineering and development efforts targeting the LDV segment have provided valuable learnings and experiences which can be further leveraged in developing the next generation of hydrogen fueling stations aimed at the heavy-duty vehicle segment. For instance, the Group collects data from existing products through a global monitoring system, enabling continuous improvement and development of the HC-HRS product from tangible data points and statistics. This monitoring system has several internal tools providing data the Group can leverage to further enhance product development. The monitoring and data collection system also enables external KPI reports, data views, and database access for customers. To further compliment the Group's historic presence and organizational strength within the hydrogen fueling station market, the Executive Management has several years of experience within the sector providing industry specific know-how and enabling operational efficiency and valuable strategic decision making.

7.9 Strategy

7.9.1 Introduction

The Company currently develops, produces, markets and sells equipment for fueling hydrogen into on-road vehicles, focusing on fueling passenger vehicles, taxi fleets and small bus fleets. The Company aims to maintain and strengthen its position as a manufacturer of hydrogen fueling stations, and to play an important role in the existing markets and further expansion of the hydrogen fueling market.

One of the challenges the Company is addressing in its future strategy is the anticipated decrease in demand for low-capacity stations serving LDVs over time. For instance, some prominent hydrogen fueling station operators have already decided to close their low-capacity sites. Additional orders for low-capacity stations might still be placed in the coming years, but the future market for HRS is believed to be driven by the high-capacity segment. Stations dedicated to filling hydrogen buses might also result in short-term orders, yet this market is not sufficiently large and will only serve as a bridge between the low-capacity and high-capacity markets.

Overall, the Company has an aspiration to capture 15% of the high-capacity market share in Europe and North America. The prospect and an important part of the Company's strategy going forward will therefore be to serve customers in the high capacity fueling segment with reliable fueling equipment products and services. Simplified, the Company's strategy entails three key objectives; (i) pursuing high-capacity stations serving HDVs, (ii) developing a new modular station concept that combines new innovations with past experiences, and (iii) prioritizing Europe and North America and adapt make versus buy plans, as described in the Sections below.

³⁷ Source: LBST, 2023, subscription required to access, <https://www.h2stations.org/> and Company information

7.9.2 Pursue high-capacity stations serving HDVs

Today's approximately 1,000 hydrogen fueling stations (HRS) mainly serve light-duty FCEV and hydrogen buses. However, demand for new stations has been soft in recent years and the network has not expanded as fast as expected. Only 44 new stations were commissioned in Europe and North America in 2023. The main reason for this is limited demand for hydrogen at the pump, which makes it difficult for HRS operators to earn money. SNE Research states that the global sales of light-duty FCEVs were only 17,474 in 2021, 20,704 in 2022 and 14,451 in 2023.³⁸ This contrasts with the 6.8, 10.5 and 14.2 million light-duty Battery Electric Vehicles (BEV) and Plug-in Hybrid Electric Vehicles ("PHEV") that were sold in the same period.³⁹ Most automotive OEMs have announced aggressive BEV plans whereas few seem to be committed to FCEVs. Based on this it is fair to conclude that BEVs seem to be the preferred way forward to decarbonize light-duty transportation and that demand for HRS serving the light-duty segment is challenged and will be limited going forward. For comparison, the Company estimates that the required power connection is roughly 900 kW compared to 7-11 MWs for charging stations and the average power draw is roughly 500 kW or more than 10 times lesser than BEV charging.

In the heavy-duty transportation segment, hydrogen has certain characteristics that could be favorable, such as higher range per fill and shorter fueling times than BEVs, as well as lower grid requirements and power consumption at fueling stations than charging stations. Hydrogen could be a preferred match with trucks that need to carry heavy goods over long distances. Several truck OEMs have therefore announced plans to launch FCEV models, although only a handful are available as of the date of this Prospectus, e.g., from Scania and Hyundai. Moreover, both EU and the U.S. aim to stimulate the market for fuel-cell trucks and plan to offer CAPEX relief to companies that build high-capacity fueling stations along main transportation corridors.

As the Company predicts that the low-capacity stations serving LDVs will disappear over time, a key component in the Company's strategy going forward will therefore be to serve customers in the high-capacity segment.

7.9.3 Develop a new modular station concept that combines new innovations with past experiences

To succeed in the high-capacity market, the Group has over the past years worked on a new station that will integrate modules that have proven to work well in the field with new innovations to further enhance performance. Capitalizing on insights derived from the light-duty market and accessing new technology from world-class partners will in the Company's view make the Group's high-capacity station unique.

The Group's high-capacity station is designed to deliver up to 65 kg in 10 minutes (~800 km range) with a targeted hourly capacity of 260 kg. The daily fueling volume target specifications are set between 3 to 4 tons of hydrogen from up to six 700 and 350 bar dispensers with certain unit combinations. This compares to just 1 ton per day for some competing concepts. The Company is of the opinion that the 1 ton fueling station cannot fill enough trucks to be commercially viable.

Another key aspect of the future high-capacity product is that it will be based on a defined set of modules to allow different configurations. In the past, the Group has customized low-capacity stations to customer needs. This has resulted in many variants and limited opportunities for sharing know-how and insights across the installed base. In contrary, the high-capacity platform will allow multiple use-cases and configurations based on a limited set of core modules, all with total cost of ownership in mind. The focus on the customers' total cost of ownership has been and will continue to be a guiding star for the Group's strategy going forward.

³⁸ Source: SNE Research, February 2024, www.sneresearch.com/en/insight/release_view/229/page/

³⁹ Source: EV-Volumes.com, 2024, www.ev-volumes.com

7.9.4 *Prioritize Europe and North America and adapt make /buy plans*

In addition to ensuring that the Group competes in the right markets and has a competitive product, prioritizing Europe and North America, and adapting make versus buy plans, is the third and pillar of the Group's strategy with an ambition to obtain a 15% market share in Europe and North America.

From a market perspective, the Group intends to phase out legacy products and solutions for LDVs over time. Instead, the Company will prioritize high-capacity opportunities, particularly in Europe and North America. Available funding schemes (for operators) in the EU and the U.S. support this approach:

- As part of its Alternative Fuel Infrastructure Regulation, the EU is targeting hydrogen fueling infrastructure at every 200 km along its TEN-T core network.
- Similarly, the U.S. Department of Transportation's, Federal Highway Administration is designing a national Zero Emission Vehicle network and is aiming at less than 100 miles (160 km) between hydrogen fueling stations.

From an operational perspective, the Group will adjust its make versus buy plans. In the past, the Group has developed several components and modules in its stations in-house. This was to some extent a result of an immature supply chain with no or few available third-party solutions and to some extent a result of an internal desire to control all aspects of the HRS. However, the Group's supply chain has matured, and it is now possible to be more selective about what to make and what to buy. Rather than focusing on multiple competence areas, the strategy of the Group is to limit the focus to a few, e.g.: high-pressure gas compression, gas cooling, and control systems.

7.10 **History and important events**

7.10.1 *Historic development and milestones*

The Group traces its origins to 2003, when it was established under the trade name H2Logic in Denmark. It has since that date sold, installed and serviced hydrogen fueling stations in the U.S., in Europe and in South Korea. The Group has a global track record having sold more than 140 fueling stations to 15 countries in this period.

The table below shows the key milestones from its incorporation and to the date of this Prospectus. For the purpose of the below table, the companies forming part of the Group, prior to completion of the Reorganization and the Distribution, are referred to as "**Nel Fueling**".

Month, year	Main events
Apr 2003	H2 Logic is founded in Denmark with focus on developing fuel cell systems for smaller vehicles. As these vehicles required hydrogen fueling, and such equipment was not available, H2 Logic started developing this in-house.
Feb 2006	H2 Logic A/S installed the first fueling station.
Nov 2009	H2 Logic A/S installed its first 35Mpa hydrogen fueling stations for cars.
Jun 2011	H2 Logic A/S installed one of the world's first SAE J2601 compliant 70Mpa hydrogen fueling stations.
Feb 2014	H2 Logic A/S won first order for hydrogen fueling station in Germany.
May 2015	H2 Logic A/S was acquired by Nel for a total consideration of NOK 300 million.
Dec 2015	Nel (through Nel Fuel AS) formed a joint venture with Uno-X Gruppen AS for building of a network of hydrogen fueling stations in Norway. The final agreement was entered into in March 2016, and the first site was later built in Kjørbo, Norway.
Apr 2016	Nel (through H2 Logic A/S) launched its next generation hydrogen fueling station: the H2Station™.
Feb 2017	Nel Hydrogen A/S entered into a framework contract for the supply, construction and maintenance of H2Station™ hydrogen fueling stations in California, US, for Shell in a partnership with Toyota Motor Corp.

Month, year	Main events
June 2017	Nel entered the South Korean hydrogen market through a joint venture with Deokyang Co., Ltd. (takes full ownership in June 2018 and renamed the company Nel Korea Co., Ltd.).
Nov 2017	Nel entered into an exclusive partnership with Nikola Motor Company and receives an initial purchase order from Nikola Motor Company for two demo fueling stations. Nel was later awarded a multi-billion NOK electrolyser and fueling contract in June 2018. Prior to the partnership agreement, two test stations were delivered. The partnership agreement was terminated in 2024 with no fueling deliveries under the contract.
Mar 2018	Nel Fueling opened its first H2Station™ in California, U.S.
Feb 2018	Nel Fueling expanded its H2Station™ product range with new compressor and increased fueling capacity.
Apr 2018	Nel Fueling's H2Station™ successfully achieved the world's first UL system certification of a hydrogen fuel dispensing system station. The certification set the new industrial norm and benchmark for safety level and legal compliance for hydrogen fueling stations, and enabled a faster and more streamlined installation and permitting process in the U.S.
Sept 2018	Nel announced the official opening of the new Nel H2Station™ manufacturing plant in Herning, Denmark.
Dec 2018	Nel Hydrogen A/S is awarded grant for heavy duty H2Station™ technology development from the Danish Energy Technology Development and Demonstration Program (EUDP).
Feb 2019	Nel Fueling entered into a contract for delivery of a H2Station™ solution for fueling of HDVs.
Mar 2019	Nel co-signed the agreement for establishment of Hydrogen Energy Network Co. Ltd. (HyNet), which was a new special purpose company and a joint venture between thirteen leading industrial companies.
Apr 2019	Nel Fueling received a purchase order from Shell (Equilon Enterprises LLC dba Shell Oil Products U.S) for two additional H2Station™ units for fueling of heavy-duty fuel cell electric trucks in California, U.S.
Jun 2020	Nel Fueling opened first H2Station™ in South Korea.
Nov 2020	Nel Fueling received purchase order for 14 stations to California
Mar 2021	Nel Fueling received purchase order for 4 stations to California
Aug 2022	Nel Fueling received purchase order for 5 stations for Poland making total of 7 stations sold to the same customer in Poland.
Jun 2023	Nel Fueling received record size purchase order for 16 stations to California. In total Nel Fueling has sold 20 stations to this customer, all to be delivered and installed in California.
Aug 2023	Nel achieved world's first ULC certified hydrogen fueling station for the Canadian market.
Feb 2024	Nel announced the exploring of a spin-off and separate listing of its fueling division.
Mar 2024	The Company was incorporated with company name Fueling ASA.
May 2024	Reorganization was completed.
May 2024	The Company changed its company name to Cavendish Hydrogen ASA.
May 2024	Nel Fueling received a purchase order from Alperia Greenpower SRL for hydrogen fueling equipment for one site to be used for light- and heavy-duty fuel cell electric vehicles in Bruneck, South Tyrol, Italy.

7.10.2 The Reorganization establishing the Group

Background and reasons for the Reorganization

The Company was incorporated as part of Nel's reorganization whereby its business within the fueling division was organized as a separate business group, with the Company as parent company (see Section 4.2 "*The Reorganization and the Distribution*" above). For an extended period of time, Nel has considered various options for its future structure, as it has become increasingly evident that synergies between hydrogen fueling and electrolysers are limited and that there is complexity in keeping the two lines of business within the same group. Nel's assessment has also concluded that there is limited overlap between electrolyser and fueling customers and suppliers, and that several current and potential shareholders and strategic partners indicate preference for working with and investing in only one line of business.

As part of the Reorganization, the shares in the Fueling Entities, as well as related assets, rights, liabilities and contracts and available cash reserves, have been transferred to the Company. The decision to implement the Reorganization was a result of Nel's board of directors and management's evaluation of the most suitable organization of its business in order to facilitate further growth and enhanced values for its shareholders. Through

the Reorganization, a simpler and clearer corporate structure visualizing the existing values has been created. It is expected that the Reorganization will provide both Nel and the Company with more flexibility and a better basis to raise capital for their respective businesses.

Following completion of the Reorganization and the Distribution, Nel will focus on developing its core business area within electrolyser, while the Company will focus on development of the Fueling Entities.

Legal basis for the Reorganization

In May 2024, the Company and Nel entered into a share sale and purchase agreement (the "**SPA**") pursuant to which Nel inter alia transferred all shares of the Fueling Entities, together with all long term receivables due to Nel from the Fueling Entities, to the Company, with settlement in the form of a seller's credit with Company as debtor and Nel as creditor, corresponding to the purchase price and market value for the shares in the Fueling Entities and the nominal value of the Receivables. The seller's credit was settled in a subsequent share capital increase in the Company where the seller's credit was used by Nel as share capital contribution in the Company. The transfer indirectly included 100% of the shares in Nel Austria GmbH, a 100% subsidiary of Nel Hydrogen A/S, and Nel Korea Co. Ltd.'s 4.75% shareholding in HyNet. The share capital increase in the Company was resolved pursuant to section 10-2 of the Norwegian Public Companies Act.

As part of the Reorganization, Nel further transferred cash in the aggregate amount of approximately EUR 59.3 million (corresponding to approximately NOK 688 million) to the Company, against issuance of new Shares from the Company to Nel and increase in the par value of each Share in the Company, in accordance with section 10-1 of the Norwegian Public Companies Act.

Additionally, certain financial guarantees, contractual obligations and employees were contributed to the Group, without further consideration. The employees were transferred by the entering into of new mutually agreed employment agreements. Furthermore, as the Fueling Entities have received services from and sold services to Nel and its subsidiaries, agreements have been entered into to regulate the discontinuation of such services, including transition services between the Group companies and Nel, with limited scope and duration.

Subsequently, on 6 June 2024, the board of directors of Nel resolved to distribute the Shares to the shareholders of Nel by way of a dividend in kind, through the Distribution. The Distribution was resolved by use of an authorization granted by the annual general meeting of Nel on 23 April 2024 in accordance with section 8-2 (2) of the Norwegian Public Companies Act. The Distribution will be regarded as repayment of paid in capital by the shareholders of Nel.

The Distribution entails that the shareholders of Nel as of 7 June 2024 (being registered as such in the VPS on the Record Date) will receive one Share in the Company for every 50 shares held in Nel as of the Record Date, with no fractional shares issued and with rounding to the nearest whole share. Any Shares that are not distributed due to downward rounding will be kept by Nel. These Shares are intended to be transferred to the Company without consideration when appropriate following completion of the Distribution and be held by the Company as treasury shares. Since fractions of shares represent a small value, these will not be compensated through cash payments to the affected shareholders.

The Shares in the Company are expected to be delivered to the VPS accounts of the relevant Nel shareholders on or about 12 June 2024. However, the Distribution is subject to satisfaction of the conditions for Listing set by the Oslo Stock Exchange. As of the date of this Prospectus, no assurance can be given that the conditions for Listing will be satisfied in time or at all.

Allocation of assets, rights and obligations in the Reorganization

The assets and liabilities that were transferred from Nel to the Company pursuant to the Reorganization comprised 100% of the assets, rights and obligations connected to the Fueling Entities. The assets, debt and liabilities connected to the electrolyser division were retained in Nel following completion of the Reorganization. If it later turns out that Nel holds any assets, rights or liabilities related to the fueling business which were not transferred as part of the Reorganization, but which should have been transferred, such assets, rights or liabilities shall be transferred to the relevant Fueling Entity. If the omitted assets, rights or liabilities have an economic value that was not taken into consideration when the purchase price for the Fueling Entities was agreed, a market based cash compensation shall be paid between Nel and the Company.

The Fueling Entities have entered into certain contracts where Nel has issued parent company guarantees ("PCGs"), or where there are bank guarantees backed by Nel. Pursuant to the SPA it is intended that the PCGs shall be transferred to the Company if possible. However, if Nel is not released from its liability according to the guarantees, any liability Nel becomes responsible for thereunder shall be carried by the relevant Fueling Entity and the Company shall indemnify, defend and hold harmless Nel from and against any and all losses or liability incurred by Nel arising out of or relating to such guarantees.

Furthermore, according to the SPA, any historic and/or future liabilities (economic, legal or otherwise) related to the fueling business shall be the sole responsibility of the Company, except for the Iwatani dispute which is regulated in the Joint Procedural Agreement between certain subsidiaries and Nel (as further described in Section 7.16.2). The SPA entails that, with respect to claims related to the fueling business, regardless of where the claim or matter arises and which entity that becomes directly liable for such claim or matter, the Group shall towards Nel have the full responsibility for the claim or matter related to the Group, and shall indemnify, defend and hold harmless Nel from and against any and all claims, suits, damages, liabilities, penalties, fees, losses and expenses, arising out of or related to the Group. On the other side Nel shall have full responsibility for claims or matters not related to the fueling business retained by Nel and shall indemnify, defend and hold harmless the Group from and against any and all losses arising out of or related to such business.

Assets, rights or liabilities of Nel that are not related to the fueling business and therefore not included in the allocation pursuant to the Reorganization, will remain with Nel. The employees of all entities comprised by the Reorganization will continue their employment with their employing entity following completion of the Reorganization, save for the transfer of a limited set of employees between the Company and its subsidiaries on the one hand and Nel and its subsidiaries on the other, as described under Section 4.2.

In addition, the Company has entered into the TSA with Nel, establishing time-limited mutual provision of support services related to administration, HR, finance and IT, as well as services from Nel to the Company to enable the Company to set up an internal and/or external legal function. The purpose of the TSA is to ensure that the Company and Nel will continue to provide support services to the other party in the period after completion of the Distribution, up until six months following the completion of the Distribution or 31 December 2024, whichever is the latest.

7.11 Material agreements outside the ordinary course of business

Other than agreements related to the Reorganization (see Section 7.10.2 above), during the two years preceding the date of this Prospectus, no company within the Group has entered into any material agreements or other agreements containing rights or obligations of material importance to such company or the Group, apart from agreements entered into as part of the ordinary course of business. Considering the current state of development

of the Group, it is the Company's opinion that the Group's existing business and profitability are not dependent upon any single contracts.

7.12 Dependency on contracts, patents and licenses

The Group's intellectual property rights (IPR) strategy is to be both defensive and proactive. It adopts a defensive stance by not actively pursuing enforcement of its IPR. However, if deemed necessary to safeguard the Group's business, the strategy allows for such enforcement. Through its IPR strategy, the Company takes a proactive approach by actively encouraging employees to register new ideas and innovations. This facilitates the creation of IPR through patent applications, trademarks, or design rights, or alternatively trade secrets.

The Group's IPR consists of registered rights in all the three main categories i.e. trademark, design and patent, as well as a number of domains. Further, the Group holds non-registered rights related to trade secrets, knowhow and copyright. The Group has also acquired licenses to several software products which are used in several parts of the Group's operations, including accounting and R&D. It is in the Company's opinion that the Group's business and profitability are not dependent on a singular patent, but is however dependent on several patent families protecting critical components of the Group's fueling stations, as further discussed below. Furthermore, it is the Company's opinion that the Group's existing business and profitability are dependent upon industrial, commercial and financial contracts of the Group, including the agreements described in Section 7.5 above.

When it comes to IPR, the main focus of the Company is to establish a patent portfolio and to mitigate risk of infringement of third-party rights. This is reflected in the Company's IPR strategy mentioning objectives such as increasing and maintaining awareness of IPR, handling of confidential information and surveillance of third-party rights, among other things. It is also reflected in the few trademark and design registrations compared to number of patent families of the patent portfolio which ultimo 2023 count 28 patent families with members in various jurisdictions (mainly Europe, South Korea and the U.S.).

The Group's patent portfolio relates to the technical field of fueling of hydrogen vehicles, but also cover concepts related to compression and cooling which are not limited to such fueling. The patent portfolio has been built up from 2012, where the first patent application was filed, to 2023, and the Group is continuing to innovate and expanding its patent portfolio. Hence, new patent applications are being drafted which are expected to be filed in the second quarter of 2024.

The Group's patent portfolio is considerable and for the technical area of fueling of hydrogen vehicles, in size and relevance, comparable to patent portfolios of companies which are considerably larger than the Group. In the Company's view, the portfolio is especially strong in relation to compression, cooling and fueling control. In relation to compression, both compressor design and compressor control are protected. In regards of the fueling control of the cooling of the thermal energy storage and the rights relating to the inclusion of functional safety should be emphasized.

Accordingly, the Company consider its business, i.e. the current and future products, well protected by the versatile patent portfolio. Furthermore, the Company does not have any license agreements to third-party rights, as the Company does not rely on such rights. To mitigate the risk of conflicts based on third-party rights, the Company has for several years conducted a surveillance program where technology specialists are evaluating third-party rights together with a patent attorney.

7.13 Environmental, health and safety matters

As of the date of this Prospectus, to the Company's knowledge, there are no environmental issues that may affect the Group's utilization of its tangible fixed assets. The Company's main business of manufacturing hydrogen fueling stations is however subject to several environmental regulations (see further description in Section 7.14 below). The Company must constantly adapt and evolve to ensure compliance with regulations and standards, and failing such adaptations could hinder the use of the Group's assets. Conversely, adhering to regulations, is expected to provide the Group with a sustainable business going forward.

The Group is a diverse and global organization in constant development. By constantly securing safe and wholesome working conditions and a positive work environment for its employees, the Company aims to preserve and build on healthy, engaged and motivated employees and a strengthened internal culture. The Company emphasizes a workplace culture that values diversity, enabling every employee to nurture their unique skills and talents. The Company prohibits any form of discrimination, harassment, or bullying based on protected legal categories such as age, gender, sexual orientation, disability, race, nationality, political opinions, religion, or ethnic background. This zero-tolerance policy applies to all forms of behavior, whether verbal, physical, or visual.

Ensuring safe operation for internal and external parties is a core value in all parts of the Group. The Group adheres to the "Quality, Health, Safety and Environment"-philosophy and strategy, which is built on the continuous improvement of people, products and processes. A constant focus on leadership, values and processes ensure a proactive approach in both the safety and quality decisions and actions. Since the Group has manufacturing facilities, the Group works actively to limit the risk of workplace accidents and work-related injuries. All manufacturing facilities have certified health and safety management systems, and employees receive training in safe working practices.

7.14 Regulatory framework

7.14.1 Development of legal regimes for hydrogen production, infrastructure and distribution

The regulatory framework surrounding the hydrogen business is increasingly becoming a deciding factor in shaping the industry's future, and thereof the business of the Group. As hydrogen is gathering momentum as a source of renewable energy in both national, regional, and international contexts, the legal and regulatory framework is evolving concurrently.

As described in Section 12.2 below, the Group consists of subsidiaries who conduct operations in Denmark, Austria, the U.S. and South Korea. This Section provides an overview of key legal policies and regulations that could materially affect the Group's operations at national, regional, and international levels.

7.14.2 Norway, Denmark and Austria

EU legislation governs the regulatory landscape for hydrogen in Denmark and Austria, as well as in Norway through the EEA agreement. Both the pace and content of the national implementation of EU legislative acts may differ among Denmark, Norway, and Austria, and EU regulations are in each country complemented by national strategies.

Norway faces a backlog in implementing EU legislation, particularly in the energy sector. This includes the Renewable Energy Directive (the "**RED III**"), where current regulations in Norway reflect the 2009 directive, without subsequent amendments. The European Commission has issued a letter to Norway, setting an August 2024 deadline to clear this backlog and implement the updated Renewables Directive.

The implementation of EU energy legislation in Norway is politically contentious, creating uncertainty about the pace and extent of national adaptations. For instance, not keeping pace with new and revised regulations in the energy sector, including the RED III, results in ambiguity about which parts of EU's regulatory framework that apply to Norway, or in which Norway can participate, and the interpretation thereof.

7.14.2.1 EU policy and regulatory hydrogen framework

Acknowledging the potential of hydrogen, the EU has developed strategies and plans, followed by the development of a regulatory framework, to support the rise of renewable and low-carbon hydrogen. The EU Green Deal (COM/2019/640) sets forth a transformative vision for a sustainable economy, targeting a climate-neutral EU and 90% greenhouse gas emissions reduction in mobility by 2050. It emphasizes the importance of renewable energy and carbon emission reduction, with hydrogen as a notable component. The EU's hydrogen strategy (COM/2020/301) and REPowerEU plan (COM/2022/230) have put forward a comprehensive framework to support the uptake of renewable and low-carbon hydrogen to help decarbonize the EU in a cost-effective way and reduce its dependence on imported fossil fuels, targeting an installed base of 40 GW renewable hydrogen electrolyser capacity and an additional imported 10 Mt of green hydrogen by 2030.⁴⁰

The "Fit for 55" package, presented in July 2021, targets 55% greenhouse gas emission reduction for new cars and vans by 2030. The package put forward a number of legislative proposals that translate the European hydrogen strategy into specific European hydrogen policy framework. This includes proposals to set targets for the uptake of renewable hydrogen in industry and transport by 2030, through the RED III. It also includes the hydrogen and decarbonized gas market package, which puts forward proposals to support the creation of optimum and dedicated infrastructure for hydrogen, as well as an efficient hydrogen market. Furthermore, the so-called "Recovery and Resiliency Facility" for clean energy has been made available to EU countries to invest in hydrogen projects across the value chain.

Two delegated acts, adopted on 20 June 2023 as part of the RED III, shape the policy framework for renewable hydrogen. They establish criteria for identifying renewable fuels of non-biological origin ("**RFNBOs**") and outline a methodology for calculating their lifecycle greenhouse gas emissions. These acts, (EU) 2023/1184 and (EU) 2023/1185, will ensure that all RFNBOs are produced from renewable electricity and ensure consistency with EU countries' renewable energy targets.

The ReFuelEU aviation regulation sets mandatory minimum shares for sustainable aviation fuels, with a specific sub-quota for RFNBOs from 2030. The amendments introduced in the FuelEU maritime regulation provide incentives for RFNBOs in maritime transport and envisage the introduction of a RFNBO target from 2034 if the RFNBO share in 2030 is less than 1%.

A revision of the Directive on Deployment of Alternative Fuels Infrastructure (the "**AFIR**") was adopted autumn 2023 (EU 2023/1804). The regulation seeks to ensure the availability and usability of a dense, widespread network of alternative fuels infrastructure throughout the EU. Particularly for hydrogen fuel cell vehicles, AFIR mandates the deployment of hydrogen fueling stations from 2030 onwards in all urban nodes and every 200 km along the TEN-T core network, estimated to more than 400 new hydrogen fueling stations.⁴¹

⁴⁰ Hydrogen is also an important part of the EU strategy for energy system integration (COM/2020/299).

⁴¹ Source: The Hydrogen Europe Quarterly, December 2023, https://hydrogeneurope.eu/wp-content/uploads/2023/11/The-Hydrogen-Europe-Quarterly_5_DIGITAL.pdf

In relation to the Ten-T network, the European Commission announced in early 2023 the commitment of a 183-million-euro investment in projects along the European road network, resulting in the development of approximately 2,000 charging points and some 63 hydrogen fueling stations.⁴² Furthermore, the EC president said that approximately over EUR 17 billion in state aid was authorized for roughly 80 hydrogen projects across the EU, and an additional of approximately EUR 2.2 billion was earmarked to hydrogen developments, clearly materializing the effects of the discussed regulatory environment.⁴³

On 21 May 2024, the Council of the EU adopted at first reading two key proposals on the internal markets for renewable and natural gases, and hydrogen: a Directive (2021/0425(COD)) and a Regulation (2021/0424(COD)). These proposals aim to decarbonize gas consumption and support the creation of optimal hydrogen infrastructure and efficient markets.

By removing barriers to decarbonization, these measures will facilitate a cost-effective transition. They emphasize sector integration, renewable and decarbonized gas, and future gas market regulation, aligning with the Clean Energy Package for the electricity sector. The Regulation also seeks to boost investments in hydrogen infrastructure, particularly in coal regions, and promote sustainable energy sources like biomethane and low-carbon hydrogen.

A new entity, ENNOH, will be established to represent hydrogen operators. ENNOH will collaborate with existing entities for electricity (ENTSO-E) and gas (ENTSOG) to develop harmonized technical and operational rules, ensuring the efficient and safe operation of an interconnected hydrogen system. The regulation will be directly applicable six months after publication, while member states will have two years to adapt their national legislation to the directive's provisions.

These regulatory frameworks and strategic initiatives collectively sculpt the trajectory of the hydrogen sector, providing both the vision and the means for integrating hydrogen technologies into the global and regional energy systems. They underscore the importance of policy in driving technological innovation, market development, and the transition towards a sustainable, low-carbon future.

7.14.2.2 Carbon pricing and carbon leakage

In the EU, the production and use of hydrogen are considerably impacted by existing and proposed legislation concerning the regulation of emissions, emission costs, and carbon leakage. The EU emissions trading system (EU ETS) requires hydrogen producers to surrender emissions allowances for greenhouse gas ("GHG") emissions related to hydrogen production. However, since hydrogen production is part of a sector (industrial gases manufacturing) considered at risk of carbon leakage, installations can benefit from free allocation of ETS allowances. This system of free allowances will gradually be replaced by a carbon price for imported goods applied in the context of the new EU rules for renewable hydrogen Carbon Border Adjustment Mechanism (CBAM).

The CBAM targets imports of carbon-intensive goods at risk of carbon leakage, initially covering cement, iron and steel, aluminum, fertilizers, electricity, and hydrogen. Eventually, it aims to encompass over 50% of emissions in ETS-covered sectors. CBAM applies to GHG emissions during production, primarily carbon dioxide, with nitrous

⁴² Source: European Commission, March 2023, https://transport.ec.europa.eu/news-events/news/alternative-fuels-infrastructure-eu189-million-eu-funding-projects-supporting-greener-mobility-2023-03-15_en

⁴³ Source: Offshore Energy, November 2023, <https://www.offshore-energy.biz/eu-earmarks-e2-2-billion-in-hydrogen-funding-for-spring-2024/>

oxide and some perfluorocarbons also included. For hydrogen imports, it requires an authorized CBAM declarant to submit a CBAM declaration annually by 31 May, disclosing imported goods and embedded GHG emissions. Declarants must surrender CBAM certificates corresponding to their emissions by the same date, starting in 2027 for imports from 2026. The EU anticipates that CBAM will mitigate carbon leakage by aligning carbon costs between imports and EU-produced goods.

7.14.2.3 GHG and sustainability reporting

In the EU, the Corporate Sustainability Reporting Directive ("**CSRD**") mandates large companies to report GHG emissions and various sustainability aspects, aligning with the Paris Agreement's goal of limiting warming to 1.5°C. Effective from 1 January 2024, the CSRD applies initially to large public companies with over 500 employees, expanding to all large companies the following year. Large companies are defined by meeting two of the following criteria: over 250 employees, a turnover exceeding EUR 40 million, or total assets exceeding EUR 20 million.

Reporting standards under the CSRD, developed by EFRAG and endorsed by the European Commission, were adopted in 2023, with a second set postponed until 2026. Reporting on GHG emissions is mandatory if climate change is recognized as a material concern following a double materiality assessment. Member states of the EU must establish effective supervision and sanction systems under the CSRD, with breaches subject to rectification orders, late fees, or criminal liability to ensure compliance with CSR reporting requirements.

On 24 May 2024, the European Council formally adopted the Corporate Sustainability Due Diligence Directive ("**CS3D**"). This was the last step in the decision-making. The scope of the CS3D has been significantly narrowed from the original Commission proposal, with thresholds for EU companies raised to 1 000 employees and a global turnover threshold increased to over EUR 450 million. Non-EU companies are covered if they exceed a turnover of approximately EUR 450 million in the EU.

Key obligations under the CS3D include conducting risk-based human rights and environmental due diligence and implementing a climate transition plan to align with the Paris Agreement's 1.5°C warming limit. This plan should feature time-bound climate targets, decarbonization levels, actions, investments, and administrative responsibilities. Non-compliance may lead to sanctions, such as supervisory orders, penalties up to 5% of net worldwide turnover, and civil liability for damages stemming from due diligence failures.

7.14.3 The U.S.

7.14.3.1 U.S. policy and regulatory hydrogen framework

In November 2021, Congress passed the Infrastructure Investment and Jobs Act (Public Law 117-58), also known as the Bipartisan Infrastructure Law (BIL), authorizing USD 62 billion for the U.S. Department of Energy (the "**DOE**"), with USD 9.5 billion allocated for clean hydrogen.

In August 2022, President Biden signed the Inflation Reduction Act (IRA) (Public Law 117-169), providing further support for hydrogen initiatives, including a production tax credit. The IRA offers incentives for renewable energy, clean fuels, electric vehicles, advanced biofuels, infrastructure support, and carbon capture, potentially reducing oil and natural gas demand and prices. Additionally, the IRA introduces a federal fee on surplus methane emissions.

In June 2023, the U.S. National Clean Hydrogen Strategy and Roadmap ("**Strategy and Roadmap**") was introduced in response to section 40314 of the BIL. This comprehensive framework aims to accelerate the

production, processing, distribution, storage, and utilization of clean hydrogen, highlighting its potential to aid national decarbonization efforts across various sectors. The Strategy and Roadmap assesses the current state of hydrogen in the U.S. and outlines a strategic roadmap for widespread adoption, considering projections for 2030, 2040, and 2050. It includes specific regulatory initiatives outlined by various agencies, with collaboration to periodically review and prioritize measures for expanding hydrogen activities.

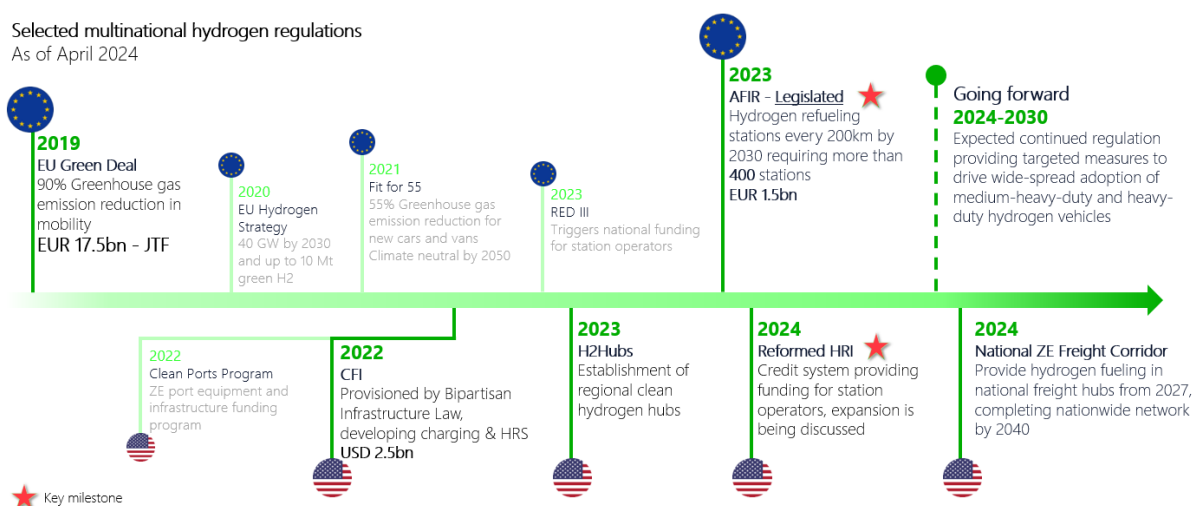
On 13 March 2024, the DOE allocated USD 750 million across 52 projects in 24 states to reduce clean hydrogen costs and enhance American leadership in the sector. This funding, part of the BIL implementation, includes USD 1 billion for research to lower electrolysis-produced clean hydrogen costs and USD 500 million for enhanced manufacturing and recycling technologies. The efforts are complemented by Regional Clean Hydrogen Hubs, IRA tax incentives, and ongoing DOE hydrogen Program initiatives. These investments support the DOE's goal of reducing clean hydrogen production costs to USD 1 per kilogram.

The U.S. has implemented Zero-Emission Vehicle (the "ZEV") programs, primarily led by California, to promote the adoption of electric and other zero-emission vehicles, aiming to combat climate change and reduce air pollution. These state-led initiatives require automakers to sell a certain percentage of zero-emission vehicles alongside their total vehicle sales, including battery electric, plug-in hybrid, and hydrogen fuel cell vehicles. With progressively rising targets, ZEV programs aim to substantially cut transportation-related greenhouse gas emissions, facilitating the transition to a more sustainable transportation system.

7.14.3.2 Illustrative timeline of regulatory environment

Below is included an illustrative timeline of selected regulatory hydrogen regulations and programs implemented in the U.S. and Europe in recent years:

Figure 13: Timeline for selected regulatory hydrogen regulations and programs implemented in the U.S. and Europe (2019-2024)



Source: Company information & authorities' and other public entities' program and regulation specific webpages, such as: <https://www.europarl.europa.eu/news/en/press-room/20230327IPR78504/fit-for-55-deal-on-charging-and-fuelling-stations-for-alternative-fuels>

7.14.3.3 Carbon pricing and carbon leakage

Legislation in the United States regarding emissions and carbon leakage, like that of other state parties, is influenced by the Paris Agreement. This agreement, announced by the signatories to the United Nations Framework Convention on Climate Change in December 2015, urges nations to establish increasingly ambitious goals for reducing greenhouse gas emissions. Although the United States withdrew from the Paris Agreement effective 4 November 2020, President Biden issued an Executive Order on 20 January 2021 to re-join the Paris Agreement, which went into effect on 19 February 2021. On 21 April 2021, the United States announced that it was setting an economy-wide target of reducing its GHG emissions by 50-52 percent below 2005 levels in 2030. Further, many state and local leaders have stated their intent to intensify efforts to support the international climate commitments. These commitments could further reduce demand and prices for fossil fuels produced by the Group's customers. There exists a risk that if Donald Trump is re-elected as President in 2024, he might once again withdraw the U.S. from the Paris Agreement. This possibility would bring along uncertainties regarding the future of the U.S. climate strategy and goals.

In December 2023, the Environmental Protection Agency launched its final Greenhouse Gas monitoring, reporting, and control rules for the oil and gas industry. Nearly half of the U.S. states have initiated steps to curb GHG emissions, mainly by developing emission inventories and implementing regional cap-and-trade programs. Some states have enforced even stricter requirements for gas flaring during oil and gas operations.

7.14.3.4 GHG and sustainability Reporting

On 6 March 2024, the U.S. Securities and Exchange Commission ("**SEC**") officially concluded its rulemaking process by releasing a final rule mandating environmental, social, and governance (ESG) reporting obligations for U.S. public companies. This rule requires the disclosure of climate-related risk information in registration statements and periodic reports.

The new disclosure rules mandate that public companies disclose greenhouse gas risks if they are deemed material by the SEC and relevant court precedents. This represents a significant shift from the proposed rule, introducing a "materiality" requirement defined as information crucial to a reasonable investor's decision-making process. Companies must disclose both direct (Scope 1) and indirect (Scope 2) GHG emissions. They must also assess the likelihood of these climate-related risks occurring in the short-term or long-term. Companies undertaking climate risk mitigation or adaptation activities must detail related expenditures and impacts on financial estimates. Disclosure of climate-related targets or goals and board oversight of climate risks is required. Compliance dates are staggered based on filer status, beginning in 2026.

Similar climate disclosure legislation are passed and are being considered at state level. California passed the Climate Corporate Accountability Act, requiring large companies earning over USD 1 billion in gross revenue to report and verify their greenhouse gas emissions. Additionally, California enacted the Climate-Related Financial Risk Act, obligating companies with over USD 500 million in gross revenue to disclose climate-related financial risks biannually, with reporting deadlines set for 1 January 2026.

California also introduced AB 1305, or the Voluntary Carbon Market Disclosures Business Regulation Act, effective 1 January 2024, regulating entities marketing or selling voluntary carbon offsets or making claims about achieving net zero emissions.

Similar climate disclosure legislation is pending in New York, Washington, and Illinois for both private and publicly traded companies.

7.14.4 *Regulations on manufacturing of hydrogen fueling stations*

Several EU legislations regulate technical and safety standards for the manufacturing of hydrogen fueling stations. Under AFIR, technical specifications for hydrogen fueling stations are described in detail, with references to different applicable ISO standards. The directive also stipulates requirements regarding the user-friendliness of hydrogen fueling infrastructure, i.e. payment options.

The ATEX Directive covers equipment and protective systems intended for use in potentially explosive atmospheres. The ATEX Directive puts several obligations on manufacturers and defines the essential health and safety requirements and conformity assessment procedures.

The Pressure Equipment Directive governs the design, manufacturing process, and the evaluation of conformity for pressure equipment and assembled systems that are designed to handle pressures exceeding 0.5 bar. Hydrogen is a hazardous fluid under the directive. Therefore, most equipment used in the production, storage, and distribution of hydrogen, such as hydrogen fueling stations, must satisfy the technical stipulations detailed in the Pressure Equipment Directive.

Directive 2014/32/EU (the "**MID**") regulates measuring instruments. The MID requires that the instruments used for measuring the amount of hydrogen dispensed are accurate and reliable. The measuring instruments must comply with the requirements outlined in the directive, undergo conformity assessment procedures, and bear the CE marking and supplementary metrology marking.

The machinery must comply with safety requirements under the regulation (EU) 2023/1230 (the "**Machinery Regulation**"). The fueling stations must also comply with Directive 2014/30/EU, the Electromagnetic Compatibility Directive ("**EMC**"). Under EMC, electronic and electric components, as in hydrogen fueling stations, must keep electromagnetic disturbance within a certain threshold and have immunity to electromagnetic disturbance expected in their intended use. The electrical equipment must also comply with directive 2014/35/EU (the Low Voltage Directive), to protect the health and safety of persons.

In the US the UL certification, as described in Section 7.2, is a central requirement. The UL certification sets the industrial norm and benchmark for safety level and legal compliance for hydrogen fueling stations. It enables streamlined installation and permitting process in the United States. In Canada, the Canadian Registration Number ("**CRN**") is central, as it regulates the safety of pressure equipment. The CRN is a number issued by provincial or territorial regulatory authorities to certify that the design of pressure equipment adheres to the relevant safety standards and regulations. In the South Korean market, it is necessary for manufacturers who look to bring equipment used in explosive atmospheres to the Korean market to meet with the requirements for KGS certification.

7.14.5 *South Korea*

7.14.5.1 *South Korea policy and regulatory hydrogen framework*

In February 2020, the National Assembly of South Korea passed the Hydrogen Economy Promotion and Hydrogen Safety Management Act, also known as the Hydrogen Act (the "**HA**"). One of the main reasons for its enactment was the Roadmap for Vitalization of Hydrogen Economy (the "**Roadmap**"), which was jointly prepared by relevant ministries of the South Korean Government, including the Ministry of Trade, Industry and Energy (the "**MOTIE**"), the Ministry of Science and ICT (the "**MSIT**"), and the Ministry of Environment (the "**MOE**") in January 2019.

The hydrogen economy envisioned in the Roadmap is to become the world's leading hydrogen economy based on the two pillars of hydrogen-fuelled cars and fuel cells where South Korea is believed to have certain strength. In order to achieve this vision, the South Korean Government also announced four major initiatives: (i) achieving the no. 1 market share in the global market by expanding the use of hydrogen in transportation and energy (electricity and heat), (ii) shifting the paradigm of hydrogen production from "grey hydrogen" to "green hydrogen", (iii) establishing a stable and economical hydrogen storage and transportation system, and (iv) creating an ecosystem for the hydrogen industry and establishing a safety management system for the entire cycle.

The HA was amended in June 2022. The amended HA newly introduced a clean hydrogen certification system and obligations to purchase hydrogen-generated electricity, and incorporated incentives and mandatory systems to promote the supply of clean hydrogen.

The amended HA enabled the South Korean Government to provide varying administrative and financial support to those who produce or use clean hydrogen, depending on the applicable certification grade of the clean hydrogen. Meanwhile, the amended HA obliged certain electricity business operators to purchase or supply a certain amount of hydrogen-generated electricity. This new obligation is expected to create demand for hydrogen-fuelled power generation and production of hydrogen for fuel. The amended HA also required hydrogen fuel supply facilities and businesses that use hydrogen as raw material or fuel to sell/use a certain percentage of the volume of hydrogen they sell/use as clean hydrogen. After 31 May 2027, businesses that fail to comply with this requirement may be fined.

The amended HA enabled the South Korean Government to open hydrogen power generation bidding market. The hydrogen power generation bidding market is divided into (i) the bidding market for general hydrogen power generation and (ii) the bidding market for clean hydrogen power generation, depending on the fuel used. The South Korean Government opened the world's first general hydrogen power generation bidding market in June 2023, and the clean hydrogen power generation bidding market is expected to open in the first half of 2024.

The certification standard for clean hydrogen is set under the Notification on Operation of Clean Hydrogen Certification System (the "**Notification**") announced by the MOTIE in March 2024. The Notification sets the certification standard for clean hydrogen as the GHG emission of 4.0kgCO₂eq for 1kg of hydrogen, and classifies clean hydrogen into 4 grades based on GHG emission. Since South Korea, like many other countries, has taken a technology neutrality approach, hydrogen can be recognized as clean hydrogen as long as it meets the certification standard regardless of the hydrogen production method.

It is known that there is no subsidy system in Korea that is under consideration to introduce to lower the unit price of clean hydrogen production.

7.14.5.2 Carbon pricing and carbon leakage

In South Korea, the emission of GHG is mainly regulated by two statutes: the Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis (the "**FACN**") and the Act on the Allocation and Trading of Greenhouse-gas Emission Permits (the "**AGGEP**").

Enacted in September 2021, the FACN serves as the fundamental law in responding to climate crisis and carbon neutrality. The FACN defines six gases as GHG (*i.e.*, CO₂, CH₄, N₂O, SF₆, perfluorocarbons, and hydrofluorocarbons). It provides for the establishment of mid- and long-term GHG reduction targets (40% by 2030), the improvement of the climate crisis response system (including the establishment, implementation and review of the national basic plan to achieve such targets). It also provides for measures for greenhouse gas reduction (including the assessment of impacts of climate change and the expansion of carbon sinks), measures

for adaptation to climate crisis, policies for just conversion (including the designation of special districts), policies for green growth (including the fostering and support of green technology and green industries), and the establishment of a climate response fund to support such measures.

The AGGEP seeks to achieve the GHG reduction targets set under the FACN. Although the goals set by the South Korean Government (e.g., the 2050 carbon neutrality and 40% NDC) have not been fully reflected in the detailed policies, the AGGEP is designed to effectively accomplish South Korea's GHG reduction efforts by implementing the market function of emissions trading scheme. Therefore, the AGGEP regulates GHG through emission permits.

Under the AGGEP, (i) business entities with average annual GHG emissions of 125,000 CO₂ equivalent tonnage ("**tCO₂-eq**") or more or (ii) business entities with at least one place of business with average annual GHG emission of 25,000 tCO₂-eq or more for the past three years are subject to the Korean Emission Trading Scheme (the "**K-ETS**"). The MOE allocates emission permits for GHG emitting businesses every five years (*i.e.*, commitment period) and manages their performance of GHG emission. When a business' GHG emission exceeds its allocated emission permits, it must secure and submit emission permits equivalent to its final GHG emission volume by purchasing additional emission permits or partially advancing emission permits from subsequent years under limited conditions. A failure to do so may result in an administrative fine and surcharge.

The MOE also operates the GHG Target Management System for smaller GHG emitting business entities that are not subject to the K-ETS, such as downstream suppliers. Under the FACN, (i) business entities with average annual GHG emission of 50,000 tCO₂-eq or more or (ii) business entities with at least one place of business with average annual GHG emission of 15,000 tCO₂-eq or more for the past three years are subject to the GHG Target Management System. These business entities are required to submit a detailed statement on the volume of GHG emissions and the current status of emission facilities to relevant competent agencies such as the MOE, MOTIE, and other central administrative agencies every year. The competent agency then notifies such business entities of the GHG reduction target for the following year. Thereafter, the subject businesses must prepare an implementation plan to meet the GHG reduction target and submit their reduction performance. If a designated business does not meet the GHG reduction target, the competent agency may issue an improvement order. A failure to comply with such an improvement order may result in an administrative fine.

7.14.5.3 GHG and sustainability Reporting

Like in many other countries, ESG reporting is shifting from voluntary initiatives to mandatory initiatives in South Korea. The South Korean Government is considering a phased expansion of the mandatory ESG disclosure systems.

The Korea Financial Services Commission has been seeking to make ESG information disclosure mandatory for listed companies of a certain size or larger starting from 2026, ultimately expanding the scope of such ESG information disclosure to all listed companies on the KOSPI Market. To this end, the South Korean Government is in the process of preparing draft Korean ESG disclosure standards that are in line with global ESG disclosure standards through discussions with the Korea Sustainability Standards Board that is under the Korea Accounting Standards Board.

Currently, listed companies with total assets of KRW 2 trillion or more as of the end of the immediately preceding business year, are required to disclose their environmental information under the Environmental Technology and Industry Support Act. Listed companies subject to disclosure of environmental information are required to register their environmental information in the Environmental Information Disclosure System every year and disclose such

information to the public after going through the verification process of the Korea Environmental Industry and Technology Institute. Failure to disclose environmental information may result in an administrative fine.

The MOE is seeking to amend the Environmental Information Disclosure System in a way that enhances consistency with global ESG disclosure standards. Reflecting the opinion that the current list of items to be prepared and disclosed includes a large amount of information that is not critically important for investment and places a heavy burden on companies, the South Korean Government is pursuing an amendment plan that mandates essential items but excludes or integrates non-essential information into a broader category. Essential items include carbon emissions, renewable energy consumptions, etc., while items such as awards/agreements related to the environment, publication of environmental (sustainability) reports, etc. are to be excluded or integrated.

Meanwhile, considering the importance of each item in international environmental regulations, global disclosure schedules, and the preparation level of companies, the South Korean Government is also seeking to introduce new items, clarify the standards for some of the existing items, and allow certain items that are difficult to prepare or verify to be disclosed in phases. Items to be newly introduced include credits earned from reduction of GHG through external projects, while advanced items include scope three GHG emissions and performance indicators related to the K-Taxonomy.

The mandatory items to be prepared/disclosed will be differentiated in consideration of the size of the company that is required to prepare/disclose information. For example, the South Korean Government is pursuing amendments that would minimize the number of mandatory items for unlisted companies and allow such companies to choose whether they would be subject to new items.

7.15 Insurance

The Group maintains a range of insurance coverage in relation to its business that is customary for its industry, including, without limitation, workers' compensation, general liability and product liability, professional indemnity, directors and officers, cargo and property damage. All insurance coverage is subject to annual renewal processes which includes the risk of reduced or limited insurance coverage and higher premiums. As of the date of this Prospectus, the Company is in the process of obtaining cyber insurance coverage for the Group.

With the (temporary) exception of cyber insurance coverage, the Company considers the Group to be adequately covered by insurance in light of the nature of the business activities of the Group and the related risks in the context of available insurance offerings and premiums. The Group regularly reviews the adequacy of the insurance coverage. However, the Group may incur damages that are not covered by its insurance policies or that exceed the coverage limits of such insurance policies.

7.16 Legal and arbitral proceedings

7.16.1 General

Other than as set out below, neither the Company, nor any of its subsidiaries are or during the course of the preceding 12 months have been involved in any legal, governmental or arbitration proceedings which may have, or have had in the past 12 months, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened. Furthermore, the Company is not aware of any material claims involving the Group.

7.16.2 *The Iwatani dispute*

In January 2024, Iwatani initiated legal action in California, U.S., with claims relating to, among other things, intentional misrepresentation, fraudulent behavior, concealment, false promises, fraud in entering into the contract and breach of contract for deliveries and maintenance of equipment for hydrogen fueling. As of the date of this Prospectus, Iwatani has filed a lawsuit with claims for damages towards Nel, Nel Hydrogen A/S, Nel Hydrogen Inc as well as certain persons related to Nel, including Robert Borin, the CEO of the Company and Jon André Løkke, the chair of the Board and the former CEO of Nel.

The claim is filed in a federal court in California under the laws of California and comprises claims in both contract and tort, including the common law tort of "civil fraud". The common law doctrine of civil fraud is very different from the criminal concept of fraud. The former is a civil claim more akin to misrepresentation (albeit with a higher standard of proof), which can be brought by a private party, with no possibility of it leading to a criminal conviction. This means that proving civil fraud is far from being able to prove criminal fraud. As noted above, the Nel companies and individuals have now filed motions to have the lawsuit dismissed on various grounds applicable to the respective defendants.

In its complaint, Iwatani has neither specified the amount of its claimed damages nor provided a basis from which those damages could be calculated. However, the underlying contracts with Nel Hydrogen Inc. for the supply of equipment were for a total value of approximately USD 20.6 million. Based on reasonable evaluations at this early stage of the dispute, the companies and persons involved intend to fight the allegations. Depending on the development and outcome of the dispute, including that new facts may emerge, and that the entities or persons ultimately made subject to the claims (and party to the dispute) may change, the Group or parts thereof could incur costs and liabilities related to inter alia legal defense and damages (in addition to legal costs already incurred).

In connection with the Reorganization Nel Hydrogen A/S, Nel Hydrogen Inc. and Nel have entered into the Joint Procedural Agreement, regulating their cooperation and relationship as defendants in the legal dispute with Iwatani. The Joint Procedural Agreement is entered into against the background that the Iwatani dispute is related to the fueling division as such and the contractual relationship is between Iwatani and Nel Hydrogen Inc. Nel, Nel Hydrogen A/S and Nel Hydrogen Inc. have therefore concluded the Joint Procedural Agreement to regulate their joint legal representation, cooperation and relationship, including the allocation of incurred costs, going forward. The Joint Procedural Agreement applies up to and through any final appeal or settlement of the Iwatani dispute.

7.16.3 *The Kjørbo incident*

Furthermore, in June 2019, there was an incident at the Kjørbo hydrogen station outside of Oslo, Norway, in connection with a leakage from a plug in one of the tanks in a high-pressure storage unit. Following the incident, the Group received notice of a fine from the prosecuting authority of approximately NOK 15 million, which the Group refused to accept. In December 2023 the Group received a significantly reduced fine, now amounting to approximately NOK 1 million, which the Group has accepted.

8 CAPITALIZATION AND INDEBTEDNESS

8.1 Introduction

The financial information presented below provides information about the Group's unaudited consolidated capitalization and net financial indebtedness on an actual basis as of 31 March 2024, and in the "As adjusted" column, the Group's unaudited consolidated capitalization and financial indebtedness as of 31 March 2024 on an adjusted basis to give effect to the Reorganization.

The financial information presented in this Section 8 "Capitalization and indebtedness" should in its entirety be read in connection with the financial information included elsewhere in this Prospectus, in particular Sections 9 "Selected historical financial information" and 10 "Operating and financial review", as well as the Combined Interim Financial Statements and related notes, attached to this Prospectus as Appendix C.

This Section provides information about the Group's unaudited consolidated capitalization and net financial indebtedness as reported in the Combined Interim Financial Statements as of 31 March 2024 and, in the "As adjusted" column, the Group's capitalization and net financial indebtedness on an adjusted basis up until the date of the Prospectus solely to give effect to the material post-balance sheet events comprised by the Reorganization. As further detailed in Sections 4.2 and 7.10.2 above, the Reorganization included cash injections of approximately EUR 59.3 million in aggregate from Nel (corresponding to approximately NOK 688 million), and settlement of long-term debt and short-term liabilities to Nel.

Other than the above, there have been no material changes to the Group's unaudited consolidated capitalization and net financial indebtedness since 31 March 2024 and up to the date of this Prospectus.

8.2 Capitalization

The following table sets forth information about the Group's unaudited consolidated capitalization as of 31 March 2024, derived from the Combined Interim Financial Statements, as adjusted for the events comprised by the Reorganization as described in Section 8.1 "Introduction".

<i>(in EUR 1,000)</i>	As of 31 March 2024 <i>(unaudited)</i>	Adjustment	As adjusted
Total current debt (including current portion of non-current debt)	27 161	(3 333)	23 828
Guaranteed	-	-	-
Secured	131 ¹	-	131
Unguaranteed/unsecured	27 030 ²	(3 333) ³	23 697
Total non-current debt (excluding current portion of non-current debt)	20 215	(16 341)	3 874
Guaranteed	-	-	-
Secured	1 963 ⁴	-	1 963
Unguaranteed/unsecured	18 252 ⁵	(16 341) ⁶	1 911
Shareholder equity	15 960	75 598	91 558

Share capital	88 ⁷	5 801 ⁹	5 889
Legal reserve(s)	-	69 797 ⁹	69 797
Other reserves	15 872 ⁸	-	15 872
Total capitalization³	63 336	55 925	119 260

Notes:

- 1) Secured current debt of approximately EUR 0.1 million is part of the Combined Interim Financial Statements line item other current liabilities and provisions. The other liability is secured in building with book value of approximately EUR 6.5 million (presented within the combined statement of financial position line item property, plant and equipment).
- 2) Unguaranteed current debt consists of approximately EUR 1.7 million in trade payables with external vendors, approximately EUR 3.7 million in trade payables with related parties and short-term lease liabilities in the amount of approximately EUR 0.4 million, contract liabilities related to invoices issued before delivering of performance obligation in accordance with customer contracts in the amount of approximately EUR 13.9 million and other current liabilities and provisions in the amount of approximately EUR 7.4 million.
- 3) The adjustment consists of the settlement of gross short-term liabilities to Nel of approximately EUR 3.3 million as part of the Reorganization step (v), as further detailed in Sections 4.2 and 7.10.2 above.
- 4) Secured non-current debt consists of interest-bearing loans borrowed from Nykredit Realkredit A/S, ("**Nykredit**"), with maturity date between 2028-2038 and annual interest rate between 0.26%-0.36% in the amount of approximately EUR 2.0 million presented in the Combined Interim Financial Statements line item long-term debt. The long-term debt is secured in building with book value of approximately EUR 6.5 million (presented within the combined statement of financial position line item property, plant and equipment).
- 5) Unguaranteed non-current debt consists of long-term loan borrowed from Nel with maturity date in 2026 and annual interest rates of NIBOR 3 months + 3% p.a. in the amount of approximately EUR 16.3 million, long-term lease liabilities in the amount of approximately EUR 0.5 million, deferred tax liabilities in the amount of EUR 0.1 million and other non-current liabilities in the amount of approximately EUR 1.3 million.
- 6) The adjustment consists of the settlement of long-term debt related parties, i.e. the debt conversion of approximately EUR 16.3 million, as part of the Reorganization step (iv), as further detailed in Sections 4.2 and 7.10.2 above.
- 7) Share capital consists of the capital increase of approximately EUR 0.1 million paid by Nel at incorporation of the Company.
- 8) Other reserves of approximately EUR 15.9 million consists of the consolidated retained earnings of the Fueling Entities as of 31 March 2024 in the amount of approximately EUR 13.5 million, currency translation reserves in the amount of approximately EUR 2.6 million and hedging reserve losses in the amount of approximately EUR (0.1) million.
- 9) The adjustment in share capital of approximately EUR 5.8 million is the result of 33 618 145 issued Shares at par value of NOK 2 pr Share, converted to a total of approximately EUR 5.8 million in new share capital. Legal reserves of approximately EUR 69.8 million constitute the share premium from the capital increase. The total adjustment in shareholders equity of approximately EUR 75.6 million consists of the cash injection of approximately EUR 59.3 million (approximately NOK 688 million) in aggregate plus the debt conversion of approximately EUR 16.3 million received through the Reorganization, as further detailed in Sections 4.2 and 7.10.2 above.

8.3 Net financial indebtedness

The following table sets forth information about the Group's unaudited net financial indebtedness as of 31 March 2024, derived from the Combined Interim Financial Statements, as adjusted for the events comprised by the Reorganization as described in Section 8.1 "*Introduction*".

(in EUR 1,000)	As of 31 March 2024 (unaudited)	Adjustment	As adjusted
(A) Cash ¹	5 816 ¹	46 869 ⁶	52 685
(B) Cash equivalents	-	-	-
(C) Other current financial assets	6 785 ²	(336) ⁷	6 449
(D) Liquidity (A)+(B)+(C)	12 600	46 533	59 134

(E) Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	5 259 ³	(3 333) ⁷	1 926
(F) Current portion of non-current financial debt	548 ⁴	-	548
(G) Current financial indebtedness (E)+(F)	5 807	(3 333)	2 475
(H) Net current financial indebtedness (G) - (D)	(6 793)	(49 866)	(56 659)
(I) Non-current financial debt (excluding current portion and debt instruments)	18 838 ⁵	(16 341) ⁷	2 497
(J) Debt instruments	-	-	-
(K) Non-current trade and other payables	-	-	-
(L) Non-current financial indebtedness (I) + (J) + (K)	18 838	(16 341)	2 497
(M) Total financial indebtedness (H + L)	12 045	(66 206)	(54 161)

Notes:

- 1) Cash and cash equivalents consist of the Combined Interim Financial Statements line item cash and cash equivalents in the amount of approximately EUR 5.8 million. The amount excludes any restricted cash.
- 2) Other current financial assets consist of the Combined Interim Financial Statements line item trade receivables in the amount of approximately EUR 5.1 million and line item trade receivables related parties in the amount of approximately EUR 1.6 million.
- 3) Current financial debt consist of Combined Interim Financial Statements line items trade payables in the amount of approximately EUR 1.7 million, and trade payable with related parties in the amount of approximately EUR 3.7 million.
- 4) The current portion of non-current financial debt consists of short-term lease liabilities in the amount of approximately EUR 0.4 million and external debts held with Nykredit in the amount of approximately EUR 0.1 million.
- 5) Non-current financial debt consists of Combined Interim Financial Statements line items long-term debt related parties which consist of long-term loans borrowed from Nel with maturity date in 2026 and annual interest rates of NIBOR 3 months + 3% p.a. in the amount of approximately EUR 16.3 million, line item long-term debt which consists of interest-bearing loans borrowed from Nykredit with maturity date between 2028-2038 and annual interest rate between 0.26%-0.36% in the amount of approximately EUR 2.0 million, and line item lease liabilities which consists of long-term lease liabilities in the amount of approximately EUR 0.5 million.
- 6) The adjustment consists of the cash injections of approximately EUR 59.3 million (approximately NOK 688 million) in aggregate received through the Reorganization, less repayment of net short-term liabilities to Nel of approximately EUR 10.4 million, as further detailed in Sections 4.2 and 7.10.2 above. Approximately EUR 3.0 million of the repayment is net payment for receivables and payables presented as of 31 March 2023, while the additional approximately EUR 7.4 million is related to expenses incurred subsequent to 31 March 2023. In addition, adjustment include approximately EUR 2.0 million net negative cash flow in the period.
- 7) The adjustment consists of the settlement of net short-term long-term debt related parties, i.e. the debt conversion of approximately EUR 16.3 million, as part of the Reorganization step (iv), as further detailed in Sections 4.2 and 7.10.2 above.
- 8) The adjustment consists of the settlement of gross short-term liabilities of approximately EUR 3.3 million and gross current financial assets of approximately EUR 0.3 million (net EUR 3.0 million) as part of the Reorganization step (v), as further detailed in Sections 4.2 and 7.10.2 above.

8.4 Contingent and indirect indebtedness

The Group did not have any contingent or indirect indebtedness as of 31 March 2024 and as of the date of the Prospectus.

8.5 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus.

As of the date of this Prospectus, following the cash injections from Nel in connection with the Reorganization (see Section 4.2 above), the Group has a cash position of approximately EUR 52.7 million, which the Company estimates will give a two year runway.

9 SELECTED HISTORICAL FINANCIAL INFORMATION AND OTHER INFORMATION

9.1 Introduction

The selected financial information included in this Section has been extracted from the Financial Information, as defined in Section 4.3.1 "Financial information". All financial information included in this Section 9 should therefore be read in connection with, and is qualified in its entirety by reference to, the Financial Information included in this Prospectus.

9.2 Combined statement of total comprehensive income

The table below sets out selected data from the Company's combined statement of total comprehensive income for the years ended 31 December 2023, 2022 and 2021 and the three months' period ended 31 March 2024, as derived from the Financial Information.

	Three months ended 31 March		Year ended 31 December		
	2024 (unaudited)	2023 (unaudited)	2023	2022	2021
<i>(in EUR 1,000)</i>					
Revenue and income					
Revenue from contracts with customers	9 712	6 944	28 887	20 504	31 223
Other operating income	124	409	1 506	3 713	1 430
Total revenue and income	9 837	7 352	30 393	24 217	32 653
Operating expenses					
Raw materials	4 842	2 858	12 415	15 468	21 987
Personnel expenses	5 450	5 795	24 239	25 490	20 293
Depreciation and amortization	1 232	1 179	4 689	4 696	3 926
Write-down intangible assets	-	-	48	32 393	-
Other operating expenses	4 328	4 534	13 109	20 491	10 352
Total operating expenses	15 852	14 366	54 499	98 538	56 558
Operating loss	(6 016)	(7 014)	(24 106)	(74 321)	(23 905)
Finance income	157	36	153	1	2
Finance costs	(401)	(1 242)	(5 740)	(1 804)	(1 763)
Net finance costs	(244)	(1 206)	(5 587)	(1 802)	(1 761)
Loss before taxes	(6 260)	(8 220)	(29 692)	(76 123)	(25 666)
Tax expense (income)	(203)	(206)	(804)	(823)	(1 002)
Net loss	(6 057)	(8 014)	(28 889)	(75 300)	(24 665)
Currency translation differences	689	429	813	1 136	(620)
Cash flow hedges, effective portion of changes in fair value	(142)	-	(92)	105	71
Cash flow hedges, reclassified	-	-	(34)	(202)	(118)
Total comprehensive income attributable to equity holders of the company	(5 510)	(7 584)	(28 201)	(74 261)	(25 331)

9.3 Combined statement of financial position

The table below sets out selected data from the Company's combined statement of financial position as of 31 December 2023, 2022 and 2021 and 31 March 2024, as derived from the Financial Information.

<i>(in EUR 1,000)</i>	As of 31 March		As of 31 December	
	2024 <i>(unaudited)</i>	2023	2022	2021
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	11 706	11 880	12 282	11 656
Goodwill	-	-	-	28 195
Intangible assets	9 163	8 683	7 950	11 494
Non-current financial assets	1 058	1 035	3 962	3 460
Total non-current assets	21 927	21 599	24 194	54 806
Current assets				
Inventories	24 833	27 748	22 773	19 257
Trade receivables	5 145	7 186	22 214	9 405
Trade receivables related parties	1 640	3 056	862	1 581
Contract assets	455	641	3 937	4 012
Other current assets	3 520	2 646	5 633	2 666
Cash and cash equivalents	5 816	7 018	2 655	5 862
Total current assets	41 409	48 297	58 073	42 782
TOTAL ASSETS	63 336	69 895	82 267	97 588
EQUITY AND LIABILITIES				
Equity				
Total equity	15 960	21 364	5 746	38 785
NON-CURRENT LIABILITIES				
Deferred tax liabilities	73	88	147	205
Long-term debt	1 963	1 998	2 133	2 322
Long-term debt related parties	16 341	13 769	23 513	23 916
Lease liabilities	534	600	327	301
Other non-current liabilities	1 304	1 404	2 021	2 865
Total non-current liabilities	20 215	17 859	28 141	29 609
Current liabilities				
Trade payables	1 652	2 290	3 777	2 589
Trade payables related parties	3 741	3 281	9 226	6 777
Lease liabilities	414	440	343	373
Contract liabilities	13 934	17 461	22 747	10 492
Other current liabilities and provisions	7 420	7 201	12 287	8 963
Total current liabilities	27 161	30 673	48 381	29 194
TOTAL EQUITY AND LIABILITIES	63 336	69 895	82 267	97 588

9.4 Combined statement of cash flow

The table below sets out selected data from the Company's combined statement of cash flow for the years ended 31 December 2023, 2022 and 2021 and the three months' period ended 31 March 2024, as derived from the Financial Information.

<i>(in EUR 1,000)</i>	As of 31 March		As of 31 December		2021
	2024 <i>(unaudited)</i>	2023 <i>(unaudited)</i>	2023	2022	
Loss before taxes	(6 260)	(8 220)	(29 692)	(76 123)	(25 666)

Adjustments for interest expense	93	244	1 972	2 244	1 324
Depreciation, amortization and impairment	1 232	1 179	4 736	37 089	3 926
Change in net working capital	2 317	4 939	(19)	2 671	(11 366)
Other adjustments	807	2 549	6 168	4 185	7 827
Cash Flows from operating activities	(1 905)	447	(18 806)	(32 178)	(25 279)
Payments for capitalized technology	(1 096)	(723)	(3 044)	(2 716)	(3 856)
Investments in other financial assets	-	-	-	(524)	(1 292)
Purchases of property, plant and equipment	(397)	(150)	(1 240)	(2 141)	(1 917)
Disposal of fixed assets	-	-	-	-	990
Cash Flow from investing activities	(1 493)	(873)	(4 284)	(5 381)	(6 075)
Interest paid	(28)	(25)	(88)	(103)	(92)
Payment of long-term debt	(33)	(26)	(134)	(187)	(439)
Payments of lease liabilities	(107)	(104)	(512)	(400)	(371)
Proceeds from new loan related party	921	2 328	28 363	35 182	34 435
Net proceeds from changes in cash pool related parties	1 586	-	-	-	-
Capital increase Cavendish Hydrogen ASA	88	-	-	-	-
Payment of loans related party	-	(499)	(499)	-	-
Cash Flows from financing activities	2 427	1 674	27 128	34 492	33 532
Effect of exchange rate changes on cash	(232)	(261)	325	(139)	415
Net change in cash and cash equivalents	(1 203)	988	4 363	(3 207)	2 593
Cash and cash equivalents at the beginning of the period	7 018	2 655	2 655	5 862	3 268
Cash and cash equivalents at the end of the period	5 816	3 642	7 018	2 655	5 862

9.5 Combined statement of changes in equity

The table below sets out selected data from the Company's consolidated statement of changes in equity for the financial years ended 31 December 2023, 2022 and 2021 as derived from the Financial Information.

(in EUR 1,000)	Contributed equity and retained earning	Currency translation difference	Hedging reserve	Total equity
Equity as of 1 January 2021	32 983	592	271	33 846
Total comprehensive income	(24 665)	(620)	(47)	(25 331)
Options and share program	374	-	-	374
Other changes	52	-	-	52
Changes in parent's investment	29 843	-	-	29 843
Equity as of 1 January 2022	38 588	(28)	224	38 785
Total comprehensive income	(75 300)	1 136	-98	(74 261)
Options and share program	265	-	-	265
Changes in parent's investment	40 958	-	-	40 958
Equity as of 1 January 2023	4 510	1 109	127	5 746
Total comprehensive income	(28 889)	813	(125)	(28 201)
Options and share program	114	-	-	114
Changes in parent's investment	43 704	-	-	43 704
Equity as of 1 January 2024	19 440	1 922	1	21 364

The table below sets out selected data from the Company's consolidated statement of changes in equity for the three months' period ended 31 March 2023, as derived from the Financial Information.

<i>(in EUR 1,000)</i>	Contributed equity and retained earning	Currency translation difference	Hedging reserve	Total equity
Equity as of 1 January 2023	4 510	1 109	127	5 746
Total comprehensive income	(8 014)	429	-	(7 584)
Options and share program	53	-	-	53
Equity as of 31 March 2023	(3 450)	1 538	127	(1 785)

The table below sets out selected data from the Company's consolidated statement of changes in equity for the three months' period ended 31 March 2024, as derived from the Financial Information.

<i>(in EUR 1,000)</i>	Contributed equity and retained earning	Currency translation difference	Hedging reserve	Total equity
Equity as of 1 January 2024	19 440	1 922	1	21 364
Total comprehensive income	(6 057)	689	(142)	(5 510)
Options and share program	19	-	-	19
Capital increase Cavendish Hydrogen ASA	88	-	-	88
Equity as of 31 March 2024	13 490	2 611	(141)	15 960

9.6 Independent auditor

The Company's independent auditor is EY, with registration number 976 389 387 and business address Dronning Eufemias Gate 6, N-0191 Oslo, Norway. The partners of EY are members of the Norwegian Institute of Public Accountants (Nw.: *Den norske Revisorforening*).

EY has audited the Combined Annual Financial Statements and the Company's Financial Statements, and conducted a limited review of the Combined Interim Financial Statements, and the audit reports are included together with such financial statements in Appendices B – D. EY has not audited, reviewed or produced any report on any other information provided in this Prospectus.

9.7 Related party transactions

9.7.1 Introduction

As part of its ordinary business operations, the Group enters into transactions with related parties who are not members of the Group during the financial year. Related party transactions are made on terms equivalent to those that prevail in arm's length transactions and are made only if such terms can be substantiated. For the purpose of the following disclosures of related party transactions in this Prospectus, "related party transactions" are those transactions that are set out as such in accordance with the Regulation (EC) No 1606/2002 of the European Parliament and of the Council. Transactions between companies within the Group are eliminated from the Company's consolidated financial statements and do not represent transactions with related parties for the purpose of this Section.

Set out below are overviews and summaries of the Group's related party transactions for the period covered by the Financial Information and up to the date of this Prospectus, as extracted from the Combined Annual Financial Statements and the Combined Interim Financial Statements.

9.7.2 Transactions carried out with related parties in the years ended 31 December 2023, 2022 and 2021

The Group had the following transactions with the Fueling Entities and related parties during the years ended 31 December 2023, 2022 and 2021:

<i>(in EUR 1,000)</i>	As of 31 December		
	2023	2022	2021
Revenue	103	-	-
Total revenue and income	103	-	-
Other expenses (management fee) ²	1 697	2 449	3 122
Share option expense	92	224	378
Recharge of payroll expenses ¹	(572)	(294)	(258)
Recharge of payroll expenses ²	599	247	206
Total operating expenses	1 816	2 626	3 448
Interest expenses	1 884	2 142	1 232
Net finance costs	1 884	2 142	1 232

¹ From Nel Hydrogen A/S to Nel

² From Nel to Nel Hydrogen A/S, Nel Hydrogen Inc and Nel Korea Co. Ltd.

Total revenue from related parties for the year ended 31 December 2023 was approximately EUR 0.1 million related to intra-group services provided to Nel Hydrogen Electrolyser AS, and there were no transactions in 2022 and 2021. Total operating expenses to related parties for the year ended 31 December 2023 was approximately EUR 1.8 million (2022: approx. EUR 2.6 million and 2021: approx. EUR 3.4 million) related to management fees charged by Nel for intragroup services provided to the Fueling Entities. Total interest expenses to related parties for the year ended 31 December 2023 was approximately EUR 1.8 million (2022: approx. EUR 2.1 million and 2021: approx. EUR 1.2 million) related to the intercompany loans lent by Nel to the Fueling entities.

The material related party transactions for the year ended 31 December 2023 related to management services provided to the Group from Nel.

<i>(in EUR 1,000)</i>	As of 31 December		
	2023	2022	2021
Trade receivables related parties	3 056	862	1 581
Long-term debt related parties	13 769	23 513	23 916
Contract liabilities	-	228	-
Trade payables related parties	3 281	9 226	6 777

9.7.3 Transactions carried out with related parties in the three months' period ended 31 March 2024

The Group had the following transactions with related parties during the three months' period ended 31 March 2024:

<i>(in EUR 1,000)</i>	As of 31 March	
	2024 <i>(unaudited)</i>	2023 <i>(unaudited)</i>
Revenue	41	-
Total revenue and income	41	-
Other expenses (management fee) ²	637	601
Share option expense	18	94
Recharge of payroll expenses ¹	(67)	(104)
Recharge of payroll expenses ²	23	73

Total operating expenses	611	664
Interest expenses	(33)	(403)
Net finance costs	(33)	(403)

¹ From Nel Hydrogen A/S to Nel

² From Nel to Nel Hydrogen A/S, Nel Hydrogen Inc and Nel Korea Co.Ltd.

As of 31 March 2024	
<i>(unaudited)</i>	
<i>(in EUR 1,000)</i>	
Trade receivables related parties	1 640
Long-term debt related parties	16 341
Trade payables related parties	3 741

9.7.4 Transactions carried out with related parties in the period following 31 March 2024 and up to the date of this Prospectus

The Group had the following transactions with related parties in the period following 31 March 2024 and up to the date of this Prospectus:

31 March 2024 to date of this Prospectus	
<i>(unaudited)</i>	
<i>(in EUR 1,000)</i>	
Capital injection by Nel	59 257
Net short-term payables to Nel	(10 390)
Total transactions carried out with related parties in the period following 31 March 2024¹	48 867

¹ The adjustment consists of the cash injections of approximately EUR 59.3 million (approximately NOK 688 million) in aggregate received through the Reorganization, less repayment of net short-term liabilities to Nel of approximately EUR 10.4 million, as further detailed in Sections 4.2 and 7.10.2 above. Approximately EUR 3.0 million of the repayment is net payment for receivables and payables presented as of 31 March 2023, while the additional approximately EUR 7.6 million is related to expenses incurred subsequent to 31 March 2023.

10 OPERATING AND FINANCIAL REVIEW

This operating and financial review should be read together with the Financial Information and related notes included therein. The Financial Information are appended to this Prospectus as Appendices B and C. This operating and financial review should be read together with Section 4 "General information", Section 7 "Business of the Group", Section 8 "Capitalization and indebtedness" and Section 9 "Selected historical financial information and other information".

This operating and financial review contains forward-looking statements. These forward-looking statements are not historical facts, but are rather based on the Group's current expectations, estimates, assumptions and projections about the Group's industry, business, strategy and future financial results. Actual results could differ materially from the results contemplated by these forward-looking statements because of a number of factors, including those discussed in Section 2 "Risk factors" of this Prospectus, as well as other Sections of this Prospectus. An overview of the APMs discussed in this operating and financial review is presented in Section 4.3.5 "Alternative performance measures".

10.1 Operating segments

10.1.1 Introduction

The Group has in the three month period ended 2024 and in each year of 2023, 2022 and 2021 (i.e. the period covered by the Financial Information) had, and currently has, one reporting segment, being hydrogen fueling. The Group has in the three month period ended 2024 and in each year of 2023, 2022 and 2021 (i.e. the period covered by the Financial Information) operated in Europe, North America and South Korea, accordingly, all revenues during the periods covered by the Financial Information pertain to hydrogen fueling in these geographical areas.

The following tables present the Group's total revenue and other income by its geographic presence in Europe, North America and South Korea for the three months' period ended 31 March 2024 and 31 March 2023, and for the years ended 31 December 2023, 2022 and 2021. The segment information presented herein is extracted from the Financial Information.

10.1.2 Operating segments

Revenue geographical area

<i>(in EUR 1,000)</i>	As at 31 December		
	2023	2022	2021
Norway	135	42	53
North America	14 203	10 913	20 957
Asia	1 207	2 877	3 896
Europe ex Norway	13 343	6 673	6 317
Total revenue from contracts with customers	28 887	20 504	31 223

Property, plant and equipment geographical area

	As of 31 March		As of 31 December	
	2024	2023	2022	2021
<i>(in EUR 1,000)</i>	<i>(unaudited)</i>			
Denmark	10 047	10 153	10 613	10 626
USA	1 473	1 504	1 336	481
South Korea	186	223	333	550
Balance as of 31.12.	11 706	11 880	12 282	11 657

Intangible assets geographical area

	As of 31 March		As of 31 December	
	2024	2023	2022	2021
<i>(in EUR 1,000)</i>	<i>(unaudited)</i>			
Denmark	9 163	8 683	7 950	39 689
Balance as of 31.12.	9 163	8 683	7 950	39 689

Revenues from single customers above 10% of total revenues

The Group generates sales with large customers, in particular related to the sale of equipment, which is individually above 10%. In the year ended 31 December 2023, three new large customers were included, which accounted for approximately 23%, 19% and 11%, representing a total approximately 53% of the revenue from contracts with customers in 2023. Recurring customers in 2023, accounted for approximately 15% in 2023, approximately 12% in 2022 and approximately 12% in 2021. In addition, a former customer project accounted for approximately 23% of the Group's revenue in 2022 and approximately 46% in 2021 and no revenue in 2023.

10.1.3 Key operational targets

The Group has decided upon a few medium-term operational targets:

- Successfully develop and by year 2025 commercialize a next-generation product targeting high-capacity hydrogen fueling use cases
- Continue to systematically drive down the ongoing operation and maintenance cost for new station modules to improve the customer's business case
- Secure sufficient order intake to maintain revenue level until growth from high-capacity market is achieved

Other than the operational targets above, the Group has not adopted any key financial targets.

10.2 Principal factors affecting the Group's results of operations and financial performance

The Group's results of operations and financial performance have been affected by a range of factors, and may continue to be affected by some or all of these factors. The factors that the Company believes have had a material effect on the Group's result of operations during the financial periods under review, as well as those considered likely to have a material effect on its results of operations and financial performance in the future, are described below. Please also refer to Section 6 "Industry and market overview" for an overview over the main drivers of profitability in the Group's industry.

10.2.1 Rate of development of the hydrogen fueling market

The Group's operating and financial performance has been affected due to the hydrogen fueling market being at an early stage of development with significant uncertainty with regards to timing of market demand and technical specifications for what current and potential customers will require. Due to this, the Group's projected growth has been slower than anticipated, affecting projected revenue targets and profitability. In addition, the Group's results have been affected as the market demand is underpinned by government support as the first installations have a too high cost point to be commercially viable. Should the regulatory environment worsen, it may also have a significant impact on our customers' ability to enter into contractual commitments, and could affect the Group's order intake situation and overall business.

10.2.2 Project execution and timing of revenue

The Group executes projects (installation and commissioning scope of the delivery) with revenue recognition in accordance with the percentage of completion principle, hence delays in project execution delay revenues recognition in the financial statements. In addition, the Group's customer contracts typically include technical requirements, liquidated damages etc. The Group's results have been affected by breach of the contractual obligations, which has had an impact on the Group's profit. This has been the case on several of the projects delivered in 2021 to 2023. Specific circumstances outside of the Group's control, such as site permits, has delayed the revenue recognition and in turn affected the Group's financial performance historically. The risk for this going forward is also moderate.

10.2.3 Cost from warranty repairs and H2Station™ equipment upgrades

The Group's customer contracts are entered into with specific product warranty obligations with a duration normally from 12 to 24 months after delivery. Certain customer contracts also have longer warranty and service periods that extends to more than 24 months. The Group's products must meet stringent quality requirements, but may contain defects that are not detected until the station commence operation since the Group cannot test for all possible scenarios or applications. The Group's results have been affected by the stations that fail to meet the performance guarantees, which require upgrades and modifications which significantly impact the Group's financial performance.

10.2.4 Competition

The Group competes in a highly competitive market, with many current and potential competitors within hydrogen fueling products and services. The Group's competitive position has been, and is expected to be, challenged by low cost manufacturers of hydrogen fueling stations that drive prices and profitability down for the Group's operations.

10.2.5 Labor costs

The Group is dependent on employees with sufficient competence and expertise in the field of hydrogen fueling operations. The competence requirements and number of required employees have varied based on the Group's activity level. As the hydrogen fueling industry is newly developed there is a limited amount of hydrogen experts available, the Group has been exposed to intensified competition for highly skilled employees. This has resulted in higher labor costs for the Group, to assure alignment with the salary market rate for competition for skilled workforce, which consequently has had an impact on the Group's financial performance.

10.3 Recent development and trends

10.3.1 Recent development and trends

Since 31 December 2023 and until the date of this Prospectus, the financial development of the Group has been in line with expectations. Further, the Group has not experienced nor does it have any information about significant changes compared to historical trends in production, sales, costs and selling prices, uncertainties, demands, commitments or events since 31 December 2023 that are likely to have a material effect on the Group's prospects for the current financial year.

10.3.2 Significant changes in the financial position or performance of the Group

No significant changes have occurred in the Group's financial performance since 31 March 2024.

Other than the cash injections from Nel in connection with the Reorganization as described in Section 4.2 above, no significant changes have occurred in the Group's financial position since 31 March 2024.

10.4 Financial review of the Group's results of operations

10.4.1 Results of operations for the three months' period ended 31 March 2024 compared to the three months' period ended 31 March 2023

10.4.1.1 Overview

The table below is an extract of the consolidated statements of profit and loss in the Combined Interim Financial Statements, setting out line items discussed below:

<i>(in EUR 1,000)</i>	Three months ended 31 March		Change in	
	2024 <i>(unaudited)</i>	2023 <i>(unaudited)</i>	EUR 1000	%
Revenue from contracts with customers	9 712	6 944	2 769	40 %
Other income	124	409	(284)	-70 %
Total operating expenses	15 852	14 366	1 486	10 %
Net finance costs	(244)	(1 206)	962	-80 %
Tax expense (income)	(203)	(206)	3	-1 %
Net loss	(6 057)	(8 014)	1 957	-24 %
Other comprehensive income	547	429	118	27 %
Total comprehensive income	(5 510)	(7 584)	2 074	-27 %

10.4.1.2 Revenue from contracts with customers

Revenue for the three months period ended 31 March 2024 was approximately EUR 9.7 million compared to approximately EUR 6.9 million for the three months period ended 31 March 2023, an increase that was primarily due to recognition of higher project revenue, specifically in the U.S. market.

10.4.1.3 Other income

Other operating income for the three months period ended 31 March 2024 was approximately EUR 0.1 million compared to approximately EUR 0.4 million for the three months period ended 31 March 2023, a decrease that was primarily due to lower grants received from the European Union during the first quarter of 2024.

10.4.1.4 Total operating expenses

Other operating costs for the three months period ended 31 March 2024 were approximately EUR 15.9 million compared to approximately EUR 14.4 million for the three months period ended 31 March 2023, an increase that was primarily due to write down of obsolete inventory after termination and close down of several stations in the U.S., where spare parts did not have an alternative use. The increase in operating costs was also attributed by a provision related to a customer claim in the U.S.

10.4.1.5 Net financial costs

Finance Income and expenses for the three months period ended 31 March 2024 was approximately EUR -0.2 million compared to approximately EUR -1.2 million for the three months period ended 31 March 2023, a decrease that was primarily due to the effect of lower long-term debt from Nel following a debt conversion in December 2023.

10.4.1.6 Net loss

Net loss for the three months period ended 31 March 2024 was approximately EUR -6.1 million compared to approximately EUR -8.0 million for the three months period ended 31 March 2023, an improvement that was primarily due to fees from termination of a contract with Nikola Corporation, partly offset by effects of a subsequent customer claim and write down of obsolete inventory of discontinued products.

10.4.2 Results of operations for the year ended 31 December 2023 compared to the year ended 31 December 2022

10.4.2.1 Overview

The table below is an extract of the consolidated statements of profit and loss in the Combined Annual Financial Statements, setting out line items discussed below:

	Year ended 31 December		Change in	
	2023	2022	EUR 1000	%
<i>(in EUR 1,000)</i>				
Revenue from contracts with customers	28 887	20 504	8 383	41 %
Other income	1 506	3 713	(2 207)	-59 %
Total operating expenses	54 499	98 538	(44 039)	-45 %
Net finance costs	(5 587)	(1 802)	(3 784)	210 %
Tax expense (income)	(804)	(823)	20	-2 %
Net Loss	(28 889)	(75 300)	46 411	-62 %
Other comprehensive income	688	1 039	(351)	-34 %
Total comprehensive income	(28 201)	(74 261)	46 060	-62 %

10.4.2.2 Revenue from contracts with customers

Revenue from contracts with customers for the year ended 31 December 2023 was approximately EUR 28.9 million compared to approximately EUR 20.5 million the year ended 31 December 2022, an increase of 41% that was primarily due to increased number of stations recognized from production and higher progress on installations and commissioning of stations in the European market.

10.4.2.3 Other income

Other income for the year ended 31 December 2023 was approximately EUR 1.5 million compared to approximately EUR 3.7 million the year ended 31 December 2022, a decrease of 59% that was primarily due to lower amount of grant revenue recognized and a settlement of a supplier claim received in 2022.

10.4.2.4 Total operating expenses

Total operating expenses for the year ended 31 December 2023 was approximately EUR 54.5 million compared to approximately EUR 98.5 million the year ended 31 December 2022, a decrease of 45%, primarily due to improved costs from warranty repairs of the Group's hydrogen fueling stations and a reduction in indirect cost levels, resulted from fewer support functions and consultants being needed due to improved station reliability, especially in the European market.

10.4.2.5 Net financial cost

Net financial cost for the year ended 31 December 2023 was approximately EUR 5.6 million compared to approximately EUR 1.8 million the year ended 31 December 2022, an increase of 210% that was primarily due to a change in fair value of shareholdings in HyNet of approximately EUR 2.7 million in 2023. In addition, currency losses in 2023 of approximately EUR 0.8 million.

10.4.2.6 Net loss

Net loss for the year ended 31 December 2023 was approximately EUR 28.9 million compared to approximately EUR 75.3 million the year ended 31 December 2022, an improvement of 62% that was primarily due to 2022 including approximately EUR 29.3 million in impairment of goodwill. The operating profits improved as revenue and income increased by approximately EUR 6.2 million while personnel expenses decreased approximately EUR 1.3 million. In addition, 2023 was impacted by positive changes from reduction of historical provisions not used, in particular from reduced fine from the Kjørbo incident and warranty obligations.

10.4.3 Results of operations for the year ended 31 December 2022 compared to the year ended 31 December 2021

10.4.3.1 Overview

The table below is an extract of the consolidated statements of profit and loss in the Combined Annual Financial Statements, setting out line items discussed below:

	Year ended 31 December		Change in	
	2022	2021	EUR 1000	%
<i>(in EUR 1,000)</i>				
Revenue from contracts with customers	20 504	31 223	(10 719)	-34 %
Other income	3 713	1 430	2 283	160 %
Total operating expenses	98 538	56 558	41 980	74 %
Net finance costs	(1 802)	(1 761)	(41)	2 %
Tax expense (income)	(823)	(1 002)	178	-18 %
Net loss	(75 300)	(24 665)	(50 635)	205 %
Other comprehensive income	1 039	(667)	1 705	-256 %
Total comprehensive income	(74 261)	(25 331)	(48 930)	193 %

10.4.3.2 Revenue from contracts with customers

Revenue from contracts with customers for the year ended 31 December 2022 was approximately EUR 20.5 million compared to approximately EUR 31.2 million the year ended 31 December 2021, a decrease of 34% that was primarily due to lower amount of stations recognized from production and lower progress on installation and commissioning projects in both the European and South Korean market. The decrease partly offset by progress in the U.S. market.

10.4.3.3 Other income

Other income for the year ended 31 December 2022 was approximately EUR 3.7 million compared to approximately EUR 1.4 million the year ended 31 December 2021, an increase of 160% that was primarily due to received settlement on a supplier claim.

10.4.3.4 Total operating expenses

Total operating expenses for the year ended 31 December 2022 was approximately EUR 99.5 million compared to approximately EUR 56.6 million the year ended 31 December 2021, an increase of 74% that was primarily due to a significant increase of warranty repair in all markets, highly utilized stations in Europe and significant provisions for upgrades expected from the Group's U.S. projects. The increase in operation expenses in the year 2022 was also indirectly due to the Group's focus of organizational matters, driven by operational challenges and the organic growth.

10.4.3.5 Net financial cost

Net financial cost for the year ended 31 December 2022 was approximately EUR 1.8 million compared to approximately EUR 1.8 million the year ended 31 December 2021. The net financial costs are unchanged compared to 2021, however, the gross amount includes an increase in interest expense of approximately EUR 0.9 million from related party loans and increased gain from currency of approximately EUR 0.8 million.

10.4.3.6 Net loss

Net loss for the year ended 31 December 2022 was approximately EUR 75.3 million compared to approximately EUR 24.7 million the year ended 31 December 2021, a decrease of 205% that was primarily due to the to 2022 including approximately EUR 29.3 million in impairment of goodwill. The operating profits decreased as revenue and income decreased by approximately EUR 8.4 million while personnel expenses increased approximately EUR 5.2 million. In addition, 2022 includes high warranty costs and an increase in indirect costs.

10.5 Financial review of the Group's financial position

10.5.1 Financial position as of 31 March 2024 compared to 31 December 2023

10.5.1.1 Overview

The table below is an extract of the condensed consolidated statement of financial position in the Combined Interim Financial Statements, setting out line items discussed below:

(in EUR 1,000)	Three months ended	Year ended	Change in	
	31 March	31 December	EUR 1000	%
		2023		

	2024 (unaudited)			
Total assets	63 336	69 895	(6 559)	-9 %
Total equity	15 960	21 364	(5 404)	-25 %
Total liabilities	47 376	48 532	(1 156)	-2 %

10.5.1.2 Total assets

As of 31 March 2024, the Group's total assets were approximately EUR 63.3 million, compared to approximately EUR 69.8 million as of 31 December 2023, a decrease that was primarily due to a decrease in the inventory balance due to sale of finished goods produced in 2023 and delivered in the first quarter of 2024 in the amount of approximately EUR 7.8 million and allowance for reduction in net realizable value for spare parts acquired in advance for a customer contract that was terminated, and without alternative use, in the first quarter of 2024 in the amount of approximately EUR 1.5 million. The decrease in the inventory balance was offset by an increase of approximately EUR 6.0 million in the raw material balance for production of new fueling stations.

In addition, the cash and equivalents balance of the Group was reduced by approximately EUR 1.2 million due to the reasons explained in Section 10.6.3 and accrual of loss allowance in the trade receivables for overdue invoices with a customer that filed a lawsuit against the Group in the amount of approximately EUR 0.5 million. The decreased total assets were also affected by the total equity of the Group.

10.5.1.3 Total equity

As of 31 March 2024, the Group's total equity was approximately EUR 16.0 million, compared to approximately EUR 21.4 million as of 31 December 2023, a decrease that was primarily due to the comprehensive income during the first quarter of 2024 which resulted in the negative amount of approximately EUR 5.5 million.

10.5.1.4 Total liabilities

As of 31 March 2024, the Group's total liabilities were approximately EUR 47.4 million, compared to approximately EUR 48.5 million as of 31 December 2023, a decrease that was primarily due to recognition of revenue for three fueling stations delivered during the quarter of which contract liabilities were recognized for invoices issued prior to transference of control of the equipment to the customer reducing the line item contract liabilities in the amount of approximately EUR 6.2 million.

10.5.2 Financial position as of 31 December 2023 compared to 31 December 2022

10.5.2.1 Overview

The table below is an extract of the condensed consolidated statement of financial position in the Combined Annual Financial Statements, setting out line items discussed below:

(in EUR 1,000)	Year ended 31 December		Change in	
	2023	2022	EUR 1000	%
Total assets	69 895	82 267	(12 372)	-15 %
Total equity	21 364	5 746	15 618	272 %
Total liabilities	48 532	76 522	(27 990)	-37 %

10.5.2.2 Total assets

As of 31 December 2023, the Group's total assets were approximately EUR 69.9 million, compared to approximately EUR 82.3 million as of 31 December 2022, a decrease of 15% primarily due to decrease of net working capital asset levels since 2022. In particular, 2022 reported a higher value of trade receivables from invoices issued at the end of December 2022. Although a collection of the receivables during 2023 increased cash and therefore retained the size of the balance sheet as the immediate step, the cash has been spent to cover the loss from operating activities. This was specially related to personnel expenses not capitalized on balance sheet or covered by customer contracts.

10.5.2.3 Total equity

As of 31 December 2023, the Group's total equity was approximately EUR 21.4 million, compared to approximately EUR 5.7 million as of 31 December 2022, an increase of 272% that was primarily due to a conversion of long-term debt of approximately EUR 43.7 million from Nel to equity. The increase from debt conversion was offset by negative comprehensive income of approximately EUR 28.9 million for the year 2023.

10.5.2.4 Total liabilities

As of 31 December 2023, the Group's total liabilities were approximately EUR 48.5 million, compared to approximately EUR 76.5 million as of 31 December 2022, a decrease of 37% that was primarily due to an approximately EUR 43.7 million conversion of long-term debt from Nel to equity. This amount includes a large portion of 2023 transactions, however, it did decrease the long-term debt from Nel from approximately EUR 23.5 million at the end of 2022 to approximately EUR 13.8 million at the end of 2023. In addition, the Group experienced lower order intake and customer deliveries which resulted in a reduction of approximately EUR 8.1 million in contract liabilities and provision for warranty obligations.

10.5.3 Financial position as of 31 December 2022 compared to 31 December 2021

10.5.3.1 Overview

The table below is an extract of the condensed consolidated statement of financial position in the Combined Annual Financial Statements, setting out line items discussed below:

	Year ended 31 December		Change in	
	2022	2021	EUR 1000	%
<i>(in EUR 1,000)</i>				
Total assets	82 267	97 588	(15 321)	-16 %
Total equity	5 746	38 785	(33 039)	-85 %
Total liabilities	76 522	58 803	17 718	30 %

10.5.3.2 Total assets

As of 31 December 2022, the Group's total assets were approximately EUR 82.3 million, compared to approximately EUR 97.6 million as of 31 December 2021, a decrease of 16% primarily due to write-down of goodwill and previously capitalized development expenses. The write-down of goodwill was approximately EUR 29.3 million. The write-down of capitalized development derived from amounts related to technology from product types that was replaced by new products, hence no longer sold. In addition, work related to the development of high capacity fueling solution was written down due to it being deemed not valuable work due to concept change.

The remaining intangible assets were then related to current core products and core technology such as high pressure compression and cooling.

10.5.3.3 Total equity

As of 31 December 2022, the Group's total equity was approximately EUR 5.7 million, compared to approximately EUR 38.8 million as of 31 December 2021, a decrease of 85% that was primarily due to the comprehensive losses of approximately EUR 75.3 million, which was offset by conversion of long-term debt from Nel to equity of approximately EUR 40.9 million.

10.5.3.4 Total liabilities

As of 31 December 2022, the Group's total liabilities were approximately EUR 76.5 million, compared to approximately EUR 58.8 million as of 31 December 2021, an increase of 30% that was primarily due to increased contract liability of approximately EUR 12.3 million as the Group invoiced prepayments from customer contract.

10.6 Financial review of the Group's liquidity and capital resources

10.6.1 Sources and use of cash

The Group's principal sources of liquidity are internal long term loans provided for by Nel. The Company itself is a non-operative holding company, and the main portion of the Group's cash balance is therefore held at subsidiary level to cover the daily liquidity requirements of the operating subsidiaries.

10.6.2 Cash flows overview

The table below sets out selected data on cash flow relating to the Group, for the Combined Interim Financial Statements and Combined Annual Financial Statements, extracted from the Financial Information.

<i>(in EUR 1,000)</i>	As of 31 March	As of 31 December		
	2024 <i>(unaudited)</i>	2023	2022	2021
Cash flow from operating activities	(1 905)	(18 806)	(32 178)	(25 279)
Cash flow from investing activities	(1 493)	(4 284)	(5 381)	(6 075)
Cash flow from financing activities	2 427	27 128	34 492	33 532

10.6.3 The three months' period ended 31 March 2024 compared to three months' period ended 31 March 2023

10.6.3.1 Overview

The table below is an extract of the condensed consolidated statement of cash flow in the Combined Interim Financial Statements, setting out line items discussed below:

<i>(in EUR 1,000)</i>	Three months ended 31 March		Change in	
	2024 <i>(unaudited)</i>	2023 <i>(unaudited)</i>	EUR 1000	%
Cash flow from operating activities	(1 905)	447	(2 352)	-526 %
Cash flow from investing activities	(1 493)	(873)	(620)	71 %
Cash flow from financing activities	2 427	1 674	753	45 %

10.6.3.2 Cash flow from operating activities

Net cash flow from operating activities for the three months' period ended 31 March 2024 was approximately EUR -1.9 million compared to approximately EUR 0.4 million for 31 March 2023. The cash flow from operating activities before change in net working capital was approximately EUR -4.2 million in the first quarter of 2024 compared to approximately EUR -4.5 million in the first quarter of 2023. Therefore, excluding the net working capital changes, the reported loss from operating activities was at the same level. The change in net working capital was approximately EUR 2.3 million in the first quarter of 2024 compared to approximately EUR 4.9 million in the first quarter of 2023.

10.6.3.3 Cash flow from investing activities

Net cash flow from investment activities for the three months' period ended 31 March 2024 was approximately EUR -1.5 million compared to approximately EUR -0.9 million for 31 March 2023, an increase that was primarily due to higher capitalization of intangible costs invested for development of next generation high capacity hydrogen refueling stations (HC-HRS).

10.6.3.4 Cash flow from financing activities

Net cash flow from financing activities for the three months' period ended 31 March 2024 was approximately EUR 2.4 million compared to approximately EUR 1.7 million for 31 March 2023. New loan from Nel totaled approximately EUR 2.5 million in the first quarter of 2024 compared to approximately EUR 2.3 million in the first quarter of 2023. The first quarter of 2023 includes a repayment of loan to Nel of approximately EUR 0.5 million which reduced the net positive cash flow from financing activities in this period.

10.6.4 Year ended 31 December 2023 compared to the year ended 31 December 2022

10.6.4.1 Overview

The table below is an extract of the condensed consolidated statement of cash flow in the Combined Annual Financial Statements, setting out line items discussed below:

	Year ended 31 December		Change in	
	2023	2022	EUR 1 000	%
<i>(in EUR 1,000)</i>				
Cash flow from operating activities	(18 806)	(32 178)	13 372	-42 %
Cash flow from investing activities	(4 284)	(5 381)	1 098	-20 %
Cash flow from financing activities	27 128	34 492	(7 364)	-21 %

10.6.4.2 Cash flow from operating activities

Net cash flow from operating activities for the year ended 31 December 2023 was approximately EUR -18.8 million compared to approximately EUR -32.2 million for the year ended 31 December 2022, an improvement of 42% that was primarily due to improved cost control in the operations. Personnel expenses decreased approximately EUR 1.3 million while revenue and income increased approximately EUR 6.2 million. In addition, release of provisions from the Kjørbo incident and warranty obligations had positive impacts in 2023 compared to 2022.

10.6.4.3 Cash flow from investing activities

Net cash flow from investment activities for the year ended 31 December 2023 was approximately EUR -4.3 million compared to approximately EUR -5.4 million for the year ended 31 December 2022, a decrease of 20% that was primarily due to lower investment in financial assets and purchases of property, plant and equipment, offset by higher payments for capitalized technology.

10.6.4.4 Cash flow from financing activities

Net cash flow from financing activities for the year ended 31 December 2023 was approximately EUR 27.1 million compared to approximately EUR 34.5 million for the year ended 31 December 2022, a decrease of 21% that was primarily due to approximately EUR 7.3 million lower net proceeds from new related party loans. The reduced required proceeds from financing activities were a result of improved cash flow from operating activities.

10.6.5 Year ended 31 December 2022 compared to the year ended 31 December 2021

10.6.5.1 Overview

The table below is an extract of the condensed consolidated statement of cash flow in the Combined Annual Financial Statements, setting out line items discussed below:

	Year ended 31 December		Change in	
	2022	2021	EUR 1000	%
<i>(in EUR 1,000)</i>				
Cash flow from operating activities	(32 178)	(25 279)	(6 900)	27 %
Cash flow from investing activities	(5 381)	(6 075)	694	-11 %
Cash flow from financing activities	34 492	33 532	960	3 %

10.6.5.2 Cash flow from operating activities

Net cash flow from operating activities for the year ended 31 December 2022 was approximately EUR -32.2 million compared to approximately EUR -25.3 million for the year ended 31 December 2021, a decrease of 27% that was primarily due to lower margins from operations as personnel expenses increased approximately EUR 5.2 million while revenue and income decreased approximately EUR 8.4 million.

10.6.5.3 Cash flow from investing activities

Net cash flow from investment activities for the year ended 31 December 2022 was approximately EUR -5.4 million compared to approximately EUR -6.1 million for the year ended 31 December 2021, a decrease of 11% that was primarily due to lower payments for capitalized technology and lower investments in financial assets.

10.6.5.4 Cash flow from financing activities

Net cash flow from financing activities for the year ended 31 December 2022 was approximately EUR 34.5 million compared to approximately EUR 33.5 million for the year ended 31 December 2021, an increase of 3%. The financing activities have been in line with comparable year including proceeds from new related party loan of approximately EUR 34.4 million in 2021 compared to approximately EUR 35.2 million in 2022.

10.7 Investments

10.7.1 Material historical investments

<i>(in EUR 1,000)</i>	As of 31 March		As of 31 December		
	2024 <i>(unaudited)</i>	2023 <i>(unaudited)</i>	2023	2022	2021
Payments for capitalized technology	(1 096)	(723)	(3 044)	(2 716)	(3 856)
Purchases of property, plant and equipment	(397)	(150)	(1 240)	(2 141)	(1 917)
Investments in other financial assets	-	-	-	(524)	(1 292)
Disposal of fixed assets	-	-	-	-	990
Total investing activities	(1 493)	(873)	(4 284)	(5 381)	(6 075)

The material investments of the Group are primarily related to technology development of the Group's current product portfolio and investments in core technologies, such as high level compression, cooling and system controls. In addition, the Group has smaller developments of new product improvements add-ons to the Group's product portfolio.

For the three months period ended 31 March 2024, the Group's material investments amounted to approximately EUR 1.5 million which consisted of approximately EUR 1.1 million invested for development of next generation HC-HRS product and approximately EUR 0.4 million in fixed assets for the production facility in Herring, Denmark.

In 2023 the Group initiated the development of its new product portfolio with the HC-HRS, as described in Section 7.4.4, which amounted to approximately EUR 1 million. Investment in core technologies for the Group amounted to approximately EUR 0.7 million while investment in new products amounted to approximately EUR 0.5 million. Other investments amounted to approximately EUR 0.8 million. The Group's investment in property, plant and equipment was mainly from test and lab equipment and smaller investments in tools, service cars and general fixed assets related to production and service.

For the year ended 31 December 2023, the Group's material investments amounted to approximately EUR 48.9 million which consisted of payments of capitalized technology and purchases of property, plant and equipment.

In 2022, investments in core technologies amounted to approximately EUR 0.6 million, while investments in new products amounted to approximately EUR 0.8 million. Other investments amounted to approximately EUR 1.3 million. The Group's investment in property, plant and equipment was mainly related to test equipment, certain service cars and investments in other minor fixed assets. Investments in financial assets were capital contributions into HyNet as a special purpose company.

For the year ended 31 December 2022, the Group's material investments amounted to approximately EUR 54.4 million which consisted of payments of capitalized technology, investments in other financial assets and purchases of property, plant and equipment.

In 2021, investments in core technologies amounted to approximately EUR 0.1 million, while new products amounted to approximately EUR 0.8 million and other investments amounted to approximately EUR 0.8 million for the Group. Approximately EUR 2.1 million was invested in the previous HC-HRS concept, which was of significant part written-down in 2022. The Group's investment in property, plant and equipment was mainly related to test equipment, certain service cars and investment in other minor fixed assets. Investments in financial assets were capital contributions into HyNet as a special purpose company. For the year ended 31 December 2021, the

Group's material investments amounted to approximately EUR 61.7 million which consisted of payments of capitalized technology, investments in other financial assets, purchases of property, plant and equipment and disposal of fixed assets

10.7.2 Material investments in progress and planned material investments

As described in Sections 7.4.3 and 7.9, the Company is in process of developing their product portfolio with the new HC-HRS product. This development anticipates a cost of approximately EUR 11 million during the next 12 month period. In addition to the development of HC-HRS, the Company has investment needs of approximately EUR 2.5 million for fixed asset investments and other smaller development projects. The Company intends to finance these commitments with cash transferred as part of the Reorganization. The development of the HC-HRS will progress over time, allowing the Company to have flexibility in terms of the timing on spending and financing of the project.

Other than mentioned above, as of the date of this Prospectus, the Group does not have any material investments in progress or which are planned.

10.8 Financing and other contractual obligations

The Group has the following financing arrangements in place as of the date of this Prospectus:

Long-term debt and guarantees (in EUR 1,000)	Legal entity	Maturity	As of	Year ended 31 December		
			31 March	2023	2022	2021
			2024			
			(unaudited)			
Bank loans¹						
Nykredit A/S – loan related to purchase of property in Vejlevej 5, Herning, Denmark	Nel Hydrogen A/S	2038	1 412	1 438	1 521	1 644
Nykredit A/S – loan related to purchase of property in Vejlevej 5, Herning, Denmark	Nel Hydrogen A/S	2038	468	477	509	549
Nykredit A/S – loan related to purchase of property in Vejlevej 3, Herning, Denmark	Nel Hydrogen A/S	2028	82	84	103	128
Other loans²						
Nel – parent company loan related to investment in the organization, operations and technology.	Nel Hydrogen A/S	2026	3 660	2 013	10 277	3 743
Nel – parent company loan related to investment in the organization, operations and technology.	Nel Korea Co. Ltd	2026	11 756	11 756	12 256	11 657
Nel – parent company loan related to investment in the organization, operations and technology.	Nel Hydrogen Inc	2026	925	0	979	9,007
Balance as of 31 December			-	15 767	25 646	26 238
Debt principal outstanding as			18 308			

of 31 March 2024

¹ Pursuant to the loan agreements with Nykredit, Nykredit can immediately terminate the loan agreements and require repayment of the outstanding balance if the ownership structure of Nel Hydrogen A/S is subject to material change. As of the date of this Prospectus, Nykredit has confirmed that it has waived its right to terminate and/or demand immediate repayment of the loans and that it is willing to transfer the "selvskyldnerkausion" to the Company. The work with respect to the latter is currently ongoing.

² The loans from the Company have been transferred from Nel and its subsidiaries as part of the Reorganization, leaving the Group with no debt to Nel. Furthermore, in connection with the Reorganization, the Group has been provided with liquidity from Nel, allowing the Group companies to repay their net short-term liabilities to Nel. Such net liabilities are repaid. The long-term receivables (incl. loans) are converted to equity, while short-term receivables (e.g. management fees etc.) are settled in cash.

10.8.1 Debt repayment and borrowing requirements

The table below sets forth the estimated utilization and costs of the Group's facilities for the period of the Financial Information:

	As of 31 March		As of 31 December		
	2024 (unaudited)	2023 (unaudited)	2023	2022	2021
<i>(in EUR 1,000)</i>					
Interest paid	(28)	(25)	(88)	(103)	(92)
Payment of long-term debt	(33)	(26)	(134)	(187)	(439)
Payments of lease liabilities	(107)	(104)	(512)	(400)	(371)
Proceeds from new loan related party	921	2 328	28 363	35 182	34 435
Net proceeds from changes in cash pool related parties	1 586	-	-	-	-
Capital increase	88	-	-	-	-
Payment of loans related party	-	(499)	(499)	-	-

	As of 31 March		As of 31 December		
	2024 (unaudited)	2023	2022	2021	
<i>(in EUR 1,000)</i>					
Long term debt	1 963	1 998	2 133	2 322	
Long term debt related parties ¹	16 341	13 769	23 513	23 916	
Non-current lease liabilities	534	600	327	301	
Current lease liabilities	414	440	343	373	
Total debt	19 252	16 807	26 317	26 912	
EBITDA	(5 835)	(19 369)	(37 232)	(19 979)	

¹ The long term debt related parties has been settled as part of the Reorganization, leaving the Group with no debt to Nel.

As of the date of this Prospectus, there are no off-balance sheet arrangements.

11 THE BOARD OF DIRECTORS, MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

11.1 Introduction

The general meeting is the highest decision-making authority of the Company. All shareholders of the Company are entitled to attend and vote at general meetings and to table draft resolutions for items to be included on the agenda for a general meeting.

The overall management of the Company is vested with its Board of Directors, and each Board Member and the Executive Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business ensuring proper organization, preparing plans and budgets for its activities ensuring that the Company's activities, accounts, and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Board of Directors has established two sub-committees: an audit and risk committee and a remuneration committee. In addition, a separate nomination committee has been appointed by the general meeting. These committees have been established in accordance with the Corporate Governance Code (as defined below) and comply with applicable laws and regulations for such committees. See Sections 11.9 below for more information on the Company's committees.

The Executive Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors, with the support of the Management Team (as defined in Section 11.3 below). Among other responsibilities, the Company's chief executive officer (the "CEO") is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the CEO must, according to Norwegian law, brief the Board of Directors about the Company's activities, financial position and operating results at a minimum of one time per month.

11.2 The Board of Directors

11.2.1 Introduction

The Articles of Association provide that the Board of Directors shall comprise between three and seven board members, as elected by the Company's shareholders. The current Board of Directors consists of five Board Members, see Section 11.2.2 below.

Pursuant to the Norwegian Code of Practice for Corporate Governance, last revised on 14 October 2021 (the "**Corporate Governance Code**"), the composition of the board of directors of a Norwegian public limited liability company listed on a regulated market shall comply with the following criteria: (i) the majority of the shareholder-elected members of the board of directors should be independent of the company's executive management and material business contacts, (ii) at least two of the shareholder-elected board members should be independent of the company's main shareholders (being shareholders holding more than 10% of the Shares of the company), and (iii) no member of the company's management should be on the board of directors. The composition of the Board of Directors is in compliance with the recommendations under the Corporate Governance Code, see Section 11.10 below.

11.2.2 Composition of the Board of Directors

The names, positions and current term of office of the Board Members as of the date of this Prospectus, in addition to the number of Shares they are expected to hold in the Company upon completion of the Distribution are set out in the table below.

The Company's registered business address serves as business address for the Board Members as regards their directorship in the Company.

Name	Position	Served since	Term expires	Shares
Jon André Løkke	Chair	May 2024	Annual general meeting in 2025	2 000
Mimi Kristine Berdal	Board Member	May 2024	Annual general meeting in 2025	0
Vibeke Strømme	Board Member	May 2024	Annual general meeting in 2025	0
Allan Bødskov Andersen	Board Member	May 2024	Annual general meeting in 2025	0
Kim Søgård Kristensen	Board Member	May 2024	Annual general meeting in 2025	0

No Board Member owns any options or other securities exchangeable for Shares.

11.2.3 Brief biographies of the Board of Directors

Set out below are brief biographies of the Board Members. The biographies include each Board Member's relevant management expertise and experience, an indication of any significant principal activities performed by such member outside the Company and names of companies and partnerships where the member is or has been a member of the administrative management or supervisory bodies or partner in the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

Jon André Løkke, chair of the Board

Jon André Løkke currently holds various board positions, manages private investments and serves as an industrial advisor for Verdane Capital's decarbonization investments (Verdane is a specialist growth investment firm that partners with tech-enabled and sustainable European businesses). From 2015 to 2022, he served as the CEO for Nel and from 2012 to 2015 he was the CEO for Norsk Titanum AS. Prior, he held multiple positions in Renewable Energy Corporation (REC Group) in the period from 2002 to 2012, including roles as the company's CFO, head of Sales & Marketing as well as operational roles. Additionally, Løkke has extensive board experience, currently holding position as chair of the board in Bergen Carbon Solutions ASA and in Tunable AS. Løkke has previously held positions as board member (chair) in Hydrogen Europe, Viken Hydrogen AS and Green H2 Lillestrøm AS, and several Nel subsidiaries. Løkke holds an International Masters of Business and Administration from Glasgow University, and a bachelor's degree in Business and Economics from Southampton University. Løkke is a Norwegian citizen, and resides in Norway.

Current directorships and management positions:..... *Kilen Sjøflyklubb (vise chair), Bergen Carbon Solution ASA (board member and chair), Tunable AS (board member and chair), Ludens AS (board member and chair), Njord Carbon AB (interim CEO)*

Previous directorships and management positions last five years:..... *Nel (CEO), Nel Hydrogen A/S (board member), Nel Hydrogen Electrolyser AS (board member and chair), Nel Fuel AS (board member and chair), Glomfjord Hydrogen AS (board member and chair), Green H2 Norway AS*

(board member and chair), Nel Hydrogen Inc. (board member), Proton Energy Systems Inc. (board member), Green H2 Lillestrøm AS (board member and chair), Viken Hydrogen AS (board member and chair), Hydrogen Europe (board member and chair)

Mimi Kristine Berdal, Board Member

Mimi Kristine Berdal currently works with independent investment and corporate consulting. Berdal has broad experience as board member, having served as board member in several companies the past 20 years. Berdal is presently chair of the board in Goodtech ASA and Connect Bus AS and board member in Norsk Titanium AS, Thor Medical ASA, EMGS ASA, KLP Eiendom AS and Kongsberg Digital Holding ASA where Berdal also hold position as chair of the audit committee. Additionally, Berdal has professional experience as legal advisor in Total Norge AS (1988-1990), and has held the position as partner in Arntzen de Besche law firm, Oslo (1996-2005). Berdal holds a master's degree in law from the University of Oslo and is a Norwegian citizen, and resides in Norway.

Current directorships and management positions:..... Goodtech ASA (board member and chair), Connect Bus AS (board member and chair), EMGS ASA (board member), Kongsberg Digital Holding ASA (board member), Energima AS (board member), KLP Eiendom AS (board member), Norsk Titanuim AS (board member) Thor Medical ASA (board member)

Previous directorships and management positions last five years:..... Freyr Battery Inc. (board member), Helsetelefonen AS (board member and chair)

Vibeke Strømme, Board Member

Vibeke Strømme has experience as CEO, board member and executive advisor in several companies. Strømme has served as board member in Goodtech ASA, a position she held from 2016 to 2024, and has additionally served as board member in, inter alia, Multiconsult ASA and Revus Energy ASA. Strømme is an experienced CEO, and held position as CEO in Kiwa Norge AS from 2013-2021 and Nettpartner AS from 2022-2023, among others. Strømme holds a master degree in petroleum engineering from the Norwegian University of Science and Technology and a master of business administration from The International Institute for Management Development (IMD) in Swiss city of Lausanne. Strømme is a Norwegian citizen, and resides in Norway.

Current directorships and management positions:..... Vibeke Strømme Consulting (CEO)

Previous directorships and management positions last five years:..... Nettpartner AS (CEO), Kiwa Norge AS (CEO), Kiwa Inspecta AS (board member and chair), Norkjemi AS (board member and chair), Extend AS (board member and chair), Goodtech ASA (board member), Multiconsult ASA (board member)

Allan Bødskov Andersen, Board Member

Allan Bødskov Andersen has years of CFO experience, and currently serves as CFO in Topsoe A/S. Andersen has previously held the position as Group CFO in DLF from 2022 to 2023 and as Senior Vice President, CFO Onshore & Head of Investor Relations in Ørsted from 2020 to 2022. Prior to this, Andersen was Senior Vice President, Head of Group Treasury & Risk Management in DONG Energy. Andersen holds a Master's degree in Economics and Econometrics from the University of Southampton and a PhD in Finance from Aarhus University. Andersen is a Danish citizen, and resides in Denmark.

Current directorships and management positions:..... Topsoe A/S (CFO), Topsoe A/S subsidiaries (board member)

Previous directorships and management positions last five years:..... DLF Amba (CFO), DLF subsidiaries (board member), Østred Insurance A/S (board member and chair)

Kim Søgård Kristensen, Board Member

Kim Søgård Kristensen is currently CEO at Evida Holding A/S, a national gas distribution company in Denmark. Prior to this, Kristensen held position as CEO in Insero Horsens from 2018 to 2022. Kristensen additionally has extensive experience from TDC A/S, a Danish telecommunications company, where he inter alia served as CFO in TDC Finance from 2005 to 2007, Vice President (Business development) from 2007 to 2008, Senior Vice President from 2008 to 2010, Executive Vice President from 2011 to 2013, Chief Technology Officer from 2013 to 2015 and Executive Vice President from 2016 to 2018. Kristensen has a master's degree in economics from Aarhus University in Denmark and has additionally studied organizational Leadership at Harvard Business School. Kristensen is a Danish citizen, and resides in Denmark.

Current directorships and management positions:..... Evida Holding A/S (CEO), Evida Syd A/S (CEO), Evida Fyn A/S (CEO), Evida Nord A/S (CEO), Evida Service A/S (CEO), Evida CO2 A/S (CEO), Danske Gasteknisk Center A/S (board member and chair)

Previous directorships and management positions last five years:.... Insero Air Traffic Solutions A/S (board member and chair), Insero Air Traffic Solutions A/S (CEO), Trusted A/S (board member and chair), Tagarno A/S (board member and chair), EHNH A/S (CEO), EHNH A/S (board member and chair), Tusass A/S (board member), Inserio A/S (CEO), MST-Trusted Holding Aps (board member and chair), Best Green Erhverv Aps (board member and chair), Green Tech Center Aps (board member and chair), Insero Ejendomsselskab A/S (board member and chair), Insero ISA Aps (board member and chair), Dandy Business Park Ejendomme Aps (board member and chair), Opentelehealth (board member), Tadaa! Aps (board member and chair), Hydrive Aps (board member and chair), AI Innovation Center A/S (board member and chair), Nordic Green Solutions A/S (board member)

11.3 Management

11.3.1 Overview

The Company's executive management team (the "**Executive Management**") currently consists of the CEO and the CFO, who make the decisions and are responsible for the day-to-day management of the Company's operations. In addition, the Company has an extended management team comprising certain other key employees of the Group (together with the Executive Management, the "**Management Team**").

The names of the members of Management Team and their respective positions, in addition to their anticipated holding of Shares in the Company upon completion of the Distribution, are presented in the table below.

The Company's registered business address serves as business address for the members of Management Team in relation to their positions with the Company.

Name	Position	Position held since	Shares	Options ¹
Robert Borin	CEO	2024 ²	0	0
Marcus Halland	CFO	2024 ³	4 723	0
Martin Keller	Head of R&D	2022 ⁴	0	0
Karsten Poulsen	Head of Operations	2020 ⁵	3 954	0
Michael Dahl Olsen	Head of Strategy	2022	20	0
Michael Ewald Stefan	Head of PLM	2020 ⁶	1 000	0
Elsebeth Haarup Rasmussen	Head of Human Resources	2022	61	0
Martin Anton Pfandl	Head of Sales	2023 ⁷	300	0

Peder Hykkelbjerg Hansen	Head of Projects and Service	2024	0	0
Søren Højgaard	Head of Q/HSE	2023 ⁸	0	0

¹ Please refer to Section 11.7 "Incentive programs" for a description of inter alia the long-term incentive program (LTIP) in the form of restricted stock units intended to be implemented by the Company in connection with the Listing, or shortly thereafter.

² Borin has held the position as Senior Vice President for Nel's fueling division since April 2021.

³ Halland has held the position as Director of Finance for Nel's fueling division since April 2020.

⁴ Keller has held different positions within the Nel group since 2021.

⁵ Poulsen has held different positions within the Nel group since 2008.

⁶ Stefan has held different positions within the Nel group since 2017.

⁷ Pfandl has held different positions within the Nel group since 2017.

⁸ Højgaard has held different positions within the Nel group since 2022.

11.3.2 Brief biographies of the members of the Management Team

Set out below are brief biographies of the members of the Management Team. The biographies include the members of Management Team's relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of the Management Team is or has been a member of the administrative, management or supervisory bodies or partner the previous five years (not including directorships and executive management positions in subsidiaries of the Company).

Robert Borin, CEO (Executive Management)

Robert Borin was appointed Senior Vice President for Nel's fueling division from 6 April 2021. Before joining Nel, Borin held several senior management positions in MHI Vestas Offshore Wind A/S and Siemens Gamesa Renewable Energy A/S. From 2016 to 2021 Borin was Chief Supply Chain Officer, Senior Vice President and member of the management team for MHI Vestas Offshore Wind A/S. Borin holds a Master of Science in Mechanical Engineering and Industrial Management from KTH Stockholm. Borin is a Swedish citizen and resides in Denmark.

Current directorships and management positions:..... Nel Hydrogen A/S (General Manager), Nel Hydrogen Inc. (board member), Nel Korea Co Ltd. (board member), Nel Austria GmbH (General Manager)

Previous directorships and management positions last five years:.... MHI Vestas Offshore Wind A/S (Chief Supply Chain Officer/SVP, Vestas Blades, IoW, UK (member of management and board member)

Marcus Halland, CFO (Executive Management)

Marcus Halland joined Nel as Group Chief Accountant in the fall of 2017 following six years as a Group Chief Accountant in Align AS. Halland also has experience as an Audit Manager in KPMG Norway. In April 2020, Halland transferred to Nel's fueling division as Director of Finance, having responsibility for finance for the division and being part of the divisional leadership team. Halland holds a Bachelor of Science in Business (accounting major) from Oakland University. Halland is a Norwegian citizen and resides in Norway.

Current directorships and management positions:..... Nel Hydrogen A/S (finance director), Nel Hydrogen Inc (board member), Nel Korea Co. Ltd. (general manager)

Previous directorships and management positions last five years:.... Nel (Group Chief Accountant, Finance)

Martin Keller, Head of R&D

Martin Keller was appointed Vice President for the Research & Development department in June 2022. One year prior to that, Keller joined Nel's fueling division as the Head of Strategy & PMO. Keller held several management

positions prior to joining Nel at, among others, Harman International Industries and Siemens Gamesa Renewable Energy A/S, where the work areas were primarily related to product development. Keller holds a Master of Science in International Technology Management from Aalborg University in Denmark. Keller is a Danish citizen and resides in Denmark.

Current directorships and management positions:..... Nel Hydrogen A/S (Vice President for Research & Development)
Previous directorships and management positions last five years:..... Nel Hydrogen A/S (Head of Strategy & PMO)

Karsten Poulsen, Head of Operations

Karsten Poulsen joined H2 Logic A/S, later Nel, as Production Director in 2008, following eight years as Project Manager at Grundfos Holding A/S' Technology Centre. Poulsen has been a part of the management group of Nel's fueling division since 2008 and was appointed Vice President Operations of Nel's fueling division in March 2020. Poulsen holds a Bachelor of Science Mechanical from Aarhus Teknikum. Poulsen is a Danish citizen and resides in Denmark.

Current directorships and management positions:..... Nel Hydrogen A/S (Vice President Operations)
Previous directorships and management positions last five years:..... Nel Hydrogen A/S (Production Director)

Michael Dahl Olsen, Head of Strategy

Michael Dahl Olsen was appointed Head of Strategy & PMO in August 2022, being a part of the divisional leadership team. Prior to joining Nel, Dahl Olsen held management positions at MHI Vestas Offshore A/S and Vestas Wind Systems A/S, where the work areas were primarily related to Supply Chain Management. Dahl Olsen holds a Bachelor of Engineering in Global Management & Manufacturing from Aarhus University and Graduate Diploma in Business Administration from Aarhus Business School. Dahl Olsen is a Danish citizen and resides in Denmark.

Current directorships and management positions:..... Nel Hydrogen A/S (Head of Strategy & PMO)
Previous directorships and management positions last five years:..... Vestas Wind Systems A/S (Head of Supply Chain Transformation, Global Supply Chain), MHI Vestas Offshore A/S (Head of Industrial Development, Global Supply Chain)

Michael Ewald Stefan, Head of PLM

Michael Ewald Stefan joined Nel Hydrogen A/S in January 2017 as Director for Service, Installation and Commissioning. In April 2020, Stefan took over the function of Senior Director for Product Management in Nel Hydrogen A/S. Prior to joining Nel, Stefan held several Management Positions at the Linde Group's main Hydrogen Fueling division at Linde Gas GmbH, located in Austria, from 2012 to 2016, as Head of Serial Production for Hydrogen Fueling Stations as well as Head of Production and Production Engineering. Stefan holds a Master of Science in Industrial Engineering with focus on Technical Product Management from University of Applied Sciences Wiener Neustadt. Stefan is citizen of Austria and resides in Austria.

Current directorships and management positions:..... Nel Hydrogen A/S (Senior Director Product Management), Nel Austria GmbH (General Manager)
Previous directorships and management positions last five years:..... Nel Hydrogen A/S (Director for Service, Installation and Commissioning)

Elsebeth Haarup Rasmussen, Head of Human Resources

Elsebeth Haarup Rasmussen joined Nel as HR Director for Nel's fueling division in February 2022. Prior to joining Nel, Haarup Rasmussen held different HR professional roles at Vestas Wind Systems A/S from 2008 to 2014 and in MHI Vestas Offshore Wind A/S from 2014 to 2021, with the responsibility for the HR Business Partner area. In January 2021, Haarup Rasmussen took up the role as P&C Director for the HR Business Partner team in the NCE region in Vestas Wind Systems A/S. Haarup Rasmussen holds a Master of Arts in Corporate Communication from Aarhus University. Haarup Rasmussen is a Danish citizen and resides in Denmark.

Current directorships and management positions:..... Nel Hydrogen A/S (HR Director)
Previous directorships and management positions last five years:..... Vestas Wind Systems A/S (P&C Director, Business Partnering, NCE), MHI Vestas Offshore Wind A/S (HR Director)

Martin Anton Pfandl, Head of Sales

Martin Anton Pfandl joined Nel Hydrogen A/S as Sales and Business Development Manager in October 2017 following 11 years in various positions at the Linde Group's advanced technology center in Austria. During the period from October 2018 to December 2021, Pfandl acted as General Manager of Nel Korea Co., Ltd. Since April 2023, Pfandl is heading the global sales department of Nel's fueling division. Pfandl has almost 18 years of experience in the hydrogen fueling sector. Pfandl is an Austrian citizen and resides in Austria.

Current directorships and management positions:..... Nel Hydrogen A/S (Head of Global Sales), Nel Korea Co., Ltd. (Board member)
Previous directorships and management positions last five years:..... Nel Korea Co., Ltd. (General Manager, Chairman of the Board)

Peder Hykkelbjerg Hansen, Head of Projects and Service

Peder Hykkelbjerg Hansen was appointed as Vice President for Projects & Service for Nel's fueling division in January 2024. Before joining Nel, Hykkelbjerg Hansen had a 17 year carrier with Siemens Gamesa Renewable Energy A/S with management positions within Projects and Service. Hykkelbjerg Hansen holds a Bachelor within Production Engineering from University of Southern Denmark in Odense. Hykkelbjerg Hansen is a Danish citizen and resides in Denmark.

Current directorships and management positions:..... Nel Hydrogen A/S (Vice President Projects & Service)
Previous directorships and management positions last five years:..... Siemens Gamesa Renewable Energy (Project Director, Onshore; Head of Major Warranty Projects, Service)

Søren Højgaard, Head of Q/HSE

Søren Højgaard joined Nel's fueling division as Global Quality Manager in February 2022, before taking on the current position as the Global Head of QHSE in April 2023. Prior to joining Nel, Højgaard held positions as director of quality and production at Dynaudio A/S, a tier 1 supplier to the automotive industry from 2020 to 2023, as well as project, production and quality manager at Grundfos Holding A/S from 2011 to 2020. Højgaard holds a Bachelor of Science in Electrical and business engineering from the Engineering collage of Århus. Højgaard is a Danish citizen and resides in Denmark.

Current directorships and management positions:..... Nel Hydrogen A/S (Global Head of QHSE)
Previous directorships and management positions last five years:..... Nel Hydrogen A/S (Global Quality Manager)

11.4 Remuneration and benefits upon termination

11.4.1 Remuneration of the Board of Directors

As of the date of this Prospectus, no remuneration has been paid to the Board Members by the Group. The remuneration of the Board Members is approved on an annual basis by the Company's annual general meeting.

At the extraordinary general meeting held on 15 May 2024, the following remuneration to members of the Board of Directors, including the audit and risk committee and the remuneration committee, were resolved for the period up to the Company's annual general meeting in 2025:

- Chair of the Board of Directors: NOK 750,000
- Member of the Board of Directors: NOK 400,000
- Chair of the audit and risk committee: NOK 125,000
- Member of the audit and risk committee: NOK 90,000
- Chair of the remuneration committee: NOK 105,000
- Member of the remuneration committee: NOK 75,000

For information about the Board of Directors' sub-committees, see Section 11.9 "Committees" below.

11.4.2 Remuneration of the Management Team

For the year ended 31 December 2023, remuneration to members of the Management Team, excluding Peder Hykkelbjerg Hansen who started his position in Nel on 1 January 2024, amounted to EUR 1,748,650. The remuneration structure comprises primary salaries, bonuses, pension, and other expensed benefits. The Company does not disclose the remuneration of members of the Executive Management or the Management Team on an individual basis.

11.4.3 Benefits upon termination

No member of the Management Team or the Board of Directors is entitled to benefits upon termination of their employment or position.

11.5 Loans and guarantees

The Company has not granted any loans, guarantees or made any other similar commitments to any of its Board Members or members of the Management Team.

11.6 Employees

The table below shows the development in the numbers of full-time employees of the Group for the years ended 31 December 2021, 2022 and 2023 and up to the date of this Prospectus. As of 31 December 2023, eight of the full-time employees were employed on temporary contracts (e.g. trainees). For further details about the Group's employees, see note 2.5 of the Combined Annual Financial Statements.

	2021	As of 31 December 2022	2023	As of the date of this Prospectus
Total for the Group:	240	269	258	256

By legal entity:

The Company	-	-	-	-
Nel Hydrogen A/S	188	203	183	192
Nel Austria GmbH	-	5	5	7
Nel Korea Co Ltd.	25	19	18	18
Nel Hydrogen Inc.	27	42	52	39

By main category of activity:

Executive Management ¹	-	-	-	2
Other members of Management Team	8	8	8	8
Functional employees	193	211	197	200
Administrative	39	50	53	46

By geographic location:

California, US	27	42	52	39
South Korea	25	19	18	18
Vienna, Austria	-	5	5	7
Herning, Denmark	188	203	183	192

¹The Group first established an Executive Management team in May 2024.

11.7 Incentive programs

In connection with the Listing, or shortly thereafter, the Company intends to implement the below listed incentive programs for employees of the Group. It is noted that up until the time of Listing, members of the Executive Management and certain other key employees of the Group are part of short-term share option programs in Nel. From the time of Listing, share options granted to such individuals will lapse without compensation.

- 1) An annual bonus program for members of the Executive Management and other key employees of the Group, based on achievements related to quantitative KPIs to be set by the Board of Directors. The KPIs will balance short-term financial and operational targets with strategic initiatives intended to support the long-term development of the Group, including related to new product development.
- 2) A short-term incentive program ("**STIP**") for all ordinary employees of the Group, based on yearly performance of each individual and of the Group. The purpose of the STIP will be to incentivize performance, ensure the commitment of employees at all levels of the Group, and promote alignment of interests to the Company's strategy and direction. The STIP will be a cash-based variable compensation based on certain financial and non-financial targets set by the Board of Directors. Payments under the STIP are subject to a minimum acceptable level of financial performance of the Group as determined by the Board of Directors.

The following will apply from and including the year ending 31 December 2024: The CEO's maximum achievable bonus under the STIP will be 35% of his base salary; the CFO's maximum achievable bonus under the STIP will be 30% of his base salary; rest of the CEO direct reports will be between 20 and 25% of their base salary; and the maximum achievable bonus under the STIP for certain other key employees will be 10% of their base salary.

- 3) A long-term incentive program ("**LTIP**") in the form of restricted stock units ("**RSUs**") for members of the Executive Management and certain other key employees of the Group. The purpose of the LTIP will be to incentivize performance, ensure the commitment and retention of the Executive Management and such other key employees, and promote alignment of interests with those of the Company's shareholders. The LTIP will comprise an annual award of RSUs vesting over a three years' period, subject to continued employment. For the CEO, the award will be equivalent to 50% of base salary, CFO 40%, for direct reports 25-30% and for less than 5 crucial employees 15%. There will be a bridging as follows:

- 13 months after Listing: One-time cash bonus equivalent to "normal award" of RSUs (so 50% for the CEO)
- 1 month after Listing, granting of two tranches of RSUs:
 - one "normal award" of RSUs vesting over a 24 months' period; and
 - one "normal award" of RSUs vesting over a 36 months' period.

11.8 Pensions and retirement benefits

The Group's pension schemes vary depending on regulations and mandates in each country where the Group has employees. In compliance with local laws, all employees of the Group are enrolled in defined contribution pension schemes that adhere to the pension requirements in the relevant jurisdiction. The Company's CFO is employed in Norway and is as such included in Group's defined contribution pension schemes in accordance with Norwegian Mandatory Occupational Pension Act of 21 December 2005 no. 124.

The majority of the Group's workforce, as well as the Company's CEO, are based in Denmark, where the Group has established a pension scheme that provides additional benefits for employees. For the salaried employees in Denmark (not covered by a CBA, as defined below), the Group has agreed to pay 2% more than required by law. For the hourly paid employees, and for the 12 salaried employees covered by the CBA the additional 2% has been regulated by the Collective Bargaining Agreement (the "**CBA**") within the Industry (Industriens Funktionær Overenskomst between DI and CO-Industri and Industriens Overenskomst between DIO I and CO-industri).

Other than as set out above, and what is required by applicable law in the jurisdictions in which the Group has employees, no amounts have been set aside or accrued by the Group to provide for pension, retirement or similar benefits. The Company currently has no pension or retirement benefits for its Board Members.

For more information regarding the Group's pension and retirement benefits, see note 2.5 of the Combined Annual Financial Statements.

11.9 Committees

11.9.1 *Nomination committee*

The Company's Articles of Association provide for a nomination committee, to be composed of between two and four members. The members of the nomination committee, subject to and with effect from Listing, are Hanne Blume (chair), Mai-Lill Ibsen and Rune Sørensen. All members are considered independent of the Board of Directors and the Executive Management. The current members of the nomination committee were elected at the extraordinary general meeting on 15 May 2024 and are appointed for a one-year period up until the annual general meeting in 2025.

The nomination committee is responsible for presenting proposals to the general meeting regarding (i) candidates to be elected as members to the Board of Directors, (ii) candidates to be elected as members to the nomination committee, and (iii) remuneration of the Board Members, the Board's sub-committees and the nomination committee. The general meeting may in its discretion resolve whether to approve, reject or amend (in whole or in part) any proposal made by the election committee.

11.9.2 *Audit and risk committee*

The Board of Directors has, subject to and with effect from Listing, established an audit and risk committee among the Board Members, comprising Allan Bødskov Andersen as chair, and Mimi Kristine Berdal and Kim Søgård Kristensen as members. The composition of the Company's audit and risk committee is compliant with the

requirements for qualifications and competence in accounting and auditing set out in the Norwegian Public Companies Act and the recommendations pursuant to the Corporate Governance Code.

The primary purposes of the audit and risk committee are to:

- assist the Board of Directors in discharging its duties relating to the safeguarding of assets, the operation of adequate system and internal controls, the control processes and the preparation of accurate financial reporting and statements in compliance with applicable legal requirements, corporate governance and accounting standards; and
- provide support to the Board of Directors on the risk profile and risk management of the Group.

The audit and risk committee reports and makes recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

11.9.3 *Remuneration committee*

The Board of Directors has, subject to and with effect from Listing, established a remuneration committee among the Board Members, comprising Vibeke Strømme as chair and Jon André Løkke as member. The primary purpose of the remuneration committee is to assist the Board of Directors in matters relating to remuneration and benefits to the Company's executive personnel, as well as reviewing recruitment policies, career planning and management development plans, and prepare matters relating to other material employment issues in respect of the executive personnel.

The remuneration committee shall report and make recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

11.10 **Corporate governance**

The Company has adopted policies and rules of procedure relating to the Group's corporate governance that in all material respects are in compliance with the Corporate Governance Code. As of the date of this Prospectus, the Company deviates from the following recommendations in the Corporate Governance Code:

- Deviation from the recommendation no. 6: The Company will normally not have the entire Board attend general meetings as this is considered unnecessary.
- Deviation from the recommendation no. 8: Member of the remuneration committee Jon André Løkke is not considered independent of executive personnel. It is noted that Board member Løkke did in previous roles in Nel not at any time report to any individual currently employed in the Group. While Løkke is not considered independent of executive personnel, his previous experience with compensations structures and levels in the hydrogen industry makes him a valuable member of the remuneration committee. The Company therefore believes a deviation from the Corporate Governance Code on the requirement of committee members to be independent is justifiable in this case.
- Deviation from the recommendation no. 14: The Board has not established written guiding principles for how it will act in the event of a takeover process, as such situations are normally characterized by concrete and one-off situations which make a guideline challenging to prepare.

Neither the Board of Directors nor the general meeting has adopted any resolutions which are deemed to have a material impact on the Group's corporate governance regime.

11.11 Conflicts of interests etc.

As described in Section 7.16.2 above, Iwatani has named the Company's CEO Robert Borin and member of the Board of Directors Jon André Løkke (former CEO of Nel) as individual defendants in the suit and seeks to assert jurisdiction over them (which is being contested). The lawsuit comprises claims in tort for contractual misrepresentation, including the common law tort of "civil fraud". As described in Section 7.16.2, the common law doctrine of civil fraud is very different to the criminal concept of fraud and proving civil fraud is far from being able to prove criminal fraud. Consequently, it would be very rare that an allegation of civil fraud would lead to a criminal fraud claim (notably since the latter can only be brought by government prosecutors). The Group will fight all allegations, and as of the date of this Prospectus, no conviction has been sought.

Other than as set out above, during the last five years preceding the date of this Prospectus, none of the Board Members or the members of the Management Team have, or had, as applicable:

- a) any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- b) received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- c) been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his/her capacity as a founder, director or executive manager of a company or partner of a limited partnership.

There are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the members of the Management Team and the Board of Directors, including any family relationships between such persons.

12 CORPORATE INFORMATION

The following is a summary of certain corporate information and material information relating to the Company, the Shares and share capital of the Company, and certain other shareholder matters, including summaries of certain provisions of the Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Articles of Association and applicable law.

12.1 Corporate Information

The Company's registered name is Cavendish Hydrogen ASA, while its commercial name is "Cavendish". The Company is a public limited liability company (Nw.: *allmennaksjeselskap*) validly incorporated on 13 March 2024 and existing under the laws of Norway in accordance with the Norwegian Public Companies Act. The Company is registered with the Norwegian Register of Business Enterprises with registration number 933 187 764. The Company's registered business address is Dronning Eufemias gate 16, N-0191 Oslo, Norway, which is also its principal place of business. The telephone number to the Company's principal offices is +47 930 90 190 and the website is <https://cavendishh2.com>. The information presented on the Company's website does not form part of the Prospectus. The Company's LEI code is 254900D1PHII0FANVY07.

The Shares are registered in book-entry form with the VPS under ISIN NO 001 3219535. The Company's register of shareholders with the VPS is administrated by the VPS Registrar, DNB Bank ASA, Registrars Department.

12.2 Legal structure

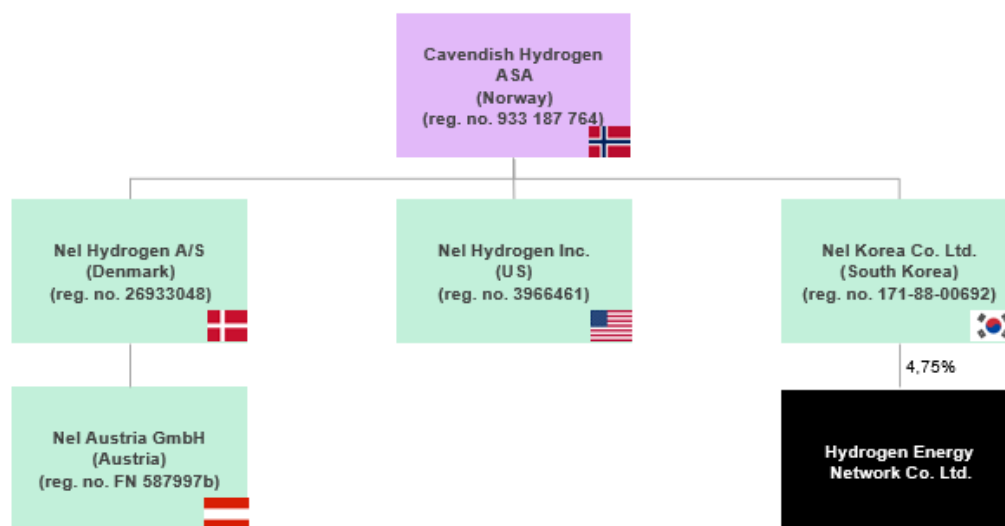
Following completion of the Reorganization (see Sections 4.2 and 7.10.2 above), the Company functions as the parent company of the Group. The Company is a holding company, and the Group's operations are carried out through its subsidiaries. The following table sets out information about the Company's directly and indirectly owned subsidiaries.

Set out below is an overview of the Company's subsidiaries, including the principal activity carried out by each subsidiary:

Company name	Ownership	Registration number	Domicile	Principle activities
Nel Hydrogen Inc.	100%	C3966461	California, USA	Established to be responsible for installation, commissioning and service operations the Fueling divisions activities in the United States. Operates under the Nel Hydrogen Fueling division.
Nel Korea Co. Ltd.	100%	230111-0280146	South Korea	Established for the exclusive sales and marketing, installation and service of Nel's H2Station™ hydrogen fueling station in South Korea.
Nel Hydrogen A/S	100%	CVR nr. 26933048	Denmark	Develops and manufactures the H2Station™ hydrogen fueling station for cars, buses, trucks, forklifts and other applications. Its production facility is located in Herning, Denmark. Operates under the Nel Hydrogen Fueling division.
Nel Austria GmbH	100%	FN 587997	Austria	Provide sales and business development services (limited to the EMEA region) as

well as product management and technology services.

An overview of the Group structure is set out below:¹



100% ownership unless otherwise stated

¹ The Group chart structure also show the investment in HyNet.

12.3 Share capital and share capital history

12.3.1 Overview

As of the date of this Prospectus, the share capital of the Company is NOK 67 236 290, divided into 33 618 145 Shares, each with a par value of NOK 2.00. All the Shares have been created under the Norwegian Public Companies Act and are validly issued and fully paid. The Shares will be traded in NOK on the Oslo Stock Exchange.

The Company has granted authorizations to the Board to increase the Company's share capital, see Section 12.6 for further details.

The Company has one class of shares, and there are no differences in the voting rights among the Shares. The Shares are freely transferable, meaning that a transfer of Shares is not subject to the consent of the Board of Directors or existing shareholders' rights of first refusal.

12.3.2 Share capital history

The table below shows the development in the Company's share capital from the date of its incorporation on 13 March 2024 and up to the date of the Prospectus:

Date of registration	Type of change	Change in share capital (NOK)	New Shares issued	Increase in par value of Share (NOK)	Total number of Shares	Share capital (NOK)	Par value (NOK)
19 March 2024	Incorporation	1 000 000	5 000 000	0.20	5 000 000	1 000 000	0.20
7 May 2024	Reverse share split / combination of Shares	0	-	-	1 000 000	1 000 000	1.00
7 May 2024	Share capital increase by cash distribution ¹	19 282 762	19 282 762	0	20 282 762	20 282 762	1.00
13 May 2024	Share capital increase by contribution in kind ²	13 335 383	13 335 383	0	33 618 145	33 618 145	1.00
16 May 2024	Reverse share split / combination of Shares	0	-	-	1	33 618 145	33 618 145
16 May 2024	Share split	0	-	-	33 618 145	33 618 145	1.00
6 June 2024	Share capital increase by cash contribution ³	33 618 145	-	1	33 618 145	67 236 290	2.00

¹ Share issue in connection with capital injection of NOK 540 000 000 from Nel.

² Share issue in connection with conversion of debt to Nel under seller's credit established in connection with purchase of shares in the Fueling Entities.

³ Increase in par value in connection with capital injection of NOK 148 078 900 from Nel.

12.3.3 Other financial instruments

Neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such to subscribe for any Shares in the Company or its subsidiaries. Please however see the description of the contemplated LTIP and RSUs for members of the Executive Management and certain other key employees of the Group described in Section 11.7 above.

Furthermore, neither the Company nor any of its subsidiaries has issued subordinated debt or transferable securities other than the Shares and the shares in the Company's subsidiaries will be held, directly or indirectly, by the Company.

12.4 The Listing

On 31 May 2024, the Company applied for the Shares to be admitted to trading on the Oslo Stock Exchange. The Oslo Stock Exchange approved the Company's application for Listing on 6 June 2024, conditional upon inter alia the Company obtaining a minimum of 500 shareholders, each holding Shares with a value of more than NOK 10 000 and there being a minimum free float of the Shares of 25%. The Company expects that these conditions will be fulfilled through the Distribution.

The Company expects that the Shares will commence trading on the Oslo Stock Exchange on or around 12 June 2024 under the ticker code "CAVEN".

The Company has not applied for admission to trading of the Shares on any other stock exchange, regulated market or multilateral trading facility, and the Shares have not previously been subject to public trading.

The Company's total costs and expenses of, and incidental to, the Listing are estimated to amount to approximately NOK 20 million.

12.5 Major shareholders

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 13.8 "*Disclosure obligations*" for a description of the disclosure obligations under the Norwegian Securities Trading Act.

Pursuant to the Company's shareholders' register as of the date of this Prospectus, Nel holds 100% of the Shares in the Company. Following the Distribution, no shareholders other than as set out below are expected to hold more than 5% of the Company's Shares. The table below show the Shares expected to be held upon completion of the Distribution.

Shareholder	Number of Shares	% of the Company's share capital
The Goldman Sachs Group, Inc.	33 426 506	5.27%

The Company is not aware of any other person or entity who directly or indirectly has an interest in the Company's share capital or voting rights that is notifiable under section 4-2 of the Norwegian Securities Trading Act.

Except for the shareholders included in the table above, the Company is not aware of any persons or entities who, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

The Articles of Association do not contain any provisions that would have the effect of delaying, deferring or preventing a change of control of the Company. The Shares have not been subject to any public takeover bids since the Company's incorporation in 13 March 2024.

No particular measures have been put in place to ensure that control is not abused by large shareholders. Minority shareholders are protected against abuse by relevant regulations in *inter alia* the Norwegian Public Companies Act and the Norwegian Securities Trading Act. See Section 12.9 "*Certain aspects of Norwegian corporate law*" and Section 13.11 "*Compulsory acquisition*".

The Company does not hold any Shares in treasury, nor do any of the Company's subsidiaries hold any Shares.

12.6 Authorization to increase the share capital and acquire own Shares

On 15 May 2024, the Company's extraordinary general meeting granted the Board of Directors:

- An authorization to acquire the Company's own shares by up to NOK 1 680 907.25 (corresponding to 5% of the Company's share capital at such time) for the purpose of optimizing the Company's share capital structure etc. The authorization is valid until the Company's ordinary general meeting in 2025, however latest until 30 June 2025.
- An authorization to acquire the Company's own shares by up to NOK 1 680 907.25 (corresponding to 5% of the Company's share capital at such time) in connection with the Company's incentive programs.

The authorization is valid until the Company's ordinary general meeting in 2025, however latest until 30 June 2025.

On 29 May 2024, the Company's extraordinary general meeting granted the Board of Directors:

- An authorization to increase the Company's share capital by up to NOK 13 447 258 (corresponding to 20% of the Company's share capital) for the purpose of investments within the Company's operations, by offering shares to potential strategic investors or partners, and to strengthen the Company's equity. Within this aggregated amount the authorization can be used one or more times. The authorization is valid until the Company's ordinary general meeting in 2025, however latest until 30 June 2025. The shareholders' preferential rights to subscribe for Shares pursuant to section 10-4 of the Norwegian Public Companies Act may be set aside under the authorization pursuant to section 10-5 of said Act.
- An authorization to increase the Company's share capital by up to NOK 6 723 629 (corresponding to 10% of the Company's share capital) in connection with the Company's incentive programs. Within this aggregate amount the authorization can be used one or more times. The authorization is valid until the Company's ordinary general meeting in 2025, however latest until 30 June 2025. The shareholders' preferential rights to subscribe for Shares pursuant to section 10-4 of the Norwegian Public Companies Act may be set aside under the authorization pursuant to section 10-5 of said Act.

Other than the above, the Board of Directors has no authorization to increase the Company's share capital or to acquire the Company's own Shares as of the date of this Prospectus.

12.7 Shareholder rights

The Company has one class of Shares in issue and, in accordance with the Norwegian Public Companies Act, all Shares in that class provide equal rights in the Company, including the right to any dividends. Each of the Shares carries one vote. The rights attached to the Shares are further described in Section 12.8 "*The Articles of Association*" and Section 12.9 "*Certain aspects of Norwegian corporate law*".

To the knowledge of the Company, there are no shareholders' agreements related to the Shares.

12.8 The Articles of Association

The Articles of Association are enclosed as Appendix A to the Prospectus, a summary of which is given below:

12.8.1 Company name

The name of the company is Cavendish Hydrogen ASA. The company is a public limited liability company.

12.8.2 Objective of the Company

The Company's objective is to operate, including develop and manufacture, invest in and/or own rights related to the production of hydrogen fueling stations or other related business areas, and everything related thereto.

12.8.3 Share capital and par value

The Company's share capital is NOK 67 236 290, divided into 33 618 145 Shares, each with a par value of NOK 2.00.

12.8.4 The Board of Directors

The board of directors of the company shall consist of between three and seven members, as decided by the general meeting. The general meeting elects the chair of the board. The board of directors is elected for a term of one year, unless the general meeting sets a different term in connection with the election.

12.8.5 Signatory rights

One Board Member and the CEO jointly, or two Board Members jointly, have the authority to sign on behalf of the Company. The Board may grant power of procuration.

12.8.6 Restrictions on transfer of Shares

There are no restrictions on transfers of the Shares.

12.8.7 General meetings

The General Meeting shall address and decide the approval of the annual accounts and the annual report, including distribution of dividend, and any other matters which are referred to the general meeting by law or the Articles of Association.

Documents relating to matters to be dealt with by the Company's general meeting, including documents which by law shall be included in or attached to the notice of the general meeting, do not need to be sent to shareholders if such documents are made available on the Company's website. A shareholder may nevertheless request that documents relating to matters to be dealt with at the general meeting are sent to him or her. The Board of Directors may decide that shareholders may cast their votes in writing, including by electronic communication, in a period prior to the general meeting. The Board of Directors may set specific guidelines for such advance voting. Any such guidelines shall be stated in the notice of the general meeting.

The Board of Directors may decide that shareholders who want to participate at the general meeting must notify the company thereof. The notice must be received by the company no later than two business days prior to the general meeting. The Board may set a later deadline for the notification in the notice of the general meeting.

12.8.8 Nomination committee

The Company shall have a nomination committee consisting of between two and four members. The members of the nomination committee, including the chair, are elected by the general meeting for a term of one year, unless the general meeting sets a different term in connection with the election. The nomination committee submits recommendations to the general meeting on the election of members to the Board of Directors, including the chair, and members of the nomination committee, as well as remuneration to members of the Board of Directors, including Board committees, and the nomination committee.

The general meeting may adopt instructions for the nomination committee.

12.9 Certain aspects of Norwegian corporate law

12.9.1 General meetings

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that a written notice of annual general meetings setting forth the date and time

of, the venue for and the agenda of the meeting, is sent to all shareholders with a known address no later than 21 days before the date of the annual general meeting of a Norwegian public limited liability company listed on a stock exchange or a regulated market shall be held, unless the articles of association stipulate a longer deadline. The latter is currently not the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy appointed at its own discretion. Pursuant to the Norwegian Securities Trading Act, a proxy voting form shall be appended to the notice of the general meeting for a Norwegian public limited liability company listed on a stock exchange or a regulated market unless such form has been made available to the shareholders on the company's website and the notice calling for the meeting includes all information the shareholders need to access the proxy voting forms, including the relevant Internet address.

Under Norwegian law, a shareholder may only exercise rights that pertain to shareholders, including participation in general meetings of shareholders, when it has been registered as a shareholder in the company's register of shareholders maintained with the VPS. Unless the articles of association explicitly states that the right to attend and vote at a general meeting may only be exercised by a shareholder if it has been entered into the company's register of shareholders five working days prior to the general meeting, all shareholders who are registered as such on the date of the general meeting have the right to attend and exercise its voting rights at that meeting. This is the case for the Company i.e. the record date for shareholders to participate at a General Meeting is five working days prior to the date of the relevant general meeting.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the board of directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 5% of the share capital demands this in writing. The requirements for notice of and admission to the annual general meeting also apply to extraordinary general meetings. However, the annual general meeting of a Norwegian public limited liability company may with a majority of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting resolve that extraordinary general meetings may be convened with a 14 days' notice period until the next annual general meeting provided that the company has procedures in place allowing shareholders to vote electronically. This has currently not been resolved by the Company's General Meeting.

12.9.2 Voting rights – amendments to the articles of association

Each Share carries one vote. In general, decisions that shareholders of a Norwegian public limited liability company are entitled to make under Norwegian law or the articles of association may be made by a simple majority of the votes cast. In the case of elections or appointments (e.g. to the board of directors), the person(s) who obtain(s) the most votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe for shares in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the articles of association, to authorize an increase or reduction of the share capital, to authorize an issuance of convertible loans or warrants by the Company or to authorize the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at the general meeting in question. Moreover, Norwegian law requires that certain decisions, i.e. decisions that have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the articles of association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favor of the resolution, as well as the majority required for amending the articles of association.

Only a shareholder registered as such with the VPS is entitled to vote for shares of a Norwegian public limited liability company listed on a stock exchange or regulated market. Beneficial owners of the shares who are registered in the name of a nominee are also entitled to vote under Norwegian law, but any person who is designated in the VPS register as the holder of such Shares as a nominee is not entitled to vote under Norwegian law unless being instructed with a proxy by the beneficial owner. A nominee may not meet or vote for shares registered on a nominee account. A shareholder holding Shares through a nominee account must, in order to be eligible to register, meet and vote for such Shares at the general meeting, notify the company two days prior to the date of the relevant general meeting (unless the board of directors prior to sending the notice for the General Meeting has decided on a shorter notification deadline).

There are no quorum requirements that apply to the general meeting of a Norwegian public limited liability company.

12.9.3 Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Company's articles of association must be amended, and must thus receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at the general meeting in question. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. The preferential rights may be deviated from by a resolution in the general meeting passed with the same vote required to amend the articles of association. A deviation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the articles of association, authorize the board of directors to issue new Shares, and to deviate from the preferential rights of shareholders in connection with such issuances. Such authorization may be effective for a maximum of two years, and the par value of the Shares to be issued may not exceed 50% of the registered par share capital when the authorization is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by an issuance of new shares to the Company's existing shareholders or by increasing the par value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company. Shareholders in other jurisdictions outside Norway may be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company has not filed a registration statement under the U.S. Securities Act in connection with the Listing or sought approvals under the laws of any other

jurisdiction outside Norway in respect of any pre-emptive rights or the Shares, does not intend to do so and doing so in the future may be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new shares, the value of their subscription rights will be lost and such shareholders' proportional ownership interests in the Company will be reduced.

12.9.4 Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including, but not limited to, those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the board of directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favors certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 5% or more of the Company's share capital have a right to demand in writing that the Board of Directors convenes an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified within seven days before the deadline for convening the general meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the relevant general meeting has not expired.

12.9.5 Rights of redemption and repurchase of shares

The share capital of the Company may be decreased by reducing the par value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorization to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate par value of treasury shares so acquired, and held by the Company must not exceed 10% of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorization by the general meeting of the Company's shareholders cannot be granted for a period exceeding two years. The Company may not subscribe for its own Shares.

12.9.6 Shareholder vote on certain reorganizations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the board of directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the articles of association stipulate that, made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter.

12.9.7 Liability of board members

Board members owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the board members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Board members may each be held liable for any damage they negligently or willfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting passing upon the matter. If a resolution to discharge the Board Members from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Board Members from liability or not to pursue claims against the Board Members is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

12.9.8 Civil proceedings against the Company in jurisdictions other than Norway

Furthermore, investors shall note that they may be unable to recover losses in civil proceedings in jurisdictions other than Norway. The Company is a public limited liability company organized under the laws of Norway. The Board Members and the members of the Management reside in Norway, Denmark and Austria. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in courts outside of Norway, Denmark or Austria, to enforce judgments on such persons or the Company in other jurisdictions.

12.9.9 Indemnification of board members

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the Board Members against certain liabilities that they may incur in their capacity as such.

12.9.10 Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at that meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

13 SECURITIES TRADING IN NORWAY

Set out below is a summary of certain aspects of securities trading in Norway and the possible implications of owning tradable Shares on the Oslo Stock Exchange. The summary is based on the rules and regulations in force in Norway as of the date of this Prospectus, which may be subject to changes occurring after such date. This summary does not purport to be a comprehensive description of securities trading in Norway. Investors who wish to clarify aspects of securities trading in Norway should consult with and rely upon their own advisors.

13.1 Introduction

The Oslo Stock Exchange was established in 1819 and offers the only regulated markets for securities trading in Norway. Oslo Børs ASA is 100% owned by Euronext Nordics Holding AS, a holding company established by Euronext N.V following its acquisition of Oslo Børs VPS Holding ASA in June 2019. Euronext owns seven regulated markets across Europe, including Amsterdam, Brussels, Dublin, Lisbon, London, Oslo and Paris.

13.2 Market value of the Shares

The market value of shares listed on the Oslo Stock Exchange, including the Shares, may fluctuate significantly, which could cause investors to lose a significant part of their investment. The market value could fluctuate significantly in response to a number of factors beyond the respective issuer's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the respective issuer or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about the issuer, its products and services or its competitors, lawsuits against the issuer, unforeseen liabilities, changes in management, changes to the regulatory environment in which the issuer operates or general market conditions.

Furthermore, issuances of shares or other securities may dilute the holdings of shareholders and could materially affect the price of the Shares. Any issuer, including the Company, may in the future decide to offer additional shares or other securities to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes, including for refinancing purposes. There are no assurances that any of the issuers on the Oslo Stock Exchange will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. If a listed company raises additional funds by an issuance of additional equity securities, the holdings and voting interests of existing shareholders could be diluted, and thereby affect share price.

13.3 Trading and settlement

As of the date of this Prospectus, trading of equities on the Oslo Stock Exchange is carried out in the electronic Euronext in-house developed trading system, Optiq™.

Official trading on the Oslo Stock Exchange takes place between 09:00 CET/CEST and 16:20 CET/CEST each trading day, with pre-trade period between 07:15 CET/CEST and 09:00 CET/CEST, a closing auction from 16:20 CET/CEST to 16:25 CET/CEST and a trading at last period from 16:25 CET/CEST to 16:30 CET/CEST. Reporting of Off-Book On Exchange trades can be done from 07:15 CET/CEST to 18.00 CET/CEST.

The settlement period for trading on the Oslo Stock Exchange is two trading days (T+2). This means that securities will be settled on the investor's account with the VPS two trading days after the transaction, and that the seller will receive payment after two trading days.

The Oslo Stock Exchange offers an interoperability model for clearing and counterparty services for equity trading through LCH Limited, EuroCCP and Six X-Clear.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

13.4 Information, control and surveillance

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company (Inside information means precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The Oslo Stock Exchange may levy fines on companies violating these requirements.

13.5 The VPS (Euronext Securities Oslo) and transfer of Shares

The Company's principal share register is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is a computerized book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and Oslo Børs ASA are both 100% owned by Euronext Nordics Holding AS.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, the central bank of Norway), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

13.6 Shareholder register

Under Norwegian law, shares are registered with the VPS in the name of the beneficial owner of the shares. Beneficial owners of the Shares that hold their shares through a nominee (such as banks, brokers, dealers or other third parties) are able to vote for such Shares at the general meeting in their own name provided that the Company has received notification of such attendance two days prior to the date of the relevant general meeting (unless the board of directors prior to sending the notice for the general meeting has decided on a shorter notification deadline). As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in the VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners. There is no assurance that beneficial owners of the Shares will receive the notice of any general meeting in time to instruct their nominees or others to vote for their Shares in the manner desired by such beneficial owners or notify the Company of its own attendance. See Section 12.9.2 "Voting rights – amendments to the articles of association" for more information on nominee accounts.

13.7 Foreign investment in shares listed in Norway

Foreign investors may trade in shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

Foreign investors should note that the rights of holders of shares listed on the Oslo Stock Exchange and issued by Norwegian incorporated companies are governed by Norwegian law and by the respective company's articles of association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by a company in respect of wrongful acts committed against such company will be prioritized over actions brought by shareholders claiming compensation in respect of such acts. In addition, it may be difficult to prevail in a claim against the company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions. See Section 12.9.2 "*Voting rights – amendments to the articles of association*" for more information on certain aspects of Norwegian law.

13.8 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued share capital, voting rights to shares, and/or rights to issued shares of a company listed on a regulated market with Norway as its home state (which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange and the issuer immediately, subject to certain exceptions. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital, or the granting of a proxy to vote for shares at the Company's general meetings without voting instructions. For the purpose of disclosure of shareholdings, share lending and re-delivery of shares are considered disposal and acquisition of shares pursuant to the relevant provisions in the Norwegian Securities Trading Act.

13.9 Insider trading

According to Norwegian law, subscription for, purchase, sale, exchange or other acquisitions or disposals of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Article 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, and as implemented in Norway in accordance with section 3-1 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value or price either depends on or has an effect on the price or value of such financial instruments or incitement to such dispositions.

13.10 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third (or more than 40% or 50%) of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares of that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares of the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six months' period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40% or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares of the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares of the company.

13.11 Compulsory acquisition

Pursuant to the Norwegian Public Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares of a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Norwegian Securities

Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to section 4-25 of the Norwegian Public Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

13.12 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

14 NORWEGIAN TAXATION

Set out below is a summary of certain Norwegian tax matters related to an investment in the Company. The summary is based on the laws in force in Norway as of the date of this Prospectus, which may be subject to any changes. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes should specifically consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway.

Please note that for the purpose of the summary below, a reference to a Norwegian or foreign shareholder refers to the tax residency rather than the nationality of the shareholder.

The tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdictions in which the shareholders are resident for tax purposes may have an impact on the income received from the Shares.

14.1 Taxation of Norwegian shareholders

14.1.1 Norwegian Individual Shareholders

Individuals resident in Norway for tax purposes are effectively taxed at 37.84% on dividends and gains from disposing of shares, in each case to the extent the dividend/gain exceeds a basic tax free allowance. The effective tax rate is based on a calculation where the dividend/gain is grossed up with a factor of 1.72 and taxed at the ordinary tax rate of 22%. Any realized loss is increased by the same factor of 1.72 (to give loss a corresponding tax reducing effect).

The tax free allowance is computed for each individual share and corresponds to the cost price of that share multiplied by an annual risk-free interest rate based on the effective rate of interest on treasury bills (Nw.: *statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. Any part of the annual allowance exceeding the dividend distributed on the share, known as unused allowance, may be set off against future dividends on (or gains upon disposal of) the same share. Unused allowance is added to the basis for computing future allowance for the same share. The unused allowance is calculated for each calendar year, and is allocated solely to the individual holding shares at the expiration of the relevant calendar year.

Taxable gain or loss from disposing shares (before gross up) equals the sales price of the relevant share minus transaction costs and minus the tax basis on that share. The tax basis is normally equal to the acquisition cost of the share. Unused allowance on a share may be deducted from a taxable gain on the same share, but may not lead to or increase a deductible loss. Unused allowance on one share may not be set off against gain on other shares. Shares acquired first will be deemed first sold when calculating taxable gain or loss.

Norwegian individual shareholders may hold listed shares of companies resident in the EEA on a share savings account (Nw.: *aksjesparekonto*). Dividend and gain on shares owned through the share savings account is not immediately taxable, and losses are not deductible. Instead, later withdrawals from the account (other than tax-free allowances) that exceeds the deposits made to the account are taxable at the effective rate of 37.84%. The tax-free allowance is calculated based on the lowest paid in deposit in the share savings account during the income year, plus any unused allowance from previous years. The tax-free allowance can only be deducted in

order to reduce taxable income, and cannot increase or produce a deductible loss. Any excess allowance may be carried forward and set off against future withdrawals from the account.

Repayment of paid in capital is not considered as dividend subject to taxation for individual shareholders. Such repayment is considered as a partly realization of the share, and will reduce the cost price of the share. The paid in capital is a tax position which is related to each share, and not the shareholder. However, in listed companies it is accepted that the paid in capital is distributed equally on all shares. It is up to each shareholder to decide whether the distribution shall be treated as repayment of paid in capital, provided there is sufficient paid in capital.

Special rules apply for Norwegian individual shareholders who cease to be tax-resident in Norway.

14.1.2 Norwegian Corporate Shareholders

Limited companies (and certain similar entities) owning shares are effectively taxed at 0.66% on dividends from shares of Norwegian companies. 3% of dividends are taxed at the ordinary tax rate of 22%, and the rate is increased to 25%, and thus 0.75% effectively, for Norwegian corporate shareholders that are considered financial institutions. Norwegian corporate shareholders are tax exempt on gain from disposing of such shares. Correspondingly, losses are not deductible. Costs incurred in connection with the purchase and realization of such shares are not tax deductible.

Repayment of paid in capital is not considered as dividend subject to taxation for corporate shareholders. Such repayment is considered as a partly realization of the share, and will reduce the cost price of the share. The paid in capital is a tax position which is related to each share, and not the shareholder. However, in listed companies it is accepted that the paid in capital is distributed equally on all shares. It is up to each shareholder to decide whether the distribution shall be treated as repayment of paid in capital, provided there is sufficient paid in capital.

Special rules apply for Norwegian corporate shareholders who cease to be tax resident in Norway.

14.2 Foreign Shareholders

All shareholders not resident in Norway for tax purposes are generally (i) exempt from Norwegian tax on gain from disposing of shares, but (ii) subject to Norwegian withholding tax at a rate of 25% on dividends from Norwegian companies (provided the shares are not held by such shareholders through a taxable business they carry out or participate in in Norway). If, however, the foreign shareholder holds the shares as part of a business carried out by that shareholder in Norway, both gain and dividends would be taxable to the same extent as for a corresponding Norwegian Individual Shareholder or Norwegian Corporate Shareholder (see above).

The withholding tax on dividends is subject to certain important exceptions and modifications:

- Corporate shareholders resident in the EEA are exempt from withholding tax to the extent they are limited companies (and certain similar companies), which can demonstrate that they are beneficial owners, and that they are genuinely established and carry on genuine economic business activities in the EEA.
- Both corporate and individual shareholders are often entitled to a reduced withholding rate in tax treaties between Norway and their countries of tax residency, provided they can document entitlement (see below).
- Individual shareholders residing for tax purposes in the EEA are entitled to a risk fee allowance, and may apply to the Norwegian tax authorities for a refund if the tax withheld exceeds the tax that would have

been levied on Norwegian individual shareholders. However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation of the dividends than the withholding tax rate of 25% less the tax-free allowance.

Individual shareholders residing for tax purposes in the EEA may further hold listed shares of EEA resident companies on a share savings account. Dividends received on, and gains derived upon the realization of, shares held through a share saving account will not be taxed with immediate effect. Instead, withdrawals from the share saving account exceeding the paid in deposit on the account, is subject to the withholding tax rate of 25% (unless reduced pursuant to an applicable tax treaty). Capital gains realized upon realization of shares held through the share saving account will be regarded as paid in deposits, which may be withdrawn without taxation. Losses will correspondingly be deducted from the paid in deposit, reducing the amount which can be withdrawn without withholding tax.

- Repayment of paid in capital is not subject to withholding tax, regardless of whether the shareholder is an individual or corporate shareholder. Such repayment is considered as a partly realization of the share, and will reduce the cost price of the share. The paid in capital is a tax position which is related to each share, and not the shareholder. However, in listed companies it is accepted that the paid in capital is distributed equally on all shares. It is up to each shareholder to decide whether the distribution shall be treated as repayment of paid in capital, provided there is sufficient paid in capital.

14.3 Procedure for claiming a reduced withholding tax rate on dividends

The distributing company is responsible for withholding the taxes on distributions to foreign shareholders (except if shares are held on a share savings account, in which case the responsibility lies with the account operator).

A foreign shareholder that is entitled to an exemption from or reduction of withholding tax on dividends, may request that the exemption or reduction is applied at source. Such a request must be made to the foreign shareholder's nominee or account operator with the VPS, supported by a certificate of residence issued by the tax authorities in the shareholder's country of residence within the last three years, confirming that the shareholder is resident in that country. Foreign corporate shareholders must further present either (i) an previously approved withholding tax refund application or (ii) an approval from the Norwegian tax authorities confirming its entitlement to a reduced rate. If the foreign corporate shareholder is resident in the EEA and claiming full withholding exemption, it must further declare that the circumstances entitling it to the exemption have not changed since the documentation was issued.

The statutory 25% withholding tax rate will be levied on dividends paid to foreign shareholders unless they have successfully requested to have a reduced rate or exemption applied at source. The shareholder will in such case have to apply to the Norwegian tax authorities for a refund of the excess amount of tax withheld.

Foreign shareholders should consult their own advisors regarding the availability of treaty benefits in respect of dividend payments, including (if relevant) the possibility of effectively claiming a refund of withholding tax.

14.4 Wealth tax

Norwegian corporate shareholders are exempt from wealth tax, while Norwegian individual shareholders are subject to net wealth tax on the part of net wealth exceeding NOK 1.7 million (NOK 3.4 million jointly for spouses). The ordinary rate is 1% up to NOK 20 million and 1.1% on exceeding net wealth. Shares listed on regulated markets operated by Oslo Børs are included in net wealth at a value equal to 80% of their listed share price on 1 January in the tax assessment year (*i.e.* in the year after the income year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly (*i.e.* to 80%).

Foreign shareholders are not subject to Norwegian net wealth tax on shares, unless the shareholder is an individual holding the shares as part of a business carried out by that individual in Norway.

14.5 VAT and transfer taxes

No transfer, VAT, stamp or similar duties are imposed in Norway on transfer or issuance of shares.

14.6 Inheritance and gift taxes

No inheritance or gift taxes are imposed in Norway on transfer or issuance of shares.

15 SELLING AND TRANSFER RESTRICTIONS

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares offered hereby. The Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

15.1 Selling and transfer restrictions

15.1.1 United States

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold within the United States.

15.1.2 Other jurisdictions

The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any other jurisdiction in which it would not be permissible to offer the Shares.

16 ADDITIONAL INFORMATION

16.1 Independent auditor

The Company's independent auditor is EY, with registration number 976 389 387 and registered address Stortorvet 7, N-0155 Oslo, Norway. The partners of EY are members of the Norwegian Institute of Public Accountants (Nw.: *Den norske Revisorforening*).

EY has been the Company's independent auditor since the Company's incorporation in March 2024.

16.2 Advisors

Carnegie AS, with registration number 936 310 974 and registered address Aker Brygge, Fjordalléen 16, N-0250 Oslo, Norway, has acted as global coordinator to the Company in connection with the Listing.

Arctic Securities AS, with registration number 991 125 175 and registered address Haakon VII's gate 5, N-0161, Oslo, Norway, and Fearnley Securities AS, with registration number 945 757 647 and registered address Dronning Eufemias gate 8, N-0191, Oslo, Norway, have acted as joint lead managers to the Company in connection with the Listing.

KPMG AS, with registration number 935 174 627 and registered address Sørkedalsveien 6, N-0369 Oslo, Norway, has acted as financial advisor to the Company in connection with the Listing.

Wikborg Rein Advokatfirma AS, with registration number 916 782 195 and registered address Dronning Mauds gate 11, N-0250 Oslo, Norway, has acted as Norwegian legal counsel to the Company in connection with the Listing.

Advokatfirmaet Thommessen AS, with registration number 957 423 248 and registered address Ruseløkkveien 38, N-0251 Oslo, Norway, has acted as legal advisor to the Managers in connection with the Listing.

16.3 Documents on display

Copies of the following documents will be available for inspection at the Company's offices during normal business hours from Monday to Friday each week (except public holidays) for a period of twelve months from the date of this Prospectus:

- the Company's certificate of incorporation and Articles of Association;
- all reports, letters, and other documents, valuations and statements prepared by any expert at the Company's request, any part of which is included or referred to in this Prospectus; and
- this Prospectus.

The documents are also available at the Company's website <https://cavendishh2.com/>. The content of the website is not incorporated by reference into, or otherwise form part of, this Prospectus.

17 DEFINITIONS AND GLOSSARY OF TERMS

APMs	Alternative performance measures
AFIR	Alternative Fuels Infrastructure
AGGEP	Act on the Allocation and Trading of Greenhouse-gas Emission Permits
Articles of Association	The articles of association of the Company, last amended 29 May 2024, attached hereto as Appendix A
ATEX Directive	Directive 2014/34/EU
BIL	The U.S. Bipartisan Infrastructure Law
BEV	Battery electric vehicles
Board of Directors or Board Member(s)	The members of the board of directors of the Company, or any one of them
CBA	Collective Bargaining Agreement within the Industry (Industriens Funktionær Overenskomst between DI and CO-Industri and Industriens Overenskomst between DIO I and CO-industri).
CBAM	Carbon Border Adjustment Mechanism
CE	Conformité Européenne
CEO	Chief Executive Officer
CET / CEST	Central European Time / Central European Summer Time
CFO	Chief Financial Officer
Combined Annual Financial Statements	The audited combined financial statements for the Group for the years ended 31 December 2023, 2022 and 2021, as further detailed in Section 4.3.1 above
Combined Interim Financial Statements	The unaudited condensed combined interim financial statements for the Group for the three months' period ended 31 March 2024, with comparative financial information for the three months' period ended 31 March 2023, as further detailed in Section 4.3.1 above
Company's Financial Statements	Financial information prepared for the Company on a stand-alone basis, covering the period from its incorporation on 13 March 2024 and until 26 April 2024, as further detailed in Section 4.3.1 above
Company or Cavendish	Cavendish Hydrogen ASA, a Norwegian public limited liability company with registration number 933 187 764 and registered address at Dronning Eufemias gate 16, N-0191, Oslo, Norway
Company Information	The Company's own assessment and knowledge of the potential markets in which it may operate
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance, last revised on 14 October 2021
CRN	Canadian registration number
CSRD	Corporate Sustainability Reporting Directive
CS3D	Corporate Sustainability Due Diligence directive
Distribution	The distribution of Shares in the Company to the shareholders of Nel, as further detailed in Section 4.2
DOE	U.S. Department of Energy
EBITDA	Profit and loss for the period before net financial items, income tax expense, depreciation and amortization.
EEA	The European Economic Area
EMC	Directive 2014/30/EU Electromagnetic Compatibility Directive.
EPCs	Engineering-procurement-construction companies
ESMA	The European Securities and Markets Authority
EU	The European union
EU ETS	EU Emissions Trading System
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, as implemented in Norway
EY	Ernst & Young AS
Executive Management	The Company's CEO and CFO
FACN	Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis
FCEVs	Light-duty fuel cell electric vehicles
Financial Information	The Combined Annual Financial Statements and the Combined Interim Financial Statements, collectively

Fueling Entities	Nel Hydrogen Inc, Nel Korea co. LTD, and Nel Hydrogen A/S, the shares of which were transferred from Nel to the Company in connection with the Reorganization
GDPR	The General Data Protection Regulation (EU) 2016/679
GHG	Greenhouse gas
Group	The Company and its consolidated subsidiaries
HA	Hydrogen Economy Promotion and Hydrogen Safety Management Act, also known as the Hydrogen Act
HC-HRS	High-capacity hydrogen refueling station
HDVs	Heavy-duty vehicles (long distance trucking)
HRS	Hydrogen fueling station
HyNet	Hydrogen Energy Network Co. Ltd
IAS 34	International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU
IFRS Accounting Standards	IFRS® Accounting Standards and in accordance with interpretations determined by the International Accounting Standards Board (IASB) as adopted by the EU
IRA	The U.S. Inflation Reduction Act
Iwatani	Iwatani Corporation of America
Joint Procedural Agreement	Joint procedural agreement between certain subsidiaries in the Group and Nel regarding the relationship between the involved parties in relation to the legal dispute with Iwatani
K-ETS	The Korean Emission Trading Scheme
KGS	Korean Gas Safety
LCOH	Levelized cost of hydrogen
LEI	Legal Entity Identifier
LDVs	Light-duty vehicles (passenger vehicles, taxi fleets and small bus fleets) to HDVs
Listing	The listing of the Shares on the Oslo Stock Exchange
LTIP	Long-term incentive program in the form of RSU as further described in Section 11.7
Machinery Regulation	(EU) 2023/1230
Management Team	The Executive Management together with the Company's wider management team as described in Section 11.3.1
Managers	Carnegie AS, Arctic Securities AS and Fearnley Securities AS
MID	EU Directive 2014/32/EU regulation on measuring instruments
MiFID II	EU Directive 2014/65 on markets in financial instruments, as amended
MiFID II Product Governance Requirements	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures
MOE	Ministries of the South Korean Government, Ministry of Environment
MOTIE	Ministries of the South Korean Government, Ministry of Trade, Industry and Energy
MSIT	Ministries of the South Korean Government, Ministry of Science and ICT
Nel	Nel ASA, a Norwegian public limited liability company with registration number 979 938 799 and registered address Karenslyst allé 49, N-0279 Oslo, Norway, being the sole shareholder of the Company prior to completion of the Distribution.
NOK	Norwegian kroner, the lawful currency of Norway
NIS2 Directive	The Directive (EU) 2022/2555 on measures for a high common level of cybersecurity across the Union
Norwegian FSA	The Financial Supervisory Authority of Norway (Nw.: <i>Finanstilsynet</i>)
Norwegian Public Companies Act	The Norwegian Public limited Liability Companies Act of 13 June 1997 no. 45, as amended (Nw.: <i>allmennaksjeloven</i>)
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended (Nw.: <i>verdipapirhandelloven</i>)
Notification	Notification on Operation of Clean Hydrogen Certification System
Nykredit	Nykredit Realkredit A/S
Oslo Stock Exchange	Euronext Oslo Børs, a Norwegian regulated market being part of Euronext and operated by Oslo Børs ASA
PHEV	Plug-in Hybrid Electric Vehicles

PLM	Product Lifecycle Management
Strategy and Roadmap	The U.S. National Clean Hydrogen Strategy and Roadmap
PCGs	Parent company guarantees
Pressure Equipment Directive	Directive 2014/68/EU
Prospectus	This prospectus dated 10 June 2024
Record Date	The record date in connection with the Distribution, i.e. 11 June 2024 pursuant to the VPS' standard two days' settlement procedure
RED III	Renewable Energy Directive
Regulated Market	A market for financial instruments within the scope of Article 4(1)(21) of the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments
Receivables	All long term receivables due to Nel from the Fueling Entities transferred to the Company in connection with the Reorganization
Reorganization	All steps, excluding the Distribution, completion in connection with the spin-off of the Company from Nel
RFNBOs	Renewable fuels of non-biological origin
Roadmap	Roadmap for Vitalization of Hydrogen Economy as further described in Section 7.14.4.1
RSUs	Restricted stock units
R&D	Research and development
SEC	U.S. Securities and Exchange Commission
Share(s)	The shares of the Company, consisting as of the date of this Prospectus of 33,618,145 ordinary shares each with a par value of NOK 2.00
Shell	Shell Plc
SPA	The share sale and purchase agreement entered into between the Company and Nel in May 2024 regarding inter alia the sale of the shares in the Fueling Entities and the Receivables from Nel to the Company
STIP	Short-term incentive program as further described in Section 11.7
Target Market Assessment	The product approval process which has determined that each Share 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
tCO²-eq	Average annual GHG emissions of 125 000 CO ² equivalent tonnage
TSA	The transitional services agreement between the Company and Nel as further described in Section 7.10.2
UL	Underwriter Laboratories
USD	United States Dollars, the lawful currency of the United States of America
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
U.S. or the United States	The United States of America
VPS	The Norwegian central securities depository, Euronext Securities Oslo (Nw.: <i>Verdipapirsentralen</i>)
VPS Registrar	DNB Bank ASA, Registrars Department
ZEV	Zero-Emission Vehicle programs



Cavendish Hydrogen ASA

Dronning Eufemias gate 16
N-0191 Oslo
Norway

Managers to the Company

Carnegie AS

Aker Brygge, Fjordalléen 16
N-0250 Oslo
Norway

Arctic Securities AS

Haakon VIIIs gate 5
N-0161 Oslo
Norway

Fearnley Securities AS

Dronning Eufemias gate 8
N-0191 Oslo
Norway

Legal advisor to the Company

Wikborg Rein Advokatfirma AS

Dronning Mauds gate 11
N-0250 Oslo
Norway

Legal advisor to the Managers

Advokatfirmaet Thommessen AS

Ruseløkkveien 38
N-0251 Oslo
Norway

APPENDIX A – Articles of Association of Cavendish Hydrogen ASA

VEDTEKTER

Cavendish Hydrogen ASA

(org.nr. 933 187 764)

per 29. mai 2024

§ 1 | Foretaksnavn

Selskapets foretaksnavn er Cavendish Hydrogen ASA. Selskapet er et allmennaksjeselskap.

§ 2 | Forretningskontor

Selskapets forretningskontor er i Oslo kommune.

§ 3 | Virksomhet

Selskapets virksomhet er å drive virksomhet, herunder utvikle og produsere, investere i og/eller eie rettigheter innen produksjon av hydrogenfylllestasjoner eller andre relaterte områder, og alt som står i forbindelse med dette.

§ 4 | Aksjekapital

Selskapets aksjekapital er NOK 67 236 290, fordelt på 33 618 145 aksjer, hver pålydende NOK 2.

Selskapets aksjer skal være registrert i verdipapirsentralen Euronext Securities Oslo (VPS).

§ 5 | Styre

Selskapets styre skal ha mellom tre og syv medlemmer. Generalforsamlingen velger styrets leder.

Styret velges for ett år av gangen, om ikke generalforsamlingen fastsetter en annen periode i forbindelse med valget.

§ 6 | Signatur

Selskapets firma tegnes av ett styremedlem og daglig leder i fellesskap, eller av to styremedlemmer i fellesskap. Styret kan meddele prokura.

§ 7 | Generalforsamling

På den ordinære generalforsamlingen skal følgende saker behandles og avgjøres:

ARTICLES OF ASSOCIATION

Cavendish Hydrogen ASA

(reg. no. 933 187 764)

As of 29 May 2024

§ 1 | Company name

The company's name is Cavendish Hydrogen ASA. The company is a public limited liability company.

§ 2 | Registered office

The company's registered office is in the municipality of Oslo.

§ 3 | Business

The company's business is to operate, including develop and manufacture, invest in and/or own rights related to the production of hydrogen fueling stations or other related business areas, and everything related thereto.

§ 4 | Share capital

The company's share capital is NOK 67,236,290, divided into 33,618,145 shares, each with a par value of NOK 2.

The company's shares shall be registered with the central securities depository Euronext Securities Oslo (VPS).

§ 5 | Board of directors

The board of directors shall consist of between three and seven members. The general meeting elects the chair of the board.

The board of directors is elected for a term of one year, unless the general meeting sets a different term in connection with the election.

§ 6 | Signatory rights

One board member and the CEO jointly, or two board members jointly, have the authority to sign on behalf of the company. The board may grant power of procuration.

§ 7 | General meetings

The annual general meeting shall address and decide upon the following matters:

1. Godkjenning av årsregnskapet og årsberetningen, herunder utdeling av utbytte.
2. Andre saker som etter lov eller vedtektene hører under generalforsamlingen.

Dokumenter som gjelder saker som skal behandles på selskapets generalforsamling, herunder dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen, trenger ikke sendes til aksjeeierne dersom dokumentene er tilgjengelige på selskapets hjemmeside. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

Styret kan beslutte at aksjeeiere kan avgi sin stemme skriftlig, herunder ved bruk av elektronisk kommunikasjon, i en periode før generalforsamlingen. Styret kan fastsette nærmere retningslinjer for slik forhåndsstemming. Det skal fremgå av generalforsamlingsinnkallingen hvilke retningslinjer som er fastsatt.

Styret kan beslutte at aksjeeiere som vil delta på generalforsamlingen, må melde dette til selskapet. Meldingen må være mottatt av selskapet senest på virkedager før generalforsamlingen. Styret kan i innkallingen til generalforsamlingen fastsette en senere frist for meldingen.

§ 8 | Valgkomité

Selskapet skal ha en valgkomité bestående av to til fire medlemmer. Valgkomiteens medlemmer, herunder valgkomiteens leder, velges av generalforsamlingen for en periode på ett år, om ikke generalforsamlingen fastsetter en annen periode i forbindelse med valget.

Valgkomiteen avgir innstilling til generalforsamlingen om valg av medlemmer til styret, herunder styrets leder, og medlemmer til valgkomiteen, samt godtgjørelse til medlemmer av styret, herunder styreutvalg, og valgkomiteen.

Generalforsamlingen kan fastsette instruks for valgkomiteen.

1. Approval of the annual accounts and the annual report, including distribution of dividend.
2. Any other matters which are referred to the general meeting by law or the articles of association.

Documents relating to matters to be dealt with by the company's general meeting, including documents which by law shall be included in or attached to the notice of the general meeting, do not need to be sent to shareholders if such documents are made available on the company's website. A shareholder may nevertheless request that documents relating to matters to be dealt with at the general meeting are sent to him or her.

The board of directors may decide that shareholders may cast their votes in writing, including by electronic communication, in a period prior to the general meeting. The board of directors may set specific guidelines for such advance voting. Any such guidelines shall be stated in the notice of the general meeting.

The board of directors may decide that shareholders who want to participate at the general meeting must notify the company thereof. The notice must be received by the company no later than two business days prior to the general meeting. The board may set a later deadline for the notification in the notice of the general meeting.

§ 8 | Nomination committee

The company shall have a nomination committee consisting of between two and four members. The members of the nomination committee, including the chair, are elected by the general meeting for a term of one year, unless the general meeting sets a different term in connection with the election.

The nomination committee submits recommendations to the general meeting on the election of members to the board of directors, including the chair, and members of the nomination committee, as well as remuneration to members of the board of directors, including board committees, and the nomination committee.

The general meeting may adopt instructions for the nomination committee.

**APPENDIX B – Combined Annual Financial Statements for the years ended
31 December 2023, 2022 and 2021**

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Combined statement of total comprehensive income

(in EUR 1,000)	Note	Year ended 31 December		
		2023	2022	2021
Revenue and income				
Revenue from contracts with customers	2.1, 2.3	28 887	20 504	31 223
Other operating income	2.2	1 506	3 713	1 430
Total revenue and income		30 393	24 217	32 653
Operating expenses				
Raw materials	2.4	12 415	15 468	21 987
Personnel expenses	2.5	24 239	25 490	20 293
Depreciation and amortisation	3.1, 3.2	4 689	4 696	3 926
Impairment of tangible and intangible assets		48	32 393	-
Other operating expenses	3.1	13 109	20 491	10 352
Total operating expenses	2.6	54 499	98 538	56 558
Operating loss		(24 106)	(74 321)	(23 905)
Finance income	2.7	153	1	2
Finance costs	2.7	(5 740)	(1 804)	(1 763)
Net finance costs		(5 587)	(1 802)	(1 761)
Loss before taxes		(29 692)	(76 123)	(25 666)
Tax expense (income)	2.8	(804)	(823)	(1 002)
Net loss		(28 889)	(75 300)	(24 665)
Other comprehensive income that are or may subsequently be reclassified to profit or loss (net of tax)				
Currency translation differences		813	1 136	(620)
Cash flow hedges, effective portion of changes in fair value		(92)	105	71
Cash flow hedges, reclassified		(34)	(202)	(118)
Total comprehensive income attributable to equity holders of the company		(28 201)	(74 261)	(25 331)
Proforma basic and diluted earnings per share (in EUR) attributable to Fueling shareholders	2.9	(0.88)	(2.26)	(0.76)

The accompanying notes are an integral part of the combined financial statements.

Combined statement of financial position

(in EUR 1,000)	Note	Year ended 31 December 2023	2022	2021	01.01.2021
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3.2,3.3	11 880	12 282	11 656	11 634
Goodwill	3.1	-	-	28 195	28 178
Intangible assets	3.1	8 683	7 950	11 494	10 091
Non-current financial assets	3.4	1 035	3 962	3 460	2 057
Total non-current assets		21 599	24 194	54 806	51 961
Current assets					
Inventories	4.1	27 748	22 773	19 257	10 857
Trade receivables	4.2	7 186	22 214	9 405	4 118
Trade receivables related parties	4.2,7.3	3 056	862	1 581	1 147
Contract assets	2.1	641	3 937	4 012	7 841
Other current assets	4.3	2 646	5 633	2 666	2 156
Cash and cash equivalents	4.4	7 018	2 655	5 862	3 268
Total current assets		48 297	58 073	42 782	29 389
TOTAL ASSETS		69 895	82 267	97 588	81 350
EQUITY AND LIABILITIES					
Equity					
Contributed equity and retained earnings		19 440	4 510	38 588	32 983
Other reserves		1 923	1 236	197	863
Total equity		21 364	5 746	38 785	33 846
NON-CURRENT LIABILITIES					
Deferred tax liabilities	2.8	88	147	205	269
Long-term debt	5.1	1 998	2 133	2 322	2 892
Long-term debt related parties	5.1,7.3	13 769	23 513	23 916	14 543
Lease liabilities	3.3	600	327	301	243
Other non-current liabilities	5.2,5.3	1 404	2 021	2 865	3 475
Total non-current liabilities		17 859	28 141	29 609	21 422
Current liabilities					
Trade payables		2 290	3 777	2 589	2 144
Trade payables related parties	7.3	3 281	9 226	6 777	3 820
Lease liabilities	3.3	440	343	373	257
Contract liabilities	2.1	17 461	22 747	10 492	12 488
Provisions	5.4	4 013	6 853	4 202	4 213
Other current liabilities	5.3	3 187	5 434	4 761	3 160
Total current liabilities		30 673	48 381	29 194	26 082
TOTAL EQUITY AND LIABILITIES		69 895	82 267	97 588	81 350

The accompanying notes are an integral part of the combined financial statements.

Combined statement of cash flows

(in EUR 1,000)	Note	Year ended 31 December		
		2023	2022	2021
Loss before taxes		(29 692)	(76 123)	(25 666)
Adjustments for interest expense	2.7	1 972	2 244	1 324
Depreciation, amortisation and impairment	3.1, 3.2	4 736	37 089	3 926
Change in fair value equity instruments	2.7, 3.4	2 736	-	-
Change in provisions	5.4	(2 359)	2 977	(210)
Change in inventories	4.1	(6 346)	(8 249)	(7 743)
Change in trade receivables and contract balances	2.1, 4.2	10 401	3 606	(3 792)
Change in trade payables ¹⁾		(4 073)	7 315	169
Changes in other balances		3 819	(1 037)	6 713
Cash Flows from operating activities		(18 806)	(32 178)	(25 279)
Payments for capitalised technology	3.1	(3 044)	(2 716)	(3 856)
Investments in other financial assets	3.4	-	(524)	(1 292)
Purchases of property, plant and equipment	3.2	(1 240)	(2 141)	(1 917)
Disposal of fixed assets	3.2	-	-	990
Cash Flow from investing activities		(4 284)	(5 381)	(6 075)
Interest paid		(88)	(103)	(92)
Payment of long term debt	5.1	(134)	(187)	(439)
Payments of lease liabilities	3.3	(512)	(400)	(371)
Proceeds from new loan related party	5.1, 7.3	28 363	35 182	34 435
Payment of long-term debt related party	5.1, 7.3	(499)	-	-
Cash Flows from financing activities		27 128	34 492	33 532
Effect of exchange rate changes on cash		325	(139)	415
Net change in cash and cash equivalents		4 363	(3 207)	2 593
Cash and cash equivalents at the beginning of the period		2 655	5 862	3 268
Cash and cash equivalents at the end of the period	4.4	7 018	2 655	5 862

1) Change in trade payables is presented net of change in trade payables, trade payables related parties and reclass of trade payables related parties reclassified to long-term debt related parties.

The accompanying notes are an integral part of the combined financial statements.

Combined statement of changes in equity

(in EUR 1,000)	Contributed equity and retained earning	Currency translation difference	Hedging reserve	Total equity
Equity as of 1 January 2021	32 983	592	271	33 846
Total comprehensive income	(24 665)	(620)	(47)	(25 331)
Options and share program	374	-	-	374
Other changes	52	-	-	52
Debt conversions ¹⁾	29 843	-	-	29 843
Equity as of 31 December 2021	38 588	(28)	224	38 785
Total comprehensive income	(75 300)	1 136	(98)	(74 261)
Options and share program	265	-	-	265
Debt conversions ¹⁾	40 958	-	-	40 958
Equity as of 31 December 2022	4 510	1 109	127	5 746
Total comprehensive income	(28 889)	813	(125)	(28 201)
Options and share program	114	-	-	114
Debt conversions ¹⁾	43 704	-	-	43 704
Equity as of 31 December 2023	19 440	1 922	1	21 364

1) Debt conversion of loans to Nel ASA. See note 5.1 for further information on the loans to related parties.

The accompanying notes are an integral part of the combined financial statements.

Oslo, 12 May 2024

The Board of Directors

DocuSigned by:


 50C48815AFCA47C...
 Kjell Christian Gyllensten Bjørnsen
 Chairman of the board

DocuSigned by:

 55896AFDF9234FC...
 Torbjørn Berg
 Board member

DocuSigned by:

 5B9B1C2C08E04EE...
 Caroline Marie Duyckaerts
 Board member

DocuSigned by:

 0078860FD12749B...
 Robert Borin
 CEO

Notes to the combined financial statements

1.1 General information

Fueling ASA ("the Company"), was incorporated on 13 March 2024 for the purpose of continuing the hydrogen fueling station manufacturing activities (Nel Hydrogen Fueling segment) of the parent company of Nel ASA. The Company is a public limited liability company incorporated and domiciled in Norway. The address of its registered office is Dronning Eufemias gate 16, N-0191 Oslo, Norway.

The Company became the parent of the Fueling Group in May 2024 through an internal reorganization whereby Nel ASA transferred all its shares in Nel Hydrogen Inc, Nel Korea Co. Ltd, Nel Hydrogen A/S (the "Fueling Entities") to the Company. This includes shares in Nel Austria GmbH as a subsidiary of Nel Hydrogen A/S and Hydrogen Energy Network as an investment in Nel Korea Co. Ltd. See note 7.1 for information about the group structure.

The Company was incorporated for the purpose of continuing the service of Nel ASA. Nel ASA is to be the ultimate parent company of the Fueling Group, before and after the transactions disposing of the shares held in the Fueling Entities to the Company. The Company will be distributed to the shareholders of Nel ASA by way of a dividend in kind, through a distribution regarded as repayment of paid in capital by the shareholders of Nel ASA. The distribution is subject to satisfaction of the conditions for listing set by the Oslo Stock Exchange.

The transactions listed above are considered to be common control transactions and is recognised on a carry-over basis. In general, all amounts presented are therefore recorded at predecessor values as they have been included in Nel ASA' financial statements.

The Company, and its subsidiaries (together 'the Group') is a manufacturer of hydrogen fueling stations. The Company's core product is hydrogen fueling stations that provide fuel cell electric vehicles (FCEV) including cars, vans, busses and trucks with comparable fast fueling and long range as conventional vehicles today. Beside pure sales of the fueling stations the company also offers services like project execution, installation, commissioning, operation support and maintenance for its own products.

These combined financial statements were authorised by the Board of Directors on 12 May 2024.

1.2 Basis of accounting

Basis of preparation

In connection with the Company's application for listing of its shares on the Oslo Stock Exchange (Oslo Børs), combined financial statements for the Fueling business are prepared as at and for the year ended 31 December 2023, including combined comparative financial information as at and for the years ended 31 December 2022 and 2021.

Applying predecessor accounting, the Company, account for the transaction as if the combination had taken place prior to the comparative periods presented. The combined predecessor financial statements therefore present historical information as if the Company and its subsidiaries constituted the group of entities under control of the Company for all periods presented.

The combined financial statements presented herein have been carved out of the financial statements of Nel ASA Group as if the Company had obtained the control of the assets and liabilities of the Fueling entities as of 1 January 2021. The carrying amounts of the assets and liabilities in the combined financial statements are based on the predecessor values of the consolidated financial statements prepared by Nel ASA (ultimate parent company).

The reorganization of ownership interests, assets and liabilities under common control is outside the scope of IFRS 3 Business Combinations. Since IFRS[®] Accounting Standards as adopted by EU does not provide specific guidance, accounting policies have been established by the Group to account for such transactions at their historical carrying amounts recognized in the Company Group, as if the internal reorganization occurred at the beginning of the earliest period presented.

These combined financial statements have been prepared in accordance with IFRS Accounting Standards as issued and in accordance with interpretations determined by the International Accounting Standards Board (IASB), as adopted by the European Union for the periods presented and combination basis as described below. The Group is considered a first-time adopter of IFRS Accounting Standards. IFRS Accounting Standards provides no guidance for the preparation of combined financial statements. Following IAS 8.12 and industry practice, the predecessor accounting approach has been applied in the financial statements of the Fueling Group.

Basis of allocation

The combined financial statements of Fueling Group reflect the assets, liabilities, revenues and expenses of the Nel Hydrogen Fueling business included in the consolidated financial statement of Nel ASA Group prepared according to IFRS Accounting standards. Transactions with the remaining Nel ASA Group (the "Nel ASA Group") have not been eliminated, as these are now regarded as external to the Fueling Group. These transactions are recognised based on intercompany agreements that were prevailing in the years reported. No adjustments are made to the predecessor values of income and expenses. See Note 7.3 for summary of transactions with other entities than Fueling Group within the Nel ASA Group, disclosed as related party transactions.

The combined financial statements include all entities over which the Company, post restructuring in 2024, is expected to have control over the subsidiaries. Generally, there is a presumption that a majority of voting rights result in control. These entities are included in the financial statements in the entire period covering 2021 - 2023. See Note 7.1 for listing of companies included.

The combined financial statements ended 31 December 2021, 31 December 2022 and 31 December 2023, comprise the statement of total comprehensive income, statement of financial position, statement of cash flow, statement of changes in equity and note disclosures.

Going concern

The Group has adopted the going concern basis in preparing its Combined financial statements.

The financial statement is presented on the going concern assumption under International Financial Reporting Standards. As per the date of this report the Group has sufficient working capital for its planned business activities over the next twelve-month period.

The Board of Directors confirmed on this basis that the going concern assumption is valid, and that financial statements are prepared in accordance with this assumption.

Basis of measurement

The combined financial statements have been prepared under the historical cost convention, except for derivative financial instruments and equity financial assets that have been measured at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the combined financial statements are disclosed in note 1.5.

The combined financial statements are presented in Euros (EUR). The functional currency of the Company is NOK. The accounting policies outlined in relevant notes have been applied consistently for all periods presented in these combined financial statements and are the same accounting policies and measurement principles as used by the Nel ASA in the consolidated financial statements prepared for the reporting period ended as of 31 December 2023.

1.3 Basis of preparation

Definition and applying of materiality judgements in preparation of these combined financial statements

These combined financial statements aim to provide useful financial information which increase the understandability of the Nel Hydrogen Fueling division ("Fueling") and its financial and operational performance. To meet the information needs of its primary users, Fueling apply materiality judgments which are necessary to meet this objective, and Fueling has made such judgments related to recognition, measurement, presentation and disclosures. Within these combined financial statements information is considered material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions taken by primary users based on the information provided. In practice this will lead to Fueling omitting certain information if it is assessed it will obscure the material information. The materiality judgments are reassessed at each reporting date and updated based on changed facts and Fueling specific circumstances.

Foreign exchange and currency

Transactions and balances

Transactions in foreign currencies are converted to functional currency to the exchange rate on the transaction date. Exchange rate gains and losses are recognised within 'finance cost' in the profit or loss. Foreign currency monetary items are translated into functional currency using the balance sheet closing rates. Non-monetary items that are measured in terms of historical cost in a foreign currency continue to be translated using the exchange rate that prevailed at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates that prevailed at the date when the fair value was measured.

All foreign currency translations are recognised in profit or loss as finance cost except for foreign currency translations where a hedging relationship exists, and hedge accounting has been applied. Additional information is provided in note 6.2.

Presentation currency

The presentation currency of the Combined Financial Statements is EUR. The assets and liabilities included in the Combined Financial Statements are translated into EUR at the exchange rate at the relevant period ends. Items in profit and loss are translated to EUR using the average yearly exchange rates, which approximates exchange rates on the date of the transactions. For transactions related to the loans to Nel ASA the currency rate at the transaction date is used.

Foreign exchange differences arising from translation are recognised directly as a separate component of equity.

Combination of subsidiaries

The individual financial statements of a subsidiary are prepared in the subsidiary's functional currency. In preparing the combined financial statements, the statement of comprehensive income items from the subsidiaries are converted to EUR using the respective monthly average exchange rates, while statement of financial position items is converted using the rate at year-end. Exchange rate gains and losses are recognised net within Other comprehensive income and accumulated in Currency translation differences in 'Other reserves'.

Statement of comprehensive income

The Group present a single statement of 'Combined statement of comprehensive income' which comprise all components of profit or loss, OCI and the comprehensive income for the period.

Statement of cash flows

The Group uses the indirect method for the presentation of the cash flow statement.

1.4 Significant accounting policies

Accounting policies and estimate uncertainty are largely incorporated into the individual notes.

Table of contents for where the significant policies are elaborated.

Revenue from contracts with customers	2.1
Research and development	3.1
Goodwill and impairment testing	3.1
Government grants	5.2
Provisions	5.4

1.5 Significant accounting judgements and estimation uncertainty

The preparation of financial statements requires management to make judgements and estimates that influence amounts recognised in certain accounts for assets, liabilities, income and expenses. The actual results may deviate from such assumptions. Estimates and underlying assumptions are subject to continuous assessment.

Judgements

The following are Fueling's accounting policies that involves significant judgement and complexity which have most significant effect on the amounts recognised in the combined financial statements, including reference to where it is discussed:

Revenue recognition	2.1
Deferred tax assets	2.8
Development costs	3.1

Assumptions and estimation uncertainty

Revenue recognition	2.1
Impairment of goodwill and intangible assets	3.1

2.1 Revenue from contracts with customers

The revenue in the Company is from sale of hydrogen fueling stations, including installation, commissioning, and long-term service agreements. Additionally, the Company earns revenue from replacement parts and accessories in the aftermarket.

The Group's revenues result from the sale of goods or services and reflect the consideration to which the Group is and expect to be entitled. IFRS 15 requires the Group to assess revenue recognition based on a five-step model. For its customer contracts, the Group identifies the performance obligations (goods or services), determines the transaction price, allocates the contract transaction price to the performance obligations, and recognises the revenue when (or as) the performance obligations are satisfied.

Revenue recognition is determined on a contract-by-contract basis by determining the terms and performance obligations given in a specific contract. Based on the specific customer contract and its obligations, revenue under IFRS 15 is either recognised at a point in time or over time, 88% (2022: 84%, 2021: 69%) and 12% (2022: 16%, 2021: 31%) of revenue in 2023, respectively. Revenue is recognised over-time using the method that best depicts the pattern of the transfer of control over time. The method applied is the cost-to-cost input method, adjusted as time and goods are delivered to the customer. Costs of performance under the contract are expensed as incurred.

Significant accounting judgements – revenue recognition

The Group applied the following judgements that significantly affect the determination of the timing of revenue from contracts with customers:

Timing of recognition of performance obligations

In determining whether revenue from a specific contract can be classified as customised and in turn recognised using a progress-based measurement, several criteria must be evaluated. The first criterion is related to alternative use. Manufacturing a customised product or piece of equipment for a specific customer that would require significant cost to modify to be able to transfer it to another customer, then the contract would likely meet the criteria of no alternative use. The other important criterion is that an enforceable right to payment exists in the contract between the Group and the customer. Right to payment entails that the Group has a right to receive payment from the customer if the contract would be terminated. Upon termination at a certain time, the Group should be able to recover costs incurred and a reasonable margin.

Determining whether revenue from a contract should be recognised over time or at point in time could have a significant effect on the financial statements and are to some extent dependent upon judgements from management.

Estimation uncertainty – revenue recognition

The Group applied the following estimations that significantly affect the determination of the i) timing and ii) amount of revenue from contracts with customers:

i) Timing

Total contract costs

In a customised customer project, the Company uses cost-to-cost input method when measuring progress; thus, the total cost estimates can significantly impact measured progress and revenue recognition. The total project cost comprises estimates on the ability to execute the planned engineering and design phase, the availability of skilled resources, performance of subcontractors, commodity prices, foreign currency and the Company's manufacturing capacity, productivity, and quality.

*ii) Amount***Liquidated damages (LDs)**

LDs are pre-defined penalties for breaches of contract. LDs are most commonly used with respect to delay and product performance. As the payment to the customer is not in exchange for a distinct good or service that transfers to the Company, LDs must be accounted for as a reduction of revenue. If a project does not meet the defined milestone in a contract, a provision reducing the transaction price is made unless it is highly probable that LD will not be imposed. The estimated LD provision is highly judgmental. The assessment of the LD provision is based on experience from similar LD situations in addition to client relationship, contractual position, and status on negotiations. Nel estimates variable consideration using the most likely amount.

Type of goods or services

The Group generates revenue from customer contracts from two principal sources: i) Equipment and ii) Projects, I&C (Installation and Commissioning) and Service. The equipment and projects sales are generated from mainly standard equipment.

Standard equipment

The Group recognises revenue at the point in time at which it satisfies a performance obligation by transferring the control of a good or service to the customer, generally this upon agreed incoterms, which is mainly at shipment. The customer has control of a good or service when it has the ability to direct the use of and obtain substantially all of the remaining benefits from the good or service. If customer acceptance of products is not assured, revenue is recorded only upon formal customer acceptance.

The point in time measurement basis for standard equipment has been the main method of recognising revenue.

Customised equipment

Most of the Company's revenue stems from standard equipment, however, in certain contracts the customisation required qualifies customised equipment. Customised equipment occurs when the Company is creating a good that it cannot sell to another customer without significant re-work and the Company would incur significant economic losses to direct the asset for another use. Such sale of customised equipment is recognised as revenue over-time if the Company has an enforceable right to payment for performance completed to date.

Projects and I&C

The project contracts typically comprise equipment (standard product or customised), design, siting, installation, and commissioning of such equipment. They often include a standard installation service and commissioning, each assessed as individual performance obligations. Revenue recognition for equipment depends on assessment of standard or customised equipment. Revenue for installation and commissioning is recognised over-time measuring progress using input method cost-to-cost.

Service

Service comprise operations and maintenance (O&M), extended warranty, repair, replacement parts and accessories.

For separately sold operating and maintenance contracts where the Group has agreed to provide routine maintenance services over a period for a fixed price, revenue is recognised on a straight-line basis over the contract period as the stand-ready obligation is time elapsed.

For sales of replacement cell stacks and accessories, revenue is recognised when performance obligation is satisfied, generally upon delivery of the replacement parts and accessories.

The following table show the revenue from contracts with customers by type of goods or service:

(in EUR 1,000)	2023	2022	2021
Type of goods or service			
Equipment	15 988	9 534	17 195
Projects, I&C and Service	12 900	10 970	14 027
Total Revenue from contracts with customers	28 887	20 504	31 223
Timing of revenue recognition			
Revenue recognised at point in time	15 988	9 534	17 195
Revenue recognised over time	12 900	10 970	14 027
Total Revenue from contracts with customers	28 887	20 504	31 223

Onerous contracts

In the circumstance that the unavoidable costs directly related to project is expected to exceed the economic benefits expected to be received under the contract, the estimated loss on the contract will be recognised in its entirety in the period when such loss is identified. Additional information for onerous contracts is disclosed in note 5.4 'Provisions'.

Contract balances

Equipment contracts with a customer will have milestone payments with variable structures. The contract price will be invoiced when certain criteria are met. A typical milestone structure could be contract acceptance, placement of major supplier purchases, delivery/shipment and complete installation and commissioning. The payment structure of the contracts typically results in advance payments and progress billings exceed the satisfaction of performance obligations in progress. Consequently, creating a net contract liability. In certain circumstances based on the order value, credit worthiness of geographic location, the Group may require payment in advance of shipment. The Group does not accept returns of product or provide customers refunds or other similar concessions.

(in EUR 1,000)	2023	2022	2021	01.01.2021
Rights to consideration on contracts in progress	7 547	6 795	18 820	32 499
Less progress billings	(6 905)	(2 858)	(14 808)	(24 658)
Total Contract assets	641	3 937	4 012	7 841
Rights to consideration on contracts in progress	7 571	16 944	22 737	10 352
Less advanced billings	(25 033)	(39 691)	(33 230)	(22 840)
Total Contract liabilities	(17 461)	(22 747)	(10 492)	(12 488)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. As of the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the advances and progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed advances and progress billings, the balance is presented as due from customers on construction contracts within "contract assets". When the contract assets become an unconditional right to consideration they are reclassified and presented separately as trade receivables, usually when invoices are issued to the customers.

Contract assets (in EUR 1,000)	2023	2022	2021
Balance as of 1 January	3 937	7 643	7 841
Transfers from contract assets recognised at the beginning of the period to receivables	(3 831)	(6 611)	(6 782)
Increases due to measure of progress in the period	631	2 398	3 098
Revaluation	(96)	507	(145)
Total Contract assets	641	3 937	4 012

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. Where advances and progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "contract liabilities".

Contract liabilities (in EUR 1,000)	2023	2022	2021
Balance as of 1 January	22 747	10 492	12 488
Revenue from amounts included in contract liabilities at the beginning of the period	(17 052)	(7 406)	(9 406)
Billings and advances received not recognised as revenue in the period	12 151	19 789	7 279
Basis adjustment - effect of hedge accounting	119	42	-
Revaluation	(504)	(170)	132
Total Contract liabilities	17 461	22 747	10 492

Order backlog

Order backlog is defined as the Company's firm customer contracts where IFRS 15 revenue is yet to be recognised. The performance obligations in contracts with customers vary from a few months to 4 years. The order backlog as of December 31, 2023, EUR 32.4 (2022: EUR 34.5, 2021: EUR 26.1) million. The transaction price allocated to the remaining performance obligations is illustrated in table below:

Backlog	2024	2025	2026	2027 or later	Total backlog
Partly unsatisfied performance obligations	21 583	1 947	542	213	24 284
Unsatisfied performance obligations	4 094	3 715	307	-	8 117
Total backlog 31 December 2023	25 677	5 662	849	213	32 401

Backlog	2023	2024	2025	2026 or later	Total backlog
Partly unsatisfied performance obligations	25 496	3 076	535	1 031	30 139
Unsatisfied performance obligations	4 392	-	-	-	4 392
Total backlog 31 December 2022	29 888	3 076	535	1 031	34 531

Backlog	2022	2023	2024	2025 or later	Total backlog
Partly unsatisfied performance obligations	16 663	3 553	431	263	20 910
Unsatisfied performance obligations	1 711	2 172	382	892	5 157
Total backlog 31 December 2021	18 374	5 725	813	1 155	26 067

2.2 Other operating income

Other operating income	2023	2022	2021
Government grants (Denmark) - related to assets, amortised	1 017	1 782	1 393
Sub-lease	-	-	37
Other income	489	1 931	-
Total other operating income	1 506	3 713	1 430

Government grants are provided to Nel Hydrogen A/S and relates to assets amortised. Refer to note 5.2 for additional information on government grants.

2.3 Segment information

The Group operates within one operating segment, Fueling. This segment has historically been managed as part of the «Nel Hydrogen Fueling» segment as disclosed in the consolidated financial statements prepared by Nel ASA for the reporting period ended as of 31 December 2023. In the Combined Financial statements, the business is thus treated as one single operating segment.

The executive management group is the chief operating decision maker (CODM) and monitors the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment. In

the reporting period presented in these combined financial statements the CODM was the executive management of Nel ASA.

After the completion of the reorganisation, the executive management in the Company will change and there may be changes to the internal reporting to CODM and thereby also the external segment reporting. A new reporting structure has not been determined.

The Company is a manufacturer of hydrogen fueling stations for Fuel Cell Electric Vehicles. The Company's H2Station® manufacturing plant is located in Herning, Denmark.

(in EUR 1,000)	2023	2022	2021
Norway	135	42	53
North America	14 203	10 913	20 957
Asia	1 207	2 877	3 896
Europe ex Norway	13 343	6 673	6 317
Total revenue from contracts with customers	28 887	20 504	31 223

Fueling generates sales with large customers, in particular related to the sale of equipment, which is individually above 10%. Year 2023 includes three new large customers which accounted for approximately 23%, 19% and 11%, representing a total 53% of the revenue from contracts with customers in 2023. Recurring customers in 2023, accounted for 15% in 2023, 12% in 2022 and 12% in 2021. In addition, a former customer project accounted for 23% of the Fueling division revenue in 2022 and 46% in 2021 and no revenue in 2023.

Property, plant and equipment geographical area	2023	2022	2021	01.01.2021
Denmark	10 153	10 613	10 626	10 935
USA	1 504	1 336	481	280
South Korea	223	333	550	420
Total	11 880	12 282	11 657	11 634

Intangible assets	2023	2022	2021	01.01.2021
Denmark	8 683	7 950	39 689	38 266
USA	-	-	-	4
Total	8 683	7 950	39 689	38 269

The assets in the Group are mainly located in Denmark.

2.4 Raw materials

Raw materials in the income statement comprise the following:

(in EUR 1,000)	2023	2022	2021
Raw material	11 617	13 335	20 559
Freight expense	798	900	832
Other consumables	-	1 234	597
Total	12 415	15 468	21 987

2.5 Personnel expenses

(in EUR 1,000)	2023	2022	2021
Salaries	22 720	22 867	17 727
Social security tax	1 206	1 009	630
Pension expense	1 517	1 316	1 115
Other payroll expenses ¹⁾	857	1 578	820
Capitalised salary to technology development	(2 060)	(1 280)	-
Total	24 239	25 490	20 293

1) Included here are expenses amounting to EUR 0.092 (2022: EUR 0.224, 2021: EUR 0.378) million related to the Group's share option program.

Number of full-time equivalent employees	255	269	240
Hereof women	48	35	31

Share option program until end of 2021

Nel ASA compensate employees with share options as part of a program to incentivize and retain key employees. The share option program was distributed in Nel ASA Group until end of 2021 and granted shares to all employees employed in Nel ASA Group during 2021 on certain tenure conditions. When granted, there is only service-time based vesting conditions. Vesting requires the option holder to still be an employee in Nel ASA Group. The share-based payment is equity-settled. Each option, when exercised, will give the right to acquire one share in Nel ASA Group. The options are granted without consideration. Refer below for additional information on share option program 2019, 2020 and 2021. The share option program for all employees was terminated in 2022 and was replaced by a STI bonus scheme linked to employee performance and Nel ASA's financial performance.

Options granted July 2020:

A total of 5.1 million share options were granted. Pursuant to the vesting schedule, 40% of the options will vest two years after the day of grant, and 60% of the options will vest three years after the day of grant. The exercise price is equal NOK 21.72 per share based on the average price of the Nel ASA share price the five trading days before grant date (NOK 20.11) and including an 8% premium. Gain per instrument is capped at NOK 5.00 maximum per share option. The options that have not been exercised will lapse 4 years after the date of grant.

Options granted July 2021:

A total of 3.2 million share options were granted. Pursuant to the vesting schedule, 40% of the options will vest two years after the day of grant, and 60% of the options will vest three years after the day of grant. The exercise price is equal NOK 15.125 per share based on the average price of the Nel ASA share price the five trading days before grant date (NOK 14.00) and including an 8% premium. Gain per instrument is capped at NOK 10.00 maximum per share option. The options that have not been exercised will lapse 4 years after the date of grant.

Share option program beyond 2022

All options have only service-time based vesting conditions. Vesting requires the option holder still to be an employee in the company. Specifically, options do not vest after the date the employee serves his or her notice to terminate the engagement with the company or has been notified in writing of the termination of employment by the company. The strike price is a premium of 8 % over the highest of the closing share price on grant date and the volume-weighted average price over the past 5 preceding trading days.

Options granted 2023:

Options was awarded in 2023 based on 2022 employment for a selection of employees. A total of 0.2 million share options were granted, with a 3-year vesting period, 5-year expiry and a cap on gain per option of 10 NOK per share.

Assumptions, costs, and social security provisions

The Group uses the Black-Scholes-Merton option pricing model at time of grant to determine the impact of stock option grants in accordance with IFRS 2 - Share-based payment. The model utilises the following parameters as input:

- the company's share price
- the strike price of the options
- the expected lifetime of the options
- the risk-free interest rate equalling the expected lifetime
- the volatility associated with the historical price development of the underlying share

As all employee options granted are "non-transferable", and the gains are taxed with personal income tax (higher), whereas gains on ordinary shares are taxed with capital gains tax (lower), it is reasonable to assume that participants tend to exercise early. Hence estimated lifetime of the options is expected to be shorter than the time from grant until expiry. However, exercise patterns are monitored frequently and expected option lifetime for future grants will reflect exercise behaviour.

To estimate the volatility in the option pricing model comparable companies have been used. Nel ASA does have sufficient traded history for the options granted in 2020 and 2021, however – the company has been through a rapid development in recent years and the assumption made at grant was that traded history the previous years was not the best estimate for the future years. Hence, volatility input to the Black-Scholes-Merton model is based on a group of peer companies.

Further the total fair value of the share-based instruments is amortised over the vesting period of the instrument. IFRS 2 presumes that the fair value of the services expected to be received is the same as the fair value of the equity instruments granted at grant date. Therefore, although the services are recognised over the vesting period, they are measured only once, at grant date, unless the arrangement is modified.

Social security tax provisions are accrued on a quarterly basis and becomes payable at exercise of the options. The social security tax provisions are estimated based on the gain on the share-based instruments multiplied with the relevant social security tax rate.

None of the options are in-the-money at the end of 2023, and therefore, the total intrinsic value of the company's share-based instruments is NOK 0.0 million as of 31 December 2023.

Pensions

The Group has defined contribution pension scheme for its employees. This scheme is funded through payments to insurance companies. A defined contribution plan is one under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Group pays contribution to publicly- or privately administered pension insurance plans on an obligatory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as a salary expense when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The parent company have pension plans that meet the requirements of the Pension Act of Norway. The Danish and the US subsidiary have pension plans that meet their respective requirements.

2.6 Other operating expenses

(in EUR 1,000)	2023	2022	2021
Research and development expenditure	1 201	1 625	406
Utilities	138	219	80
Professional fees	2 881	2 763	1 689
Travel expenses	1 693	2 356	1 170
IT and communication costs	1 132	1 268	932
Changes in provisions	(2 237)	1 538	653
Repair and maintenance	109	159	135
Premises costs	541	619	356
Sub supplier services	4 307	5 402	1 248
Other expenses	3 345	4 542	3 684
Total Other operating expenses	13 109	20 491	10 352

2.7 Finance income and cost

(in EUR 1,000)	2023	2022	2021
Interest income	153	1	2
Total Finance income	153	1	2
Interest expense	241	78	127
Interest expense lease liabilities	49	34	34
Change in fair value financial instruments	2 736	-	-
Net foreign exchange loss	830	(450)	370
Interest expense related parties	1 884	2 142	1 232
Total Finance cost	5 740	1 804	1 763
Net finance income (cost)	(5 587)	(1 802)	(1 761)

2.8 Income taxes

Tax

The tax expense in the statement of comprehensive income comprises of the tax payable for the period and of the change in deferred tax. Deferred tax is calculated at the prevailing tax rate in the respective countries where the parent company and subsidiaries are tax resident. Deferred tax is calculated based on temporary differences that exist between accounting and tax values, as well as any tax loss carry forward at the end of the financial year. The deferred tax asset is recognised if it is probable that the company will have a sufficient tax profit to be able to utilise the tax asset.

Significant accounting judgements - Deferred tax asset

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has EUR 26.6 (2022: EUR 20.3, 2021: EUR 12.8) million from tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not have an expiry date, and to some extent may not be used to offset taxable income elsewhere in the Group. On this basis, the Group has determined that it cannot recognise deferred tax assets from the tax losses carried forward. Deferred tax assets not recognised in the combined statement of financial statement amount to EUR 27.3 (2022: EUR 21.1, 2021: EUR 11.6) million.

(in EUR 1,000)	2023	2022	2021
Loss before taxes	(29 692)	(76 123)	(25 666)
Permanent differences	(1 306)	30 376	842
Change in temporary differences	4 093	8 121	949
The year's taxable income	(26 905)	(37 626)	(23 875)

Reconciliation of tax expense to Norwegian nominal statutory tax rate	2023	2022	2021
<i>Nominal tax rate</i>	22 %	22 %	22 %
Income (loss) before tax	(29 692)	(76 123)	(25 666)
Tax this years income (loss), estimated	(6 532)	(16 747)	(5 647)
Tax effect of:			
Tax rates different from Norway	70	69	38
Permanent differences	(287)	6 683	466
Change in tax rates recognised in temporary differences	-	(366)	-
Change in deferred tax	(59)	(59)	(59)
Change in not recognized deferred tax assets	6 015	8 551	4 460
Other differences	(4)	1 072	(266)
Currency translation differences	(7)	(25)	6
Income tax expense	(804)	(823)	(1 001)

Income tax expense comprise	2023	2022	2021
Income tax	(745)	(765)	(943)
Change in deferred tax	(59)	(59)	(59)
Total tax expense (income)	(804)	(823)	(1 002)

Tax effects of temporary differences	2023	2022	2021
Trade receivables and customers contracts	38	-	-
Intangible assets	1 597	1 480	2 308
Property, plant and equipment	(1 092)	(691)	(393)
Inventories	133	281	844
Accrued warranty	(477)	(698)	(589)
Leases	15	1	(1)
Deferred income	(80)	(685)	(362)
Other accruals	(801)	(360)	(350)
Tax losses carry forward	(26 576)	(20 292)	(12 847)
Deferred tax asset	(27 244)	(20 964)	(11 391)

Reconciliation to statement of financial position	2023	2022	2021
Deferred tax asset	(27 244)	(20 964)	(11 391)
Deferred tax asset not recognised in statement of financial position	27 331	21 111	11 596
Deferred tax liability in the statement of financial position	88	147	205

Changes in recognised deferred tax liability	2023	2022	2021
Balance as of 1 January	147	205	269
Recognised in the income statement	(60)	(56)	(60)
Translation differences on deferred taxes	1	(2)	(4)
Balance as of 31 December	88	147	205

The majority of the deferred tax asset is related to tax losses carry forward. As of 31 December 2023, it is considered not to be likely that the deferred tax asset can be utilised in near future, therefore no deferred tax asset has been capitalised. Table below show net operating losses carried forward by country multiplied with the tax rate, the deferred tax asset not recognised.

Tax losses carry forward by country	2023	2022	2021
Denmark	19 897	16 235	10 447
United States	5 589	3 600	1 966
South Korea	1 090	457	435
Balance as of 31 December	26 576	20 292	12 847

2.9 Pro forma earnings per share

The Company was established 13 March 2024, and the Group had no shares outstanding in the periods presented in these combined financial statements. The Company was established with a share capital of NOK 1 million (EUR 86 802 with a currency rate of EUR/NOK 11,52 as of date of payment) and 5 000 000 shares.

The Company is the parent of the Fueling Group following the reorganisation 30 April 2024. These combined financial statements have been prepared for inclusion in the listing prospectus for the Company shares. Subsequent the reorganisation, the share capital of the Company is NOK 33 618 145 (EUR 2 990 805 at EUR/NOK 11.24) with 33 618 145 shares, each with a nominal value of NOK 1 (EUR 0.088964 at EUR/NOK 11.24). Pro forma earnings per share have been presented as if these shares were outstanding for all periods presented.

Share options are not included in the calculation of pro forma diluted earnings per share as the options were granted under the Nel Group share option program. The program gives the participants the right to acquire shares in Nel ASA at exercise of the options.

	2023	2022	2021
Net loss attributable to the equity holders of the parent company and for the purpose of basic and diluted shares (in EUR thousand)	(29 692)	(76 123)	(25 666)
Proforma basic and diluted earnings per share			
Number of shares planned to be issued as of the effective date of the registration	33 618 145	33 618 145	33 618 145
Ordinary shares as of 31 December	33 618 145	33 618 145	33 618 145
Proforma basic and diluted earnings per share for loss attributable to the equity holders of the parent company (in EUR)	(0.88)	(2.26)	(0.76)

3.1 Intangible assets

Research and development

Research activities are defined as activities whose purpose is to generate new technological understanding or knowledge. Research costs are expensed as incurred. Capitalised development costs are recognised at historical cost after the deduction of accumulated amortisations and impairments. The capitalised value is amortised over the period of expected future earnings from the related project on a straight-line basis.

As an indication of the level of internal technology costs, the Company currently has 60 research and development professionals globally developing the next generation of fueling solutions.

The Company continues to see the market of Heavy-Duty transportation move fast towards Hydrogen. Therefore, there will be a significant investment in the development of next generation HDV equipment like high-capacity station modules and dispensers. This is to serve customers who have a need for large capacity dispensing capability, enabling fueling of a heavy-duty truck in 10-15 minutes, to achieve a range of 1 000 km. In addition, there will be ongoing investments in factory and laboratory to be able to accommodate HDV fueling equipment.

The Company has recognised on the statement of Financial Position an internal development of technology of EUR 7.6 million as of 31. December 2023 (2022: EUR 7.1 million, 2021: EUR 10.7 million).

Significant accounting judgements - Development costs

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- How the asset will generate future economic benefits
- Its intention to complete and its ability and intention to use or sell the asset
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

To demonstrate technical feasibility and availability of resources, it should be a high certainty that the Company have the intention and ability to complete. The Company categorise its intention and ability to complete in a matrix with the overarching risk to complete buckets low, medium and high. In the phase of a project where the risk of completing is medium to high, then the development costs are expensed as incurred. A capitalised development project commence amortisation when a succesful pilot is demonstrated. After a succesful pilot, the technology is in the condition necessary for it to be capable of operating in the manner indented by management and enters 'ramp-up' stage. Subsequent expenditure is maintenance of existing technology (expensed).

Total research and expenditure spend for 2023 was EUR 8.1 (2022: 8.3, 2021: 7) million, of which EUR 5.1 (2022: 5.6, 2021: 3.6) million and EUR 3.1 (2022: 2.6, 2021: 3.9) million has been expensed and capitalised, respectively.

Useful life, amortisation plan

- Technology has a useful life of 3-7 years
- Customer relationship has a useful life of 7-10 years
- Goodwill has indefinite life

Customer relationship

Customer relationship is acquired through the business combination when Nel ASA acquired Nel Hydrogen A/S (historical name H2 Logic A/S) in 2015, with a useful life of 10 years the amortisation schedule ends June 2025. Customer relationship is initially measured at cost and subsequently amortised over useful life, using the straight-line method. At period end customer relationship is recognised at historical cost after the deduction of accumulated amortisations and impairments.

Goodwill

Goodwill recognised in the statement of financial positions has been acquired through the business combination described above. Goodwill occurs as the residual in the business combination, being the excess of the aggregate of the

consideration transferred and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Goodwill is initially measured at cost which is net of tax amount.

Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the group in one single cash-generating unit (CGU) which is the fueling business.

(in EUR 1,000)	Technology	Customer relationship	Goodwill	Total
Acquisition cost as of 1 January 2021	16 415	286	28 178	44 880
Additions from internal development	3 772	-	-	3 772
Additions acquired separately	84	-	-	84
Disposals	(10)	-	-	(10)
Currency effects	50	5	17	73
Acquisition cost as of 31 December 2021	20 312	292	28 195	48 799
Additions from internal development	2 468	-	-	2 468
Additions acquired separately	248	-	-	248
Disposals	(2 583)	-	-	(2 583)
Reclassification	(163)	-	-	(163)
Currency effects	(75)	(11)	-	(85)
Acquisition cost as of 31 December 2022	20 208	281	28 195	48 684
Additions from internal development	2 842	-	-	2 842
Additions acquired separately	202	-	-	202
Disposals	(3 008)	-	-	(3 008)
Currency effects	(153)	(13)	-	(166)
Acquisition cost as of 31 December 2023	20 091	268	28 195	48 554
Accumulated amortisation and impairment as of 1 January 2021	6 463	151	-	6 614
Amortisation	2 398	30	-	2 427
Reversed amortisation disposals	(10)	-	-	(10)
Currency effects	70	8	-	78
Accumulated amortisation and impairment as of 31 December 2021	8 922	188	-	9 110
Amortisation	2 590	30	-	2 620
Reversed amortisation disposals	(2 056)	-	-	(2 056)
Impairment	3 054	-	29 339	32 393
Currency effects	(178)	(11)	(1 444)	(1 332)
Accumulated amortisation and impairment as of 31 December 2022	12 332	207	28 195	40 734
Amortisation	2 263	30	-	2 292
Reversed amortisation disposals	(3 008)	-	-	(3 008)
Currency effects	(134)	(13)	-	(147)
Accumulated amortisation and impairment as of 31 December 2023	11 452	224	28 195	39 871
Carrying value as of 31 December 2021	11 391	104	28 195	39 689
Carrying value as of 31 December 2022	7 876	74	0	7 950
Carrying value as of 31 December 2023	8 639	44	0	8 683

In 2023, EUR 48 thousand in impairment losses were recorded (2022: EUR 32 393 thousand, 2021: EUR 0). These figures are included within the line item 'Impairment of tangible and intangible assets' in the profit or loss statement.

The assessment included uncertainty of future economic benefits from these products, both from actual historical results and as the Company develops new technology that will replace existing. The Company will focus on developing its core technology with special focus on high-pressure compression, cooling and control. The Company will continue to invest in the development of next generation Heavy-Duty Vehicle (“HDV”) equipment such as high-capacity station modules and dispensers.

Specification of carrying amount

(in EUR 1,000)	Technology	Customer relationship	Goodwill	Total
Internal development	7 747	-	-	7 747
Acquired separately	19	-	-	19
Acquired through business combinations	873	44	0	918
Carrying value as of 31 December 2023	8 639	44	0	8 683

(in EUR 1,000)	Technology	Customer relationship	Goodwill	Total
Internal development	6 836	-	-	6 836
Acquired separately	84	-	-	84
Acquired through business combinations	956	74	0	1 030
Carrying value as of 31 December 2022	7 876	74	0	7 950

(in EUR 1,000)	Technology	Customer relationship	Goodwill	Total
Internal development	10 926	-	-	10 926
Acquired separately	137	-	-	137
Acquired through business combinations	327	104	28 195	28 626
Carrying value as of 31 December 2021	11 391	104	28 195	39 689

(in EUR 1,000)	Technology	Customer relationship	Goodwill	Total
Internal development	8 770	-	-	8 770
Acquired separately	95	-	-	95
Acquired through business combinations	1 090	136	28 178	29 404
Carrying value as of 1 January 2021	9 956	136	28 178	38 269

ESTIMATION UNCERTAINTY - Impairment of goodwill and intangible assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget and strategy forecasts for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments which has not commenced that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed, and further explained in this note.

Goodwill and intangible assets with indefinite useful lives - impairment considerations

Goodwill, and CGUs where goodwill has been allocated, are required to be tested for impairment annually. Impairment losses are recognised where the recoverable amount is less than the carrying amount. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. The Group performed its annual impairment test in December 2023. The Group has not recognised goodwill impairment expense in 2023. In 2022, the Group impaired the goodwill of EUR 29 339 thousand of the Fueling division recognized initially from the business acquisition of Fueling in 2015. The impairment charge was primarily supported by a reduced projection of growth for sales of light duties stations and an increased personnel cost, combined with high quality costs on delivered stations out in the field. In addition, the pre-tax nominal WACC rate increased to 14.0% in 2022 (8.5% in 2021) mainly due to the increase in the risk-free rate in response to raising inflation in Europe during 2022.

Annual impairment test - assumptions

CGU

The annual impairment test is performed for the Group's Cash Generating Units (CGUs). A CGU is defined as the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof. The way management monitors operations assisted in the judgements of identifying the CGUs. The Group CGU is Fueling.

Key assumptions

The calculations of value in use for CGU Fueling are most sensitive to the following assumptions:

- Revenue forecasts
- EBITDA margins
- Discount rate / Weighted average cost of capital (WACC)

Forecast period

For each CGU, a recoverable amount has been measured. The impairment test has been based on the business and strategy plans approved by the Board of Directors and management's best estimate of cash flows. The recoverable amount is based on a discounted cash flow model determined value in use, which are based on the following:

- i) the future expectations reflected in the current budget and strategy over the next 5-year period (forecast period); and
- ii) Growth rates of 2.5% growth rate has been applied from year 2029 to 2031 for the CGUs Fueling.

Discount rate

Discount rates represent the current market assessment of the risks, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segment and is derived from its weighted average cost of capital (WACC). The WACC considers the cost of debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future cash flows to reflect a pre-tax nominal discount rate.

Annual impairment test – results and sensitivity

The impairment test has been prepared in accordance with IAS 36 impairment of non-financial assets following the discounted cash flow methodology for value in use within the standard. The cash flows projections relate to the cash-

generating unit in the current condition which means future investments not commenced has not been included in the valuation. It excludes cash inflows and investments forecasted to meet the market demand before 2030. In addition, the standard encourages a conservative valuation to ensure that assets are not carried at more than their recoverable amount.

(in EUR 1,000)	2023	2022	2021	01.01.2021
Goodwill	-	-	28 195	28 178
Other intangible assets	8 683	7 950	11 494	10 091
Other invested capital	21 702	18 603	22 275	11 183
Carrying value	30 385	26 553	61 964	49 453
Recoverable amount	30 385	26 553	298 510	93 963
Headroom	-	-	236 546	44 510
Pre-tax nominal discount rate	14.1 %	14.0 %	8.5 %	9.3 %
Terminal growth rate	2.5 %	2.5 %	1.5 %	2.0 %

The CGU Fueling covers the production and manufacturing of hydrogen fueling stations in Herning, Denmark. The operations consist of both assembly of hydrogen fueling stations, marketing activities and product development. The CGU offers H2Station® for fast fueling of fuel cell electric vehicles as well as services in relation to the supply of these stations. The objective to the CGU is to deliver world class fueling stations offering a complete solution from sourcing and storage of hydrogen to fueling of vehicles.

The table below show the sensitivity analysis for the range of +/- 2 percentage points in WACC and +/- 4 percentage points in EBITDA margin.

2023

Sensitivity in headroom amounts in EUR million		Percentage point change in EBITDA margin				
		-4,0%	-2,0%	0,0%	2,0%	4,0%
Changes in WACC	-2,0%	(38)	(1)	37	74	111
	-1,0%	(48)	(16)	16	47	79
	0,0%	(54)	(27)	0*	27	54
	1,0%	(59)	(36)	(12)	12	36
	2,0%	(63)	(42)	(21)	0	21

*Represent headroom in impairment calculation for the CGU. Negative numbers in the table indicate impairment.

2022

Sensitivity in headroom amounts in EUR million		Percentage point change in EBITDA margin				
		-4,0%	-2,0%	0,0%	2,0%	4,0%
Changes in WACC	-2,0%	(22)	5	33	60	87
	-1,0%	(33)	(10)	14	38	62
	0,0%	(42)	(21)	0*	21	42
	1,0%	(48)	(30)	(11)	8	26
	2,0%	(53)	(37)	(20)	(3)	14

*Represent headroom in impairment calculation for the CGU. Negative numbers in the table indicate impairment.

2021

Sensitivity in headroom amounts in EUR million		Percentage point change in EBITDA margin				
		-4,0%	-2,0%	0,0%	2,0%	4,0%
Changes in WACC	-2,0%	224	357	490	623	755
	-1,0%	130	233	336	438	540
	0,0%	70	153	237*	320	402
	1,0%	29	99	168	237	306
	2,0%	(0)	59	118	177	236

*Represent headroom in impairment calculation for the CGU. Negative numbers in the table indicate impairment.

1 January 2021

Sensitivity in headroom amounts in EUR million		Percentage point change in EBITDA margin				
		-4,0%	-2,0%	0,0%	2,0%	4,0%
Changes in WACC	-2,0%	16	78	141	204	265
	-1,0%	(20)	31	83	134	183
	0,0%	(43)	1	45*	88	130
	1,0%	(58)	(20)	18	56	93
	2,0%	(70)	(36)	(1)	33	66

*Represent headroom in impairment calculation for the CGU. Negative numbers in the table indicate impairment.

Additional sensitivities - assumptions

The sensitivities in the table show the change in assumptions that results in zero headroom, at perpetuity growth 2.5%, all else being equal. Additional sensitivities have not been included as headroom in the valuation is zero. The table shows the sensitivities for the WACC used, but also for WACC +/- one percentage point for the year 2021.

Key assumptions	Periods changed	WACC change (pps)	Headroom (2021)
Revenue growth multiple ¹⁾	Total multiple growth in EUR from 2021 to terminal	1,0%	(0,2)
		0,0%	(0,2)
		-1,0%	(0,3)
Gross margin ²⁾	Percentage points in terminal	1,0%	-5,4%
		0,0%	-6,2%
		-1,0%	-7,0%
Free cash flow margin ³⁾	Percentage points in terminal	1,0%	-5,7%
		0,0%	-6,3%
		-1,0%	-6,8%

1) If revenue assumption in terminal is reduced with this year's revenue multiplied with this factor, the headroom is zero.

2) If average gross margin rate assumption in the CGU is reduced with this percentage point in the terminal, the headroom is zero.

3) If free cash flow margin rate assumption in the CGU is reduced with this percentage point in the terminal, the headroom is zero.

3.2 Property, plant and equipment

Property, plant, and equipment comprise owned and leased assets.

Property, plant, and equipment are measured using the cost model; thus, recognised at cost price after deduction for accumulated depreciation and any impairment. Cost prices include purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

The assets are depreciated using the straight-line method over the expected useful life of the asset. Costs of direct maintenance on the operating assets are expensed as incurred. Additional investments and improvements are added to the asset's cost price and depreciated in line with the remaining useful life of the asset.

(in EUR 1,000)	Office machines and other equipment	Production equipment	Buildings	Technical installations	Right-of-use Assets (note 3.3)	TOTAL
Acquisition cost as of 1 January 2021	3 961	806	8 967	39	827	14 600
Additions	940	105	824	49	458	2 376
Disposals	(702)	(49)	(1 242)	(39)	-	(2 033)
Remeasurement	-	-	-	-	74	74
Currency effects	38	-	(2)	-	32	69
Acquisition cost as of 31 December 2021	4 238	862	8 546	49	1 391	15 086
Additions	2 055	46	40	-	402	2 543
Disposals	(100)	(51)	-	-	-	(151)
Reclassification	156	-	-	-	-	156
Remeasurement	-	-	-	-	(16)	(16)
Currency effects	9	-	8	-	(41)	(24)
Acquisition cost as of 31 December 2022	6 357	857	8 595	49	1 737	17 594
Additions	1 234	2	3	-	889	2 128
Remeasurement	-	-	-	-	20	20
Currency effects	(84)	(2)	(28)	(3)	(93)	(210)
Acquisition cost as of 31 December 2023	7 507	857	8 570	46	2 552	19 532
Accumulated depreciation as of 1 January 2021	1 564	277	741	39	345	2 967
Depreciation	660	164	314	1	360	1 498
Reversed depreciation disposals	(679)	(49)	(300)	(39)	-	(1 067)
Currency effects	9	-	-	-	23	32
Accumulated depreciation as of 31 December 2021	1 555	392	755	1	727	3 430
Depreciation	1 196	164	326	2	389	2 076
Reversed depreciation disposals	(100)	(51)	-	-	-	(151)
Currency effects	9	-	-	-	(51)	(42)
Accumulated depreciation as of 31 December 2022	2 659	505	1 081	3	1 064	5 313
Depreciation	1 507	115	329	2	443	2 397
Impairment	-	32	16	-	-	47
Currency effects	(59)	(1)	17	-	(62)	(105)
Accumulated depreciation as of 31 December 2023	4 108	651	1 442	5	1 446	7 652
Carrying value as of 31 December 2021	2 683	470	7 791	47	664	11 656
Carrying value as of 31 December 2022	3 698	352	7 514	45	672	12 282
Carrying value as of 31 December 2023	3 400	206	7 128	41	1 106	11 880
Useful life	3-5 years	3-8 years	30-40 years	15-20 years	2-10 years	
Depreciation plan	Straight line	Straight line	Straight line	Straight line	Straight line	

Impairment

An assessment of impairment of property, plant and equipment is made if there is an indication of impairment. If the impairment test reveals that an asset's carrying amount is higher than the recoverable amount, an impairment loss will be recognised.

Property, plant and equipment is included in 'other invested capital' allocated to the CGU for the annual impairment test where goodwill is allocated. See note 3.1 for impairment considerations for other invested capital.

3.3 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement date or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on its relative stand-alone prices. The Group has not chosen to follow the practical expedient to account for the lease and non-lease components as a single component. Non-lease components are treated separately in other standards than IFRS 16.

The Group recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Refer to section significant accounting judgements – estimating the incremental borrowing rate (IBR) for additional information.

Lease payments included in the measurement of the lease liability comprise the following: i) fixed payments and ii) variable lease payments that depend on an index, initially measured using the index or rate as at the commencement date. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Payments for insurance and property tax are excluded from the lease payments amount as they are defined variable lease payments.

The Group presents right-of-use assets in 'property, plant and equipment' and the lease liabilities within 'lease liabilities', divided into current and non-current portions.

Short-term leases and leases of low value assets

The Group have elected the practical expedient in IFRS 16 of treating short-term leases and low value assets outside the statement of financial position.

The Group has lease contracts for various items of, offices, warehouse, parking, vehicles, and other equipment used in its operations. Leases of offices, warehouse and parking generally have lease terms of 5 years, while motor vehicles and other equipment have between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

Right-of-use assets

(in EUR 1,000)	Office, warehouse and parking	Motor vehicles	Equipment	Total
As of 1 January 2021	175	259	52	486
Additions	311	136	12	466
Remeasurement	91	(17)	-	74
Depreciation	(220)	(129)	(11)	(360)
Translation difference	8	(1)	-	2
As of 31 December 2021	366	250	52	668
Additions	354	49	-	402
Remeasurement	15	(32)	-	(16)
Depreciation	(261)	(116)	(12)	(389)
Translation difference	9	2	(0)	10
As of 31 December 2022	482	153	40	675
Additions	277	611	-	889
Remeasurement	11	8	1	20
Depreciation	(274)	(157)	(12)	(443)
Translation difference	(19)	(13)	-	(31)
As of 31 December 2023 (note 3.2)	477	603	29	1 109

Lease liabilities

The table below show the carrying amounts of lease liabilities (both current and non-current portion) and the movements during the period:

(in EUR 1,000)	2023	2022	2021
Balance as of 1. January	670	674	501
Additions	889	402	458
Remeasurement	20	(16)	74
Accretion of interest	49	34	34
Lease payments	(556)	(434)	(405)
Translation differences	(31)	10	12
Balance as of 31 December	1 040	670	674
Current	600	327	301
Non-current	440	343	373
Balance as of 31 December	1 040	670	674

The maturity analysis of undiscounted cash flow in lease liabilities is disclosed in Note 5.1. The difference between discounted cash flows and undiscounted cash flows (discount effect) is EUR 95 (2022: EUR 31, 2021: EUR 44) thousand as of 31 December 2023.

Reconciliation of liabilities arising from financing activities in statement of cash flows, split in cash flows and non-cash changes.

(in EUR 1,000)	2023	2022	2021
Balance as of 1. January	670	674	501
Cash flows principal amount	(508)	(400)	(371)
Cash flows interests	(49)	(34)	(34)
Additions and remeasurements	908	386	532
Accretion of interest expense	49	34	34
Foreign currency effects	(31)	10	12
Balance as of 31 December	1 040	670	674

Amounts recognised in profit or loss

(in EUR 1,000)	2023	2022	2021
Depreciation expense of right-of-use assets	(320)	(389)	(498)
Interest expense on lease liabilities	(49)	(34)	(34)
Expense relating to leases of low-value assets	(21)	(21)	(32)
Expense relating to short-term leases, excluding short-term leases of low-value assets	(78)	(3)	(144)
Total amount recognised in profit or loss	(467)	(447)	(709)

Other information

(in EUR 1,000)	2023	2022	2021
Total cash outflow for leases as a lessee	655	458	581
Weighted incremental borrowing rate used as discount rate for the measuring of lease liabilities	8,0 %	6,0 %	5,5 %

Extension and termination options

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

3.4 Non-current financial assets

(in EUR 1,000)	2023	2022	2021	01.01.2021
Investment in Hydrogen Energy Network (HyNet)	872	3 720	3 194	1 909
Other non-current financial assets	163	242	266	149
Total non-current financial assets	1 035	3 962	3 460	2 057

Hydrogen Energy Network (HyNet).

The Group's shareholdings in Hydrogen Energy Network (HyNet) constitute a 4.75% ownership interest. HyNet is structured as a Special Purpose Company and is principally engaged in expanding the hydrogen fueling infrastructure in South Korea.

During 2023, the Group recognised negative fair value adjustment of EUR 2.7 million in the HyNet investment. The fair value adjustment is based on the financial situation in the company is strained and the company needs additional capital either through capital increases, investor loans or external loans. The accumulated cost of shares in HyNet is EUR 3.8 (2022: 3.8, 2021: 3.3) million. Cost less fair value adjustment equals EUR 0.9 million. The transactions are in EUR and book value are in Korean Won, therefore, the shares are revalued to EUR 0.9 (2022: 3.7, 2021: 3.2) million as of 31 December 2023. The shares are unquoted and there have not been any transactions of an identical or similar instrument.

4.1 Inventories

Inventories comprises purchased raw materials, work in progress, and finished goods. Obsolescence is considered for inventories and write-down is performed on obsolete goods.

Inventories are measured under the weighted-average cost formula. The cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items bought or produced during the period. The average is calculated on a quarterly basis.

(in EUR 1,000)	2023	2022	2021	01.01.2021
Raw material	6 687	3 615	751	1 116
Work in progress	3 879	4 488	6 118	2 444
Finished goods	17 759	14 940	12 639	7 620
Allowance for obsolete inventory	(577)	(270)	(252)	(322)
Total Inventory	27 748	22 773	19 257	10 857

Inventories are measured at the lowest of cost and net realisable value less costs to sell. In 2023, 2022 and 2021, all items of inventories are measured at cost. The amount of inventories recognised as an expense was EUR 14 (2022: 12.9, 2021: 20.2) million during 2023.

Finished goods include spare parts sold during service of hydrogen fueling stations in commercial operation at customer sites. The increase from 2021 to 2023 is mainly caused by increased spare parts inventory for supporting the increased number of hydrogen fueling stations in commercial operation.

4.2 Trade receivables

Trade receivables are initially recognised at their transaction price, i.e., the amount of consideration to which the Group expects to be entitled for transferring the promised goods or services to the customer. Trade receivables are subsequently accounted for at amortised cost and are reviewed for impairment on an ongoing basis. Trade receivables are generally not discounted. Trade receivables are presented net of expected credit losses. Changes in the expected credit loss are recognised within other operating expenses in statement of comprehensive income.

(in EUR 1,000)	2023	2022	2021	01.01.2021
Receivables from third-party customers	7 186	22 214	9 405	4 118
Receivables from related parties	3 056	862	1 581	1 147
Total	10 243	23 076	10 986	5 266

Trade receivables are non-interest bearing and are generally on terms 30 to 60 days.

Table below shows the aging of trade receivables from third-party customers.

(in EUR 1,000)	2023	2022	2021	01.01.2021
Current (not past due)	3 133	13 965	4 934	2 979
1-30 days past due	899	5 478	3 613	378
31-60 days past due	252	1 300	230	478
61-90 days past due	338	1 357	-	71
91 days to one year past due	2 564	115	628	212
More than one year past due	-	-	-	-
Total trade receivables from third-parties	7 186	22 214	9 405	4 118

See Note 6.2 on credit risk of trade receivables, which explains how the Group manages and measures expected credit loss of trade receivables that are neither past due nor impaired.

The combined entities recognises loss allowances for 'Expected Credit Loss' (ECL) on:

- Financial assets measured at amortised cost; and
- Contract assets

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expect to receive).

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

4.3 Prepaid expenses and other current assets

(in EUR 1,000)	2023	2022	2021	01.01.2021
VAT net receivable	232	1 100	505	448
Prepayments	35	21	47	5
Other current assets	2 379	4 512	2 114	1 703
Total other current assets	2 646	5 633	2 666	2 156

4.4 Cash and cash equivalent

Cash and cash equivalents include cash, bank deposits and all other monetary items due within three months or less.

(in EUR 1,000)	2023	2022	2021	2021
Cash and cash equivalents	7 018	2 655	5 862	3 225
Restricted bank accounts ¹⁾	-	-	-	43
Total cash and cash equivalent	7 018	2 655	5 862	3 268

1) Other restricted bank accounts comprise short-term deposits and short-term guarantee payments which are assessed equivalent to demand deposits and short-term highly liquid investments that are subject to an insignificant risk of change in value.

5.1 Long-term debt

Long-term debt - lender	Legal entity	Maturity	Interest rate	2023	2022	2021	01.01.2021
Nykredit - Industriparken 34	Nel Hydrogen A/S	2038	0,26 %	-	-	-	475
Nykredit - Vejlevej 5 - Ejendom	Nel Hydrogen A/S	2038	0,36 %	1 438	1 521	1 644	1 694
Nykredit - Vejlevej 5 - Ejendom	Nel Hydrogen A/S	2038	0,27 %	477	509	549	570
Nykredit - Vejlevej 3	Nel Hydrogen A/S	2028	0,30 %	84	103	128	154
Nel ASA	Nel Hydrogen A/S	2026	NIBOR 3M + 3 %	2 013	10 277	3 743	2 496
Nel ASA	Nel Korea Co. Ltd	2026	NIBOR 3M + 3 %	11 756	12 256	11 657	6 106
Nel ASA	Nel Hydrogen Inc	2026	NIBOR 3M + 3 %	-	979	8 516	5 940
Balance as of 31 December				15 767	25 646	26 238	17 435

Carrying amount of assets that are pledged	2023	2022	2021	01.01.2021
Building	5 881	6 223	6 498	2 881
Other equipment	-	9	23	-
Total	5 881	6 232	6 521	2 881

Reconciliation of liabilities arising from financing activities

(in EUR 1,000)	2023	2022	2021
Balance as of 01.01.	25 647	26 238	17 435
New loan	28 363	35 182	34 435
Payment of loan	(634)	(187)	(439)
Accretion of interest	1 884	2 142	1 291
Debt conversion	(43 704)	(40 958)	(29 843)
Non-cash changes and foreign currency effects	4 211	3 230	3 359
Balance as of 31 December	15 767	25 647	26 238

The reconciliation of lease liabilities arising from financing activities is disclosed in note 3.3 leases.

Maturity analysis

Maturity analysis for long-term debt (undiscounted cash flows)

2023

(in EUR 1,000)	2024	2025	2026	2027	>2027	Total
Nykredit	134	138	142	146	1 438	1 998
Related party loans, incl. interest	-	-	13 769	-	-	13 769
Lease liabilities (note 3.3)	453	328	231	121	2	1 135
Estimated interest cost ¹⁾	44	41	41	41	244	410
Total long-term debt incl. interest 31 December 2023	631	507	14 183	307	1 684	17 313

2022

(in EUR 1,000)	2023	2024	2025	2026	>2026	Total
Nykredit	131	135	138	142	1 588	2 133
Related party loans	-	-	-	23 513	-	23 513
Lease liabilities (note 3.3)	409	194	83	8	8	702
Estimated interest cost ¹⁾	48	44	41	41	245	418
Total long-term debt incl. interest 31 December 2022	588	372	262	23 704	1 840	26 767

2021

(in EUR 1,000)	2022	2023	2024	2025	>2025	Total
Nykredit	189	151	152	153	1 676	2 322
Related party loans	-	-	23 916	-	-	23 916
Lease liabilities (note 3.3)	348	225	123	10	11	718
Estimated interest cost ¹⁾	51	48	44	41	245	429
Total long-term debt incl. interest 31 December 2021	589	425	24 236	204	1 932	27 384

1 January 2021

(in EUR 1,000)	2021	2022	2023	2024	>2024	Total
Nykredit	167	167	168	169	2 221	2 892
Related party loans	-	-	-	14 542	-	14 542
Lease liabilities (note 3.3)	265	146	71	26	12	521
Estimated interest cost ¹⁾	51	48	45	41	309	495
Total long-term debt incl. interest 1 January 2021	483	362	284	14 779	2 542	18 450

1) Based on prevailing debt installment agreements and interest rates.

5.2 Deferred income

(in EUR 1,000)	2023	2022	2021	01.01.2021
Government grants	1 392	2 011	2 842	3 442
Total deferred income	1 392	2 011	2 842	3 442

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grants relate to an expense item, it is normally recognised as other operating income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Grants received that relate to an acquisition or development of assets has been presented "gross" in the Company's financial statements. A gross presentation entails that the grant received is presented separately as deferred income. The deferred income is presented as a non-current liability and is amortised over the useful life of the related asset. The amortised part of the deferred income is presented as other operating income in the statement of comprehensive income.

(In EUR 1,000)	2023	2022	2021
Government grants			
As of 01.01	2 011	2 842	3 442
Grants received	181	918	796
Income recognised within 'other operating income' (note 2.2)	(1 017)	(1 782)	(1 393)
Translation difference	217	33	(3)
Total deferred income	1 392	2 011	2 842

(In EUR 1,000)	2023	2022	2021	01.01.2021
Country				
Denmark	1 379	1 992	2 818	3 442
South Korea	13	19	24	-
Total deferred income	1 392	2 011	2 842	3 442

The aging schedule shows the remaining governments grants divided in the year the grants was initially received.

Deferred income aging schedule	<2020	2020	2021	2022	2023	SUM
Government grants as of 31 December 2023	373	595	236	154	33	1 392
Government grants as of 31 December 2022	872	723	261	155	-	2 011
Government grants as of 31 December 2021	1 704	853	285	-	-	2 842
Government grants as of 1 January 2021	1 954	1 488	-	-	-	3 442

The Company is not aware of any unfulfilled conditions associated with these grants.

5.3 Other liabilities

(in EUR 1,000)	2023	2022	2021	01.01.2021
Other current liabilities				
Vacation allowance and other salary related accruals	1 980	1 487	2 077	2 593
Other current liabilities	1 207	3 947	2 684	566
Total other current liabilities	3 187	5 434	4 761	3 160

(In EUR 1,000)	2 023	2 022	2 021	01.01.2021
Other non-current liabilities				
Government grants	1 392	2 011	2 842	3 442
Other non-current liabilities	13	10	23	33
Total other non-current liabilities	1 404	2 021	2 865	3 475

5.4 Provisions

Provisions, contingent liabilities, and contingent assets

The Group makes provisions when a legal or constructive obligation exists as a result of past events, it is more likely than not that a transfer of financial resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. When the effect is significant, provisions are calculated by discounting expected cash flows at a pre-tax rate that reflects the time value of money and if appropriate the risks specific to the liability. Increase in provisions as a result of time passing, is presented as interest expense.

Information regarding significant contingent liabilities is disclosed. A contingent asset is not recognised, but information is disclosed if there is a possibility that a significant advantage will accrue to the Group.

	Accrued warranty	Employee benefits	Settlement and claims	Onerous contracts	Total
As of 1 January 2021	2 024	-	1 444	745	4 213
Additions	1 430	-	-	20	1 450
Used during the year	(471)	-	(29)	(728)	(1 227)
Reversal of unused provisions	(318)	-	-	-	(318)
Foreign currency translation	12	-	90	(17)	85
As of 31 December 2021	2 677	-	1 505	20	4 202
Additions	1 912	838	272	1 234	4 256
Used during the year	(392)	-	-	-	(392)
Reversal of unused provisions	(1 004)	-	(81)	(21)	(1 105)
Foreign currency translation	(20)	(33)	(7)	(47)	(108)
As of 31 December 2022	3 174	805	1 688	1 186	6 853
Additions	1 796	1 282	-	426	3 503
Used during the year	(1 471)	(741)	(88)	(837)	(3 137)
Reversal of unused provisions	(1 309)	-	(1 570)	(214)	(3 093)
Foreign currency translation	(27)	(43)	(30)	(13)	(113)
As of 31 December 2023	2 162	1 302	-	548	4 013

Accrued warranty

The Groups warranty to customers is limited to replacement parts and services and generally expires one year from the date of shipment or contract completion. Such warranties are limited in time, for most products not exceeding 12 months. Warranty is based on both contractual commitments and caused by liability under background law.

Estimated warranty obligations are recorded in the period in which the related revenue is recognised or when a project is installed or commissioned. The Group quantifies and records an estimate for warranty related costs, which is principally based on historical experience. The accounting for warranties requires the Group to make assumptions and apply judgments when estimating product failure rates and expected material and labour costs. The Group adjusts accruals as warranty claim data and historical experience warrant. If actual results are not consistent with the assumptions and

judgments used to calculate the warranty liability because either failure rates or repair costs differ from the Groups assumptions, the Group may be exposed to gains or losses that could be material. Accrued warranty provision is based on experience assumptions and provision comprises a percentage of revenue from contracts with customers, in the range of 3% to 8%.

Employee benefits

The group has a short-term incentive bonus in place for all employees. The group-wide program was implemented from 2022. The provision for bonus incurred in 2023 to be finally measured and paid in 2024 is EUR 1.3 (2022: 0.8, 2021: 0) million.

In addition, the employee benefits include provision for social security on stock options for social security payable in Norway, calculated at the intrinsic value at year end. The provision fluctuates with the number of active options, timing of exercise and Nel ASA share price. See note 2.5 for further information on share option program.

Settlement and claims

Settlement and claims comprise disputes, claims, and fines where cash outflow is assessed probable (more likely than not to occur). At the beginning of 2023 the provisions for settlement and claims were mainly related to the Kjørbo incident from 2019. During 2023, the company received a reduced notice of fine (no: forelegg) related to the Kjørbo incident. This has resulted in a reversal of approximately EUR 1.6 million in unused provisions in 2023. At the end of 2023 there is no provision.

Onerous contracts

An onerous contract is a contract in which the unavoidable costs (i.e., the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it) exceed the economic benefits expected to be received under the contract. For all contracts that are onerous, the present obligation under the contract is recognised and measured as a provision.

6.1 Operational risk factors

Objectives, policies and processes for managing capital

The Group's objective is to manage the capital structure to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Group sets the size of capital in proportion to business strategy, risk and financial market conditions. The Group manages the capital structure and adjusts it in the light of changes in economic conditions, perceived risk associated with product development and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of new share issue or increase the debt by taking up loans.

Technological change

There is a risk that competitors may utilize technological change to launch new products and services, to provide products or services at more competitive prices, or to secure exclusive rights to new technologies. That includes but is not limited to cryo-compressed hydrogen, liquid hydrogen and sub cooled liquid hydrogen technologies. If these circumstances materialize, it may have a material adverse effect on the Group's business, prospects, financial results or results of operations.

Expansion risk

The uneven pace of the Company's anticipated expansion in facilities, staff and operations may place serious demands on the Group's managerial, technical, financial, and other resources. The organisation is currently relatively small and there is no guarantee that the Group will be able to build a capable organisation at a speed that is required to meet the demands of its customers or potential customers. The Company's failure to manage its growth effectively or to implement its strategy in a timely manner may significantly harm its ability to achieve profitability.

Dependence of third parties in manufacturing

The Group is dependent on a limited number of third party suppliers for key production components for its hydrogen fueling products. All contract manufactured or purchased components are designed and selected in order to avoid a critical supply situation. There are few, if any, suppliers that may substitute the delivery of key production components within a short period of time. If the Group fails to develop or maintain its relationships with its suppliers, such suppliers are prevented from supplying, or its suppliers delivers products not in compliance with contractual obligations, then the Group may be delayed in manufacturing its products or its products may be available only at a higher cost which could prevent the Group from timely delivering its products to its customers and the Group may experience order cancellation, customer claims and loss of market share. The Group has historically accumulated operating losses and intends to pursue profitable growth in the future. Any failure by third party suppliers for delivery of key production components may result in inability to pursue profitable growth in a highly competitive market, which could have a material adverse effect on the Group's business, prospects, financial results and results of operations.

Project risk

The Company participates in large commercial projects. Large commercial projects are subject to risks of delay and cost overruns inherent in any large construction project from numerous factors, including:

- unexpectedly long delivery times for, or shortages of, key equipment, parts and materials;
- unforeseen design and engineering problems leading to delays;
- labor disputes and work stoppages;
- HSE accidents/incidents or other safety hazards;
- disputes with suppliers;
- last minute changes to the customer's specifications;
- adverse weather conditions or any other force majeure events; and
- inability or delay in obtaining regulatory approvals or permits

Failure to complete a commercial project on time may result in the delay, renegotiation, or cancellation of the contract. Further, significant delays could have a negative impact on the Company's reputation and customer relationships. The Company could also be exposed to contractual penalties for failure to complete the project and commence operations in a timely manner, all of which would adversely affect the Company's business, financial condition and results of operations.

Key personnel

Due to intense competition and shortage of professionals with relevant advanced technological skill set, there is a risk that key executives, key employees and qualified employees will be attracted by competitors and that the Company will be unable to find a sufficient number of appropriate new employees. The Company may not be successful in retaining its key executives, key employees and qualified employees or replace such person with corresponding qualifications. If the Company fails to do so, or if such competition leads to severe wage inflation, it could have a material adverse effect on the Group's business, prospects, financial results and/or results of operations.

Customer risk

The Company's ability to grow and generate incremental revenue depends to a substantial degree on its ability to successfully acquire new customers, and to maintain and grow its relationships with existing customers. There can be no assurance that the Company will be able to secure new customers, or maintain its relationships with existing customers, in the future. Further, several of the Company's existing and potential customers are themselves planning substantial growth, and should these customers fail to succeed with their business plans or fail to fulfill their contracts with the Company, the Company's sales to such customers may be adversely affected, and the Company's revenues and results may suffer as a result.

Intellectual property rights

The Company seeks to protect important proprietary manufacturing processes, documentation and other written materials, and other intellectual property primarily under patent, trade secret and copyright laws. It also typically requires employees, consultants and companies that have access to its proprietary information to execute confidentiality agreements. The steps taken by the Company to protect its proprietary information may not be adequate to prevent misappropriation of its technology. In addition, the Company's proprietary rights may not be adequately protected because:

- people may not be deterred from misappropriating its technologies despite the existence of laws or contracts prohibiting misappropriation;
- policing unauthorised use of the Company's intellectual property is difficult, expensive, and time-consuming, and the Group may be unable to determine the extent of any unauthorised use; and
- the laws and legislation of countries in which the Group sells or plans to sell its products may offer little or no protection for its proprietary technologies.

Unauthorised copying or other misappropriation of the Company's proprietary technologies could enable third parties to benefit from its technologies without paying for doing so. Any inability to adequately protect its proprietary rights could harm the Group's ability to compete, to generate revenue and to grow its business. This could have a significant adverse effect on the Group's business, prospects, financial results, and results of operations.

In order to achieve future success in a highly competitive market, the Group is dependent on its ability to protect patents on the technology embodied in its products and production processes. Failure in obtaining patent applications or insufficient scope and/or protection of issued patents may make it difficult for the Group to effectively protect its intellectual property from misuse or infringement by other companies. Any inability to obtain and enforce intellectual

property rights could have a material adverse effect on the Group's business, prospects, financial results and results of operations. In addition, given the costs of obtaining patent protection and the sometimes limited potential for protection, the Company may choose not to patent-protect certain innovations that later turn out to be important. There is also a general risk that the Company receives information regarding other parties' know-how and trade secrets subject to confidentiality agreements, which may hinder the Group from development of similar intellectual assets.

Adverse publicity and product liability

Product liability claims against the Group could result in adverse publicity and potentially monetary damages. It is possible that its products could result in injury, whether by product malfunctions, defects, improper installation, or other causes. The successful assertion of product liability claims against the Group could result in potentially significant monetary damages, which could have a significant adverse effect on the Group's business, prospects, financial results, and results of operations. As of the date of this annual report, the Group is unaware of any current or pending product liability claims made against the Group.

Legal, governmental or arbitration proceedings

The Company, the Group, its customers or third parties may be involved in legal, governmental or arbitration proceedings related to the ordinary course of the Group's business, including personal injury litigation, intellectual property litigation, contractual litigation, environmental litigation, tax or securities litigation, as well as other proceedings.

The Group is currently involved in a legal dispute where a contracting party is, among other things, claiming intentional misrepresentation, fraudulent behavior, concealment, false promises, fraud in making contracts, breach of contract for deliveries and maintenance of equipment for hydrogen fueling. Based on reasonable evaluations at this early stage of the dispute, the companies and persons involved will fight the allegations, on both formal, procedural and material basis.

Defending against the claims may lead to the Group incurring significant legal costs and other external costs, while also requiring the attention and capacity of the Group's key management and other internal resources. In the event that the Group is unsuccessful in defending against or settling the above mentioned claim or is otherwise unsuccessful in defending against other claims that may arise, or negotiating reasonable settlements with its customers, subcontractors, or other parties, the Group could incur cost overruns, reduced profits, or, in some cases, a loss of an operation or service, all of which could result in financial difficulties or bankruptcy any specific entities and individuals ultimately subject to a successful claim and/or the Group as a whole

Large Commercial Contracts

The Group participates in large commercial contracts consisting of multiple hydrogen fueling station modules for installation across several sites, and in a variety of legal jurisdictions, which are subject to risks of delay, defect/warranty costs and cost overruns inherent in any large framework contract. Failure to complete part of a contract covering multiple station modules on time may result in the delay, defect/warranty costs, renegotiation, or cancellation of the contract. The risk is concentrated as the majority of the Group's current order backlog relates to a single customer for which limited deliveries have taken place at the date of this combined statements.

6.2 Financial risk factors

The key financial risks the Group is exposed to are related to liquidity, currency, interest rate, and credit risk.

Liquidity risk

Liquidity risk is the potential loss that occurs when the Group fails to fulfil its contractual obligations when they fall due. The Company is operating in a fast-growing, emerging market, with a long list of initiatives. The need to address growth opportunities ahead of actual market demand, balanced with the need to conserve cash, is a continual challenge. The timing of addressing such elements and risks is important. Moving too fast could result in an unnecessarily high-cost level, with cash requirements beyond the current financing plan.

Prior to the reorganisation, this risk was managed at Nel ASA level through maintaining adequate cash reserves and banking facilities, monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities. Fueling was then funded through inter-company debt. In each year, inter-company debt has been converted to share capital by Nel ASA.

Post restructuring, the Fueling Group will, if necessary, attempt to raise capital through private placements, debt financing, partnerships, and strategic alliances or from other sources. The Group may fail to raise capital on acceptable terms, or not do it at all, and this can result in a liquidation of the Group. As of 31. December 2021, 2022 and 2023, respectively, Fueling had not access to undrawn external borrowing facilities.

Currency risk

The Company operates internationally and is subject to currency risks arising from foreign currency transactions and exposures. As the Group presents its combined results in EUR, any change in exchange rates between EUR and Group companies' functional currencies, primarily with respect to changes in USD and KRW, affects its combined statement of

income and combined statement of financial position. Since the DKK is pegged against EUR, it is assumed to not cause any currency risk. As the Group expands its operations with projects in new markets the currency risk exposure increases.

The Group is on an overall level managed as a EUR company for currency risk management purposes with primary focus on EUR cash flow. The Group's gross foreign currency risk exposure is significant, with a large part of revenue and expenses denominated in foreign currency, in particular the USD and KRW. The Group mitigates the currency risk exposure by entering forward currency contracts with financial institutions. The Group has a residual net currency risk exposure considering hedging which is considered low to medium.

Currency fluctuation effects on net profit of the year 2023:

(in EUR 1,000)			Changes in exchange rate EUR/foreign currencies			
	Value in currency	Value in EUR	-10%	-5%	+5%	+10%
Net profit (loss) in foreign currencies						
USD	(5 202)	(4 812)	481	241	(241)	(481)
KRW	(6 708 336)	(4 748)	475	237	(237)	(475)
Effect on net income (loss)			956	478	(478)	(956)
Statement of financial position						
Net receivables/liabilities in foreign currencies						
USD	4 517	4 088	(409)	(204)	204	409
KRW	(2 804)	(2)	-	-	-	-
Net effect on statement of financial position			(409)	(204)	204	409

The table shows the gross foreign currency exposure based on each entity in the Group' functional currency, before any related currency hedging.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings from related parties with variable rates, which expose the Group to cash flow interest rate risk. The balance at 31. December 2023 was EUR 13.8 million, 87% of total loans (2022: 23.5 million or 92%, 2021: 23.9 million or 91%). The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings. An analysis by maturities is provided in note 5.1. The loans were denominated in DKK, USD, and KRW.

The long-term debt to related parties have a finance cost of NIBOR 3months + 3%. Any change in the relevant reference rate or risk premium have impacted the financial statement in the report period.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss to the Group. The Company is exposed to credit risk from its operating activities (primarily trade receivables and contract assets) and deposits with banks and financial institutions. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Expected credit loss (ECL) assessment

Expected Credit Losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expect to receive). Historically, the Group has had no credit losses on its trade receivables, and therefore, no credit losses have been recognised by the Group.

6.3 Market risk factors

Market development risk

Significant markets for fueling products, other hydrogen energy products or renewable energy as a major source for hydrogen production may never develop or may develop more slowly than the Group anticipates. This would significantly

harm the Company's revenues and may cause the Company to be unable to recover the expenditures it has incurred and expects to incur in the development of its products.

Regulatory issues

The Group's operations are subject to numerous environmental requirements. Such laws and regulations govern, among other matters, air pollution emissions, wastewater discharges, solid and hazardous waste management, and the use, composition, handling, distribution, and transportation of hazardous materials. Many of these laws and regulations are becoming increasingly stringent (and may contain "strict liability"), and the cost of compliance with these requirements can be expected to increase over time.

The Group cannot predict the impact of new or changed laws or regulations relating to health, safety, the environment or other concerns or changes in the ways that such laws or regulations are administered, interpreted, or enforced. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. To the extent that any of these requirements impose substantial costs or constrain the Group's ability to expand or change its processes, the Group's business, prospects, financial results, and results of operations could suffer. Any breach of such requirements could in addition result in fines or other substantial costs and/or constraint the Group's ability to operate its production plant, which could have a significant adverse effect on its business, prospects, financial results, and results of operations.

In recent years, there has been significant progress in establishing regulatory frameworks for hydrogen activities. In the EU, renewable hydrogen is addressed and given a pivotal role in both the EU's climate strategy, as delineated in the 'Fit for 55' package and the Commission's REPowerEU communication. Additionally, revisions to the Energy Taxation Directive support renewable hydrogen by increasing taxes on fossil fuels. Furthermore, in the U.S., the Inflation Reduction Act ("IRA") and the Bipartisan Infrastructure Law ("BIL") have proven to be very helpful in reducing the cost gap between renewable and fossil hydrogen, and hence de-risking hydrogen projects. The IRA's clean energy incentives include many provisions for clean hydrogen and fuel cell technologies, either extending many existing federal tax credits, increasing existing federal tax credits, or creating new federal tax credits.

Despite recent rapid regulatory developments, some gaps persist, notably in standards development, especially concerning technical and safety standards for hydrogen transport and storage. In the European context, there are also uncertainties regarding state aid regulations for decarbonization efforts. The Company anticipates encountering industry-specific government regulations in its operational jurisdictions, such as regulatory approvals or permits required for product design, installation, and operation. Delays in obtaining such approvals could restrict the Group's development and growth. Furthermore, changing regulations, or interpretations of current or future regulations, may lead to the Group being required to redesign or stop marketing and selling products in certain geographies, or redesigning or changing products already delivered.

The Company depends substantially on government subsidies. Political developments could lead to a material deterioration of the conditions for, or a discontinuation of, the subsidies for its technology. It is also possible that government financial support for the Company's technology will be subject to judicial review and determined to be in violation of applicable constitutional or legal requirements or be significantly reduced or discontinued for other reasons. Without government subsidies, or with reduced government subsidies, the availability of profitable investment opportunities for the Company would be significantly lower, which could have a material adverse effect on Nel's business, financial condition, results of operations and cash flows.

Competition

The Group competes in a highly competitive market, with many current and potential competitors within hydrogen fueling products and services and many competitors providing substitutional products or services based on other technologies. The market consists of competitors which have partly longer operating histories, greater name recognition, lower costs, access to larger customer bases and significantly greater financial, sales and marketing, distribution, technical and other resources than the Group. There is a risk that competitors may utilize technological change to launch new products and services, to provide products or services at more competitive prices, or to secure exclusive rights to new technologies. That includes but is not limited to cryo-compressed hydrogen, liquid hydrogen and sub cooled liquid hydrogen technologies. If these circumstances materialize, it may have a material adverse effect on the Group's business, prospects, financial results or results of operations.

6.4 Climate-related risks and opportunities

Climate-related opportunities

The Company is a pure play renewable hydrogen company. The climate-related opportunities are the company's only opportunities. The assumption from climate-related opportunities in climate-related scenarios have impacted the financial statements. Specifically, the climate-related opportunities are the driver for the revenue and activity growth included in

the company's impairment tests. In addition, the climate-related opportunities also impact the assessment of probable future economic benefits from capitalised technology development.

Climate-related risks

The company pursue solely climate-related opportunities; therefore, the company does not have any transformation of any legacy business negatively impacted by the climate-related scenarios. Further analysis of the climate-related risks below:

Regulatory risks and Geopolitics

While climate change is the megatrend, the anticipated role of renewable hydrogen as a sustainable activity contributing to climate change mitigation could change. How geopolitics will impact and shape climate policies going forward constitutes a risk for the Company. We would not be significantly impacted by the introduction of a potential carbon tax or restrictions on the use of carbon-intensive assets. Further, we do not consume products from conflict areas and our consumption of rare materials is limited. However, we identify opportunities in the enactment of a low carbon economy.

Reputation Risk

The Company recognizes the importance of maintaining a strong brand in the developing renewable hydrogen industry. Reputational risk comprises: i) any damage to brand value that will cause lost opportunities, ii) challenges in recruiting and retaining talent that in turn could halt technology developments and damage customer experience, and iii) challenges in attracting investors due to damaged reputation which could affect the going concern status of the Group.

Physical Risk

None of our manufacturing facilities are located in environments overly exposed to physical risks. Relatedly, our facilities are not located in the areas most exposed to sustained long-term shifts in climate patterns. However, our delivered solutions require continuous access to water and electricity, a shortage of which could impact our products' performance.

6.5 Financial instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques which maximise the use of observable market price and rely as little as possible on entity-specific estimates.

Level 3: Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments and fair values

2023

	Carrying amount			Fair value Level				
	Fair value hedging instruments	Mandatorily at FVTPL - others	Financial assets and liabilities at amortised cost	Total	1	2	3	Total
Assets								
Financial assets measured at fair value								
Forward exchange contracts used for hedging	5	-	-	5	-	5	-	5
Financial asset - equity instruments	-	872	-	872	-	-	872	872
SUM	5	872	-	877	-	5	872	877
Liabilities								
Financial liabilities not measured at fair value								
Long-term debt	-	-	1 998	1 998	-	1 998	-	1 998
Long-term debt related parties	-	-	13 769	13 769	-	13 769	-	13 769
SUM	-	-	15 767	15 767	-	15 767	-	15 767

2022

	Carrying amount			Fair value Level				
	Fair value hedging instruments	Mandatorily at FVTPL - others	Financial assets and liabilities at amortised cost	Total	1	2	3	Total
Assets								
Financial assets measured at fair value								
Financial asset - equity instruments	-	3 720	-	3 720	-	-	3 720	3 720
SUM	-	3 720	-	3 720	-	-	3 720	3 720
Liabilities								
Financial liabilities measured at fair value								
Forward exchange contracts used for hedging	-	(101)	-	(101)	-	(101)	-	(101)
SUM	-	(101)	-	(101)	-	(101)	-	(101)
Financial liabilities not measured at fair value								
Long-term debt	-	-	2 133	2 133	-	2 133	-	2 133
Long-term debt related parties	-	-	23 513	23 513	-	23 513	-	23 513
SUM	-	-	25 646	25 646	-	25 646	-	25 646

2021

	Carrying amount			Fair value Level				
	Fair value hedging instruments	Mandatorily at FVTPL - others	Financial assets and liabilities at amortised cost	Total	1	2	3	Total
Assets								
Financial assets measured at fair value								
Financial asset - equity instruments	-	3 194	-	3 194	-	-	3 194	3 194
SUM	-	3 194	-	3 194	-	-	3 194	3 194
Liabilities								
Financial liabilities measured at fair value								
Forward exchange contracts used for hedging	(2)	-	-	(2)	-	(2)	-	(2)
SUM	(2)	-	-	(2)	-	(2)	-	(2)
Financial liabilities not measured at fair value								
Long-term debt	-	-	2 322	2 322	-	2 322	-	2 322
Long-term debt related parties	-	-	23 916	23 916	-	23 916	-	23 916
SUM	-	-	26 238	26 238	-	26 238	-	26 238

1 January 2021

	Carrying amount			Fair value Level				
	Fair value hedging instruments	Mandatorily at FVTPL - others	Financial assets and liabilities at amortised cost	Total	1	2	3	Total
Assets								
Financial assets measured at fair value								
Forward exchange contracts used for hedging	195	-	-	195	-	195	-	195
Financial asset - equity instruments	-	1 909	-	1 909	-	-	1 909	1 909
SUM	195	1 909	-	2 103	-	195	1 909	2 103
Liabilities								
Financial liabilities not measured at fair value								
Long-term debt	-	-	2 892	2 892	-	2 892	-	2 892
Long-term debt related parties	-	-	14 543	14 543	-	14 543	-	14 543
SUM	-	-	17 436	17 436	-	17 436	-	17 436

The management assessed that cash and short-term deposits, trade receivables, other current assets, trade payables, lease liabilities and other current liabilities' carrying amounts is a reasonable approximation of their fair value largely due to the short-term maturities of these instruments.

Nel ASA enters into forward exchange contracts with financial institutions on behalf of the Company, where the fair value of such instruments is based on valuation techniques including market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using net present value calculations. The models used incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The valuation is performed by banks or external valuation providers.

For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss for the period has been EUR 2.7 million in 2023 (2022: 0, 2021: 0).

7.1 Composition of the Group

The following subsidiaries are included in the combined financial statements:

Company	Location	Main operations	Ownership/ votes 2021- 2023
Nel Hydrogen A/S	Herning, Denmark	Hydrogen fuelling stations	100 %
Nel Korea Co. Ltd	Seoul, South Korea	Service of H2Station®	100 %
Nel Hydrogen Inc	San Leandro, USA	Service of H2Station®	100 %
Nel Austria GmbH	Wien, Austria	Fuelling sales office	100 %

7.2 External audit remuneration

Auditor fees	2023	2022	2021
Statutory auditing services	97	58	75
Attestation services	17	-	14
Non-auditing services	10	10	18
Total	124	68	108

7.3 Related parties

Executive management

The Company did not have an Executive Management for the financial years 2021 - 2023.

Board of Directors

The Company did not have a Board of Directors for the financial years 2021 - 2023.

Related party transactions

In the period 2021 to 2023, there have been internal transactions between Fuelling and Nel ASA Group. Transactions between Nel ASA Group and Fuelling Group which were eliminated in the consolidated financial statements of Nel ASA are presented as related party transactions for Fuelling. This includes management fee invoiced to the Fuelling Group, revenue from the Fuelling Group to Nel ASA Group as well as recharged personnel expenses.

Current assets include trade receivables from related parties relating to intragroup services provided to Nel ASA Group.

Long-term debt related parties represent loan balances owed by the Fuelling Group to Nel ASA Group. In the periods presented, Nel ASA arranged most of the funding to the Fuelling entities.

Trade payables related parties represents payables related to intragroup services provided to the Group. Interest expenses related parties are interests on long-term loans from Nel ASA.

Transactions and balances with related parties:

Income statement	2023	2022	2021
Revenue	103	-	-
Other operating expenses (management fee)	1 697	2 449	3 122
Share option expense	92	224	378
Recharge of personnel expenses from Fuelling	(572)	(294)	(258)
Recharge of personnel expenses to Fuelling	599	247	206
Interest expenses	1 884	2 142	1 232

Statement of Financial Position	2023	2022	2021	01.01.2021
Trade receivables related parties	3 056	862	1 581	1 147
Long-term debt related parties	13 769	23 513	23 916	14 543
Contract liabilities	-	228	-	-
Trade payables related parties	3 281	9 226	6 777	3 820

As part of the reorganisation, the employees were transferred by the entering into of new mutually agreed employment agreements. Furthermore, as Fuelling have received services from and sold services to Nel ASA and its subsidiaries,

agreements have been entered into to regulate the discontinuation of such services, including transition services between the Group companies and Nel ASA, with limited scope and duration.

7.4 Events after the balance sheet date

Information about the Group's financial position that has occurred after the balance sheet date is disclosed if the information is considered to be significant for the Group's current financial statements and future position.

Iwatani Corporation lawsuit

On 7 February 2024, the company was made aware that Iwatani Corporation of America has filed a lawsuit with claims for damages in an unspecified amount towards Nel and certain of its subsidiaries in connection with certain agreements for delivery of fueling equipment and services between Nel Hydrogen Inc. and Iwatani Corporation of America. The Company and its subsidiaries strongly reject the allegations made in the lawsuit by Iwatani Corporation of America and will vigorously oppose the allegations and the lawsuit. The lawsuit was filed with the United States District Court in the Central District of California.

Provision for reduction on net realizable value of inventories

During the first quarter of 2024, the company accrued an allowance for reduction on the net realizable value of inventories in the amount of EUR 1 522 thousand. The accrual has been booked due to termination of a customer contract that required acquisition of spare parts in advance for mitigation of operational risks. The spare parts cannot be applied to other product types and have therefore been accrued for losses as of 31 March 2024.

The reorganisation

The Company was incorporated on 13 March 2024 and became the parent of the Fueling Group through an internal reorganization in May 2024.

Nel ASA has transferred all the shares and internal loans of the Fueling Entities to the Company, against issuance of a promissory note to Nel ASA (corresponding to the purchase price for the shares in the Fueling Entities), which was immediately settled by Nel ASA offsetting its receivable on the Company against the Company's claim for share contribution, by issuance of new Shares in the Company to Nel ASA. The transfer included 100% of the shares in Nel Austria GmbH, a 100% subsidiary of Nel Hydrogen A/S, and Nel Korea Co. Ltd.'s 4.75% shareholding in HyNet.

As part of the Reorganization, Nel ASA further transferred cash in the amount of NOK 540 million, against issuance of new Shares in the Company to Nel ASA. Additionally, certain financial guarantees, contractual obligations and employees were contributed to Fueling, without further considerations.

Listing on Oslo Børs

The Company is in the process of applying for a listing of its shares on Oslo Børs and the company expects to submit its listing application on 31 May 2024 with the expected first day of trading in June 2024.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Fueling ASA

Opinion

We have audited the Combined Financial Statements of Fueling ASA, Nel Hydrogen Inc, Nel Korea Co. Ltd and Nel Hydrogen A/S (the financial statements), which comprise the statement of financial position at 31 December 2023, 31 December 2022 and 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of changes of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2023, 31 December 2022 and 31 December 2021 and its financial performance and cash flows for the years then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 13 May 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Petter Frode Larsen
State Authorised Public Accountant (Norway)

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Larsen, Petter Frode

Statsautorisert revisor

På vegne av: Ernst & Young AS

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APPENDIX C – Combined Interim Financial Statements for the three months' period ended 31 March 2024

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Condensed Interim Financial Statements

Combined statement of total comprehensive income (unaudited)

(in EUR 1,000)	Note	Q1 2024	Q1 2023
Revenue and income			
Revenue from contracts with customers	3	9 712	6 944
Other operating income		124	409
Total revenue and income		9 837	7 352
Operating expenses			
Raw materials		4 842	2 858
Personnel expenses		5 450	5 795
Depreciation and amortisation		1 232	1 179
Other operating expenses		4 328	4 534
Total operating expenses		15 852	14 366
Operating loss		(6 016)	(7 014)
Finance income		157	36
Finance costs		(401)	(1 242)
Net finance costs		(244)	(1 206)
Loss before taxes		(6 260)	(8 220)
Tax expense (income)		(203)	(206)
Net loss		(6 057)	(8 014)
Other comprehensive income that are or may subsequently be reclassified to profit or loss (net of tax)			
Currency translation differences		689	429
Cash flow hedges, effective portion of changes in fair value		(142)	-
Total comprehensive income attributable to equity holders of the company		(5 510)	(7 584)
Proforma basic and diluted earnings per share (in EUR) attributable to Fueling shareholders ¹⁾		(0.16)	(0.23)

1) Proforma basic and diluted earnings are calculated using the shares planned to be issued as of the effective date of the registration. The share capital in the Group is expected to consist of 33 618 145 shares.

The accompanying notes are an integral part of the condensed interim combined financial statements (unaudited).

Combined statement of financial position (unaudited)

(in EUR 1,000)	Note	Q1 2024	31.12.2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		11 706	11 880
Intangible assets		9 163	8 683
Non-current financial assets		1 058	1 035
Total non-current assets		21 927	21 599
Current assets			
Inventories	5	24 833	27 748
Trade receivables	6	5 145	7 186
Trade receivables related parties	7	1 640	3 056
Contract assets		455	641
Other current assets		3 520	2 646
Cash and cash equivalents		5 816	7 018
Total current assets		41 409	48 297
TOTAL ASSETS		63 336	69 895
EQUITY AND LIABILITIES			
Total equity		15 960	21 364
NON-CURRENT LIABILITIES			
Deferred tax liabilities		73	88
Long-term debt		1 963	1 998
Long-term debt related parties	7	16 341	13 769
Lease liabilities		534	600
Other non-current liabilities		1 304	1 404
Total non-current liabilities		20 215	17 859
Current liabilities			
Trade payables		1 652	2 290
Trade payables related parties	7	3 741	3 281
Lease liabilities		414	440
Contract liabilities		13 934	17 461
Other current liabilities and provisions		7 420	7 201
Total current liabilities		27 161	30 673
TOTAL EQUITY AND LIABILITIES		63 336	69 895

The accompanying notes are an integral part of the condensed interim combined financial statements (unaudited).

Combined statement of cash flows (unaudited)

(in EUR 1,000)	Note	Q1 2024	Q1 2023
Pre-tax income (loss)		(6 260)	(8 220)
Depreciation, amortisation and impairment		1 232	1 179
Change in net working capital 1)		2 317	4 939
Other adjustments 2)		807	2 549
Cash Flows from operating activities		(1 905)	447
Payments for capitalised technology		(1 096)	(723)
Purchases of property, plant and equipment		(397)	(150)
Cash Flow from investing activities		(1 493)	(873)
Interest paid		(28)	(25)
Payment of long-term debt		(33)	(26)
Payments of lease liabilities		(107)	(104)
Proceeds from new loan related party	7	921	2 328
Net proceeds from changes in cash pool related party ³⁾	7	1 586	-
Payment of long-term loans related party	7	-	(499)
Capital increase 4)		88	-
Cash Flows from financing activities		2 427	1 674
Effect of exchange rate changes on cash		(232)	(261)
Net change in cash and cash equivalents		(1 203)	988
Cash and cash equivalents at the beginning of the period		7 018	2 655
Cash and cash equivalents at the end of the period		5 816	3 642

- 1) Change in net working capital comprises change in inventories, trade receivables, contract assets, contract liabilities, trade payables, trade payables related parties and reclass of trade payables related parties to long-term debt related parties.
- 2) Other adjustments comprise of adjustments for interest expense, change in provision and change in other balances.
- 3) In 2024 Fueling is part of the cash pool arrangement in Nel ASA. Net proceeds from change in cash pool related party is related to change in long-term debt from Nel ASA through the cash pool.
- 4) The Company was established on 13 March 2024 with a capital increase of NOK 1 000 000 (EUR 88 thousand) from NEL ASA which is also the share capital in the Group as of 31 March 2024).

The accompanying notes are an integral part of the condensed interim combined financial statements (unaudited).

Combined statement of changes in equity (unaudited)

(in EUR 1,000)	Contributed equity and retained earning	Currency translation difference	Hedging reserve	Total equity
Equity as of 31 December 2022	4 510	1 109	127	5 746
Total comprehensive income	(8 014)	429	-	(7 584)
Options and share program	53	-	-	53
Equity as of 31 March 2023	(3 450)	1 538	127	(1 785)
Equity as of 31 December 2023	19 440	1 922	1	21 364
Total comprehensive income	(6 057)	689	(142)	(5 510)
Options and share program	19	-	-	19
Capital increase ¹⁾	88	-	-	88
Equity as of 31 March 2024	13 490	2 611	(141)	15 960

1) The Company was established on 13 March 2024 with a capital increase of NOK 1 000 000 (EUR 88 thousand) from NEL ASA which is also the share capital in the Group as of 31 March 2024).

Oslo, 13 May 2024


The Board of Directors


DocuSigned by:

 50C48815AFCA47C...
 Kjell Christian Gyllensten Bjørnsen
 Chairman of the board

DocuSigned by:

 55896AFDF9234FC...
 Torbjørn Berg
 Board member

DocuSigned by:

 5B9B1C2C08E04EE...
 Caroline Marie Duyckaerts
 Board member

DocuSigned by:

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 Robert Borin
 CEO

The accompanying notes are an integral part of the condensed interim combined financial statements (unaudited).

Notes to the condensed interim combined financial statements

1 General information and basis for accounting

General information

Fueling ASA ("the Company"), was incorporated on 13 March 2024 for the purpose of continuing the hydrogen fueling station manufacturing activities (Nel Hydrogen Fueling segment) of the parent company of Nel ASA. The Company is a public limited liability company incorporated and domiciled in Norway. The address of its registered office is Dronning Eufemias gate 16, N-0191 Oslo, Norway.

Fueling ASA became the parent of the Fueling Group ("the Group") in May 2024 through an internal reorganization whereby Nel ASA transferred all its shares in Nel Hydrogen Inc, Nel Korea Co. Ltd, Nel Hydrogen A/S (the "Fueling Entities") to the Group. This includes shares in Nel Austria GmbH as a subsidiary of Nel Hydrogen A/S and Hydrogen Energy Network as an investment in Nel Korea Co. Ltd. The group structure is disclosed in note 7.1 of combined financial statement for the period ended as of 31 December 2023.

Fueling ASA was incorporated for the purpose of continuing the service of Nel ASA. Nel ASA is to be the ultimate parent company of the Fueling Group, before and after the transactions disposing of the shares held in the Fueling Entities to the Group. Fueling ASA will be distributed to the shareholders of Nel ASA by way of a dividend in kind, through a distribution regarded as repayment of paid in capital by the shareholders of Nel ASA. The distribution is subject to satisfaction of the conditions for listing set by the Oslo Stock Exchange.

The transactions listed above are considered to be common control transactions and is recognised on a carry-over basis. In general, all amounts presented are therefore recorded at predecessor values as they have been included in Nel ASA' financial statements.

The Company, and its subsidiaries (together 'the Group') is a manufacturer of hydrogen fueling stations. The Company's core product is hydrogen fueling stations that provide fuel cell electric vehicles (FCEV) including cars, vans, busses and also trucks with comparable fast fueling and long range as conventional vehicles today. Beside pure sales of the fueling stations the company also offers services like project execution, installation, commissioning, operation support and maintenance for its own products.

These combined financial statements were authorised by the Board of Directors on 13 May 2024.

Basis of accounting

Basis of preparation

In connection with the Company's application for listing of its shares on the Oslo Stock Exchange (Oslo Børs), condensed interim combined financial statements for the Fueling business are prepared as of and for the period 31 March 2023 and 31 March 2024. The information is prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). The condensed interim combined financial statement should be read together with the combined financial statement for the year ended 31 December 2023, including combined comparative financial information as of and for the years ended 31 December 2022 and 2021.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those used in the preparation of the combined financial statement for the year ended 31 December 2023.

Basis of allocation

The combined interim financial statements of Fueling Group reflect the assets, liabilities, revenues and expenses of the Nel Hydrogen Fueling business included in the consolidated financial statement of Nel ASA Group. Transactions with the remaining Nel ASA Group (the "Nel ASA Group") have not been eliminated, as these are now regarded as external to the Fueling Group. These transactions are recognised based on intercompany agreements that were prevailing in the years reported. No adjustments are made to the predecessor values of income and expenses. See Note 7 for summary of transactions with other entities than Fueling Group within the Nel ASA Group, disclosed as related party transactions.

The combined interim financial statements include all entities over which the Group, post restructuring in 2024, is expected to have control over the subsidiaries. Generally, there is a presumption that a majority of voting rights result in control. These entities are included in the financial statements in the entire period covering the period ends 31 March 2024 and 31 March 2023. See combined financial statement for the period 2021-2023, note 7.1, for listing of companies included.

Going concern

The Group has adopted the going concern basis in preparing its combined interim financial statements.

The financial statement is presented on the going concern assumption under International Financial Reporting Standards. As per the date of this report the group has sufficient working capital for its planned business activities over the next twelve-month period.

The Board of Directors confirmed on this basis that the going concern assumption is valid, and that financial statements are prepared in accordance with this assumption.

2 Significant accounting judgements and estimation uncertainty

The preparation of financial statements requires management to make judgements and estimates that influence amounts recognised in certain accounts for assets, liabilities, income and expenses. The actual results may deviate from such assumptions. Estimates and underlying assumptions are subject to continuous assessment.

Judgements

The following are the group's accounting policies that involves significant judgement and complexity which have most significant effect on the amounts recognised in the combined financial statements, including reference to where it is discussed:

Judgements

- Revenue recognition
- Deferred tax assets
- Development costs

Assumptions and estimation uncertainty

- Revenue recognition
- Expected credit loss assessment

3 Revenue from contracts with customers

Type of goods or services

The group generates revenue from customer contracts from two principal sources: i) Equipment and ii) Projects, I&C (Installation and Commissioning) and Service. The equipment and projects sales are generated from mainly standard equipment.

Standard equipment

The group recognises revenue at the point in time at which it satisfies a performance obligation by transferring the control of a good or service to the customer, generally this upon agreed incoterms, which is mainly at shipment. The customer has control of a good or service when it has the ability to direct the use of and obtain substantially all of the remaining benefits from the good or service. If customer acceptance of products is not assured, revenue is recorded only upon formal customer acceptance.

The point in time measurement basis for standard equipment has been the main method of recognising revenue.

Customised equipment

Most of the Group's revenue stems from standard equipment, however, in certain contracts the customisation required qualifies customised equipment. Customised equipment occurs when the Group is creating a good that it cannot sell to another customer without significant re-work and the Group would incur significant economic losses to direct the asset for another use. Such sale of customised equipment is recognised as revenue over-time if the Group has an enforceable right to payment for performance completed to date.

Projects

The project contracts typically comprise equipment (standard product or customised), design, siting, installation, and commissioning of such equipment. They often include a standard installation service and commissioning, each assessed as individual performance obligations. Revenue recognition for equipment depends on assessment of standard or customised equipment. Revenue for installation and commissioning is recognised over-time measuring progress using input method cost-to-cost.

Service

Service comprise operations and maintenance (O&M), extended warranty, repair, replacement parts and accessories.

For separately sold operating and maintenance contracts where the group has agreed to provide routine maintenance services over a period for a fixed price, revenue is recognised on a straight-line basis over the contract period as the stand-ready obligation is time elapsed.

For sales of replacement cell stacks and accessories, revenue is recognised when performance obligation is satisfied, generally upon delivery of the replacement parts and accessories.

The following table show the revenue from contracts with customers by type of goods or service:

(in EUR 1,000)	Q1 2024	Q1 2023
Type of goods or service		
Equipment	7 273	4 422
Projects, I&C and Service	2 439	2 522
Total Revenue from contracts with customers	9 712	6 944

Timing of revenue recognition		
Revenue recognised at point in time	7 273	4 422
Revenue recognised over time	2 439	2 522
Total Revenue from contracts with customers	9 712	6 944

The Group increased its revenue in first quarter 2024, partly due to amid renegotiation of the Nikola supply agreement, which added EUR 3.7 million to revenue in the quarter.

Nel continues to secure orders for its current product specification while scaling up core technology components to the specification necessary for high-capacity fueling stations targeting the heavy-duty transportation segment

4 Segment information

The Combined Group operates within one operating segment, Fueling. This segment has historically been managed as part of the «Nel Hydrogen Fueling» segment as disclosed in the consolidated financial statements prepared by Nel ASA for the reporting period ended as of 31 December 2023. In the Combined Interim Financial statements, the business is thus treated as one single operating segment.

The executive management group is the chief operating decision maker (CODM) and monitors the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment. In the reporting period presented in these combined interim financial statement the CODM was the executive management of Nel ASA.

After the completion of the reorganisation, the executive management in the Group will change and there may be changes to the internal reporting to CODM and thereby also the external segment reporting. A new reporting structure has not been determined.

The Group is a manufacturer of hydrogen fueling stations for Fuel Cell Electric Vehicles. The Group's H2Station® manufacturing plant is located in Herning, Denmark.

Property, plant and equipment geographical area	Q1 2024	31.12.2023
Denmark	10 047	10 156
USA	1 473	1 504
South Korea	186	223
Total	11 706	11 880

Intangible assets	Q1 2024	31.12.2023
Denmark	9 163	8 683
Total	9 163	8 683

The assets in the group are mainly located in Denmark.

5 Inventories

Inventories comprises purchased raw materials, work in progress, and finished goods. Obsolescence is considered for inventories and write-down is performed on obsolete goods.

Inventories are measured under the weighted-average cost formula. The cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items bought or produced during the period. The average is calculated on a quarterly basis.

(in EUR 1,000)	Q1 2024	31.12.2023
Raw material	12 683	6 687
Work in progress	4 356	3 879
Finished goods	9 893	17 759
Allowance for obsolete inventory	(2 099)	(577)
Total	24 833	27 748

Inventories are measured at the lowest of cost and net realisable value less costs to sell.

Finished goods include spare parts sold during service of hydrogen fueling stations in commercial operation at customer sites.

In first quarter 2024 the allowance for reduction on net realizable value of inventories increased compared to the year ended as of 31 December 2023 due to termination of a customer contract that required acquisition of spare parts in advance for mitigation of operational risks. The spare parts cannot be applied to other product types and have therefore been accrued for losses as of 31 March 2024.

6 Trade receivables

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables from individual customers at the end of this quarter

(in EUR 1,000)	Q1 2024
Current (not past due)	627
1-30 days past due	209
31-60 days past due	369
61-90 days past due	103
91 days to one year past due	4 328
Loss allowance	(492)
Carrying value	5 145

Fueling Group recognized EUR492 thousand in expected credit losses due to the assumption that a customer with overdue invoices could delay payments until a court decision in an ongoing lawsuit against the Group. The loss allowance was calculated based on expected losses from the time value until resolution of court case.

7 Related parties

Related party transactions

In the reporting period ended as of 31 December 2023 and in Q1 2024, there have been internal transactions between the Nel ASA Group and the Fueling Group. In the historical combined financial statement of the Group, previous business transactions between the Fueling Group and the Nel ASA Group have been presented as related party transactions. This includes management fee invoiced to the Fueling Group and re-invoice of personnel expenses between the Fueling Group and Nel ASA Group.

Current assets include trade receivables arising in the intragroup services provided to Nel ASA Group.

Long-term debt related parties represent loan balances owed by the Fueling Group to Nel ASA Group, which have arranged funding to the Fueling entities to meeting their financing needs. Trade payables comprise of items arising in intragroup services. Interest expenses comprise of interest on long-term debt to Nel ASA.

Income statement	Q1 2024	Q1 2023
Revenue	41	-
Other operating expenses (management fee)	637	601
Share option expense	18	94
Recharge of personnel expenses from Fueling	(67)	(104)
Recharge of personnel expenses to Fueling	23	73
Interest expenses	(33)	(403)

Statement of Financial Position	Q1 2024	31.12.2023
Trade receivables related parties	1 640	3 056
Long-term debt related parties	16 341	13 769
Trade payables related parties	3 741	3 281

Reconciliation of long-term debt related parties

(in EUR 1,000)	Q1 2024
Balance as of 1 January 2024	13 769
New loans, including net proceeds from cash pool	2 507
Accretion of interest	33
Non-cash changes and foreign currency effects	32
Balance as of 31 March 2024	16 341

8 Provisions

On 7 February 2024, the company was made aware that Iwatani Corporation of America has filed a lawsuit with claims for damages in an unspecified amount towards Nel and certain of its subsidiaries in connection with certain agreements for delivery of fueling equipment and services between Nel Hydrogen Inc. and Iwatani Corporation of America. The Company and its subsidiaries strongly reject the allegations made in the lawsuit by Iwatani Corporation of America and will vigorously oppose the allegations and the lawsuit. The lawsuit was filed with the United States District Court in the Central District of California. No provisions have been made in the financial statements as of 31 March 2024.

9 Events after the balance sheet date

Information about the group's financial position that has occurred after the balance sheet date is disclosed if the information is considered to be significant for the group's current financial statements and future position.

The reorganisation

The Company was incorporated on 13 March 2024 and became the parent of the Fueling Group through an internal reorganization in May 2024.

Nel ASA has transferred all the shares and internal loans of the Fueling Entities to the Company, against issuance of a promissory note to Nel ASA (corresponding to the purchase price for the shares in the Fueling Entities), which was immediately settled by Nel ASA offsetting its receivable on the Company against the Company's claim for share contribution, by issuance of new Shares in the Company to Nel ASA. The transfer included 100% of the shares in Nel Austria GmbH, a 100% subsidiary of Nel Hydrogen A/S, and Nel Korea Co. Ltd.'s 4.75% shareholding in HyNet.

As part of the Reorganization, Nel ASA further transferred cash in the amount of NOK 540 million, against issuance of new Shares in the Company to Nel ASA. Additionally, certain financial guarantees, contractual obligations and employees were contributed to Fueling, without further considerations.

Listing on Oslo Børs

The Company is in the process of applying for a listing of its shares on Oslo Børs and the company expects to submit its listing application on 31 May 2024 with the expected first day of trading in the beginning of June 2024.

To the Board of Directors of Fueling ASA

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying Combined Condensed Interim statement of financial position of Fueling ASA, Nel Hydrogen Inc, Nel Korea Co. Ltd and Nel Hydrogen A/S (the financial statements) as of 31 March 2024 and the related statements of comprehensive income, statement of changes in equity and statement of changes of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IFRS Accounting Standards as adopted by the EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 31 March 2024 and of its financial performance and its cash flows for the three-month period then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Oslo, 14 May 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Asbjørn Ler
State Authorised Public Accountant (Norway)

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Ler, Asbjørn

Statsautorisert revisor

På vegne av: Ernst & Young AS

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**APPENDIX D – Company Financial Statements for the period from incorporation on
13 March 2024 to 26 April 2024**

Fueling ASA

Statement of Comprehensive Income

	<i>From 13.03.2024 to 26.04.2024</i>
Total revenue and income	0
Total expenses	0
Net income	0

Statement of Financial Position as of 26 April 2024

(in NOK 1,000)	Note	26 April 2024	13 March 2024
ASSETS			
Cash and cash equivalents	3	1 000	
Other receivables	5		1 000
Total current assets		1 000	1 000
TOTAL ASSETS		1 000	1 000
EQUITY AND LIABILITIES			
Equity			
Not registered share capital	4		1 000
Share Capital	4	1 000	
Total equity		1 000	1 000
TOTAL EQUITY AND LIABILITIES		1 000	1 000

Statement of cash flows

<i>(in NOK 1,000)</i>	<i>Note</i>	<i>From 13.03.2024 to 26.04.2024</i>
1. Cash Flows from operating activities		0
2. Cash Flow from investing activities		0
3. Cash Flows from financing activities		1,000
Capital increase Fueling ASA	4	1,000
Net change in cash and cash equivalents		1,000
Cash balance as of 13.03		0
Cash balance as of 26.04		1,000

Statement of changes in equity

<i>(in NOK 1,000)</i>	<i>Note</i>	<i>Share Capital</i>	<i>Not registered share capital</i>	<i>Total equity</i>
Equity as of 13.03.2024		-	1 000	1 000
Share capital contribution	4	1 000	-1 000	0
Equity as of 26.04.2024		1 000	0	1 000

Oslo, 30 April 2024

The Board of Directors in Fueling ASA

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Kjell Christian Bjørnsen

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Kjell Christian Bjørnsen

Chair (electronically signed)

DocuSigned by:

Torbjørn Berg

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Torbjørn Berg

Board member (electronically signed)

DocuSigned by:

Caroline Duyckaerts

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Caroline Duyckaerts

Board member (electronically signed)

DocuSigned by:

Robert Borin

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Robert Borin

CEO (electronically signed)

Note 1 General information

Fueling ASA (“the Company”), was incorporated on 13 March 2024 for the purpose of continuing the hydrogen fueling station manufacturing activities (Nel Hydrogen Fueling segment) of the parent company of Nel ASA. Fueling ASA is a public limited liability company incorporated and domiciled in Norway. The address of its registered office is Dronning Eufemias gate 16, N-0191 Oslo, Norway. The company recorded one transaction between 13 March 2024 and 26 April 2024 related to the receipt of NOK 1,000,000 as a share capital contribution from its parent company (Nel ASA).

Note 2 Basis for preparation

The financial statements of Fueling ASA have been prepared and presented in accordance with simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act.

Note 3 Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three month. Cash is 100% the Norwegian Krone (NOK).

Note 4 Equity

<i>(in NOK 1,000)</i>	Share capital	Total Equity
Equity as of 26 April 2024	1 000	1 000

The share capital comprises the number of shares multiplied by their par value and are classified as equity. Expenses which can be attributed directly to the issue of new shares or options (less tax) are recognised in equity as a reduction in the proceeds received.

As of 26 April 2024, the group’s share capital was NOK 1 000 000, consisting of 5 000 000 shares each with a par value of NOK 0.20. The parent company has only one share class and no special regulations relating to the shares; thus, one share represents vote.

Note 5 Other receivables

The establishment of the company on 13 March 2024 required initial share capital of NOK 1 000 000. 100% of the shares were subscribed by Nel ASA and the share capital was settled on 15 March 2024. At the date of incorporation, the company had a receivable on Nel ASA of NOK 1 000 000 for the payment of capital, and a corresponding amount of not registered share capital of NOK 1 000 000. The company was registered in the company register from 19 March 2024.

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Fueling ASA

Opinion

We have audited the financial statements of Fueling ASA (the Company), which comprise the balance sheet as at 26 April 2024, the income statement and statement of cash flows for the period 13 March 2024 to 26 April 2024, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 26 April 2024 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 30 April 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Asbjørn Ler
State Authorised Public Accountant (Norway)

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Ler, Asbjørn

Statsautorisert revisor

På vegne av: Ernst & Young AS

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