

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission File Number 001-39789

FUSION FUEL GREEN PLC

(Exact name of registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Ireland

(Jurisdiction of incorporation or organization)

**The Victorians
15-18 Earlsfort Terrace
Saint Kevin's**

Dublin 2, D02 YX28, Ireland
(Address of principal executive offices)

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(Name, telephone, e-mail and/or facsimile number and address of Company contact person)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Ordinary Shares, \$0.0001 par value per share	HTOO	The Nasdaq Stock Market LLC
Warrants to purchase Ordinary Shares	HTOOW	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: As of December 31, 2023, there were 17,371,968 Class A Ordinary Shares issued and outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large, accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large, accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large, accelerated filer

Accelerated filer

Non-accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this report is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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INTRODUCTION

In this Annual Report on Form 20-F (this “Annual Report”), unless otherwise indicated, all references to “we,” “our,” “us,” the “Company,” “Parent” or “Fusion Fuel,” and all similar terms, refer to Fusion Fuel Green plc, a public limited company incorporated in Ireland.

Financial Statement Presentation

The historical financial statements presented in this Annual Report were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) and are denominated in Euros (“EUR” or “€”).

Parent qualifies as a Foreign Private Issuer and prepares its financial statements in accordance with IFRS.

Exchange Rate Information

The translations from USD to EUR in this Annual Report were made at a rate of USD 1 to EUR 0.9, which is the rate published by “Banco de Portugal” (Bank of Portugal) on December 31, 2023.

We make no representation that the EUR or USD amounts referenced in this Annual Report could have been or could be converted into EUR or USD, as the case may be, at any particular rate or at all. On April 19, 2024, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Board was approximately USD 1 to EUR 0.94.

Summary of Risk Factors:

An investment in our securities involves a high degree of risk. The occurrence of one or more of the events or circumstances described in the section titled “*Risk Factors*,” alone or in combination with other events or circumstances, may materially adversely affect our business, financial condition and operating results. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. Such risks include, but are not limited to:

- Fusion Fuel has a limited operating history, and accordingly, you have limited financial information on which to evaluate Fusion Fuel and Fusion Fuel’s securities.
- We may need additional capital in the future to meet our financial obligations and to pursue our business objectives. Additional capital may not be available on favorable terms, or at all, which could compromise our ability to meet our financial obligations and grow our business.

- The hydrogen production industry is an emerging market and hydrogen production may not receive widespread market acceptance.
- The economic benefits to our customers of our HEVO based technologies over competitor products depend on the cost of electricity available from alternative sources including local electric utility companies, which cost structure is subject to change.
- We currently face and will continue to face significant competition.
- We depend on a few customers for the majority of our revenues and the loss of any such customers could adversely affect our business, financial condition, results of operations and cash flows.
- Our future success depends in part on our ability to increase our production capacity, and we may not be able to do so in a cost-effective manner and cannot guarantee that our production partners or suppliers ramp up in time.
- The performance of our HEVO based products may be affected by field conditions and other factors outside of our control, which could result in harm to our business and financial results.
- Fusion Fuel's products create a flammable fuel that is an inherently dangerous substance. If our products contain manufacturing defects, our business and financial results could be harmed.
- The failure of our suppliers to continue to deliver necessary raw materials or other components used in our products in a timely manner or at all, or our inability to obtain substitute sources of these components on a timely basis or on terms acceptable to us, could prevent us from delivering our products within required time frames, impair our ability to manufacture our products, could increase our costs of production and could cause installation delays, cancellations, penalty payments, and damage to our reputation.
- We face supply chain competition, including competition from businesses in other industries, which could result in insufficient inventory and negatively affect our results of operations. Further, we, and some of our suppliers, obtain capital equipment used in our manufacturing process from sole suppliers and, if this equipment is damaged or otherwise unavailable, our ability to deliver our products on time will suffer.
- We may become subject to product liability claims which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.
- Our patent applications may not result in issued patents, and our issued patents may not provide adequate protection, either of which may have a material adverse effect on our ability to prevent others from commercially exploiting products similar to ours. Our failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly. In addition, some of our designs could be contested by other technology developers or patent holders which are unknown to us, potentially resulting in increased costs due to licensing agreements or legal costs associated with contesting any claims.
- If Fusion Fuel does not retain its senior management and key employees, or attract and retain additional talent, Fusion Fuel may not be able to grow or achieve its business objectives.
- Increases in costs, disruption of supply or shortage of raw materials, including membranes, could harm our business.

- If our manufacturing plant in Benavente suffers delays or becomes inoperable, we will be unable to produce our electrolyzers and our business will be harmed.
- Fusion Fuel expects to experience foreign currency gains and losses. Fluctuations in currency exchange rates can adversely affect its profitability.
- A transfer of Fusion Fuel’s Class A ordinary shares (the “Class A Ordinary Shares”) or warrants (the “Warrants”), other than one effected by means of the transfer of book-entry interests in the Depositary Trust Company (“DTC”), may be subject to Irish stamp duty.
- If the Class A Ordinary Shares or Warrants are not eligible for deposit and clearing within the facilities of DTC, then transactions in the Class A Ordinary Shares and/or Warrants may be disrupted.
- An investment in the Class A Ordinary Shares may result in uncertain U.S. federal income tax consequences.
- In certain limited circumstances, dividends paid by Fusion Fuel may be subject to Irish dividend withholding tax.
- Dividends received by Irish residents and certain other shareholders may be subject to Irish income tax.
- Class A Ordinary Shares or Warrants received by means of a gift or inheritance could be subject to Irish capital acquisitions tax.
- Attempted takeovers of Fusion Fuel will be subject to the Irish Takeover Rules and will be under the supervisory jurisdiction of the Irish Takeover Panel.
- Investors may face difficulties in protecting their interests, and their ability to protect their rights through the U.S. federal courts may be limited, because Fusion Fuel is formed under Irish law.
- An outbreak of a severe public health crisis, such as the coronavirus (“COVID-19”) pandemic, may adversely affect Fusion Fuel’s business, results of operations, and financial condition.
- As a foreign private issuer, we are exempt from a number of rules under the Exchange Act, we are permitted to file less information with the SEC than domestic companies, and we are permitted to follow home country practice in lieu of the listing requirements of Nasdaq, subject to certain exceptions. Accordingly, there may be less publicly available information concerning us than there is for issuers that are not foreign private issuers.
- Resales of our Class A Ordinary Shares or Warrants, or the perception that such resales might occur, may cause the market price of the Class A Ordinary Shares or Warrants to drop significantly, even if Fusion Fuel’s business is doing well.
- A substantial number of our Class A Ordinary Shares may be issued upon the exercise of our options and Warrants which could adversely affect the price of our Class A Ordinary Shares.
- We may issue additional Class A Ordinary Shares or other equity securities without seeking shareholder approval, which would dilute your ownership interests and may depress the market price of the Class A Ordinary Shares.

- If our Class A Ordinary Shares or Warrants are de-listed from Nasdaq, we could face significant material adverse consequences.
- The trading price of our Class A Ordinary Shares or Warrants may be volatile, and holders of the Class A Ordinary Shares or Warrants could incur substantial losses.
- Because we currently do not have plans to pay cash dividends on the Class A Ordinary Shares, shareholders may not receive any return on investment unless they sell your Class A Ordinary Shares for a price greater than that they you paid.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains or may contain forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”) that involve significant risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These forward-looking statements include information about our possible or assumed future results of operations or our performance. These statements involve known and unknown risks, uncertainties and other factors, including those listed under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operation,” and elsewhere in this Annual Report that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words and phrases such as “may,” “should,” “intend,” “predict,” “potential,” “continue,” “will,” “expect,” “anticipate,” “estimate,” “plan,” “believe,” “is /are likely to” or the negative form of these words and phrases or other comparable expressions. The forward-looking statements included in this Annual Report relate to, among other things:

- our goals and growth strategies;
- our future prospects and market acceptance of products and services;
- our future business development, financial condition and results of operations;
- changes in our revenue, costs or expenditures;
- our expectations regarding the demand for, and market acceptance of, our products and services;
- general economic and business conditions in the markets in which we operate;
- growth and competition in the markets in which we operate;
- relevant government policies and regulations relating to our business and industry;
- the length and severity of a public health crisis, such as the COVID-19 pandemic, including its impact on our business and on demand, project development, construction, operations, and maintenance, finance, and our global supply chains, actions that may be taken by governmental authorities to contain the outbreak or treat its impacts, and the ability of our customers, suppliers, vendors, and other counterparties to fulfill their contractual obligations to us; and
- the assumptions underlying or related to any of the foregoing.

These forward-looking statements involve various risks, assumptions and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may turn out to be incorrect. Our actual results could be materially different from or worse than our expectations. You should read this Annual Report and the documents that we refer to in this Annual Report with the understanding that our actual future results may be materially different from and worse than what we expect. Other sections of this Annual Report include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time, and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this Annual Report relate only to events or information as of the date on which the statements are made in this Annual Report. All forward-looking statements included herein attributable to us or other parties or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We undertake no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, after the date of this Annual Report or to reflect the occurrence of unanticipated events, except as otherwise required by the U.S. federal securities laws.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [RESERVED]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

You should carefully consider the following risk factors and all of the information contained in this Annual Report, including but not limited to, the matters addressed in the section titled "Forward-Looking Statements," and the financial information with respect to Parent before you decide whether to invest in our securities. The value of your investment will be subject to the significant risks affecting us and inherent in the Green Hydrogen industry and the Iberian market. Any of the following risks could materially adversely affect our business, financial condition or results of operations. This could cause the trading price of the Class A Ordinary Shares and/or Warrants to decline, perhaps significantly, and you could lose all or a part of your investment. Additional risks and uncertainties not currently known to us or that we currently do not consider to be material may also materially and adversely affect our business, financial condition or results of operations.

Risks Relating to Our Business

Parent and Fusion Fuel Portugal have a limited operating history.

Parent and Fusion Fuel Portugal have a limited operating history. Because of this, your basis upon which to evaluate our ability to achieve our business objectives and operate profitably is correspondingly limited. This could adversely affect the price of our securities and future prospects.

We may need additional capital in the future to meet our financial obligations and to pursue our business objectives. Additional capital may not be available on favorable terms, or at all, which could compromise our ability to meet our financial obligations and grow our business.

Our future capital requirements depend on many factors, including our research, development, and sales and marketing activities. We intend to continue to make investments to support our business growth. Accordingly, we may require additional funds to:

- continue our research and development;
- commercialize our new products and services;
- achieve market acceptance of our products and services;
- establish and expand our sales, marketing, and distribution capabilities for our products and services;
- protect our intellectual property rights or defend, in litigation or otherwise, any claims we infringe third-party patents or other intellectual property rights;
- invest in businesses, products and technologies, although we currently have no commitments or agreements to do so; and
- keep progressing the development of projects in Fusion Fuel’s own project portfolio
- otherwise fund our operations.

If we do not have, or are not able to obtain, sufficient funds, we may have to delay product development initiatives or license to third parties the rights to commercialize products or technologies we would otherwise seek to market. We also may have to reduce marketing, customer support or other resources devoted to our products.

If we need to raise additional capital through public or private equity or debt offerings or through arrangements with strategic partners or other sources in the future in order to continue to develop and commercialize our products and product candidates, we cannot assure you that additional capital will be available when needed or on terms satisfactory to us, if at all. To the extent we raise additional capital by issuing equity securities, our shareholders may experience substantial dilution and the new equity securities may have greater rights, preferences or privileges than our existing Class A Ordinary Shares.

The green hydrogen production industry is an emerging market and green hydrogen production may not receive widespread market acceptance.

The green hydrogen production industry is still relatively nascent in an otherwise mature and heavily regulated industry, and we cannot be sure that potential customers will accept hydrogen production broadly, or our HEVO based products specifically. Enterprises may be unwilling to adopt our solution over traditional or competing power sources for any number of reasons including the perception that our technology is unproven, a lack of confidence in our business model, the perceived unavailability of back-up service providers to operate and maintain our technology, and lack of awareness of our product or the perception of regulatory or political headwinds. In addition, companies may take longer than expected to use green hydrogen over brown hydrogen due to potential price differentiation. Because this is an emerging industry, broad acceptance of our products and services is subject to a high level of uncertainty and risk. If the market develops more slowly than we anticipate, our business will be harmed.

Our limited operating history and our nascent industry make evaluating our business and future prospects difficult.

The Fusion Fuel team began its work in the renewable energy industry in 2008, and since such time we have been focused principally on research and development activities relating to concentrated solar power, part of which we have applied to our technology. Fusion Fuel’s hydrogen project began in 2018. Although the hydrogen project is an extension of our historical business it comes with some different challenges, including the challenges described elsewhere in these “Risk Factors” which we may not have the experience or ability to successfully overcome. Furthermore, our hydrogen generator, the HEVO, is a new type of product in the nascent hydrogen industry. Consequently, predicting our future revenue, warranty coverage requirements, and appropriately budgeting for our expenses is difficult, and we have limited insight into trends that may emerge and affect our business. If actual results differ from our estimates or if we adjust our estimates in future periods, our operating results and financial position could be materially and adversely affected.

Fusion Fuel's products involve a lengthy sales and installation cycle and if we fail to close sales on a regular and timely basis, our business could be harmed.

Fusion Fuel's sales cycle is typically 12 to 24 months but can vary considerably. In order to make a sale, we must typically provide a significant level of education to prospective customers regarding the use and benefits of Fusion Fuel's products and technology. The period between initial discussions with a potential customer and the eventual sale of even a single product typically depends on a number of factors, including the potential customer's budget, required construction and production licenses, and the decision as to the type of financing it chooses to use as well as the arrangement of such financing. Prospective customers often undertake a significant evaluation process which may further extend the sales cycle. Once a customer makes a formal decision to purchase our product, the fulfillment of the sales order by us will require a substantial amount of time. We expect the time between the entry into a sales contract with a customer and the installation of our technology to range from three to nine months or more depending on the licensing and permitting stages of a project. This lengthy sales and installation cycle is subject to a number of significant risks over which we have little or no control. Because of both the long sales and long installation cycles, we may expend significant resources without having certainty of generating a sale.

These lengthy sales and installation cycles increase the risk that an installation may be delayed and/or may not be completed. In some instances, a customer can cancel an order for a particular site prior to installation, and we may be unable to recover some or all of our costs in connection with design, permitting, installation and site preparations incurred prior to cancellation. Our operating expenses are based on anticipated sales levels, and many of our expenses are fixed. If we are unsuccessful in closing sales after expending significant resources or if we experience delays or cancellations, our business could be materially and adversely affected. Since we do not recognize revenue on the sales of our products until installation and acceptance, a small fluctuation in the timing of the completion of our sales transactions could cause operating results to vary materially from period to period.

We believe that part of the cancellation risk is mitigated in these early years, as our first projects are being developed for Fusion Fuel's own business line. Fusion Fuel will then operate the first green hydrogen plants.

The economic benefits to our customers of our HEVO solution over competitor products depend on the cost of electricity available from alternative sources including local electric utility companies, which cost structure is subject to change.

We believe that a customer's decision to purchase our HEVO based technology is significantly influenced by the price predictability of electricity generated by the system in comparison to the retail price and the future price outlook of electricity from the local utility grid and other energy sources. The economic benefit of our solution to our customers includes, among other things, the benefit of reducing such customers' payments to the local utility company. The rates at which electricity is available from a customer's local electric utility company are subject to change and any changes in such rates may affect the relative benefits of our products. Even in markets where we are competitive today, rates for electricity could decrease and render our solutions uncompetitive. Several factors could lead to a reduction in the price or future price outlook for grid electricity, including the impact of energy conservation initiatives that reduce electricity consumption, construction of additional power generation plants (including nuclear, coal or natural gas) and technological developments by others in the electric power industry which could result in electricity being available at costs lower than those that we can achieve. If the retail price of grid electricity decreases at a faster rate than we or our customers expect, it could reduce demand for our HEVO products and harm our business.

We currently face and will continue to face significant competition.

Fusion Fuel operates in a highly competitive industry. We compete for customers, financing partners, and incentive dollars with other electric power providers and hydrogen solutions. Several of our primary competitors are diversified multinational companies with substantially larger operating staff and greater capital resources. Further, many providers, such as traditional utilities and other companies offering distributed generation products, have longer operating histories, have customer incumbency advantages, have access to and influence with local and state governments, and have access to more capital resources than do we. These larger competitors' greater resources could allow them to better withstand industry downturns and to compete more effectively on the basis of technology, geographic scope and retained skilled personnel. If these competitors substantially increase the resources they devote to developing and marketing competitive solutions and services, we may not be able to compete effectively. Similarly, consolidation among their competitors could enhance their product and service offerings and financial resources, further intensifying competition. Significant developments in alternative technologies, such as energy storage, wind, solar, or hydro power generation, or improvements in the efficiency or cost of traditional energy sources, including coal, oil, natural gas used in combustion, or nuclear power, may materially and adversely affect our business and prospects in ways we cannot anticipate. We may also face new competitors who are not currently in the market. If we fail to adapt to changing market conditions and to compete successfully with grid electricity or new competitors, our growth will be limited which would adversely affect our business results.

We depend on a few customers for the majority of our revenues and the loss of any such customers could adversely affect our business, financial condition, results of operations and cash flows.

We sell most of Fusion Fuel's products to a range of customers that currently includes a few anchor customers, and, while we are continually seeking to expand our customer base, we expect this concentration of our customer base will continue for the next several years. Accordingly, our near-term success depends upon the continued purchases of our products by a small number of customers, and any fluctuation or decline in business with our major customers could have an adverse impact on our business, financial condition and results of operations. Our dependence on a small number of major customers may expose us to additional risks. For instance, a slowdown, delay or reduction in a customer's orders could result in excess inventories or unexpected quarterly fluctuations in our operating results and liquidity. Our major customers may have significant purchasing leverage over us to require changes in sales terms including pricing, payment terms and product delivery schedules, which could adversely affect our business, financial condition, results of operations and cash flows. If one of our major customers delays payment of or is unable to pay their receivables, that could have a material adverse effect on our business, financial condition, results of operations and cash flows. While we believe that part of this cancellation risk will be mitigated in the early years as the first projects will be developed for Fusion Fuel's own business line, and Fusion Fuel will then operate the first green hydrogen plants, we cannot assure you of that. If we are unable to build and maintain a broad customer base and build relationships with potential new customers, our business may be adversely affected.

Risks Relating to our Products and Manufacturing

Weakness in the economy, market trends and other conditions affecting the profitability and financial stability of our customers could negatively impact our sales growth and results of operations.

The demand for our products and services is sensitive to the production activity, capital spending and demand for products and services of our customers. Many of our potential customers operate in markets that are subject to cyclical fluctuations resulting from market uncertainty, trade and tariff policies, currency exchange rates, central bank interest rate changes, foreign competition, offshoring of production, oil and natural gas prices, geopolitical developments, labor shortages, inflation, deflation, and a variety of other factors beyond our control. Any of these factors could cause customers to idle or close facilities, delay purchases, reduce production levels, or experience reductions in the demand for their own products or services. Any of these events could also reduce the volume of products and services these customers purchase from us or impair the ability of our customers to make full and timely payments and could cause increased pressure on our selling prices and terms of sale. Accordingly, a significant or prolonged slowdown in activity in any major world economy, or a segment of any such economy, could negatively impact our sales growth and results of operations.

Our future success depends in part on our ability to increase our production capacity, and we may not be able to do so in a cost-effective manner and cannot guarantee that our production partners will ramp up in time.

To the extent we are successful in growing our business, we may need to increase our production capacity. Our ability to plan, obtain financing, construct, and equip additional manufacturing facilities is subject to significant risks and uncertainties, including the following:

- The expansion or construction of any manufacturing facilities will be subject to the risks inherent in the development and construction of new facilities, including risks of delays and cost overruns as a result of factors outside our control such as delays in government approvals, burdensome permitting conditions, and delays in the delivery of manufacturing equipment and subsystems that we manufacture or obtain from suppliers.
- Adding manufacturing capacity in any international location will subject us to new laws and regulations including those pertaining to labor and employment, environmental and export import. In addition, it brings with it the risk of managing larger scale foreign operations.
- We may be unable to achieve the production throughput necessary to achieve our target annualized production run rate at our current and future manufacturing facilities.
- Manufacturing equipment may take longer and cost more to engineer and build than expected and may not operate as required to meet our production plans.
- We may depend on third-party relationships in the development and operation of additional production capacity, which may subject us to the risk that such third parties do not fulfil their obligations to us under our arrangements with them.
- We may be unable to attract or retain qualified personnel.

This risk is partially mitigated because we currently outsource all production functions which are non-related to our HEVO technology to third parties. If any of our key suppliers are unable to expand their manufacturing facilities, we may be unable to further scale our business. Over the next three to five years, Fusion Fuel is in the process of establishing its own assembly line(s) and production plant(s). If we are unable to do so, this could limit the ability of Fusion Fuel to scale its business. If the demand for our technology or our production output decreases or does not rise as expected, we may not be able to spread a significant amount of our fixed costs over the production volume, resulting in a greater than expected per unit fixed cost, which would have a negative impact on our financial condition and our results of operations.

The performance of our technology may be affected by field conditions and other factors outside of our control, which could result in harm to our business and financial results.

Field conditions, such as the natural elements and utility processes which vary by region and may be subject to seasonal fluctuations, are not always possible to predict until the plant is in operation. Although we believe we have designed the units to withstand the variety of field conditions we expect to encounter, as we move into new geographies and deploy new service configurations, we may encounter new and unanticipated field conditions. Adverse impacts on performance may require us to incur significant re-engineering costs or divert the attention of our engineering personnel from product development efforts. Furthermore, we may be unable to adequately address the impacts of factors outside of our control in a manner satisfactory to our customers. Any of these circumstances could significantly and adversely affect customer satisfaction, market acceptance, and our business reputation.

If our products contain manufacturing defects, our business and financial results could be harmed.

Our units are complex products and they may contain undetected or latent errors or defects. Changes in our supply chain or the failure of our suppliers to otherwise provide us with components or materials that meet our specifications could also introduce defects into our products. In addition, as we grow our manufacturing volume, the chance of manufacturing defects could increase. Any manufacturing defects or other failures of our systems to perform as expected could cause us to incur significant re-engineering and replacement costs, divert the attention of our engineering personnel from product development efforts, and significantly and adversely affect customer satisfaction, market acceptance, and our business reputation.

Furthermore, we may be unable to correct manufacturing defects or other failures of our products in a manner satisfactory to our customers, which could adversely affect customer satisfaction, market acceptance, and our business reputation.

Fusion Fuel's products create flammable gases that are inherently dangerous substances.

Our systems create hydrogen and oxygen gas through electrolysis. While our products do not use this fuel in a combustion process, both gases are flammable and could leak and combust if ignited by another source. Further, any such accidents involving our products or other products using similar flammable fuels could materially suppress demand for, or heighten regulatory scrutiny of, our products.

The risk of product liability claims and associated adverse publicity is inherent in the development, manufacturing, marketing and sale of hydrogen, a flammable gas. Any liability for damages resulting from malfunctions or design defects could be substantial and could materially adversely affect our business, financial condition, results of operations and prospects. In addition, an actual or perceived problem with our products could adversely affect the market's perception of our products resulting in a decline in demand for our products, which may materially and adversely affect our business, financial condition, results of operations and prospects.

Each green hydrogen production plant will consider purchasing an insurance policy to insure such project to mitigate this operational risk, but due to the nascent industry and market for these products, it is unknown what the financial burden might be of any such insurance policy, and we may determine that the costs of insuring for these risks make it impractical for us to obtain insurance. Accordingly, we cannot assure you that each plant will purchase insurance nor that any insurance coverage purchased will be adequate. Any uninsured occurrence of business disruption, litigation, natural disaster, or significant damages to our uninsured equipment or technology infrastructure could result in substantial costs and diversion of resources for us and could adversely affect our financial condition and results of operations.

Fusion Fuel's purchase orders may not ship, be commissioned or installed, or convert to revenue.

Some of the orders we accept from customers may require certain conditions, warranties or contingencies to be satisfied, or may be cancelled, prior to shipment or prior to commissioning or installation, some of which are outside of our control. The time periods from receipt of an order to shipment date and installation vary widely and are determined by a number of factors, including the terms of the customer contract and the customer's deployment plan. There may also be product redesign or modification requirements that must be satisfied prior to shipment of units under certain of our agreements. If the redesigns or modifications are not completed, some or all of our orders may not ship or convert to revenue. In certain cases, we may publicly disclose anticipated, pending orders with prospective customers; however, those prospective customers may require certain conditions or contingencies to be satisfied prior to entering into a purchase order with us, some of which are outside of our control. Such conditions or contingencies that may be required to be satisfied before we receive a purchase order may include, but are not limited to, successful product demonstrations or field trials. Converting orders into revenue may also depend upon our customers' ability to obtain financing. Some conditions or contingencies that are out of our control may include, but are not limited to, government tax policy, government funding programs, and government incentive programs. Additionally, some conditions and contingencies may extend for several years. We may have to compensate customers by either reimbursement, forfeiting portions of associated revenue, or other methods depending on the terms of the customer contract, based on the failure on any of these conditions or contingencies. While not probable, this could have an adverse impact on our revenue and cash flow.

If our estimates of the useful life for our units are inaccurate or we do not meet service and performance warranties and guaranties, or if we fail to accrue adequate warranty and guaranty reserves, our business and financial results could be harmed.

We will provide performance warranties and guaranties covering the efficiency and output performance of our Hydrogen Generators for the first two years. Our pricing of these contracts and our reserves for warranty and replacement will be based upon our estimates of the useful life of our units and their components, including assumptions regarding improvements in power module life that may fail to materialize. Although there is a 12-year history on the solar tracking systems, the Direct Coupled Photo Electrochemical Hydrogen Generator (the "HEVO"), which produces green hydrogen at one of the highest efficiency ratios and at the most competitive cost (€/kg) in the green hydrogen industry, does not have a long history with a large number of field deployments, and our estimates may prove to be incorrect. Failure to meet these performance warranties levels may require us to replace the units at our expense or refund their cost to the customer, or require us to make cash payments to the customer based on actual performance, as compared to expected performance, capped at a percentage of the relevant equipment purchase prices. We will accrue for product warranty costs and recognize losses on service or performance warranties when required by IFRS based on our estimates of costs that may be incurred and based on historical experience. However, as we expect our customers to renew their maintenance service agreements each year, the total liability over time may be more than the accrual. Actual warranty expenses have in the past been below and may in the future be greater than we have assumed in our estimates, the accuracy of which may be hindered due to our limited history operating at our current scale.

Our business is subject to risks associated with construction, utility interconnection, cost overruns and delays, including those related to obtaining government permits and other contingencies that may arise in the course of completing installations.

Payments on the sales of our units are paid in instalments, including an up-front payment upon placing an order, a payment on delivery, and a final payment upon the installation and acceptance (except where a third party is responsible for installation). Therefore, our financial results may be impacted by the timeliness of the installation or delivery of the units. Furthermore, in some cases, the installation of the units may be on a fixed price basis, which subjects us to the risk of cost overruns or other unforeseen expenses in the installation process.

The construction, installation, and operation of our units at a particular site is also generally subject to oversight and regulation in accordance with applicable laws and ordinances relating to building codes, safety, environmental protection, and related matters, and typically require various governmental approvals and permits, including environmental approvals and permits, that vary by jurisdiction. In some cases, these approvals and permits require periodic renewal. It is difficult and costly to track the requirements of every individual authority having jurisdiction over our installations, to design our units to comply with these varying standards, and to obtain all applicable approvals and permits. We cannot predict whether or when all permits required for a given project will be granted or whether the conditions associated with the permits will be achievable. The denial of a permit or utility connection essential to a project or the imposition of impractical conditions would impair our ability to develop the project. In addition, we cannot predict whether the permitting process will be lengthened due to complexities and appeals. Delay in the review and permitting process for a project can impair or delay our and our customers' abilities to develop that project or may increase the cost so substantially that the project is no longer attractive to us or our customers. Furthermore, unforeseen delays in the review and permitting process could delay the timing of the installation and could therefore adversely affect the timing of the recognition of revenue related to the installation, which could harm our operating results in a particular period.

In addition, the completion of many of our installations depends on the availability of and timely connection to the natural gas grid and the local electric grid. In some jurisdictions, local utility companies or the municipality may deny our request for connection or may require us to reduce the size of certain projects. Any delays in our ability to connect with utilities, delays in the performance of installation-related services, or poor performance of installation-related services by our general contractors or sub-contractors will have a material adverse effect on our results and could cause operating results to vary materially from period to period.

Furthermore, at times we may rely on the ability of our third-party general contractors to install units at our customers' sites and to meet our installation requirements. Our work with contractors or their sub-contractors may have the effect of us being required to comply with additional rules (including rules unique to our customers), working conditions, site remediation, and other union requirements, which can add costs and complexity to an installation project. The timeliness, thoroughness, and quality of the installation-related services performed by some of our general contractors and their sub-contractors in the past may not meet expectations or standards.

Delays in or not completing our product development goals may adversely affect our revenue and profitability.

If we experience delays in meeting our development goals, our products exhibit technical defects, or if we are unable to meet cost reduction targets or performance goals, including power output, useful life and reliability, the profitable commercialization of our products will be delayed. In this event, potential purchasers of our products may choose alternative technologies and any delays could allow potential competitors to gain market advantages. We cannot assure that we will successfully meet our commercialization schedule in the future.

The failure of our suppliers to continue to deliver necessary raw materials or other components of our products in a timely manner or at all, or our inability to obtain substitute sources of these components on a timely basis or on terms acceptable to us, could prevent us from delivering our products within required time frames, impair our ability to manufacture our products, could increase our costs of production and could cause installation delays, cancellations, penalty payments, and damage to our reputation.

We rely on a limited number of third-party suppliers for some of the raw materials and components for our products, including components that may be of limited supply or require customized manufacturing specifications. If our suppliers provide insufficient inventory at the level of quality required to meet customer demand or if our suppliers are unable or unwilling to provide us with the contracted quantities (as we have limited or in some case no alternatives for supply), our results of operations could be materially and negatively impacted. If we fail to develop or maintain our relationships with our suppliers, or if there is otherwise a shortage or lack of availability of any required raw materials or components, we may be unable to manufacture our units, or they may be available only at a higher cost or after a long delay. Such delays could prevent us from delivering units to our customers within the required time frames and cause order cancellations. We have had to create our own supply chain for some of the components and materials utilized in our fuel cells. We have made significant expenditures in the past to develop our supply chain. In many cases, we entered into contractual relationships with suppliers to jointly develop the components we needed. These activities are time and capital intensive. Accordingly, the number of suppliers we have for some of our components and materials is limited and, in some cases, sole sourced. Some of our suppliers use proprietary processes to manufacture components. We may be unable to obtain comparable components from alternative suppliers without considerable delay, expense, or at all, as replacing these suppliers could require us either to make significant investments to bring the capability in-house or to invest in a new supply chain partner. Some of our suppliers are smaller, private companies, heavily dependent on us as a customer. If our suppliers face difficulties obtaining the credit or capital necessary to expand their operations when needed, they could be unable to supply necessary raw materials and components needed to support our planned sales and services operations, which would negatively impact our sales volumes and cash flows.

Moreover, we may experience unanticipated disruptions and/or price increases to operations or other difficulties with our supply chain or internalized supply processes due to exchange rate fluctuations, volatility in regional markets from where materials are obtained, changes in the general macroeconomic outlook, global trade disputes, political instability, expropriation or nationalization of property, public health emergencies such as the COVID-19 pandemic, civil strife, strikes, insurrections, acts of terrorism, acts of war, or natural disasters. The failure by us to obtain raw materials or components in a timely manner or to obtain raw materials or components that meet our quantity and cost requirements could impair our ability to manufacture items or increase their costs or service costs of our existing portfolio under maintenance services agreements. If we cannot obtain substitute materials or components on a timely basis or on acceptable terms, we could be prevented from delivering our solution to our customers within required time frames, which could result in sales and installation delays, cancellations, penalty payments, or damage to our reputation, any of which could have a material adverse effect on our business and results of operations. In addition, we rely on our suppliers to meet quality standards, and the failure of our suppliers to meet or exceed those quality standards could cause delays in the delivery of our products, cause unanticipated servicing costs, and cause damage to our reputation.

Our ability to develop new products and enter into new markets could be negatively impacted if we are unable to identify suppliers to deliver new materials and components on a timely basis.

We continue to develop products for new markets and, as we move into those markets, must qualify new suppliers to manufacture and deliver the necessary components required to build and install those new products. Identifying new manufacturing partners is a lengthy process and is subject to significant risks and uncertainties. If we are unable to identify reliable manufacturing partners in a new market, our ability to expand our business could be limited and our financial conditions and results of operations could be harmed.

We face supply chain competition, including competition from businesses in other industries, which could result in insufficient inventory and negatively affect our results of operations.

Certain of our suppliers also supply parts and materials to other businesses including businesses engaged in the production of consumer electronics, satellite components and other industries unrelated to fuel cells. As a relatively low-volume purchaser of certain of these parts and materials, we may be unable to procure a sufficient supply of the items in the event that our suppliers fail to produce sufficient quantities to satisfy the demands of all of their customers, which could materially harm our financial condition and our results of operations.

We, and some of our suppliers, obtain capital equipment used in our manufacturing process from sole suppliers and, if this equipment is damaged or otherwise unavailable, our ability to deliver on time will suffer.

Some of the equipment used to manufacture our products and some of the equipment used by our suppliers have been developed and made specifically for us, are not readily available from multiple vendors, and would be difficult to repair or replace if they did not function properly. If any of these suppliers were to experience financial difficulties or go out of business or if there were any damage to or a breakdown of our manufacturing equipment and we could not obtain replacement equipment in a timely manner, our business would suffer. In addition, a supplier's failure to supply this equipment in a timely manner with adequate quality and on terms acceptable to us could disrupt our production schedule or increase our costs of production and service.

Possible new tariffs could have a material adverse effect on our business.

Our business is dependent on the availability of raw materials and components for our products, particularly electrical components common in the semiconductor industry, specialty steel products and processing and raw materials. Tariffs or other trade protection measures which are proposed or threatened, and the potential escalation of a trade war and retaliation measures could have a material adverse effect on our business, results of operations and financial condition.

To the extent practicable, given the limitations in supply chain previously discussed, although we currently maintain alternative sources for materials, our business is subject to the risk of price fluctuations and periodic delays in the delivery of certain materials, which tariffs may exacerbate. Disruptions in the supply of raw materials and components could temporarily impair our ability to manufacture our solutions for our customers or require us to pay higher prices in order to obtain these raw materials or components from other sources, which could affect our business and our results of operations.

Fusion Fuel Portugal's business plan leverages Portugal's Hydrogen Strategy and Portugal's investment in a green hydrogen economy. If there are any delays in the rollout of legislation or changes to Portugal's Hydrogen Strategy, this could materially impact our business.

Fusion Fuel Portugal has its principal offices in Portugal, and all of its initial projects are located in Portugal and other jurisdictions in Southern Europe. All of our projects in Portugal will be impacted by the Portuguese laws governing the energy sector generally and the use of hydrogen specifically (including whether as a gas or fuel, and as pertains to production, storage, transportation, safety, and taxation). Delays in the rollout of legislation or changes to any existing legislation could have a material financial impact on Fusion Fuel Portugal and could cause delays to on-going projects and negotiations. Furthermore, economic difficulties or political changes in Portugal and other portions of Southern Europe could alter these governments' intentions with respect to projects to which they have not yet formally committed. These same issues could have an impact in any new market into which we enter. At times, changes in local regulations or legislation can impact the viability of a project or even lead to its cancellation – as was the case with the HEVO-Sul project in Portugal.

In addition, recent changes to governments, e.g. change of political party in power in Portugal, could lead to changes in the national hydrogen strategy and have material impacts on Fusion Fuel projects and client deliveries for that market.

Any disruption to or elimination of Portugal's and Spain's Hydrogen Strategy and other strategic plans for hydrogen production could reduce demand for our products, lead to a reduction in our revenues and adversely impact our operating results and liquidity.

We believe that the demand of our hydrogen energy technologies is impacted by Portugal's and Spain's Hydrogen Strategy and other strategic plans for hydrogen production that are emerging in Europe and around the world. These plans could be reduced or discontinued for other reasons, and the reduction, elimination, or expiration of these plans may result in the diminished economic competitiveness of our products to our customers and could materially and adversely affect the growth of alternative energy technologies, including our products, as well as our future operating results and liquidity.

Our business may become subject to increased government regulation.

Our products are subject to laws and regulations, including, for example, state and local ordinances relating to building codes, public safety, electrical and gas pipeline connections, hydrogen transportation and siting and related matters. In certain jurisdictions, these regulatory requirements may be more stringent than in other jurisdictions. Further, as products are introduced into the market commercially, governments may impose new regulations. We do not know the extent to which any such regulations may impact our ability to manufacture, distribute, install and service our products. Any regulation of our products in any of the jurisdictions in which we intend to operate, including any regulations relating to the production, operation, installation, and servicing of our products may increase our costs and the price of our products, and noncompliance with applicable laws and regulations could subject us to investigations, sanctions, enforcement actions, fines, damages, civil and criminal penalties or injunctions. If any governmental sanctions are imposed, our business, operating results, and financial condition could be materially adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, operating results and financial condition.

Risks Relating to Legal Matters and Regulations

We are subject to various environmental laws and regulations that could impose substantial costs upon us and cause delays in the delivery and installation of our units.

We are subject to environmental laws and regulations as well as environmental laws in each jurisdiction in which we operate. Environmental laws and regulations can be complex and may often change. These laws can give rise to liability for administrative oversight costs, cleanup costs, property damage, bodily injury, fines, and penalties. Capital and operating expenses needed to comply with environmental laws and regulations can be significant, and violations may result in substantial fines and penalties or third-party damages. In addition, ensuring we are in compliance with applicable environmental laws requires significant time and management resources and could cause delays in our ability to build out, equip and operate our facilities as well as service our fleet, which would adversely impact our business, our prospects, our financial condition, and our operating results. If contamination is discovered in the future at properties formerly owned or operated by us or currently owned or operated by us, or properties to which hazardous substances were sent by us, it could result in our liability under environmental laws and regulations. Many of our customers have high sustainability standards, and any environmental noncompliance by us could harm our reputation and impact a current or potential customer's buying decision. Additionally, in many cases we contractually commit to performing all necessary installation work on a fixed-price basis, and unanticipated costs associated with environmental remediation and/or compliance expenses may cause the cost of performing such work to exceed our revenue. The costs of complying with environmental laws, regulations, and customer requirements, and any claims concerning noncompliance or liability with respect to contamination in the future, could have a material adverse effect on our financial condition or our operating results.

The installation and operation of hydrogen production units and renewable energy systems is subject to environmental laws and regulations in various jurisdictions, and there is uncertainty with respect to the interpretation of how certain environmental laws and regulations apply to our technology, especially as these regulations evolve over time.

We are committed to compliance with applicable environmental laws and regulations including health and safety standards, and we continually review the operation of our units for health, safety, and environmental compliance. Maintaining compliance with laws and regulations can be challenging given the changing patchwork of environmental laws and regulations that prevail at the federal, state, regional, and local level. Most existing environmental laws and regulations preceded the introduction of our innovative fuel cell technology and were adopted to apply to technologies existing at the time (i.e., large coal, oil, or gas-fired power plants). Currently, there is generally little guidance from these agencies on how certain environmental laws and regulations may or may not be applied to our technology. Furthermore, we have not yet determined whether our units will satisfy regulatory requirements in locations in which we do not currently sell our solution but may pursue in the future. While we have determined that the HEVO-Solar units do not present any significant health hazard, based on our modelling, testing methodology, and measurements, we cannot assure you that regulators or governments in the regions where we sell and intend to be present will reach the same conclusions. We may not be able to adapt to changing laws and regulations, or changing interpretations of existing laws and regulations. Any such failure could materially and adversely affect our business, results of operations, and financial condition.

We may become subject to product liability claims which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.

We may in the future become subject to product liability claims. Our technology produces flammable gases and therefore must operate in accordance with the required safety standards and rules applicable in each jurisdiction. These claims could require us to incur significant costs to defend. Furthermore, any successful product liability claim could require us to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about our company and our product, which could harm our brand, our business prospects, and our operating results.

Future litigation or administrative proceedings could have a material adverse effect on our business, our financial condition and our results of operations.

From time to time, we may be involved in legal proceedings, administrative proceedings, claims, and other litigation that could arise in the ordinary course of business. We may incur costs and expenses in connection with defending ourselves or in connection with the payment of any settlement or judgment or compliance with any ruling in connection therewith. The expense of defending litigation may be significant. The amount of time to resolve lawsuits is unpredictable and defending ourselves may divert management's attention from the day-to-day operations of our business, which could adversely affect our business, financial condition, results of operations and cash flows. Unfavorable outcomes or developments relating to proceedings to which we are a party or transactions involving our products such as judgments for monetary damages, injunctions, or denial or revocation of permits, could have a material adverse effect on our business, our financial condition, and our results of operations. In addition, settlement of claims could adversely affect our financial condition and our results of operations.

In addition, since the HEVO is a new type of product in a nascent market, we may in the future need to seek the amendment of existing regulations, or in some cases the development of new regulations, in order to operate our business in some jurisdictions. Such regulatory processes may require public hearings concerning our business, which could expose us to subsequent litigation.

Changes in tax laws or regulations or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our operating results and financial condition.

As we continue to expand internationally, we will be subject to income taxes in various jurisdictions. Given that the Fusion Fuel's owned plants have a life span of 25 years, a number of factors may adversely affect our future effective tax rates, such as the jurisdictions in which our profits are determined to be earned and taxed; changes in the valuation of our deferred tax assets and liabilities; adjustments to estimated taxes upon finalization of various tax returns; changes in available tax credits, grants and other incentives; changes in stock-based compensation expense; the availability of loss or credit carryforwards to offset taxable income; changes in tax laws, regulations, accounting principles or interpretations thereof; or examinations by jurisdictions that disagree with interpretations of tax rules and regulations in regard to positions taken on tax filings. A change in our effective tax rate due to any of these factors may adversely affect our future results from operations.

In addition, as our business grows, we are required to comply with increasingly complex taxation rules and practices. We will be subject to tax in additional jurisdictions as we continue to expand internationally. The development of our tax strategies requires additional expertise and may impact how we conduct our business. If our tax strategies are ineffective or we are not in compliance with domestic and international tax laws, our financial position, operating results and cash flows could be adversely affected.

Additionally, the U.S. Congress, the Organisation for Economic Co-operation and Development, and government agencies in jurisdictions where we and our affiliates do business have focused on issues related to the taxation of multinational corporations. In particular, specific attention has been paid to "base erosion and profit shifting", where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in Ireland, Portugal and other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such change could adversely affect us.

Risks Relating to our Intellectual Property

Our failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly.

Our ability to compete effectively will depend, in part, on our ability to protect our proprietary technologies and processes. Although we have taken many protective measures to protect our trade secrets including agreements, limited access, segregation of knowledge, password protections, and other measures, policing unauthorized use of proprietary technology can be difficult and expensive. Also, litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of the proprietary rights of others. Such litigation may result in our intellectual property rights being challenged, limited in scope, or declared invalid or unenforceable. We cannot be certain that the outcome of any litigation will be in our favor, and an adverse determination in any such litigation could impair our intellectual property rights, our business, our prospects, and our reputation.

We rely primarily on patent, trade secret, and non-disclosure, confidentiality, and other types of contractual restrictions to establish, maintain, and enforce our intellectual property and proprietary rights. However, our rights under these laws and agreements afford us only limited protection and the actions we take to establish, maintain, and enforce our intellectual property rights may not be adequate. For example, our trade secrets and other confidential information could be disclosed in an unauthorized manner to third parties, our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed, or misappropriated or our intellectual property rights may not be sufficient to provide us with a competitive advantage, any of which could have a material adverse effect on our business, financial condition, or operating results. In addition, the laws of some countries do not protect proprietary rights as fully as do the laws of the United States or countries across Europe. As a result, we may not be able to protect our proprietary rights adequately abroad.

Our patent applications may not result in issued patents, and our issued patents may not provide adequate protection, either of which may have a material adverse effect on our ability to prevent others from commercially exploiting products similar to ours.

We cannot be certain that our pending patent applications will result in issued patents or that any of our issued patents will afford protection against a competitor. The status of patents involves complex legal and factual questions, and the breadth of claims allowed is uncertain. As a result, we cannot be certain that the patent applications that we file will result in patents being issued or that our patents and any patents that may be issued to us in the future will afford protection against competitors with similar technology. In the case of patents to be issued, we do not know that the claims allowed will be sufficiently broad to protect our technology or processes. Even if all of our patent applications are issued and are sufficiently broad, our patents may be challenged or invalidated. We could incur substantial costs in prosecuting or defending patent infringement suits or otherwise protecting our intellectual property rights. Furthermore, even if these patent applications are accepted and the associated patents issued, some foreign countries provide significantly less effective patent enforcement than in the United States or countries across Europe.

In addition, patents issued to us may be infringed upon or designed around by others and others may obtain patents that we need to license or design around, either of which would increase costs and may adversely affect our business, our prospects, and our operating results.

We may need to defend ourselves against claims that we infringed, misappropriated, or otherwise violated the intellectual property rights of others, which may be time-consuming and would cause us to incur substantial costs.

The tools, techniques, methodologies, processes, programs, and components that we use to provide our solutions may infringe upon the intellectual property rights of others. Companies, organizations, or individuals, including our competitors, may hold or obtain patents or other proprietary rights that they may in the future believe are infringed by our products or services. Although we are not currently subject to any claims related to intellectual property, these companies holding patents or other intellectual property rights allegedly relating to our technologies could, in the future, make claims or bring suits alleging infringement, misappropriation, or other violations of such rights, or otherwise assert their rights and by seeking licenses or injunctions. Infringement claims generally result in significant legal and other costs and may distract our management from running our core business. We also generally indemnify our customers against claims that the products we supply infringe, misappropriate, or otherwise violate third party intellectual property rights, and we therefore may be required to defend our customers against such claims. If a claim is successfully brought in the future and we or our products are determined to have infringed, misappropriated, or otherwise violated a third party's intellectual property rights, we may be required to do one or more of the following:

- cease selling or using our products that incorporate the challenged intellectual property;
- pay substantial damages (including treble damages and attorneys' fees if our infringement is determined to be willful);
- obtain a license from the holder of the intellectual property right, which may not be available on reasonable terms or at all; or
- redesign our products or means of production, which may not be possible or cost-effective.

Any of the foregoing could adversely affect our business, prospects, operating results, and financial condition. In addition, any litigation or claims, whether or not valid, could harm our reputation, result in substantial costs and divert resources and management attention. We may need to pursue lawsuits or legal action in the future to enforce our intellectual property rights, to protect our trade secrets, and to determine the validity and scope of the proprietary rights of others. If third parties prepare and file applications for trademarks used or registered by us, we may oppose those applications and be required to participate in proceedings to determine the priority of rights to the trademark. Similarly, competitors may have filed applications for patents, may have received patents and may obtain additional patents and proprietary rights relating to products or technology that block or compete with ours. We may have to participate in interference proceedings to determine the priority of invention and the right to a patent for the technology. Litigation and interference proceedings, even if they are successful, are expensive to pursue and time-consuming, and we could use a substantial amount of our management and financial resources in either case.

Confidentiality agreements to which we are party may be breached, and we may not have adequate remedies for any breach. Our trade secrets may also be known without breach of such agreements or may be independently developed by competitors. Our inability to maintain the proprietary nature of our technology and processes could allow our competitors to limit or eliminate any competitive advantages we may have.

Risks Relating to our Financial Condition and Operating Results

We are required to maintain effective internal control over financial reporting. Our management previously identified a material weakness in our internal control over financial reporting as of December 31, 2020. This material weakness was still under remediation as of December 31, 2023. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, and the rules and regulations of the applicable listing standards of the Nasdaq Global Market. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our consolidated financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we may eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our ordinary shares. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq Global Market.

Pursuant to Section 404 of the Sarbanes-Oxley Act, this Annual Report on Form 20-F includes a report by our management on our internal control over financial reporting. However, as a foreign private issuer, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm unless and until we become an “accelerated filer.” In connection with achieving compliance with Section 404 within the prescribed period, we engaged in a process to document and evaluate our internal control over financial reporting, which was both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting.

Our management previously identified material weaknesses in our internal control over financial reporting primarily related to (i) clearly defined control processes, roles and segregation of duties and sufficient financial reporting and accounting personnel within our business processes to ensure appropriate financial reporting, and (ii) the design and operating effectiveness of IT general controls for information systems that are significant to the preparation of our consolidated financial statements. We have worked to remediate these material weaknesses and other deficiencies. We re-designed key processes and included significant measures to develop an effective internal control over financial reporting. In implementing these processes, we have engaged the assistance of external advisors with expertise in these matters. Additionally, we have and continue to train our accounting and finance staff and hired financial reporting personnel to develop and implement appropriate internal controls and reporting procedures. These remediation measures, which continue as of December 31, 2023 have been time consuming and costly and there is no assurance that these initiatives will remediate all issues.

Moreover, because of the inherent limitations of any control system, material misstatements due to error or fraud may not be prevented or detected and corrected on a timely basis, or at all. If we are unable to provide reliable and timely financial reports in the future, our business and reputation may be further harmed. Failures in internal control may also cause us to fail to meet reporting obligations, negatively affect investor confidence in our management and the accuracy of our financial statements and disclosures, or result in adverse publicity and concerns from investors, any of which could have a negative effect on the price of our securities, subject us to regulatory investigations and penalties or shareholder litigation, and have a material adverse impact on our financial condition.

Our financial condition and results of operations and other key metrics are likely to fluctuate on a quarterly basis in future periods, which could cause our results for a particular period to fall below expectations, resulting in a severe decline in the price of the Class A Ordinary Shares and Warrants.

Our financial condition and results of operations and other key metrics may fluctuate due to a variety of factors, many of which are beyond our control. For example, the amount of product revenue we will recognize in a given period is materially dependent on the volume of installations of our units in that period and the type of financing used by the customer.

In addition to the other risks described herein, the following factors could also cause our financial condition and results of operations to fluctuate on a quarterly basis:

- the timing of installations, which may depend on many factors such as availability of inventory, product quality or performance issues, or local permitting requirements, utility requirements, environmental, health, and safety requirements, weather, and customer facility construction schedules;
- size of particular installations and number of sites involved in any particular quarter;

- the mix in the type of purchase or financing options used by customers in a period, the geographical mix of customer sales, and the rates of return required by financing parties in such period;
- whether we are able to structure our sales agreements in a manner that would allow for the product and installation revenue to be recognized upfront at acceptance;
- delays or cancellations of installations;
- fluctuations in our service costs, particularly due to unexpected costs of servicing and maintaining our products;
- weaker than anticipated demand for our solutions due to changes in government incentives and policies or due to other conditions;
- fluctuations in our research and development expense, including periodic increases associated with the pre- production qualification of additional tools as we expand our production capacity;
- interruptions in our supply chain;
- the length of the sales and installation cycle for a particular customer;
- the timing and level of additional purchases by existing customers;
- unanticipated expenses or installation delays associated with changes in governmental regulations, permitting requirements by local authorities at particular sites, utility requirements and environmental, health, and safety requirements;
- disruptions in our sales, production, service or other business activities resulting from disagreements with our labor force or our inability to attract and retain qualified personnel;
- unanticipated changes in federal, state, local, or foreign government incentive programs available for us, our customers, and tax equity financing parties; and
- the ability of counterparties to Hydrogen Power Purchase Agreements (“PPAs”) to fulfil their purchase contracts and payment plans and timely pay invoices as they become due.

Fluctuations in our operating results and cash flow could, among other things, give rise to short-term liquidity issues. In addition, our revenue, key operating metrics, and other operating results in future quarters may fall short of the expectations of investors and financial analysts, which could have an adverse effect on the price of the Class A Ordinary Shares or Warrants.

If we fail to manage our growth effectively, our business and operating results may suffer.

Our current growth and future growth plans may make it difficult for us to efficiently operate our business, challenging us to effectively manage our capital expenditures and control our costs while we expand our operations to increase our revenue. If we experience a significant growth in orders without improvements in automation and efficiency, we may need additional manufacturing capacity and we and some of our suppliers may need additional and capital-intensive equipment. Any growth in manufacturing must include a scaling of quality control as the increase in production increases the possible impact of manufacturing defects. In addition, any growth in the volume of sales of our units may outpace our ability to engage sufficient and experienced personnel to manage the higher number of installations and to engage contractors to complete installations on a timely basis and in accordance with our expectations and standards. Any failure to manage our growth effectively could materially and adversely affect our business, our prospects, our operating results, and our financial condition. Our future operating results depend to a large extent on our ability to manage this expansion and growth successfully.

The accounting treatment related to our revenue-generating transactions is expected to be complex, and if we are unable to attract and retain highly qualified accounting personnel to evaluate the accounting implications of our complex or non-routine transactions, our ability to accurately report our financial results may be harmed.

Our revenue-generating transactions include traditional leases, Managed Services Agreements, technology sales and PPA transactions, all of which will be accounted for differently in our financial statements in future years. Many of the accounting rules related to our financing transactions are complex and require experienced and highly skilled personnel to review and interpret the proper accounting treatment with respect thereto. If we are unable to recruit and retain personnel with the required level of expertise to evaluate and accurately classify our revenue-producing transactions, our ability to accurately report our financial results may be harmed.

Changes in or new interpretations of tax law and currency/repatriation controls could impact the determination of our income tax liabilities for a tax year.

We are subject to the jurisdiction of taxing authorities in all countries in which we operate. The income earned in these various jurisdictions may be taxed on differing bases, including net income actually earned, net income deemed earned, and revenue-based tax withholding. The final determination of our income tax liabilities involves the interpretation of local tax laws, tax treaties and related authorities in each jurisdiction, as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in or new interpretations of tax law and currency/repatriation controls, could impact the determination of our income tax liabilities for the tax year.

Parent expects to experience foreign currency gains and losses. Fluctuations in currency exchange rates can adversely affect its profitability.

Parent expects to incur foreign currency transaction gains and losses, primarily related to foreign currency exposures that may arise from its financial reporting in euros and holding significant assets in U.S. dollars.

A sizeable portion of Parent's consolidated operating expenses is in foreign currencies. As a result, Parent will be subject to potential limitations that might be imposed on its ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries.

Risks Relating to our Operations

If Fusion Fuel is unable to attract and retain key employees and hire qualified management, technical, engineering, and sales personnel, our ability to compete and successfully grow our business could be harmed.

We believe that our success and our ability to reach our strategic objectives are highly dependent on the contributions of our key management, technical, engineering, and sales personnel. The loss of members of Fusion Fuel's senior management team and other key employees, whether voluntarily or involuntarily, could significantly limit Fusion Fuel's ability to achieve its strategic objectives by delaying the development and introduction of its products and services and negatively impact our business, prospects, and operating results. Our future success also depends on Fusion Fuel's ability to attract, retain and motivate highly skilled employees, particularly employees with electrical and/or mechanical engineering skills or gas management specialties that would enable Fusion Fuel to effectively deliver its green hydrogen solutions to its clients on time and on budget, as well as client relationship managers with relevant regional and international experience. Competition for these executives in Fusion Fuel's industry is intense and Fusion Fuel may experience difficulty in recruiting and retaining such individuals. Many of the companies with which Fusion Fuel competes for experienced executives and key personnel also have greater resources than it has. As a result, Fusion Fuel may be unable to attract or retain the green energy industry professionals that are critical to its success, resulting in harm to its key client relationships, loss of key information, expertise or know-how and unanticipated recruitment and retaining costs. Additionally, our ability to achieve revenue growth in the future will depend, in part, on Fusion Fuel's success in recruiting and retaining client development executives. Such executives may require significant on-boarding time and effort in order to achieve full productivity, which may impair business and revenue growth. Additionally, the loss of the services of Fusion Fuel's senior management could make it more difficult to successfully operate its business and pursue Fusion Fuel's business goals. In addition, we do not have "key person" life insurance policies covering any of Fusion Fuel's officers or other key employees.

A breach or failure of our networks or computer or data management systems could damage our operations and our reputation.

Our business is dependent on the security and efficacy of our networks and computer and data management systems. For example, all of our hydrogen production units are connected to and controlled and monitored by our centralized remote monitoring service, and we rely on our internal computer networks for many of the systems we use to operate our business generally. Although we take protective measures and endeavor to modify them as circumstances warrant, the security of our infrastructure, including the network that connects our plants to the remote monitoring service, may be vulnerable to breaches, unauthorized access, misuse, computer viruses, or other malicious code and cyber-attacks that could have a material adverse impact on our business. A breach or failure of our networks or computer or data management systems due to intentional actions such as cyber-attacks, negligence, or other reasons could seriously disrupt our operations or could affect our ability to control or to assess the performance of our units in the field and could result in disruption to our business and potentially legal liability. In addition, if certain of our IT systems failed, our production line might be affected, which could impact our business and operating results. These events, in addition to impacting our financial results, could result in significant costs or reputational consequences.

Parent is a holding company. Its material assets are its cash balances, loans receivables from its direct subsidiaries and equity interest in its direct and indirect subsidiaries and it is accordingly dependent upon distributions from them to pay taxes and cover its corporate and other overhead expenses.

We are a holding company and will have no material assets other than our cash balances and equity interest in our direct and indirect subsidiaries. We have no independent means of generating revenue. To the extent that we need funds and a subsidiary is restricted from making such distributions or payment under applicable law or regulation or under the terms of any financing arrangements due to restrictive covenants or otherwise, or are otherwise unable to provide such funds, our liquidity and financial condition could be materially adversely affected.

Fusion Fuel's ability to generate revenues is substantially dependent upon it entering into technology sale agreements with third parties.

Fusion Fuel's business plan is substantially dependent on it entering into technology sale and engineering service agreements with third parties. If Fusion Fuel is unable to enter into such agreements, its results of operations and financial condition would suffer.

Fusion Fuel's activities are subject to a number of development risks, operational hazards, regulatory approvals and other risks which may not be fully covered by insurance, and which could cause cost overruns and delays that could have a material adverse effect on its business, results of operations, financial condition, liquidity and prospects.

Siting, development, and delivery of Fusion Fuel's green hydrogen solution are subject to the risks of delay or cost overruns inherent in any industrial development project resulting from numerous factors, including but not limited to the following:

- Difficulties or delays in obtaining, or failure to obtain, sufficient debt or equity financing on reasonable terms;
- Failure to obtain all necessary government and third-party permits, approvals and licenses for the construction and operation of any of the proposed facilities;
- Failure to secure land plots and offshore sites required for the siting and construction of any of the proposed facilities;
- Failure to enter into power purchase agreements with clients that generate sufficient revenue to support the financing and operation of the project;

- Difficulties in engaging qualified contractors necessary to the construction of the contemplated project;
- Shortages of equipment, material or skilled labor;
- Natural disasters and catastrophes, such as hurricanes, explosions, fires, floods, industrial accidents, hostile military action and terrorism;
- Unscheduled delays in the delivery of ordered materials;
- Work stoppages, industrial and labor disputes;
- Competition with other domestic and international hydrocarbon fuel suppliers and alternative energy providers;
- Political and regulatory change in the countries in which Parent or any subsidiary of Parent operates;
- Unanticipated changes in domestic and international market demand for and supply of green hydrogen, which will depend in part on supplies of and prices for alternative energy sources, coal, natural gas, LNG, crude oil and diesel, and the discovery of new sources of natural resources; and
- Adverse general economic conditions.

Delays beyond the estimated development periods, as well as cost overruns, could increase the cost of completion beyond the amounts that are currently estimated, which could require Parent to obtain additional sources of financing to fund the activities until the proposed project operational (which could cause further delays). The need for more financing may also make the project uneconomic. Delays could also trigger penalties or termination of our agreements with third parties, cause a delay in receipt of revenues projected from the Project or cause a loss of one or more clients. As a result, any significant delay, whatever the cause, could have a material adverse effect on Parent's business, results of operations, financial condition, liquidity and prospects.

Increases in costs, disruption of supply or shortage of raw materials, including membranes and concentrating lenses, could harm our business.

We may experience increases in the cost or a sustained interruption in the supply or shortage of raw materials, including membranes, concentrating lenses, semiconductors, and integrated circuits. Any such increase or supply interruption could materially impact our business, prospects, financial condition and operating results. We have experienced, and may continue in the future to experience, certain supply chain constraints, including with respect to membranes, concentrating lenses, integrated circuits, and displays. Certain production-ready components such as chipsets and displays may not arrive at our facilities in accordance with our production schedule, which has and may continue to cause delays in testing and qualification of these components, which would in turn create a delay in the availability of our units.

We use various raw materials including aluminum, steel, carbon fiber, non-ferrous metals (such as copper), and cobalt. The prices for these raw materials, as well as other components such as membranes and concentrating lenses, fluctuate depending on market conditions and global demand and could adversely affect our business and operating results.

Any disruption in the supply of components such as membranes, concentrating lenses, semiconductors, or integrated circuits could temporarily disrupt our production until a different supplier is fully qualified. Furthermore, fluctuations or shortages in petroleum and other economic conditions may cause us to experience significant increases in freight charges and raw material costs. Substantial increases in the prices for our raw materials and key components would increase our operating costs and could reduce our margins if the increased costs cannot be recouped through increased hydrogen prices. There can be no assurance that we will be able to recoup increasing costs of raw materials by increasing green hydrogen prices.

We may experience significant delays in the design, manufacture, launch, and financing of our technology, including in the build-out of our manufacturing plant, which could harm our business and prospects.

Any delay in the financing, design, manufacture, and launch of our product, including the build-out of our manufacturing plant in Benavente, could materially damage our brand, business, prospects, financial condition, and operating results. Machinery manufacturers often experience delays in the design, manufacture, and commercial release of new and made-to-order products. To the extent the launch of our manufacturing plant is delayed, our growth prospects could be adversely affected as we may fail to grow our market share. Furthermore, we rely on third party suppliers for the provision and development of many of the key components and materials we use. To the extent our suppliers experience any delays in providing us with or developing necessary components, we could experience delays in delivering on our timelines.

If our manufacturing plant in Benavente becomes inoperable, we will be unable to produce our electrolyzers and our business will be harmed.

We expect to produce a large portion of our electrolyzers at our manufacturing plant in Benavente after completion of the plant. Our plant and the equipment we use to manufacture our electrolyzers would be costly to replace and could require substantial lead time to replace and qualify for use. Our plant may be harmed or rendered inoperable by natural or man-made disasters, including earthquakes, flooding, fire and power outages, or by health epidemics, such as the COVID-19 pandemic, which may render it difficult or impossible for us to manufacture our electrolyzers for some period of time. The inability to produce our electrolyzers or the backlog that could develop if our manufacturing plant is inoperable for even a short period of time may result in the loss of customers or harm our reputation. Although we maintain insurance for damage to our property and the disruption of our business, this insurance may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, if at all. While we maintain the relationship with outsourced production partners, a small number of units potentially would still be delivered, but this would be unable to cover the projected production requirements if Benavente were to become inoperable.

Our business is subject to the risks of earthquakes, fires, floods, tsunamis, pandemics, and other natural catastrophic events and to interruption by man-made problems such as technogenic catastrophic events, computer viruses or terrorism.

Fusion Fuel's facilities and operations are vulnerable to damage or interruption from earthquakes, fires, floods, pandemics, power losses, natural gas explosions, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins and similar events. For example, a significant natural disaster, such as a hurricane, earthquake, tsunami or flood, could have a material adverse effect on our business, results of operations and financial conditions, and our insurance coverage may be insufficient to compensate us for losses that may occur. In addition, acts of terrorism, which may be targeted at power stations as crucial elements of a country's infrastructure, could cause disruptions in Fusion Fuel's or its clients' business or the economy as a whole. Green hydrogen energy transport IT infrastructure may also be vulnerable to computer viruses, break-ins, denial-of-service attacks and similar disruptions from unauthorized tampering with Fusion Fuel's or its clients' IT systems, which could lead to interruptions, delays and loss of critical data. We may not have sufficient protection or recovery plans in the event such a disaster should occur. As Fusion Fuel relies heavily on physical infrastructure, computer and communications systems to conduct its business, such disruptions could negatively impact its ability to run its business and either directly or indirectly disrupt its clients' or supplier's businesses, which could have a material adverse effect on our business, results of operations and financial condition.

Cybersecurity risks and threats could adversely affect our business.

We rely heavily on information technology networks and systems, including the Internet, to process, transmit and store electronic and financial information and to manage a variety of business processes and activities, including communication with our production, manufacturing, financial, logistics, sales, marketing and administrative functions. Additionally, we collect and store data that is sensitive to us and to third parties. Operating these information technology networks and systems and processing and maintaining this data, in a secure manner, are critical to our business operations and strategy. We depend on our information technology infrastructure to communicate internally and externally with employees, customers, suppliers and others. We also use information technology networks and systems to comply with regulatory, legal and tax requirements and to operate our hydrogen farms. These information technology systems, many of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software databases or components thereof, power outages, hardware failures, computer viruses, attacks by computer hackers or other cybersecurity risks, telecommunication failures, user errors, natural disasters, terrorist attacks or other catastrophic events. If any of our significant information technology systems suffer severe damage, disruption or shutdown, and our disaster recovery and business continuity plans do not effectively resolve the issues in a timely manner, our product sales, financial condition and results of operations may be materially and adversely affected, and we could experience delays in reporting our financial results, or our hydrogen farm operations may be disrupted, exposing us to performance penalties under our contracts with customers and potential loss of our intellectual property.

In addition, information technology security threats — from user error to cybersecurity attacks designed to gain unauthorized access to our systems, networks and data — are increasing in frequency and sophistication. Cybersecurity attacks may range from random attempts to coordinated and targeted attacks, including sophisticated computer crime and advanced persistent threats. In addition, as a result of the COVID-19 pandemic, the increased prevalence of employees working from home may exacerbate the aforementioned cybersecurity risks. These threats pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data.

Cybersecurity attacks could also include attacks targeting customer data or the security, integrity and/or reliability of the hardware and software installed in our products. We have experienced, and may continue to experience in the future, cybersecurity attacks that have resulted in unauthorized parties gaining access to our information technology systems and networks. However, to date, no cybersecurity attack has resulted in any material loss of data, interrupted our day-to-day operations or had a material impact on our financial condition, results of operations or liquidity. While we actively manage information technology security risks within our control, there can be no assurance that such actions will be sufficient to mitigate all potential risks to our systems, networks and data. In addition to the direct potential financial risk as we continue to build, own and operate generation assets, other potential consequences of a material cybersecurity attack include reputational damage, litigation with third parties, disruption to systems, unauthorized release of confidential or otherwise protected information, corruption of data, diminution in the value of our investment in research, development and engineering, and increased cybersecurity protection and remediation costs, which in turn could adversely affect our competitiveness, results of operations and financial condition. The amount of insurance coverage we maintain may be inadequate to cover claims or liabilities relating to a cybersecurity attack.

Additionally, the legal and regulatory environment surrounding information security and privacy in the U.S. and international jurisdictions is constantly evolving. Violation or non-compliance with any of these laws or regulations, contractual requirements relating to data security and privacy, or our own privacy and security policies, either intentionally or unintentionally, or through the acts of intermediaries could have a material adverse effect on our brand, reputation, business, financial condition and results of operations, as well as subject us to significant fines, litigation losses, third-party damages and other liabilities.

If Fusion Fuel is unable to keep pace with technology developments in its industry, this could adversely affect its ability to win, maintain and grow market share.

The alternative energy industry is subject to the introduction of new technologies, some of which may be subject to patent or other intellectual property protections. We intend to introduce and integrate new technologies and procedures used by us and our customers; however, we cannot be certain that we will be able to develop and implement new technologies or services on a timely basis or at an acceptable cost. The alternative energy industry is highly competitive and dominated by a few large players that have resources to invest in new technologies. Our ability to continually provide competitive technology, solutions and services can impact our ability to win, maintain and grow our market share and to negotiate acceptable commercial terms with our potential clients. If we are unable to acquire or develop competitive technology or deliver it to our clients in a timely and cost-competitive manner in the markets we serve, it could adversely affect our financial condition, results of operations and cash flows.

Our growth strategy is aggressive and includes operating in more territories.

Our growth plans include offering standard products to more territories. As such, there are risks of compliance, contract risk, health and safety and managing a global operation. The demand for electrolyzer products generating hydrogen exceeds the Group's ability to match supply, potentially granting an advantage to other competitors who have larger supply capacity or who can ramp up faster. As the business increases its capacity and delivery of products, it will have a greater reliance on third parties for installation and maintenance of critical components, including a reliance on the expertise of its partners. Poor selection / management of suppliers & subcontractors could lead to supply of sub-standard products or services. This could also lead to contractual risk, health and safety risk and reputational risk if those suppliers do not have appropriate and effective compliance processes in place to manage those.

Our growth strategies depend in part on our ability to further penetrate markets outside Europe, particularly in markets such as Morocco, Australia, the United States and the Middle East, and involve significantly larger and more complex projects, including ammonia and large-scale hydrogen projects, some in regions where there is the potential for significant economic and political disruptions. We are actively investing large amounts of capital and other resources, in some cases through joint ventures, in developing markets, which we believe to have high growth potential. Our operations in these markets may be subject to greater risks than those faced by our operations in mature economies, including political and economic instability, project delay or abandonment due to unanticipated government actions, inadequate investment in infrastructure, undeveloped property rights and legal systems, unfamiliar regulatory environments, relationships with local partners, language and cultural differences and increased difficulty recruiting, training and retaining qualified employees. In addition, our properties and contracts in these locations may be subject to seizure and cancellation, respectively, without full compensation for loss. Successful operation of facilities or execution of projects may be disrupted by civil unrest, acts of war, nationalization efforts, sabotage or terrorism, and other local security concerns. Such concerns may require us to incur greater costs for security or require us to shut down operations for a period.

Furthermore, because a significant portion of our revenue is expected to be generated from sales outside Europe, we are exposed to fluctuations in foreign currency exchange rates. Our business is primarily exposed to translational currency risk as the results of our foreign operations are translated into Euro at current exchange rates throughout the fiscal period.

We are subject to extensive government regulation in the jurisdictions in which we do business. Regulations addressing, among other things, import/export restrictions, anti-bribery and corruption, and taxes, can negatively impact our financial condition, results of operation, and cash flows.

We are subject to government regulation in Europe and in the foreign jurisdictions where we conduct business. The application of laws and regulations to our business is sometimes unclear. Compliance with laws and regulations may involve significant costs or require changes in business practices that could result in reduced profitability. If there is a determination that we have failed to comply with applicable laws or regulations, we may be subject to penalties or sanctions that could adversely impact our reputation and financial results. Compliance with changes in laws or regulations can result in increased operating costs and require additional, unplanned capital expenditures. Export controls or other regulatory restrictions could prevent us from shipping our products to and from some markets or increase the cost of doing so. Changes in tax laws and regulations and international tax treaties could affect the financial results of our businesses. Increasingly aggressive enforcement of anti-bribery and anti-corruption requirements could subject us to criminal or civil sanctions if a violation is deemed to have occurred. Such restrictions may provide a competitive advantage to competitors who are not subject to comparable restrictions or prevent us from taking advantage of growth opportunities.

Parent's failure to comply with complex U.S. and foreign laws and regulations could have a material adverse effect on its operations.

We are subject to complex U.S. and foreign laws and regulations, such as the U.S. Foreign Corrupt Practices Act, the U.S. Foreign Account Tax Compliance Act, and various other anti-bribery and anti-corruption laws. We may also be subject to trade control regulations and trade sanctions laws that restrict the movement of certain goods to, and certain operations in, various countries or with certain persons. The internal controls, policies and procedures, and employee training and compliance programs we expect to implement to deter prohibited practices may not be effective in preventing employees, contractors or agents from violating or circumventing such internal policies or violating applicable laws and regulations. Any determination that we have violated or are responsible for violations of anti-bribery, trade control, trade sanctions or anti-corruption laws could have a material adverse effect on our financial condition and may result in fines and penalties, administrative remedies or restrictions on business conduct, and could have a material adverse effect on our reputation and our business.

We are subject to an increasing sustainability focus.

The increasing environmental, social and governance requirements from governments and customers as well as potential financing restrictions from governments on carbon emitting processes could result in additional supply chain and operational costs. Additionally, business involvement in sensitive environmental, social or governance activities might be negatively perceived and trigger adverse media attention. This could lead to reputational damage and have an impact on achieving our business goals.

Our business and territories that we operate in are subject to changes of regulations, laws and policies.

As a growing company with operations commencing in new territories, we are exposed to various product- and country-related regulations, laws and policies influencing our business activities and processes. We monitor the political and regulatory landscape in all our key markets to anticipate potential problem areas, with the aim of quickly adjusting our business activities and processes to reflect the changed conditions. However, any changes in regulations, laws and policies could adversely affect our business activities and processes as well as our financial condition and results of operations.

Risks Relating to Irish Law

A transfer of Class A Ordinary Shares or Warrants, other than one effected by means of the transfer of book-entry interests in the Depository Trust Company, may be subject to Irish stamp duty.

Transfers of Class A Ordinary Shares and Warrants effected by means of the transfer of book entry interests in the Depository Trust Company (“DTC”) will not be subject to Irish stamp duty. It is anticipated that the majority of Class A Ordinary Shares and Warrants will be traded through DTC by brokers who hold such shares on behalf of customers. However, if you hold your Class A Ordinary Shares and/or Warrants directly rather than beneficially through DTC, any transfer of your Class A Ordinary Shares and/or Warrants could be subject to Irish stamp duty. Payment of Irish stamp duty is generally a legal obligation of the transferee. The potential for stamp duty could adversely affect the price of your securities.

If the Class A Ordinary Shares or Warrants are not eligible for deposit and clearing within the facilities of DTC, then transactions in the Class A Ordinary Shares and/or Warrants may be disrupted.

The facilities of DTC are a widely used mechanism that allow for rapid electronic transfers of securities between the participants in the DTC system, which include many large banks and brokerage firms. The Class A Ordinary Shares and the Warrants are eligible for deposit and clearing within the DTC system. On December 10, 2020, we entered into arrangements with DTC whereby we agreed to indemnify DTC for any Irish stamp duty that may be assessed upon it as a result of its service as a depository and clearing agency for the Class A Ordinary Shares and Warrants and, in consideration for such indemnification, DTC agreed to accept the Class A Ordinary Shares and Warrants for deposit and clearing within its facilities.

However, although DTC has initially accepted the Class A Ordinary Shares and Warrants, it generally will have discretion to cease to act as a depository and clearing agency for the Class A Ordinary Shares and/or Warrants. If DTC determines at any time that the Class A Ordinary Shares and/or Warrants are not eligible for continued deposit and clearance within its facilities, then we believe the Class A Ordinary Shares and/or Warrants would not be eligible for continued listing on a U.S. securities exchange and trading in the Class A Ordinary Shares and/or Warrants would be disrupted. While we would pursue alternative arrangements to preserve our listing and maintain trading, any such disruption could have a material adverse effect on the trading price of the Class A Ordinary Shares and/or Warrants.

An investment in the Class A Ordinary Shares may result in uncertain U.S. federal income tax consequences.

An investment in the Class A Ordinary Shares may result in uncertain U.S. federal income tax consequences. See “*Anticipated Material U.S. Federal Income Tax Consequences to U.S. Holders of Parent Securities*”. Prospective investors are urged to consult their tax advisors with respect to these and other tax consequences when purchasing, holding and disposing of the Class A Ordinary Shares.

In certain limited circumstances, dividends paid by Parent may be subject to Irish dividend withholding tax.

Parent does not intend to pay dividends on its capital stock in the foreseeable future. If Parent were to declare and pay dividends, in certain limited circumstances, dividend withholding tax (currently at a rate of 25%) may arise in respect of dividends paid on the Class A Ordinary Shares. A number of exemptions from dividend withholding tax exist such that shareholders resident in the U.S. and other countries with which Ireland has entered into a double tax may be entitled to exemptions from dividend withholding tax.

The Irish Revenue Commissioners have confirmed that shareholders resident in the U.S. that hold their Class A Ordinary Shares through DTC will not be subject to dividend withholding tax, provided the addressees of the beneficial owners of such Class A Ordinary Shares in the records of the brokers holding such Class A Ordinary Shares are recorded as being in the U.S. (and such brokers have further transmitted the relevant information to a qualifying intermediary appointed by Parent). However, other holders of Class A Ordinary Shares may be subject to dividend withholding tax.

Dividends received by Irish residents and certain other shareholders may be subject to Irish income tax.

Non-Irish resident shareholders entitled to an exemption from Irish dividend withholding tax on dividends received from Parent will not be subject to Irish income tax in respect of those. Non-Irish resident shareholders that are not entitled to an exemption from Irish dividend withholding tax and, therefore receive dividends subject to Irish dividend withholding tax will generally have no further liability to Irish income tax on those dividends. The Irish dividend withholding tax deducted by Parent should discharge the Irish income tax liability.

Class A Ordinary Shares or Warrants received by means of a gift or inheritance could be subject to Irish capital acquisitions tax.

Irish capital acquisitions tax (“CAT”) could apply to a gift or inheritance of Class A Ordinary Shares or Warrants irrespective of the place of residence, ordinary residence or domicile of the parties. This is because Class A Ordinary Shares and Warrants will be regarded as property situated in Ireland. The person who receives the gift or inheritance has primary liability for CAT. Gifts and inheritances passing between spouses are exempt from CAT. Children have a tax-free threshold of €335,000 in respect of taxable gifts or inheritances received from their parents.

It is recommended that each shareholder consult his or her own tax advisor as to the tax consequences of holding Class A Ordinary Shares and Warrants in, and receiving distributions from, Parent.

Provisions in our Memorandum and Articles of Association and under Irish law could make an acquisition of us more difficult, may limit attempts by our shareholders to replace or remove our management, may limit shareholders’ ability to obtain a favorable judicial forum for disputes with directors, officers, or employees, and may limit the market price of the Class A Ordinary Shares and/or Warrants.

Provisions in our Memorandum and Articles of Association (“M&A”) may have the effect of delaying or preventing a change of control or changes in our management. The M&A includes provisions that:

- require that Parent’s board of directors is classified into three classes of directors with staggered three-year terms; and
- permit the board of directors to establish the number of directors and fill any vacancies and newly created directorships.

As an Irish public limited company, certain capital structure decisions regarding Parent will require the approval of the shareholders of Parent, which may limit Parent's flexibility to manage its capital structure.

Irish law generally provides that a board of directors may allot and issue shares (or rights to subscribe for or convert into shares) if authorized to do so by a company's constitution or by an ordinary resolution. Such authorization may be granted for up to the maximum of a company's authorized but unissued share capital and for a maximum period of five years, at which point it must be renewed by another ordinary resolution. Parent's M&A authorized the board of directors of Parent to allot shares up to the full amount of Parent's authorized but unissued share capital until December 31, 2023. At Parent's annual general meeting in September 2023, the shareholders granted the board of directors of Parent the authority to allot shares up to 20% of Parent's authorized but unissued share capital until December 31, 2024. At an extraordinary general meeting of Parent in March 2024, the shareholders extended this authority and granted the board of directors of Parent the authority to allot shares up to the full amount of Parent's authorized but unissued share capital until March 19, 2029. This authorization will need to be renewed by ordinary resolution by March 19, 2029 unless otherwise renewed prior thereto. Under Irish law, an allotment authority may be given for up to five years at each renewal, but governance considerations may result in renewals for shorter periods or for less than the maximum permitted number of shares being sought or approved.

While Irish law also generally provides shareholders with pre-emptive rights when new shares are issued for cash, it is possible for Parent's M&A, or for shareholders of Parent in a general meeting, to exclude such pre-emptive rights. Following Parent's extraordinary general meeting in March 2024, pre-emptive rights are currently excluded until March 19, 2029. This exclusion will need to be renewed by special resolution by March 19, 2029 unless otherwise renewed prior thereto.

Attempted takeovers of Parent will be subject to the Irish Takeover Rules and will be under the supervisory jurisdiction of the Irish Takeover Panel. Accordingly, Parent's board of directors may be limited by the Irish Takeover Rules in its ability to defend an unsolicited takeover attempt.

Due to the listing of the Class A Ordinary Shares on Nasdaq, Parent is subject to the Irish Takeover Panel Act, 1997, Irish Takeover Rules 2013 ("Irish Takeover Rules"), under which Parent is not permitted to take certain actions that might "frustrate" an offer for Class A Ordinary Shares once the board of directors has received an offer, or has reason to believe an offer is or may be imminent, without the approval of more than 50% of shareholders entitled to vote at a general meeting of our shareholders or the consent of the Irish Takeover Panel. This could limit the ability of Parent's board of directors to take defensive actions even if it believes that such defensive actions would be in our best interests or the best interests of our shareholders.

The Irish Takeover Rules are administered by the Irish Takeover Panel, which has supervisory jurisdiction over such transactions. Among other matters, the Irish Takeover Rules operate to ensure that no offer is frustrated or unfairly prejudiced and, in situations involving multiple bidders, that there is a level playing field. For example, pursuant to the Irish Takeover Rules, the board of directors of Parent will not be permitted, without shareholder approval, to take certain actions which might frustrate an offer for Parent Shares once the board of directors of Parent has received an approach that might lead to an offer or has reason to believe that an offer is, or may be, imminent.

Under the Irish Takeover Rules, if an acquisition of Class A Ordinary Shares were to increase the aggregate holdings of the acquirer (together with its concert parties) to 30% or more of the voting rights of Parent, such acquirer and, in certain circumstances, its concert parties would be required (except with the consent of the Irish Takeover Panel) to make an offer for the outstanding Class A Ordinary Shares at a price not less than the highest price paid by such acquirer or its concert parties for Parent Shares during the previous 12 months. This requirement would also be triggered by the acquisition of Class A Ordinary Shares by any person holding (together with its concert parties) between 30% and 50% of the voting rights of Parent if the effect of such acquisition were to increase that person's voting rights by 0.05% within a 12-month period.

Anti-takeover provisions in Parent's M&A could make an acquisition of Parent more difficult. Parent's M&A contains provisions that may delay or prevent a change of control, discourage bids at a premium over the market price of Class A Ordinary Shares, adversely affect the market price of Class A Ordinary Shares, and adversely affect the voting and other rights of shareholders of Parent. These provisions include: (i) permitting the board of directors of Parent to issue preference shares without the approval of Parent's shareholders, with such rights, preferences and privileges as they may designate; and (ii) allowing the board of directors of Parent to adopt a shareholder rights plan upon such terms and conditions as it deems expedient in the interests of Parent.

The operation of the Irish Takeover Rules may affect the ability of certain parties to acquire Class A Ordinary Shares.

Under the Irish Takeover Rules if an acquisition of ordinary shares were to increase the aggregate holding of the acquirer and its concert parties to ordinary shares that represent 30% or more of the voting rights of Parent, the acquirer and, in certain circumstances, its concert parties would be required (except with the consent of the Irish Takeover Panel) to make an offer for the outstanding ordinary shares at a price not less than the highest price paid for the ordinary shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of ordinary shares by a person holding (together with its concert parties) ordinary shares that represent between 30% and 50% of the voting rights in Parent if the effect of such acquisition were to increase that person's percentage of the voting rights by 0.05% within a 12-month period. Under the Irish Takeover Rules, certain separate concert parties will be presumed to be acting in concert. The board of directors of Parent and their relevant family members, related trusts and "controlled companies" are presumed to be acting in concert with any corporate shareholder who holds 20% or more of Parent.

The application of these presumptions may result in restrictions upon the ability of any of the concert parties and/or members of Parent's board of directors to acquire more of our securities, including under the terms of any executive incentive arrangements. Accordingly, the application of the Irish Takeover Rules may frustrate the ability of certain of our shareholders and directors to acquire our ordinary shares.

Investors may face difficulties in protecting their interests, and their ability to protect their rights through the U.S. federal courts may be limited, because Parent is formed under Irish law.

Parent is a company formed under the laws of Ireland, all of its properties are located outside of the United States, a majority of our directors and officers reside outside of the United States and all our assets are and are likely in the future to be located outside of the United States. As a result, it may be difficult, or in some cases not possible, for investors in the United States to enforce their legal rights against us, to effect service of process upon our directors or officers or to enforce judgements of United States courts predicated upon civil liabilities and criminal penalties on our directors under United States laws.

Our corporate affairs will be governed by our M&A, the Irish Companies Act and the common law of Ireland. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Irish law are governed by the Irish Companies Act and the common law of Ireland. The rights of the Parent shareholders and the fiduciary responsibilities of our directors under Irish law may not be as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, Ireland has a less developed body of securities laws as compared to the United States, and some states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law.

The jurisdiction and choice of law clauses set forth in the Amended and Restated Warrant Agreement, and Parent's status as an Irish company, may have the effect of limiting a Warrant holder's ability to effectively pursue its legal rights against Parent in any United States court.

The Amended and Restated Warrant Agreement provides that disputes arising under the Amended and Restated Warrant Agreement are governed by New York law and that Parent consents to jurisdiction in courts of the State of New York or the United States District Court for the Southern District of New York. This provision may limit the ability of Warrant holders to bring a claim against Parent other than in courts of the State of New York or the United States District Court for the Southern District of New York and may limit a Warrant holder's ability to bring a claim in a judicial forum that it finds more favorable for disputes under the Amended and Restated Warrant Agreement. The Amended and Restated Warrant Agreement, however, also expressly makes clear that this choice of law and forum provision shall not restrict a Warrant holder from bringing a claim under the Securities Act or the Exchange Act in any federal or state court having jurisdiction over such claim. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Irrespective of the ability of a Warrant holder to bring an action in any such forum, due to the fact that Parent is an Irish company with all of its properties located outside of the United States, if a Warrant holder brings a claim against Parent under the Amended and Restated Warrant Agreement, the Securities Act or Exchange Act, or otherwise, such Warrant holder may have difficulty pursuing its legal rights against Parent in any United States courts having jurisdiction over any such claims.

Parent may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. investors in Parent's securities.

Based on the current value of Parent's assets and the composition of Parent's potential income streams, assets and operations, we do not believe Parent classifies as a "passive foreign investment company," or PFIC, for the taxable year ended on December 31, 2023, and that it will not classify as a PFIC for 2024 either. However, the application of the PFIC rules is subject to uncertainty in several respects and furthermore we cannot assure you that the U.S. Internal Revenue Service (the "IRS") will not take a contrary position. Furthermore, a separate determination must be made after the close of each taxable year as to whether Parent is a PFIC for that year. Accordingly, notwithstanding the current expectation that we will not be classified as a PFIC, we cannot assure you that we have not been a PFIC or that we will not be a PFIC for our current taxable year or any future taxable year. A non-US company will be considered a PFIC for any taxable year if (i) at least 75% of its gross income is passive income (including interest income), or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income. If we were to be ultimately classified as a PFIC for any taxable year during which a U.S. holder holds the Class A Ordinary Shares, certain adverse U.S. federal income tax consequences could apply to such U.S. holder, including (i) the treatment of all or a portion of any gain on disposition of the Class A Ordinary Shares as ordinary income, (ii) the application of a deferred interest charge on such gain and the receipt of certain dividends and (iii) the obligation to comply with certain reporting requirements.

Resales of our Class A Ordinary Shares or Warrants, or the perception that such resales might occur, may cause the market price of the Class A Ordinary Shares or Warrants to drop significantly, even if Fusion Fuel's business is doing well.

As of April 25, 2024 we have an aggregate of 17,371,968 Class A Ordinary Shares and 8,869,633 Warrants outstanding. While a portion of such shares and Warrants are subject to transfer restrictions described elsewhere in this Annual Report, upon expiration of the applicable lock-up periods, large amounts of Class A Ordinary Shares and/or Warrants may be sold in the open market or in privately negotiated transactions. Such sales, or the perception in the public markets that such sales will occur, could have the effect of increasing the volatility in the trading price of the Class A Ordinary Shares and/or the Warrants or putting significant downward pressure on the price of the Class A Ordinary Shares and/or the Warrants.

Downward pressure on the market price of the Class A Ordinary Shares and/or the Warrants that likely will result from sales of Class A Ordinary Shares could encourage short sales of Class A Ordinary Shares and/or the Warrants by market participants. Generally, short selling means selling a security, contract or commodity not owned by the seller. The seller is committed to eventually purchase the financial instrument previously sold. Short sales are used to capitalize on an expected decline in the security's price. Short sales of the Class A Ordinary Shares and/or Warrants could have a tendency to depress the price of the Class A Ordinary Shares and/or the Warrants, respectively, which could further increase the potential for short sales.

We also may issue additional Class A Ordinary Shares, Warrants, or other securities to finance our operations. We cannot predict the size of future issuances of Class A Ordinary Shares, Warrants, or other securities or the effect, if any, that future issuances and sales of shares of such securities will have on the market price of the Class A Ordinary Shares or the Warrants. Sales of substantial amounts of Class A Ordinary Shares or Warrants, or the perception that such sales could occur, may adversely affect prevailing market prices of Class A Ordinary Shares and/or Warrants.

A substantial number of our Class A Ordinary Shares may be issued upon the exercise of Warrants and options which could adversely affect the price of our Class A Ordinary Shares.

We have an aggregate of 8,869,633 Warrants outstanding. Each Warrant is exercisable for one Class A Ordinary Share at a price of \$11.50 per share. In addition, we have options to purchase an aggregate of 1,482,628 Class A Ordinary Shares outstanding. If all of the Warrants and options are exercised for cash, we would be required to issue up to 10,352,261 Class A Ordinary Shares, or approximately 60% of our Class A Ordinary Shares outstanding as of April 25, 2024. The Warrant and option holders will likely exercise such securities only at a time when it is economically beneficial to do so. Accordingly, the exercise of these securities will dilute our other equity holders and may adversely affect the market price of the Class A Ordinary Shares.

We may issue additional Class A Ordinary Shares or other equity securities without seeking shareholder approval, which would dilute your ownership interests and may depress the market price of the Class A Ordinary Shares.

An aggregate of 8,869,633 Warrants is outstanding. In addition, we had 1,653,842 Class A Ordinary Shares available for issuance, and not subject to outstanding awards, under our Plan. Further, we may issue additional Class A Ordinary Shares or other equity securities of equal or senior rank in the future for any reason or in connection with, among other things, future acquisitions, the redemption of outstanding Warrants, or repayment of outstanding indebtedness, without shareholder approval, in a number of circumstances.

Our issuance of additional Class A Ordinary Shares or other equity securities of equal or senior rank would have the following effects:

- our existing shareholders' proportionate ownership interest in us will decrease;
- the amount of cash available per share, including for payment of dividends in the future, may decrease;
- the relative voting strength of each previously outstanding Class A Ordinary Share may be diminished; and
- the market price of the Class A Ordinary Shares may decline.

If the Class A Ordinary Shares or Warrants are de-listed from Nasdaq, we could face significant material adverse consequences.

We may be unable to maintain the listing of our Class A Ordinary Shares and Warrants on in the future. If Nasdaq delists our Class A Ordinary Shares or Warrants, we could face significant material adverse consequences, including:

- a limited availability of market quotations for the Class A Ordinary Shares and Warrants;
- a reduced level of trading activity in the secondary trading market for the Class A Ordinary Shares and Warrants;
- a limited amount of news and analyst coverage;
- a decreased ability to issue additional securities or obtain additional financing in the future;
- stamp duty may be chargeable on transfers of Class A Ordinary Shares and Warrants at a rate of 1% of the greater of the price paid or market value of the Class A Ordinary Shares and Warrants transferred; and
- our securities would not be "covered securities" under the National Securities Markets Improvement Act of 1996, which is a federal statute that prevents or pre-empts the states from regulating the sale of certain securities, including securities listed on Nasdaq, in which case our securities would be subject to regulation in each state where we offer and sell securities.

The trading price of the Class A Ordinary Shares or Warrants may be volatile, and holders of the Class A Ordinary Shares or Warrants could incur substantial losses.

The stock market in general has experienced extreme volatility in recent times that has often been unrelated to the operating performance of particular companies, including as a result of public health emergencies such as the COVID-19 pandemic. Military or other conflicts in Ukraine, the Middle East, Southwest Asia or elsewhere and other disruptions to the equity or debt capital markets, including as a result of inflation in the United States and elsewhere, have also led to increased volume and price volatility for publicly traded securities. As a result of this volatility, our shareholders may not be able to sell their Class A Ordinary Shares or Warrants at or above the price paid for such securities. The market price for the Class A Ordinary Shares and Warrants may be influenced by many factors, including the factors discussed elsewhere in this "Risk Factors" section and:

- the overall performance of the equity markets;
- actual or anticipated fluctuations in our revenue and other operating results;
- changes in the financial projections we may provide to the public or the failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow us or our failure to meet these estimates or the expectations of investors;
- the issuance of reports from short sellers that may negatively impact the trading price of the Class A Ordinary Shares and/or Warrants;
- recruitment or departure of key personnel;
- the economy as a whole and market conditions in our industry;
- stock market price and volume fluctuations of other publicly traded companies and, in particular, those that operate in the green energy or hydrogen industries
- new laws, regulations, subsidies, or credits or new interpretations of them applicable to our business;
- negative publicity related to problems in our manufacturing or the real or perceived quality of our products;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, or capital commitments;
- lawsuits threatened or filed against us;
- other events or factors including those resulting from war, incidents of terrorism or responses to these events;
- the expiration of contractual lock-up or market standoff agreements;
- sales or anticipated sales of shares of the Class A Ordinary Shares and/or Warrants by us or our shareholders; and
- the impact of a public health crisis, such as the COVID-19 pandemic, or other adverse public health developments.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price of the Class A Ordinary Shares and/or Warrants and trading volume could decline.

The market price for the Class A Ordinary Shares and Warrants depends in part on the research and reports that securities or industry analysts publish about us or our business. If industry analysts cease coverage of us, the trading price for the Class A Ordinary Shares and/or Warrants would be negatively affected. In addition, if one or more of the analysts who cover us downgrade the Class A Ordinary Shares and/or Warrants or publish inaccurate or unfavorable research about our business, the Class A Ordinary Share and/or Warrant price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for the Class A Ordinary Shares and/or Warrants could decrease, which might cause the Class A Ordinary Share and/or Warrant price and trading volume to decline.

An active trading market of the Class A Ordinary Shares and Warrants may not be sustained, and investors may not be able to resell their Class A Ordinary Shares and Warrants at or above the price for which they purchased such securities.

An active trading market for the Class A Ordinary Shares and Warrants may not be sustained. In the absence of an active trading market for the Class A Ordinary Shares and/or Warrants, investors may not be able to sell their Class A Ordinary Shares or Warrants, respectively, at or above the price they paid at the time that they would like to sell. In addition, an inactive market may impair our ability to raise capital by selling shares or equity securities and may impair our ability to acquire business partners by using the Class A Ordinary Shares as consideration, which, in turn, could harm our business.

Because we currently do not have plans to pay cash dividends on the Class A Ordinary Shares, you may not receive any return on investment unless you sell your Class A Ordinary Shares for a price greater than that which you paid.

We currently do not expect to pay any cash dividends on Class A Ordinary Shares. Any future determination to pay cash dividends or other distributions on Class A Ordinary Shares will be at the discretion of the board of directors and will be dependent on our earnings, financial condition, operating results, capital requirements, and contractual, regulatory and other restrictions, including restrictions contained in the agreements governing any existing and future outstanding indebtedness we or our subsidiaries incur, on the payment of dividends by our subsidiaries to us, and other factors that our board of directors deems relevant. As a result, you may not receive any return on an investment in the Class A Ordinary Shares unless you sell the Class A Ordinary Shares for a price greater than that which you paid for them.

General Risks

As a foreign private issuer, we are exempt from a number of rules under the Exchange Act, we are permitted to file less information with the SEC than domestic companies, and we will be permitted to follow home country practice in lieu of the listing requirements of Nasdaq, subject to certain exceptions. Accordingly, there may be less publicly available information concerning us than there is for issuers that are not foreign private issuers.

As a foreign private issuer, we are exempt from certain rules under the Exchange Act, including certain disclosure and procedural requirements applicable to proxy solicitations under Section 14 of the Exchange Act, our board of directors, officers and principal shareholders are exempt from the reporting and “short-swing” profit recovery provisions of Section 16 of the Exchange Act, and we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as companies whose securities are registered under the Exchange Act but are not foreign private issuers. Foreign private issuers are also not required to comply with Regulation FD, which restricts the selective disclosure of material non-public information. Accordingly, there may be less publicly available information concerning us than there is for companies whose securities are registered under the Exchange Act but are not foreign private issuers, and such information may not be provided as promptly as it is provided by such companies.

In addition, certain information may be provided by us in accordance with Irish law, which may differ in substance or timing from such disclosure requirements under the Exchange Act. As a foreign private issuer, under Nasdaq rules we are subject to less stringent corporate governance requirements. Subject to certain exceptions, the rules of Nasdaq permit a foreign private issuer to follow its home country practice in lieu of certain of the listing requirements of Nasdaq. We have elected to follow corporate governance practices under Irish law in lieu of the requirements of Nasdaq Rule 5635(c) and 5635(d)(2), which require companies to obtain shareholder approval prior to the issuance of securities to officers, directors, employees or consultants under certain circumstances and when it seeks to engage in a transaction, other than a public offering, involving the sale, issuance or potential issuance of ordinary shares, which alone or together with sales by officers, directors or substantial shareholders of the company, equals 20% or more of the ordinary shares or 20% or more of the voting power outstanding before the issuance at a price below a certain price indicated in such Nasdaq Rule. Irish law and generally accepted business practices in Ireland do not require that shareholders approve such transactions. Accordingly, shareholder approval is not required for these types of transactions by Parent.

We incur significant costs and devote substantial management time as a result of being subject to reporting requirements in the United States, which may adversely affect the operating results of Parent in the future.

As a company subject to reporting requirements in the United States, we incur significant legal, accounting and other expenses that Parent would not have incurred as a private Irish company. For example, Parent is subject to the reporting requirements of the Exchange Act and is required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the SEC, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Compliance with these requirements increases Parent's legal and financial compliance costs and makes some activities more time consuming and costly, while also diverting management attention. In particular, Parent expects to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.

Effective internal controls over financial reporting are necessary for us to provide reliable and accurate financial reports and effectively prevent fraud. Our compliance with the annual internal control report requirement depends on the effectiveness of our financial reporting and data systems and controls. Inferior internal controls increase the possibility of errors and could cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock and our access to capital.

In addition, our internal control systems rely on people trained in the execution of the controls. The loss of these people or our inability to replace them with similarly skilled and trained individuals or new processes in a timely manner could adversely impact our internal control mechanisms.

Future changes in U.S. and foreign tax laws could adversely affect us.

The U.S. Congress, the Organisation for Economic Co-operation and Development, and government agencies in jurisdictions where we and our affiliates do business have focused on issues related to the taxation of multinational corporations. In particular, specific attention has been paid to "base erosion and profit shifting", where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in Ireland, Portugal and other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such change could adversely affect us.

Our business may be materially adversely affected by current global geopolitical conditions resulting from the ongoing Russia-Ukraine conflict and the recent escalation of the Israel-Hamas conflict.

United States and global markets are experiencing volatility and disruption following the geopolitical instability resulting from the ongoing Russia-Ukraine conflict and the recent escalation of the Israel-Hamas conflict. In response to the ongoing Russia-Ukraine conflict, the North Atlantic Treaty Organization ("NATO") deployed additional military forces to eastern Europe, and the United States, the United Kingdom, the European Union and other countries have announced various sanctions and restrictive actions against Russia, Belarus and related individuals and entities, including the removal of certain financial institutions from the Society for Worldwide Interbank Financial Telecommunication (SWIFT) payment system. Certain countries, including the United States, have also provided and may continue to provide military aid or other assistance to Ukraine and to Israel, increasing geopolitical tensions among a number of nations. The invasion of Ukraine by Russia and the escalation of the Israel-Hamas conflict and the resulting measures that have been taken, and could be taken in the future, by NATO, the United States, the United Kingdom, the European Union, Israel and its neighboring states and other countries have created global security concerns that could have a lasting impact on regional and global economies. Although the length and impact of the ongoing conflicts are highly unpredictable, they could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions and increased cyber-attacks. Additionally, any resulting sanctions could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets.

Any of the abovementioned factors, or any other negative impact on the global economy, capital markets or other geopolitical conditions resulting from the Russian invasion of Ukraine, the escalation of the Israel-Hamas conflict and subsequent sanctions or related actions, could adversely affect our business.

The extent and duration of the ongoing conflicts, resulting sanctions and any related market disruptions are impossible to predict, but could be substantial, particularly if current or new sanctions continue for an extended period of time or if geopolitical tensions result in expanded military operations on a global scale. Any such disruptions may also have the effect of heightening many of the other risks described in this section. If these disruptions or other matters of global concern continue for an extensive period of time, our operations may be materially adversely affected.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Parent was incorporated in Ireland on April 3, 2020 as a private limited company under the name Dolya Holdco 3 Limited. On July 14, 2020, Parent effected a name change to Fusion Fuel Green Limited. On October 2, 2020, Parent converted into a public limited company incorporated in Ireland under the name “Fusion Fuel Green PLC.”

On December 10, 2020, Parent completed a business combination pursuant to that certain Amended and Restated Business Combination Agreement (“Business Combination Agreement”), which Parent entered into on August 25, 2020, with HL Acquisitions Corp. (“HL”), Fusion Welcome – Fuel, S.A., a public limited company domiciled in Portugal, *sociedade anónima* (now known as Fusion Fuel Portugal, S.A., “Fusion Fuel Portugal”), Fusion Fuel Atlantic Limited, a British Virgin Islands company and wholly-owned subsidiary of Parent (“Merger Sub”), and the shareholders of Fusion Fuel Portugal (“Fusion Fuel Shareholders”). Pursuant to the Business Combination Agreement, (i) Merger Sub merged with and into HL (the “Merger”), with HL being the surviving entity of the Merger and becoming a wholly-owned subsidiary of Parent, and (ii) Parent acquired all of the issued and outstanding shares of Fusion Fuel Portugal (the “Share Exchange,” and together with the Merger, the “Transactions”), resulting in Fusion Fuel Portugal and HL becoming wholly-owned subsidiaries of Parent and the securityholders of Fusion Fuel Portugal and HL becoming securityholders of Parent. Immediately following the closing of the Transactions, Parent consummated the closing of a series of subscription agreements with accredited investors (“PIPE Investors”) for the sale in a private placement of 2,450,000 Class A Ordinary Shares at a price of \$10.25 per share for gross proceeds to Parent of approximately \$25.1 million (the “PIPE”). Following the Transactions, HL was dissolved.

Prior to the Transactions, Fusion Fuel Portugal was a subsidiary of Negordy Investments, S.A. (formerly Fusion Welcome) (“Negordy”), a European leader in concentrated photovoltaic technology (“CPV”) technology. Recognizing the potential of green hydrogen, the management team of Negordy launched a subsidiary, Fusion Fuel Portugal, in July 2018, to begin R&D of an alternative to Brown and Grey Hydrogen, with the goal of minimizing the associated carbon footprint, and to provide a market solution for meeting emissions reduction targets.

Fusion Fuel created a miniaturized PEM electrolyzer, the HEVO, which could be attached to the back of the CPV solar modules, creating a single solar to green hydrogen system, which was subsequently externally validated by an independent laboratory in Portugal, the ISQ. This combination of CPV solar modules and HEVOs was the Company’s first product and was called the HEVO-Solar. In 2023, the Company began commercializing the HEVO-Chain solution. This product is built around the concept of the HEVOs working in sequence, making it easily scalable, and allowing it to operate with any type of electrical energy input. However, Fusion Fuel has since shifted its offering to focus solely on the HEVO-Chain solution for any new proposals to clients given it is significantly easier to install and license, its lower space requirements and the fact that it can be used with any power input.

Until mid-2023, Fusion Fuel's commercial focus was on regions with very high solar irradiation levels. With the launch of the HEVO-Chain suite, the target addressable market has substantially grown and no longer needs to be limited to regions with high solar irradiation levels. The Company has principally focused on European projects given that the product is designed for compliance with local certifications and during 2024 will evolve the offering to also be suitable for use in North America and Australia.

Fusion Fuel has a multi-faceted market approach; 1) Fusion Fuel is an electrolyzer technology supplier to third party led and owned projects, 2) Fusion Fuel provides engineering and procurement services for developers building hydrogen plants, and 3) in Iberia, Fusion Fuel also creates future hydrogen plants, structured in fully owned SPVs, with the aim to sell these projects and SPVs to infrastructure asset managers before construction begins.

Evora

Fusion Fuel's first solar-to-green hydrogen plant, H2Evora, consists of 15 HEVO-Solar generators with the latest generation of Fusion Fuel's HEVO micro-electrolyzer. H2Evora also includes state-of-the-art hydrogen purification, compression, and storage systems, as well as a Ballard Power Systems fuel cell to convert the green hydrogen into electricity to be fed into the national grid.

The H2Evora plant is also Fusion Fuel's full size demonstration and R&D plant. When new versions of technology developments need to be tested at scale, this is the site where those activities are carried out. The plant has produced hydrogen on and off since the fourth quarter of 2021 and has seen various moments of upgrade and new technology installation. The plant is currently awaiting connection to the grid for the sale of electricity from its fuel cell. However, while waiting for this to occur, when desired for product testing or validation, it is able to operate with the onsite solar panels and temporary generator for balance of plant requirements. Most recently the plant has seen the installation of three HEVO-Chain cube elements in addition to its 15 HEVO-Solar units for system integration testing.

Benavente

In the second quarter of 2021, we purchased a 14,000m³ factory in Benavente, Portugal for €5.0 million, inclusive of taxes. The renovations of the facility in Benavente, which began in late 2021, were completed in the first quarter of 2022. The second quarter of 2022 marked the start of the first production lines at our Benavente facility. This was a major milestone for Fusion Fuel and for Iberia, as the first industrial electrolyzer production to go live across Portugal and Spain. Our vision for Benavente is for it to be an industry-leading, state-of-the-art electrolyzer manufacturing facility, using automation and robotics wherever possible to improve the efficiency of production. In line with our efforts to be a leading clean energy company, we partnered with Helexia to install 1 MW of solar power on the roof of Benavente, which will not only reduce our carbon footprint, but will also lower our production costs given the exceedingly high cost of energy today.

In the fourth quarter of 2022, we announced the completion of our planned sale and leaseback of the Benavente electrolyzer manufacturing factory to CORUM Eurion, an ESG certified real estate investment fund managed by CORUM Asset Management. The €9.3 million transaction generated net proceeds of nearly €7.5 million after certain holdbacks and deposits for the lease-back contract. The proceeds have been and will continue to be used by us to further the buildout of the Benavente factory, fund the development of Fusion Fuel owned projects and HEVO-Chain technology, and for general corporate purposes.

During 2023, the Benavente facility also began the first production of Fusion Fuel's 4th generation HEVOs and the HEVO-Chain cube solution. This will be the solution produced for 2024 whereby the HEVO will be encased in dedicated cube structures or in containers depending on project requirements – the full solution will be developed, assembled and tested in Benavente before being shipped to clients and projects.

Iberian Activities

As of the end of 2023, Fusion Fuel has been contracted to provide its electrolyzer technology for five green hydrogen projects in Iberia, all of which include additional components of engineering and procurement services. The projects range from 300 kW to 1.25 MW of electrolyzer capacity and the engineering and procurement services range from providing engineering designs and specifications, providing the balance of plant equipment, all the way to full EPC services and turnkey project delivery.

In Portugal, all projects with government support or grants are required to undertake a tender process for the contracting of equipment or services, and this is something that the Fusion Fuel commercial team actively engages on. As of end of March 2024, Fusion Fuel has five tender process proposals outstanding with prospective clients, some of which are awaiting client decision regarding partnership selection or in other cases on whether the project will proceed to the construction phase. It is expected that most of the potential sales in Portugal in the coming years will be through these processes. Often the tenders require a complete package proposal as opposed to the provision of specific equipment (e.g. standalone electrolyzer systems). This is where Fusion Fuel's full offering capabilities create a significant advantage for the Company.

Fusion Fuel has developed a series of projects in Portugal for which we aim to secure key elements that make a project viable such as land, grant, permits, and potentially offtake agreements, before selling the project to a third party who will then make the capital investment to begin construction. Below is the overview of the projects that Fusion Fuel has in its portfolio in Portugal, all of which are 100% owned by Fusion Fuel at this time:

Project	Electrolyzer Capacity (MW)	H2 prod. (tons p.a.)	FID ¹	COD ²	Grants Secured (€M)
Sines I	10	988	4Q23	4Q24	✓ (10)
Sines II	90	8,955	2Q24	4Q25	✓ (22.5)
Sines III	530	52,520	2026	2029	✓ IPCEI
Elvas	4	168	2Q24	4Q25	✓ (3.6)
Azambuja	5	300	2Q24	4Q25	✓ (3.9)
Aveiro	25	2100	2Q24	4Q25	✓ (5.0)

1. Final Investment Decision; 2. Commercial Operating Date

Fusion Fuel is in discussions and negotiations with various parties regarding the sale and/or an investment commitment for these projects, noting that it is likely that the Sines I, II and III projects will be undertaken with one single partner. For these projects, we aim to secure a provision contract with the final investor, whether with electrolyzer provisions, engineering or procurement services, or all three for certain cases.

In Spain, Fusion Fuel has multiple ongoing projects and also has a 50:50 joint venture with local developers called Fusion Fuel Spain. However, we do not expect to be developing new wholly owned hydrogen projects in Spain and going forward intend to mainly focus on delivering equipment and services to third party plants in the country.

Fusion Fuel has the only electrolyzer manufacturing facility in Portugal and one of the largest and most varied portfolios of green hydrogen projects in the country. We fully expect to be one of the leading companies in the hydrogen sector in Portugal, and potentially Spain. Both countries have significant renewable energy advantages that make them particularly suitable to produce green hydrogen.

Other Markets

United States and North America

Passage of the Inflation Reduction Act (“IRA”) in the United States on August 16, 2022 positively impacted our outlook and business. The financial incentives of the IRA, in particular the \$3/kg production tax credit, has made green hydrogen competitive with grey hydrogen. Considering these tailwinds, we have communicated our intention to accelerate our growth strategy into North America, with a focus on building partnerships to cover this strategic market.

To that end, Fusion Fuel entered into a partnership with Electus Energy in 2022 for a large-scale plant being developed in California. Most recently, the Company has engaged with Electus Energy on potential smaller projects currently under development in North America. In mid-2023, Fusion Fuel also entered into a partnership with Elemental Energy, a US development company led by two previous members of Fusion Fuel’s executive committee. This partnership allows Fusion Fuel to hold a minority stake in Elemental Energy of approximately 5%, but does not include management or board representation in the company.

In addition to the above, Fusion Fuel has also made proposals for both engineering services and electrolyzer systems for projects in North America for new prospective clients. We expect this to continue and will look to develop relationships and partnerships that allow us to grow our reach into the North American market with modest incremental costs. In preparation for projects in the North American market, we expect to receive the certification of the HEVO-Chain solution for use in both the United States and Canada during 2024.

Europe

In Europe, we continue to see an increased push to make the transition to green hydrogen a reality and a priority for most countries, with the continued launch of further grant programs across most countries as well as the launch of the European Hydrogen Bank. In addition, in 2024 the European Commission also approved the next wave of “Important Projects of Common European Interest” (IPCEI), all focused around the energy transition movement and green hydrogen. Europe was the first region to truly push the transition to green hydrogen and is now in a position where many of the ingredients required for the execution of projects are in place. Therefore, we continue to expect a very significant portion of our business volume in the coming years to come from this region.

The past years have seen various European countries establishing the regulations and certificate of origin framework required to truly implement a widespread green hydrogen economy. With these moves, we have seen substantial increased momentum in the design, build-up and commitment going into new hydrogen projects. This is further supported by the continued desire to change the energy mix used in Europe and reduce the dependency on foreign energy sources.

We continue to strive to reach markets beyond Portugal and Spain and expect to deliver the first project to an Italian client in 2024. This first project is a 1 MW plant at Duferco’s industrial facility in Giammoro, Sicily, which will produce an estimated 46 tonnes of green hydrogen per annum and is expected to be developed in 2024. In addition, we continue to provide offers and proposals to further projects across Italy, France and Northern Europe.

Commercialization

In 2023, we delivered the first full plant to a client, the Exolum Torrejon plant in Madrid. We also started the delivery of services, materials and equipment for CSIC and for a building materials company, both projects being located in Spain. The Exolum project uses the HEVO-Solar solution, the CSIC project will use a mix of HEVO-Solar and HEVO-Chain equipment, and the third project is a pure HEVO-Chain project. For all three projects, Fusion Fuel undertook a substantial amount of the engineering work required for project completion and is providing the balance of plant equipment as well.

We expect most projects in the coming years to use a combination of Fusion Fuel equipment as well as services for 10 MW projects and below. The ability to engage with a client beyond the electrolyzer provision is a key differentiator for Fusion Fuel as most other projects of this dimension are led by developers with limited gas handling experience and therefore need significant support to design a safe plant and to outline the full specifications a plant needs. For larger projects, there are several large engineering firms that provide this role but they mainly focus on projects significantly larger than 10 MW.

Given the different regulations and requirements across the various countries in Fusion Fuel’s target addressable market, we expect to engage with local integrators and EPC companies where Fusion Fuel does not have the local engineering knowledge or experience. This can be seen in our collaboration with Duferco in Italy, but also in other projects with firms across North America, Israel and Northern Europe.

Going forward, Fusion Fuel will no longer be commercializing the HEVO-Solar solution, focusing instead on HEVO-Chain for any new projects and plants. The HEVO-Chain continues to use the same HEVO miniaturized PEM electrolyzer as the HEVO-Solar but is more versatile in its implementation, allowing for the use of any power source as well as a significantly easier licensing process given its smaller footprint.

Corporate Information

Parent serves as a holding company for Fusion Fuel Portugal and its subsidiaries. Parent’s principal executive office is located at The Victorians, 15-18 Earlsfort Terrace, Saint Kevin’s, Dublin 2, D02 YX28, Ireland. Parent’s telephone number is +353 1 920 1000.

The SEC maintains an internet site (<http://www.sec.gov>) that contains report, proxy, and information statements and other information regarding issuers that file electronically with the SEC. Such information can also be found on Parent’s website (<https://www.fusion-fuel.eu/>). The information on or accessible through our website is not part of this Annual Report.

Recent Developments

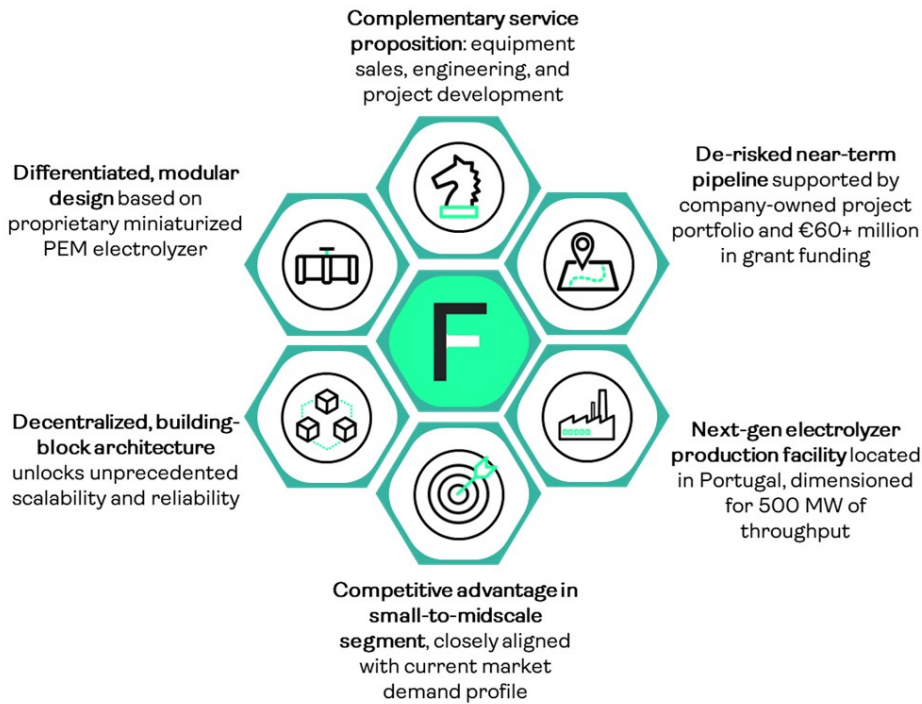
On February 16, 2024, the Company announced that it had received notification from the European Commission that the Company’s HEVO-Portugal project was among 33 entities selected for approval under the Important Projects of Common European Interest (“IPCEI”) Hy2Infra program. The Company’s €650 million, 630 MW project is to be developed in Sines, Portugal, and would produce 62,000 tonnes of green hydrogen per annum. A portion of the green hydrogen is expected to be used in the production of green ammonia and exported from the Port of Sines to the Port of Rotterdam in the Netherlands. The balance would be consumed by industrial customers in the domestic Portuguese market. The IPCEI approval positions Fusion Fuel and its partners to commence funding negotiations with the relevant government stakeholders, as well as with the European Investment Bank, which has committed to providing financing and advisory support to those projects selected for public funding.

B. Business Overview

About Fusion Fuel

Fusion Fuel is committed to accelerating the energy transition and decarbonizing the global energy system through the design and development of innovative green hydrogen solutions. Fusion Fuel has created a revolutionary miniaturized PEM electrolyzer design – the HEVO – and modular, building-block architecture, unlocking a material cost advantage in small-to-midscale green hydrogen projects and enabling decentralized hydrogen production and end-use, avoiding the need for costly infrastructure buildout.

The Company’s unique competitive advantage is based on the following core attributes, which collectively underpin Fusion Fuel’s differentiated positioning in the marketplace:



Fusion Fuel's mission is to provide the world with innovative green hydrogen solutions that accelerate the transformation of the global energy sector and enable the sustainable reduction of carbon emissions. As a critical input in the refining and ammonia production sectors, hydrogen is an important commodity for the global industrial economy. However, conventional production of hydrogen, typically via steam methane reforming or coal gasification, is highly carbon intensive. Fusion Fuel's innovative green hydrogen solutions unlock the production of cost competitive green hydrogen, positioning the Company to help decarbonize hard-to-abate legacy sectors like refining and ammonia production, while also fueling the growth of the emerging hydrogen economy, in particular the mobility, gas blending, and industrial heating sectors.

Business Strategy & Vision

Fusion Fuel aims to enable meaningful emissions reductions through viable economic means using green hydrogen. In doing so, Fusion Fuel believes it can become a major player in the global hydrogen economy over the next ten years.

Since its inception, Fusion Fuel has developed a robust technology sale and project development pipeline in Southern Europe, beginning with Portugal and Spain, as a first phase in the execution of the Company's commercial strategy. Further growth within adjacent European markets, as well as expansion into other strategic markets globally, including Australia and North America, represents the next phase in the Company's evolution.

In addition to possessing market-leading, proprietary electrolyzer technology, Fusion Fuel benefits from a complementary service proposition that positions it as a unique provider of end-to-end green hydrogen solutions, helping differentiate the Company from other competitors in the market.

Fusion Fuel Business Lines

Fusion Fuel's HEVO based technology is expected to be a leading product in the industry for generating cost-effective green hydrogen in the markets and segments in which it seeks to operate. In addition, the Fusion Fuel team collectively has extensive experience in establishing and operating sustainable energy and gas plants, as well as relationships with many sustainable energy stakeholders and hydrogen users (ranging from natural gas networks and grids, oil refineries, ammonia producers, regulators and related government departments). Fusion Fuel is focused on the following three core business lines that build on its hydrogen generator:

1. **Electrolyzer System Sale:** focused on creating and selling HEVO based solutions that produce cost-competitive green hydrogen for client use and operation. There are several industrial processes that require hydrogen and providers that currently produce their own hydrogen supply through highly carbon-intensive methods. Fusion Fuel intends to equip them with hydrogen generators to produce hydrogen without carbon emissions and with no cost disadvantage. Revenues initially began to be generated from this business line in the year ended December 31, 2023.
2. **Engineering & Procurement Services:** Fusion Fuel provides a variety of services in connection with the engineering activities related to the creation of a hydrogen plant, namely; 1) advisory, concept and proposal developments, 2) FEL I, II and III studies, 3) Procurement services for all plant related equipment (including compressor and purifiers), 4) Construction and Legalization services in Iberia, and 5) Operation and maintenance services during the early stage of the plant operation. No revenues were generated during the year ended December 31, 2023.
3. **Project Development:** focused on developing hydrogen project concepts and opportunities by securing strategic sites, grants, and licenses. The business line creates revenues through the eventual sale of projects in development which can either generate development fees and/or technology sale pipelines through the supply of units to projects we develop and sell on. No revenues were generated during the year ended December 31, 2023.

Fusion Fuel's industry and business require continuous innovation and improvement. To this end, the R&D team has already designed the next generations of the HEVO hydrogen generator to be developed. This innovation aims at not only improving the efficiency of the product, but also reducing the cost of production. Continuous R&D is a core part of the ongoing strategy for the firm.

The Technology

The HEVO is Fusion Fuel's proprietary miniaturized PEM electrolyzer. Roughly the size of a tablet computer, this lightweight, "stackless" electrolyzer was designed from the ground up for superior performance, unprecedented modularity and high-throughput, industrialized production. In order to miniaturize a PEM electrolyzer, a radically different approach was taken to the design of the MEAs, bipolar plates, and flow fields – these form the basis of Fusion Fuel's core intellectual property.

The HEVO confers several critical advantages compared to conventional PEM systems:



- ✓ Cheaper power equipment – Amperage requirements that are c. 1/8 of a traditional PEM electrolyzer, for the same amount of power
- ✓ Improved long-term performance – Designed so degradation of individual electrochemical cells does not impact system-wide performance
- ✓ Lower O&M cost, increased uptime – Modular approach reduces maintenance cost and downtime, as service or replacement of groups of HEVOs can be performed in-situ
- ✓ Superior response time – Miniaturized electrochemical cells have a near immediate response time and can tolerate rapid fluctuations in power supply
- ✓ Reduced losses – Independent operation of higher performing electrochemical cells can decrease mismatch losses by 5-10%
- ✓ Lower cost of production – Rationalized design and lower-pressure operation enables the use of inexpensive structural materials (e.g., injection-molded plastic, titanium stamping)
- ✓ Designed for industrial production & modular deployment – Simplified engineering enables efficient production processes and scalable client solutions

The HEVO lies at the heart of our core electrolyzer product: HEVO-Chain. Our HEVOs are arranged within a modular building-block called the HC-Cube, which can be deployed in a modular fashion, enabling us to deliver flexible, scalable solutions for every project configuration.

HC-CUBE

- Modular building-block at the core of the HEVO-Chain series of electrolyzers
- Units comprised of strings of interconnected HEVOs for streamlined integration
- Cube modules range in size / capacity from 36 HEVOs (20kW) to 120 HEVOs (68kW)

**HEVO-CHAIN™
SERIES-NC**

Modular, scalable centralized electrolyzer

- Building-block approach enables system to meet electrolysis capacity requirements
- Can support any size project, from 100 kW to multi-MW scale systems
- BoP tailored per solution, includes water system, oxygen separator and power rectifiers
- Commercial production started in 2H23

**HEVO-CHAIN™
SERIES-C**

Turnkey, containerized electrolyzer

- 20-foot and 40-foot models can house up to 1 MW and 2.5 MW of electrolyzer capacity
- Each container includes power rectifiers and its own water system; hydrogen compression and storage systems installed separately
- Commercial production to commence in 1H24

The HEVO-Chain is an integrated solution comprised of HC-Cube modules and balance of plant equipment. Each HC-Cube is in turn comprised of strings of interconnected HEVOs. Cube modules range in capacity from 20kW (36 HEVOs) to 68kW (120 HEVOs) to create a modular, highly scalable centralized electrolyzer solution. We can supply containerized and non-containerized versions of the HEVO-Chain depending on the specific needs of the client and characteristics of the site.

The HEVO-Chain is a revolutionary innovation in the design of centralized PEM electrolyzers. Rather than relying on a traditional cell-stack, the HEVO-Chain builds off the proprietary “stackless” architecture of the HEVO, enabling the system to operate at higher efficiency and avoid the losses that stem from more conventional electrolyzer stack designs. We began the commercializing the HEVO-Chain in mid-2023 with the first full system deployment expected to become operational in 1H 2024 for an industrial client located in Spain. The HEVO-Chain offering is Fusion Fuel’s core product at this stage and all new proposals by the commercial team are designed with the HEVO-Chain solution.

The HEVO is also at the core of our legacy product, the HEVO-Solar. In the HEVO-Solar solution our microelectrolyzers are coupled with CPV technology, creating an integrated, grid-independent hydrogen generator. This coupled approach for generating hydrogen significantly increases the total system efficiency, results in a low cost per kilogram of hydrogen produced, and benefits from the high automation level of mass producing the HEVO. Fusion Fuel uses this process to extract hydrogen from water molecules without the creation of any carbon emissions and with oxygen as the only biproduct. Therefore, the output is designated green hydrogen, which is hydrogen created in a fully carbon-free process, as opposed to the traditional methods of creating hydrogen which produce upwards of 9 tons of carbon emissions for every ton of hydrogen produced (designated as “grey hydrogen”).

The HEVO-Solar uses both the electricity produced by the photovoltaic cells and the heat captured from the CPV 2-axis panels, thereby reducing the total amount of electrical energy required for the electrolysis process. This increases the efficiency of the Fusion Fuel solution compared to other current market products. Because the process requires solar irradiation, locations with higher levels of solar irradiation would produce higher amounts of hydrogen on an annual basis at a lower cost per kilogram (as capital expenditure related to the equipment is spread across a larger production output). While we are no longer actively marketing the HEVO-Solar product, we have deployed a number of those systems in the field, both at our demonstration and testing facility in Evora, Portugal, and at our commercial project for the Exolum Torrejon plant in Madrid, Spain. As such, we continue to have service obligations for the HEVO-Solar product.

Working Capital Items

Currently, Fusion Fuel’s inventory consists of raw materials purchased for the production of its HEVO-Solar and HEVO-Chain solutions. Fusion Fuel has entered into multiple agreements with MagP, for the assembly and installation of Trackers for the HEVO-Solar solution, the last units related to this contract were delivered in 2023. Please refer to the Related Party Transactions section of *Item 7 – Major Shareholders and Related Party Transactions* for further information on these agreements.

Distribution, Marketing and Strategic Relationships

Fusion Fuel has established strategic relationships with various stakeholders in the Green Hydrogen market, including partner companies, suppliers, potential clients and government agencies, many (if not all) of which are proprietary in nature and give us our competitive advantage.

Fusion Fuel Portugal has been included in the Portuguese Government’s Strategic Roadmap for Hydrogen and has applied for a grant for a Green Hydrogen project in Evora. Discussions with stakeholders are ongoing in Europe, the MENA region, and North America.

Environmental Issues

There are no significant pollutants or other hazardous emissions from Fusion Fuel’s operations, the CPV technology, the HEVO or any other functions used by Fusion Fuel in extracting Green Hydrogen, nor are any anticipated. In addition, there are no carbon or hazardous emissions that result from Fusion Fuel’s extraction of hydrogen, and the only biproduct of the process is oxygen. As such, we do not expect the Company would be materially impacted by the passage of any climate change legislation, regulation or accords that seek to impose a carbon tax or curtail carbon-intensive business activities. Furthermore, none of the Company’s manufacturing or corporate facilities are located in geographies particularly susceptible to geological or climate risks. We expect that the continued heightened attention and importance given to environmental issues are likely to benefit Fusion Fuel as the interest and value of its zero-carbon solution increases. It is possible that climate change legislation, regulation or accords could increase demand in this market and thereby increase competition, but such activity may also normalize hydrogen as a broadly used and accepted energy source.

Competition

To our knowledge, there are no similar technologies or systems to Fusion Fuel's HEVO based technologies. We believe this technology is innovative, disruptive, and original. The centralized electrolyzer technology, which is used by Hydrogenics, ITM Power, Plug Power, NEL Hydrogen, Giner and McPhy, among others, represents the main competition to Fusion Fuel's technology. Even though Fusion Fuel's technology currently has a higher efficiency rate than the centralized electrolyzer, it is expected that there will be further evolution in the efficiency of the centralized electrolyzers, and so we expect the market to remain competitive.

Fusion Fuel is faced with competition from several aspects of the industry, namely:

- (a) Traditional hydrogen production methods — which can continue to improve their efficiency and lower costs, making the change to Green Hydrogen more costly to consumers. Companies in this space include Linde, Air Liquide, Air Products, and Praxair, among others.
- (b) Green Hydrogen technology providers — these are typically centralized electrolyzer solutions used in combination with electrical energy from renewable sources or even blue hydrogen providers (hydrogen produced through traditional means with carbon sequestering techniques). There is significant investment in this space and improvements in this technology could lead to more intense competition in the hydrogen production market. Companies in this space include Hydrogenics, ITM Power, NEL Hydrogen, Plug Power McPhy, and Giner, among others.
- (c) Green Hydrogen providers — companies that sell Green Hydrogen as an end product. This is still an emerging market and will include large energy companies as well as investors who buy and operate established hydrogen plants. Companies in this space include Engie Hydrogen, Air Liquide, Air Products, Linde, and Shell, among others.

Fusion Fuel believes competition in this industry will be driven by the final price of Green Hydrogen per kilogram as an output. Efficiency of energy conversion will be a secondary competitive factor. Because Fusion Fuel's solution produces Green Hydrogen at cost levels that are highly competitive to Brown Hydrogen and significantly less expensive than other producers of Green Hydrogen, we do not believe we will lose cost competitiveness in the market for projects under 10 MW. However, there is significant and continuous R&D in the industry which will drive competition. For this reason, Fusion Fuel maintains a strong investment in R&D activities, capitalizing on the accumulated know-how from its team and prospective partners. Fusion believes this is a key factor to achieve sustainable growth and market differentiation, and maintaining the technological lead over other market solutions. We believe that Fusion Fuel has achieved a major breakthrough for the energy sector as a whole, and Fusion Fuel aims to position itself as the leading expert on Green Hydrogen, leveraging all the positive outcomes that our solution can achieve in multiple areas and businesses.

Fusion Fuel can benefit from competition as the market grows as such competition may drive down costs and promote continued innovation for externally sourced components and systems. For example, the hydrogen piping and storage systems at each of Fusion Fuel's hydrogen plants are externally sourced and a general increased interest in the hydrogen market may lead to further improved products or reduced prices from Fusion Fuel's suppliers.

Regulations & Certifications

Fusion Fuel's HEVO-Solar system comprises two major components: the photo-electro component where the photon to electron conversion process takes place, and the electrochemical component, where the electrolysis process takes place.

In respect of the electrolysis process for extracting hydrogen, Portugal introduced legislation at the end of August 2020 regarding the security of the processes such as generating, distributing and blending hydrogen with natural gas. This legislation also covers the licensure requirements of Green Hydrogen projects developed by official entities like DGEG (Direção Geral de Energia) from the Portuguese Government, LNEG (National Laboratory) and others. Fusion Fuel is compliant with these regulations and will continue to monitor any future developments to ensure continued compliance.

In respect of the photo-electro component, the MagP photo-electro system is CE marked, which is a certification that confirms conformity with health, safety and environmental protection standards for products sold within the European Economic Area, in accordance with IEC 62108, which specifies requirements and implements a series of tests for design qualification and type approval of CPV modules and assemblies suitable for long-term operation in general open-air climates.

The MagP photo-electro system conforms with the following certification marks:

- IEC 62760, which specifies requirements for determining the energy output and performance ratio for CPV modules, arrays, assemblies and power plants using an on-sun, measurement-based method. This certification standard defines the procedure that should be used to rate the power on the CPV modules.
- IEC 62688, which is a safety standard that describes the fundamental construction and testing requirements for CPV modules and assemblies to provide safe electrical and mechanical operation during their expected lifetime.

The Fusion Fuel electrochemical part conforms with the following certifications:

- ISO 22734, which defines the construction, safety and performance requirements of packaged or factory-matched hydrogen gas generation appliances (such as the Hydrogen Generator) using electrochemical reactions to electrolyze water to produce hydrogen gas and oxygen gas.
- Pressure Equipment Directive (PED) 2014/68/EU (formerly 97/23/EC), which establishes standards for the design and fabrication of pressure equipment (such as steam boilers, pressure vessels, piping, safety valves and other components and assemblies subject to pressure loading) over one liter in volume and having maximum pressure more than 0.5 bar gauge. This certification standard also sets the administrative procedure requirements for the “conformity assessment” of pressure equipment for placement of the technology in the European market without local legislative barriers.
- Low Voltage Directive (LVD) 2006/95/EU, which provides common objectives for safety regulations to allow electrical equipment approved in any EU member country to be accepted in all other EU countries. This certification standard does not provide any specific technical standards that must be met, but instead relies on the IEC technical standards for the production of safe products.
- ATEX Directive 94/9/EC, which is a legal requirement in all European member states. Any equipment or protective system intended for use in potentially explosive atmospheres must comply with these requirements.
- 2014/30/EU (Electromagnetic Compatibility (EMC) Directive) ensures that electrical and electronic equipment does not generate, or is not affected by, electromagnetic disturbance.

The Fusion Fuel HEVO-Chain containerized and non-containerized solutions will conform with the following standards where applicable:

- ISO 22734 - Hydrogen generators using water electrolysis — Industrial, commercial, and residential applications
- EN ISO 12100 – 1 - Safety of machinery — Basic concepts, general principles for design — Part 1
- EN ISO 12100 – 2 - Safety of machinery — Basic concepts, general principles for design — Part 2
- ISO 13849 - Safety of machinery. Safety-related parts of control systems General principles for design
- EN 61010 - Safety requirements for electrical equipment for measurement, control, and laboratory use

- EN 61000-6-3 - Electromagnetic compatibility (EMC) - Part 6-3: Generic standards - Emission standard for equipment in residential environments
- EN 61000-6-2 - Electromagnetic compatibility (EMC) - Part 6-2: Generic standards - Immunity standard for industrial environments
- ASME B31.12 - Hydrogen Piping and Pipeline Code Design Rules and Their Interaction With Pipeline Materials Concerns, Issues and Research

All of the above-listed certification standards have required tests, and Fusion Fuel will need to provide proof of testing and a responsibility letter of the Fusion Fuel Executive Board to the relevant test administrators in order to be compliant. If a technology does not pass a particular test, a report is issued and the technology can be adapted and retested until it is brought into compliance. Fusion Fuel will engage an authorized third party to assist with the process of achieving conformity with these certifications where required as some tests allow for self-certification.

Additionally, Fusion Fuel expects that there will be new standards and technical requirements that will standardize the production, transportation and use of hydrogen and to manage the integration of hydrogen in natural gas networks. We intend to comply with each new standard or requirement applicable to our products and services.

Raw Materials and Suppliers

The HEVO Chain solution is produced at Fusion Fuel’s own Benavente facility which mainly acts as an assembler of the various components that compose the HEVO as well as the HEVO-Chain balance of system items (for instance, water system, control boards and power systems).

Most components and materials essential to Fusion Fuel are generally available from multiple sources, with a few exceptions. Fusion Fuel believes there are component suppliers and manufacturing vendors whose loss to Fusion Fuel could have a material adverse effect upon Fusion Fuel’s business and financial condition. The loss of such suppliers would require Fusion Fuel to source new suppliers, incur delays as any such suppliers adapt to our specification requirements, and conduct testing on the product rendered by such new suppliers to ensure the fitness of such product. Over time, Fusion Fuel has significantly reduced the number of components that have a single supplier, although in some cases the secondary supplier has a significantly high cost per unit.

Fusion Fuel is discussing with key suppliers coordinated product plans, strategic inventories, and internal and external manufacturing schedules and levels.

Research and Development

Given the nascent stage of the Green Hydrogen industry, we believe that continuous R&D in all aspects regarding product development, manufacturing process and material sourcing are key to maintain industry competitiveness and relevance. With that mind set, Fusion Fuel’s R&D department is tasked with developing continuous improvements to existing products and services, as well as developing new related products and services.

Fusion Fuel Portugal filed its first patent, the “Direct Coupled Water Hydrogen Generator for Hydrogen Generation from Concentrated Sunlight”, on March 10, 2020, which was submitted on August 3, 2020 with International Patent Submission Number PCT/IB2020/05733. Fusion Fuel Portugal filed its second patent called “Floating Guiding Flow Plate for Electrochemical Cells” which was submitted on October 14, 2020 with the International Patent Submission Number PAT/116826A. Fusion Fuel Portugal filed three provisional patents in 2022 called “Water electrolyzer and method for control of cation contamination of polymer electrolyte membrane”, “Monolithic gas diffusion layer incorporated in current collector plate for water electrolysis” and “Portable hydrogen production system”, these are still being processed in Portugal.

The majority of Fusion Fuel’s R&D expenses at this stage come from prototype models, testing and laboratory equipment, various stress tests and new generation testing, as well as patent filings and registrations in all relevant markets, and the personnel costs associated with the R&D department. Fusion Fuel has secured certain grants that enable it to partially offset some of the R&D costs incurred.

Human Capital Resources

The executive team is composed of Frederico Figueira de Chaves (Chief Executive Officer), Gavin Jones (Chief Financial Officer & Chief Accounting Officer), Jaime Silva (Chief Technology Officer), Andre Antunes (Chief Operating Officer), David Lovell (Head of Commercial - Australia), Mario Garma (Chief Engineering Officer) and Joao Wahnon (Head of Commercial – Spain & MENA).

The Executive Committee structure is outlined in the graphic below:



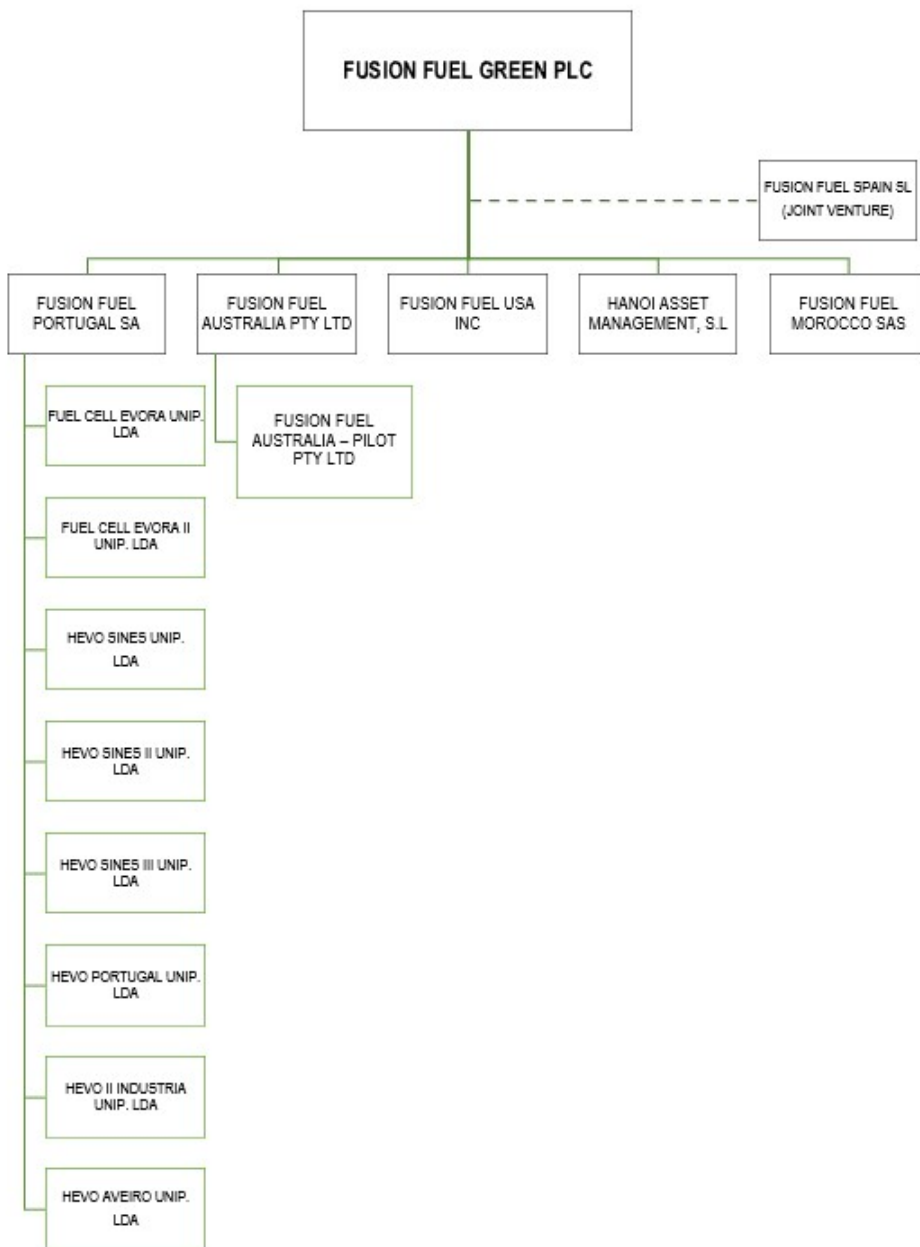
Fusion Fuel, at the date of publishing this Annual Report, has more than 116 full-time employees. Fusion Fuel’s employment contracts include confidentiality, non-disclosure and non-competition clauses to protect the firm and its intellectual property.

Seasonality

Fusion Fuel’s business lines can be impacted by seasonality effects. In terms of business development there are certain holiday periods that slow down negotiations and discussions with counterparts and clients, potentially also impacting the supply chain. In addition, revenues from Fusion Fuel’s owned and operated hydrogen plants may be impacted by seasonality as solar radiation varies throughout the year and that can lead to variances in hydrogen sale revenues month on month.

C. Organizational Structure

The chart below illustrates the Fusion Fuel legal entity structure as of the date of this Annual Report:



D. Property, Plants and Equipment

On January 1, 2021, Fusion Fuel Portugal entered into a Sub-Lease Agreement with Negordy for space of 4,156 square meters of office, logistical, and industrial activities. Parking plots are also included. The sub-lease has an initial term of five years, with automatic renewal for additional terms of five years until either party notifies the other party of its intention not to renew. Either party can choose to terminate the agreement after 20 months once adequate communication is provided to the other party. The total monthly rent determined by the sub-lease is fixed at €0.03 million.

On December 20, 2022, Fusion Fuel Portugal entered into a sale-and-leaseback agreement for its facility at Benavente, Portugal. The leaseback arrangement has an initial term of 20 years and will be automatically renewed for a further ten years unless the Group provides sufficient notice to terminate. The monthly rent determined by the lease is fixed at €0.06 million.

During 2021, 2022 and 2023, Fusion Fuel Portugal along with its subsidiary entities entered into various land, equipment and vehicle leases in the ordinary course of business.

A description of Fusion Fuel's material tangible fixed assets and its material plans to develop and install Green Hydrogen plants, including without limitation Evora, is included in this Annual Report above in this "Business Overview" section and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section contained in Item 5 below, each of which are incorporated herein by reference.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following management's discussion and analysis (this "MD&A") provides information concerning our financial condition and results of operations for the years ended December 31, 2023 and 2022 and should be read in conjunction with our audited consolidated financial statements and the related notes included in Item 17 of this Annual Report on Form 20-F, "Financial Statements". The consolidated financial statements have been prepared in accordance with IFRS. Information related to the year ended December 31, 2021 has not been included. It can be found in the Company's filing of the Form 20-F for the year ended December 31, 2022. All terms used herein and not otherwise defined shall have the meanings ascribed to them in the Annual Report.

The following discussion contains forward-looking statements that reflect our future plans, estimates, belief, and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those discussed elsewhere in our Annual Report, particularly in Item 3.D of the Annual Report, "Risk Factors," and in the "Cautionary Note Regarding Forward-Looking Statements" set forth herein. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur.

Overview

Fusion Fuel serves as a holding company for the Fusion Fuel business. Fusion Fuel's mission is to produce hydrogen with zero carbon emissions, thereby contributing to a future of sustainable and affordable clean energy and the reversal of climate change. Fusion Fuel has created a PEM electrolyzer, the HEVO, which can be used to produce green hydrogen. The HEVO is produced in-house at our manufacturing facility at Benavente, Portugal.

Fusion Fuel's business plan includes the sale of technology to parties interested in generating green hydrogen at an attractive cost (including to natural gas networks, ammonia producers, oil refineries, and other similar customers), the development of hydrogen plants to be operated by Fusion Fuel, active management of the portfolio of such hydrogen plants as assets, and the sale of green hydrogen as an output with pre-defined Hydrogen Purchase Agreements ("HPAs"). In 2023, we added engineering and procurement services for developers building hydrogen plants as a new business line.

To date, Fusion Fuel's business activity has primarily been financed by the capital derived from its business combination with HL, and the related private placement, in December 2020. In addition to the foregoing, we have sold Class A Ordinary Shares through our At the Market Issuance ("the ATM") facility, which has provided additional capital during 2022, 2023 and 2024. Fusion Fuel expects both its capital and operating expenditures to significantly increase in connection with its ongoing activities, as Fusion Fuel:

- builds out its in-house manufacturing facilities and purchases related equipment;

- commercializes the HEVO-based technologies and hydrogen plants;
- continues to invest in its technology;
- increases marketing and business development activities, including travel costs and industry association membership fees;
- maintains and improves its operational, financial and management information systems;
- hires additional key personnel;
- builds out its in-house engineering and procurement services;
- maintains, expands and protects its intellectual property portfolio; and
- continues to operate as a public company.

Key Factors Affecting Operating Results

We believe that our performance and future success depend on several factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and within the “Risk Factors.” section of the Annual Report.

A. Operating Results

Revenue

We recorded our first revenues in 2023 with our primary source of revenue coming from the sale of our HEVO electrolyzer systems to our customers and hydrogen fueling infrastructure. Revenues of €4.1 million were recognized in relation to our Exolum and CSIC technology sale projects.

Exolum. In September 2021, we entered into our first third party technology sale agreement with Exolum, a leading supplier of specialist storage, handling and transport for bulk liquids and gases. We achieved acceptance during the third quarter of 2023. The original contract price included both fixed and variable elements totaling €1.9 million. As part of negotiations during 2023, the original fixed portion of the contract price was revised and increased to €2.5 million. We recorded this full €2.5 million as revenue during 2023. Upon entering into this contract, we expected that this project would either have a low margin (if at all) or operate at a loss. Nevertheless, we believed this contract was a key strategic milestone for the Company for the following reasons:

- At the time, it was the first project of its kind for the Company and as such represented proof of concept of having an integrated hydrogen production plant with a hydrogen refueling station;
- The latest version of our HEVO-Solar technology was still under development and the ability to enter such an agreement without any prior track record provided third party support in what we believed our technology could achieve; and
- It was seen as an important gateway into the Spanish market, by being able to develop and install a plant in a market with a strong hydrogen agenda, in conjunction with a strategic partner like Exolum.

We booked an onerous contract provision of €5.2 million in 2022, which reflected the Group’s best estimate of the total expected contract loss. Nevertheless, this project has been of significant value in building our Iberian pipeline and we believe that the losses recognized will be offset by the business opportunities created for the Company. This provision was released during 2023 once revenue and the associated cost of revenue was recognized.

CSIC. We recognized revenue of €1.6 million relating to our manufacture and supply of a hydrogen production system in Zaragoza, Spain. CSIC is the largest public research institution in Spain. This contract has three phases and we completed Phase 1 during 2023. We expect to complete Phase 2 and Phase 3 during the first half of 2024. Similar to our Exolum project, on review of the total costs to complete this project, we recorded an onerous contract provision of €0.4 million in 2022. A portion of this provision was released during 2023 once revenue and the associated cost of revenue was recognized.

We did not recognize any revenue during 2022.

Cost of Sales

Electrolyzer system revenues. Cost of sales relating to our HEVO electrolyzers and hydrogen fueling infrastructure includes direct parts, material, certain service costs, shipping and logistics costs and reserves for estimated warranty expenses. Once our production output aligns with our installed capacity, our cost of sales will also include labour costs, manufacturing overhead, including amortized tooling costs and depreciation of facilities. We recorded cost of sales of €4.0 million during 2023 (2022: €nil).

Impairment charges. During 2023, we undertook a thorough review of all components comprising our inventory. We recorded a net increase of €13.9 million to the impairment charge as well as an impairment of €3.3 million relating to one of our development projects during the fourth quarter of 2023. These significant impairments relate to specific components manufactured for legacy designs for which negotiations with prospective buyers have stalled. Management has therefore decided to impair the full value until such a time that we have further certainty on our ability to sell or even scrap these materials.

For the year ended December 31, 2022, there was no cost of sales, except for the above-mentioned onerous contract provision recorded for Exolum (€5.2 million), further contract loss provisions recorded for two other projects that had not commenced by December 31, 2022 (€3.2 million) and the cost of scrapped materials through the normal production cycle of €0.4 million.

Administration expenses

For the years ended December 31, 2023 and 2022, Parent incurred administration expenses of €15.8 million and €18.4 million. Administration expenses consist primarily of personnel costs, director compensation, depreciation & amortization charges, travel expenses, insurance, professional fees for legal, patent, consulting, accounting and audit services. The main drivers of the decrease in costs compared to 2022 relate to reductions in personnel costs (€1 million) and professional & consulting fees (€0.5 million).

Research and development expense

For the twelve months ended December 31, 2023 and 2022, research and development (“R&D”) expenses consisted of €3.5 million and €2.8 million respectively. Our R&D expenses primarily consist of:

- Fees paid to third parties such as consultants and contractors for outside development;
- Expenses related to materials, supplies and third-party services;
- Personnel-related expenses, including salaries, and benefits, for personnel in the engineering and research functions;
- Amortization of completed development technology; and
- Depreciation for prototyping equipment and R&D facilities.

We recognized grant income of €1.6 million which was credited against qualifying R&D personnel costs in 2023. €1.9 million of the above €2.8 million expense was recorded within administration expenses during the year ended December 31, 2022.

We expect R&D costs to gradually increase for the foreseeable future as we progress on projects due to continued investment in R&D activities to achieve our business plans.

Share-based payment (expense)/credit

For the years ended December 31, 2023 and 2022, Parent incurred share-based payment expense of €1.4 million and €3.5 million. On August 5, 2021, the Company's Board of Directors adopted and approved the 2021 Equity Incentive Plan (the 2021 Plan), which authorized the Company to grant up to 1,000,000 Class A ordinary shares in the form of incentive share options, non-qualified share options, share appreciation rights, restricted awards, performance share awards, cash awards and other share awards. The types of share-based awards, including the rights amount, terms, and exercisability provisions of grants are determined by the Company's Board of Directors. To date, Parent has issued both restricted stock units (68,273) and options (2,282,628) to its employees, directors and consultants. Following the departure of employees who were previously granted instruments under our share-based payment plan, we recognized a credit of €1 million during 2023 relating to the forfeiture of such awards. This reversal of charges recorded during 2022 coupled with a lower monthly expense (due to lower awards outstanding) is the reason for the reduction in expense as compared to 2022.

Impairment of property, plant and equipment

For the years ended December 31, 2023 and 2022, Parent incurred impairment charges on property, plant and equipment of €5.5 million and €3.3 million. The impairment charges primarily relate to our assets under construction and plant and machinery. In the case of there being a trigger for a review of impairment, Parent performs a review on the carrying amounts of its property, plant and equipment to determine whether there is any indication of impairment at the reporting date. Parent particularly tests the net recoverable amounts of its internally generated assets held in assets under construction to ensure that the costs of their production have not over-run their operational or commercial value. One such trigger for impairment review, which has occurred in the current year, is that the Group was loss making and another was the increase in costs to complete certain projects currently recognized as assets under construction. Please see note 14 to our consolidated financial statements appearing elsewhere in this Annual Report on Form 20-F for further discussion around our impairment analysis.

Net finance income

Operating costs were partially offset by €6.9 million of fair value gains on Parents derivative financial instruments (Warrants). The functional currency of the Company is the Euro and as the exercise price of the Company's share purchase warrants is fixed in US Dollars, these warrants are considered a liability as a variable amount of cash in the Company's functional currency will be received on exercise. Accordingly, these warrants are classified and accounted for as a derivative liability at fair value through profit or loss. As of December 31, 2023 and December 31, 2022 there were 8,869,633 warrants outstanding. The warrants entitle the holder to purchase one Class A ordinary share of Parent at an exercise price of \$11.50 per share. Until warrant holders acquire the Parent's Class A ordinary shares upon exercise of such warrants, they have no rights with respect to the Parent's Class A ordinary shares. The warrants expire on December 10, 2025, or earlier upon redemption or liquidation in accordance with their terms. The fair value of the warrants is determined with reference to the prevailing market price for warrants that are trading on the NASDAQ under the ticker HTOOW.

We have made rounding adjustments to reach some of the figures included in this Annual Report for ease of presentation.

Business Combination and Public Company Costs

On December 10, 2020, we consummated the business combination among Parent, HL and Fusion Fuel Portugal. Fusion Fuel Portugal was deemed the accounting predecessor of the Parent and the successor SEC registrant, meaning that Fusion Fuel Portugal's financial statements for previous periods will be disclosed in Parent's periodic reports filed with the SEC.

As a consequence of the transactions with HL, Parent became an SEC-registered public company and its Class A ordinary shares and Warrants are listed on Nasdaq, which has caused Parent and Fusion Fuel Portugal, as the operating company, to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. Parent and Fusion Fuel Portugal each expect to incur additional annual expenses as a result of Parent becoming an SEC-registered and Nasdaq-listed public company for, among other things, directors' and officers' liability insurance, director fees and additional internal and external accounting and legal and administrative resources, including increased audit and legal fees.

Launch of Fusion Fuel's Hydrogen Generators, the HEVO-Solar and HEVO-Chain, and First Green Hydrogen Plants

Fusion Fuel first created the HEVO-Solar green hydrogen generator and installed it in its first plant in Portugal, H2Evora during 2021 and 2022, and at its first plant in Spain, the Exolum Torrejon facility during 2023.

The Exolum Torrejon project marked the delivery of services and equipment to a client, and the first revenues we could book as a company. This project marks a significant milestone in the company's journey as it is also the first time Fusion Fuel handed over the running of the equipment to a third party and after its commissioning in September 2023, the plant was operated by Exolum. We are currently progressing through the warranty period which is contracted to last until the 2nd anniversary of the issuance of acceptance.

During 2023, we began commercializing our centralized electrolyzer model, the HEVO-Chain. This system is built upon the miniaturized electrolyzer solution, the HEVO, working in a series to deliver an efficient, modular, and attractive solution for green hydrogen projects, in particular to those under 10 MW and using direct renewable energy sources. Given changes in legislation and regulations in the countries we focus our operations on, the HEVO-Solar also became harder to license and approve, therefore the company made a strategic adjustment in its sales focus and is now solely focused on commercializing the HEVO-Chain solution.

This solution has proven to be of significant interest to potential clients and during 2023 Fusion Fuel was able to close 4 project sales for the HEVO-Chain offering. These are for projects of various sizes, ranging from 300 kW to 1.25 MW. In addition, we have also provided offers to several dozen projects across Europe, in North America and in Australia with this solution, which only started being commercialized in the summer of 2023.

This robust pipeline, combined with Fusion Fuel's own projects provide a truly unique foundation to build the revenue base for the future of the company. Four of Fusion Fuel's own projects in Portugal as of end of 2023 already had grants approved for €44m in CAPEX support, and subsequently another project was awarded a €5m grant in March 2024 and critically, our largest project, the HEVO-Portugal of 630 MW, was designated an "Important Project of Common European Interest (IPCEI)". The IPCEI designation allows us to negotiate grant support for the project, along with financing support from the European Investment Bank, something that is rare for large scale hydrogen projects at this stage in the industry and that gives the project significant value.

Four of Fusion Fuel's own projects have been created in separate SPV structures to allow for their sale to infrastructure investors. The goal is that these projects are created with the aim to create projects that can be executed with Fusion Fuel's leading engineering and procurement services as well as with Fusion Fuel's electrolyzer solution (where the size is appropriate). To this end, the company has been engaged in several discussions regarding the sale of these assets with significant players in the industry and expects to begin to monetize elements of this portfolio during 2024.

As a core part of the commercial strategy, we aim to enter into partnerships and agreements with local players, in particular in markets beyond Iberia. To that end, we added a new partnership in North America (adding to the existing partnership with Electus Energy), with a new clean fuel development company called Elemental Energy which is run by two previous members of Fusion Fuel's executive committee. We continue to nurture relationships across Europe, MENA and Australia, with the intentions to further build strategic relationships that allow us to capitalize on growth plans faster and more cost effectively than if Fusion Fuel were to pursue these alone.

Fusion Fuel has received interest in its technology both from parties interested in developing their own hydrogen production plants, as well as parties interested in purchasing green hydrogen as an end product. This interest comes from companies both within and outside of Portugal. Although Fusion Fuel expects the pipeline of its announced projects to be an indicator of future performance, there can be no guarantees that any of the projects will succeed, be completed or that any additional projects will be announced.

B. Liquidity and Capital Resources

As indicated in the accompanying audited financial statements of Parent, at December 31, 2023, Parent had a cash position of €1.2 million. In addition, Parent had other assets of approximately €42 million and liabilities of €39.4 million. Our cash position was funded primarily from the net proceeds derived from the HL merger and the concurrent private placement financing that closed on December 10, 2020, proceeds of approximately \$10.1 million from the exercise of warrants during the first quarter of 2021, and proceeds of approximately \$10.2 million from the sales of Class A ordinary shares under the ATM. In addition, we have received €11.4 million in grant funding since December 2022 and approximately €8.9 million in VAT receipts since October 2022.

Parent's assets, in addition to cash and cash equivalents, consist of advances to suppliers in the amount of approximately €0.6 million, which consists mostly of amounts required to secure the future supply of raw materials and equipment for our technology sales and hydrogen production plants. Parent's liabilities consist of accounts payable to suppliers in the amount of €13.3 million, accruals in the amount of approximately €1.8 million, provisions of approximately €0.5 million and warrants in the amount of approximately €0.8 million. The Group had no external debt as of December 31, 2023, except for amounts recognized as 'loans and borrowings' associated with a factoring arrangement with recourse.

During 2021, the Group extended a participating loan to finance the growth and working capital needs of Fusion Fuel Spain S.L, an entity in which the Company has joint control. The arrangement is set forth in a Shareholders Agreement between the parties. The loan facility has a term of five years and the maximum amount that can be drawn down is €2 million. €0.25 million had been drawn down during the year ended December 31, 2023 and the costs paid by the Group on behalf of Fusion Fuel Spain, €0.43 million, have been treated as an advancement of this loan for accounting purposes. An amount of €0.49 million had yet to be drawn down at December 31, 2023.

In February 2022, the Company announced that its wholly owned subsidiary, Fusion Fuel Portugal, S.A. secured nearly €10 million in grants for its industrial production facility in Benavente. Under this grant agreement, the funding is split into two components: direct financial support for eligible expenses and tax credits available to the Company over a period of several years. The funding is provided to the Company as reimbursement of expenses incurred by the Company in connection with the project and is paid to the Company after it has spent such amounts but no further conditions or approvals are necessary for the Company to receive the reimbursements.

On August 18, 2022, the Company announced that it had received confirmation from the Portuguese government that it will receive an estimated €10 million grant as part of Component 14 ("C-14") of the Portuguese Recovery and Resilience Plan to develop its 6.6MW HEVO-Industria green hydrogen project in Sines, Portugal. C-14 is focused on accelerating the energy transition by supporting the production of hydrogen and other renewable gases.

On December 7, 2022, Parent announced that it had been approved for a total of €36 million in grant funding for its "Sines Green Hydrogen Valley Alliance" through Component 5 ("C-05") of Portugal's Recovery and Resilience Plan. The component – Mobilizing Agendas for Business Innovation – is intended to align stakeholders from across the entire value chain to develop the domestic green hydrogen ecosystem.

Of the €36 million awarded to the consortium, €22.5 million will be allocated to Fusion Fuel's H2 HEVO-SINES project, a 3,000 HEVO-Solar facility – equivalent to 75 MW of electrolysis capacity – that will be developed, owned, and operated by the company. Fusion Fuel has already secured 121 hectares of land within the Sines area for the development of the project, which is expected to reach final investment decision and commence construction in 2024. The green hydrogen to be produced is expected to be used in decarbonizing local industry, mobility applications, and for blending into the natural gas grid. Another €3.5 million will be allocated to Fusion Fuel to fund research and development of its proprietary electrolysis technology. The balance of the funding will be allocated to other projects within Fusion Fuel's consortium for which the Company is a technology partner, including those sponsored by KEME Energy, Transition2Green, and HyLAB Collaborative Laboratory.

On November 27, 2023, the Parent entered into an agreement for financing of up to \$20 million of senior convertible notes with Belike Nominees Pty Ltd., a Macquarie Group entity. This facility has a two-year term and it's expected that amounts will be drawn down in tranches. The first tranche is expected to be drawn down in the second quarter of 2024.

On February 16, 2024, the Company announced that it has received notification from the European Commission that the Company's HEVO-Portugal project was among 33 selected for approval under the Important Projects of Common European Interest ("IPCEI") Hy2Infra program. The Company's €650 million, 630 MW project is to be developed in Sines, Portugal, and would produce 62,000 tonnes of green hydrogen per annum. A portion of the green hydrogen is expected to be used in the production of green ammonia and exported from the Port of Sines to the Port of Rotterdam in the Netherlands. The balance would be consumed by industrial customers in the domestic Portuguese market. The IPCEI approval positions Fusion Fuel and its partners to commence funding negotiations with the relevant government stakeholders, as well as with the European Investment Bank, which has committed to providing financing and advisory support to those projects selected for public funding.

On March 4, 2024, the Company announced that it has received approval for a €1 million grant from the European Commission's Horizon Europe Programme. The Company was included as a member of H2tALENT, a consortium of 29 partners from six countries across Europe and sponsored by the Universidade de Évora. H2tALENT was one of three consortia funded in the topic (HORIZON-JTI-CLEANH2-2023-1), which was created to develop small-scale hydrogen valleys that demonstrate the decarbonization potential of hydrogen and cover the entire value chain from research & development through to end-use. H2tALENT's submission to the funding call, the Alentejo Hydrogen Valley, is aimed at bringing together pioneering initiatives and state-of-the-art technologies across the value chain to accelerate the development of the local hydrogen economy in the Alentejo region of Portugal. The projects envisioned within the hydrogen valley would produce over 1,200 tonnes of green hydrogen per annum, to be used by multiple offtakers within the industrial ecosystem in Sines, with the deepwater port representing a strategic multi-modal hub for integration within the broader European economy.

On March 20, 2024, the Company announced that it has received provisional approval from the Portuguese government for an estimated €5 million in grant funding to support the development of a 25 MW green hydrogen project located in Aveiro, Portugal. The grant approval was awarded as part of the second funding call of the Component 14 ("C-14") grant program which is focused on accelerating the energy transition by supporting the production of hydrogen and other renewable gases. The Company is also involved in a second submission for a 10 MW green hydrogen project, led by a Portuguese industrial company, which has also received funding approval. In total, there were 21 proposals that received provisional approval through the C-14 program. Fusion Fuel's HEVO-Aveiro project envisions a 25 MW green hydrogen facility using the Company's proprietary HEVO-Chain technology along with associated balance of plant equipment. The plant would produce an estimated 2,100 tonnes of green hydrogen per annum, which is expected to be used for industrial process heat by the local ceramic industry in Aveiro, Portugal.

At the Market Issuance Sales Agreement

On June 6, 2022, Parent entered into the ATM facility with B. Riley Securities, Inc., Fearnley Securities Inc., and H.C. Wainwright & Co., LLC, pursuant to which the Company may offer and sell, from time to time, through or to the agents, acting as agent or principal, Class A ordinary shares of the Company. During 2023, we sold 1,103,368 Class A ordinary shares for net proceeds of \$3,254,802 at an average sales price of \$2.83 per share. We paid \$0.1 in commissions to the agents in connection with these sales. During 2024 to date, we sold an additional 726,851 Class A ordinary shares for net proceeds of \$6,398,264 at an average sales price of \$2.80 per share. We paid \$0.2 in commissions to the agents in connection with these sales.

Management is hopeful it will have sufficient access to financial resources to fund operations, having considered the Group's available cash resources, the recently announced agreement with Belike Nominees Pty Ltd, expected inflows from both technology sales and grant award agreements, future financing options available to the Group (debt and/or equity), the planned operations of the Group and the ability to adjust its plans if required.

The Group expects to seek additional funding in order to continue to fund its operations through the end of 2024 and beyond. The Group expects to seek additional funding through public or private financing of debt or equity or through strategic partnerships. The inability to obtain funding, as and when needed, would have a negative impact on the Group's financial conditions and ability to pursue its business strategies. If the Group is unable to obtain funding, the Group could be forced to delay, reduce, or eliminate some or all of its research and development programs or strategic partnerships efforts, which could adversely affect its business prospects, or the Group may be unable to continue operations. Although management intends to pursue plans to obtain additional funding to finance its operations, there is no assurance that the Group will be successful in obtaining sufficient funding on terms acceptable to the Group to fund continuing operations, if at all.

C. Research and Development, Patents and Licenses, etc.

Fusion Fuel's industry and business require continuous innovation and improvement. To this end, the R&D team has already designed the next two generations of the HEVO-Solar which, subject to necessary funding, the Company expects to develop. This innovation aims at not only improving the efficiency of the product, but also reducing the costs of production. Likewise, the HEVO-Chain is not only going through the testing required to put the first generation into commercial operation, but the next generation with a higher output pressure is also already being worked on.

Continuous R&D is a core part of the ongoing strategy for Fusion Fuel. For more information about Fusion Fuel's R&D, see Item 4 "Business Overview – Research and Development" in the Annual Report.

D. Trend Information

Other than the risks described in Item 3.D. "Risk Factors" of the Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events since the beginning of our fiscal year 2022 that are reasonably likely to have a material effect on our net revenues, income from operations, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial condition.

E. Critical Accounting Estimates

Not applicable.

F. Contractual Obligations

Fusion Fuel Portugal has a Production Agreement with MagP pursuant to which MagP guarantees the transformation of materials provided by Fusion Fuel Portugal for the CPV solar trackers used in Fusion Fuel's HEVO-Solars. The current production quantities to be produced are agreed between both parties quarterly in advance. Fusion Fuel does not have any financial obligations under this contract, contingent or otherwise, as the contract provides that MagP is to deliver a fixed number of Trackers, as agreed between both parties. A fixed cost per Tracker to be supplied by MagP is also stipulated in the contract. For more information relating to the contracts with MagP, see "Related Party Transactions" in the Annual Report.

During 2022, the Board of Directors approved the installation of multiple production lines at the Group's production facility at Benavente. The Group has signed agreements amounting to €18.3 million relating to the design, fit-out and installation of multiple production lines. At December 31, 2023, the Group had capital commitments of approximately €6.5 million (2022: €12.4) which is all due for repayment during 2024.

G. Safe Harbor

This MD&A contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995. See "*Cautionary Note Regarding Forward-Looking Statements*" above.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth the name, age and position of each of our directors and executive officers as of the date of this Annual Report.

Name	Age	Position
Jeffrey E. Schwarz	65	Chairman of the Board ⁽¹⁾⁽²⁾⁽³⁾
Frederico Figueira de Chaves	40	Chief Executive Officer and Director
Gavin Jones	37	Chief Financial Officer
Andre Antunes	45	Chief Operating Officer
João Teixeira Wahnon	54	Chief of Business Development Officer
Jaime Silva	56	Chief Technology Officer and Head of Innovation
Theresa Jester	66	Director ⁽¹⁾⁽²⁾⁽³⁾
Rune Magnus Lundetrae	47	Director ⁽¹⁾⁽²⁾⁽³⁾
Alla Jezmir	43	Director ⁽¹⁾⁽²⁾⁽³⁾
David Lovell	68	Chief Executive Officer of Fusion Fuel Australia
Mario Garma	47	Chief Engineering Officer

(1) Member of the Audit Committee

(2) Member of the Nominating Committee

(3) Member of the Compensation Committee

Jeffrey E. Schwarz became the Chairman of the Board of Directors of Parent on December 4, 2020, which was the date that Parent's board of directors approved the closing of the Transactions. Mr. Schwarz served as the Chief Executive Officer and Chairman of the Board of HL Acquisitions from HL's inception in February 2018 until the Merger. He is the Co-Founder of Metropolitan Capital Advisors, Inc., a New York-based money management firm founded in 1992. Schwarz served as Metropolitan's Chief Investment Officer from the firm's inception until his retirement in 2012. Since 2012, he has served as the Managing Member of Metropolitan Capital Partners V LLC, the investment vehicle of the Schwarz family office. Mr. Schwarz also serves as the Chairman of the Board – and was a Founding Shareholder – of XL Batteries Inc, a developer of batteries for long duration energy storage at grid-scale; and as Co-Chairman of the Board of Bogen Corporation, a provider of audio equipment. Mr. Schwarz previously served as a member of the Board of Directors of Cyberonics Inc., a Nasdaq listed medical device company. Mr. Schwarz received a BS in Economics (Summa Cum Laude) and an MBA from the Wharton School of the University of Pennsylvania. We believe Mr. Schwarz is well-qualified to serve as a director due to his contacts and business experience.

Frederico Figueira de Chaves has served as Group Chief Executive Officer since June 5, 2023 and Director of Parent since June 3, 2020. He previously served as Chief Financial Officer of Parent from June 3, 2020, until his promotion to Chief Executive Officer. Mr. Figueira de Chaves has been a shareholder and member of the Board of Directors of Fusion Welcome, S.A. since 2018 and is also a member of Key Family Holdings Investments, a minority shareholder of Fusion Fuel and Negordy S.A., S.A. From 2006 to the end of 2019, he held various senior positions (Managing Director level) at UBS AG, including UBS Asset Management Head of Sales Management & Marketing, AM Head of Wealth Management Distribution, Chief of Staff to Asset Management CEO, Chief of Staff to UBS Group COO & Head of EMEA, among others. Mr. Figueira de Chaves holds a master's degree in Economics from Edinburgh University. We believe Mr. Figueira de Chaves is well-qualified to serve as a director due to his experience in developing and running new business lines at UBS AG, his financial services background and network, and his knowledge of the Fusion Fuel strategy, business, and supply chain.

Gavin Jones became the Chief Financial Officer of Parent on June 5, 2023. Mr. Jones joined Parent in October 2021 in the role of Chief Accounting Officer which he continues to serve. He has also been a member of the Executive Committee since June 5, 2023. Since joining Parent, he has been responsible for Group accounting and finance. Prior to joining Fusion Fuel, Mr. Jones spent more than 13 years at KPMG in Ireland where he held multiple management positions, most recently as a Director in the Audit and Assurance Practice. Mr. Jones holds a bachelor's degree in accounting and human Resource Management from the National College of Ireland and is a fellow of the Institute of Chartered Accountants in Ireland (FCA).

André Antunes became Chief Operating Officer of Parent on June 5, 2023, after being promoted from the position of Chief Production Officer of Parent, a position he held since August 1, 2021. He has also been a member of the Executive Committee since August 1, 2021. Mr. Antunes has more than 15 years of experience in different industries as automotive, metallurgic, tobacco and FMCG, and proven success in manufacturing and production, quality assurance and leadership. Before joining Fusion Fuel, S.A., and since 2020, Mr. Antunes was the Operations Manager in a Unilever Factory in Portugal. From 2011 until 2020 worked in Tabaqueira, S.A., a Philip Morris International affiliate, where he joined as a Production Supervisor, holding different roles such as Strategic Planner, Continuous Improvement Leader, Production Business Unit Manager, Production Secondary area Manager and Site Production Manager. From 2006 until 2011 he was the Operations Manager in Farama, S.A., a metallurgic company. From 2002 until 2006 held different roles in Automotive Industry in 3 different Companies, such as Toyota - Salvador Caetano, PSA - Mangualde Plant and GM - Azambuja plant, holding different roles in Quality and Production. Mr. Antunes holds a degree in Industrial Engineering and Management in University of Aveiro, a Post-Graduation degree in Management in New University of Lisbon and a Lean Six Sigma Black Belt degree from Lean Six Sigma Company. We believe Mr. Antunes is well qualified to serve as Chief Production Officer due to his experience in establishing, running, and continuously improving large-scale production facilities.

João Teixeira Wahnnon became the Chief of Business Development as of December 10, 2020, the closing date of the Transactions. He also served as a Director of Parent from June 3, 2020 to October 6, 2023. Mr. Teixeira Wahnnon co-founded Fusion Welcome, S.A. and has served as Head of Business Development for each of Fusion Welcome, S.A., Fusion Fuel and MagP Inovação, S.A. since 2015. Prior to working with Fusion Welcome, S.A., he was an Executive Director of MagPower from 2009 until 2014. From 2005 to 2008 he was a Business Development Advisor to the Board of Directors at Somague Ambiente SGPS S.A., a water treatment and supply company in Portugal, and from 1994 to 2004 he was a Director at Somague Engineering S.A., an engineering and construction company in Portugal, and was responsible for civil works negotiations. He holds a Degree in Engineering from the Instituto Superior Técnico of Lisbon.

Jaime Silva became the Chief Technology Officer as of December 4, 2020, the closing date of the Transactions, and Head of Innovation as of June 5, 2023. Mr. Silva also served as a Director of Parent from December 4, 2020 to October 6, 2023. Mr. Silva co-founded Fusion Welcome, S.A. and has served as Chief Technology Officer and executive officer of each of Fusion Welcome, S.A., Fusion Fuel and MagP Inovação, S.A. since 2015. Prior to founding Fusion Welcome, S.A., Mr. Silva co-founded MagPower - Soluções de Energia S.A., a CPV solar company (“MagPower”), and served as its Chief Technology Officer from inception in 2007 until 2014. MagPower created the foundation to the CPV solar technology currently used by MagP Inovação, S.A., and pays royalties to MagPower on all sales of the CPV solar technology, including the sales to Fusion Fuel. Prior to MagPower, Silva was founder and CEO of Margina - Industria Metalomecânica S.A. - Metallurgic Industry, and before that founder and CEO of Imediata - Comunicações e Multimédia S.A., a multimedia kiosk technological company. Mr. Silva holds a master’s degree in management and a master’s degree in telecommunications each from the University of Porto, and a degree in Electrical Engineering from the University of Porto.

Theresa “Terry” Jester became a Director of Parent on December 13, 2021. Ms. Jester currently serves as Managing Director for KIWA PI Berlin, LLC which she joined in January 2023. She serves on the Boards of Canadian Premium Sands, a high-quality solar glass company, NEXT Energy Technologies, a developer of organic photovoltaic coatings used to transform windows into energy-producing assets, and Highland Materials, a global leader in the production of solar silicon. She previously served as CEO of BIA Controls, a developer and installer of demand management, energy management and building automation software systems. Ms. Jester began her career at ARCO Solar in 1979 where she helped develop and commercialize the materials strategy which is largely still in use today for crystalline silicon products. There she led the development of the first large \$400 million solar manufacturing operation in Camarillo, California, as well as helped run factories in the Philippines, Germany, Brazil, India, and Portugal as part of the worldwide strategies for SunPower, Solaria, SolarWorld, Shell and Siemens. Ms. Jester holds a Mechanical Engineering Degree from California State University. We believe Ms. Jester is well-qualified to serve as a director due to her contacts and business experience, particularly with respect to developing, producing and commercializing new technologies.

Rune Magnus Lundetrae became a Director of Parent and Chair of the Board Audit Committee as of December 4, 2020, which was the date that Parent's board of directors approved the closing of the Transactions. Mr. Lundetrae served as a member of HL's board of directors from June 2018 until the Merger. Since 2020, Mr. Lundetrae has managed investments in the shipping and energy industry and has been a Director and Chairman of public companies, primarily in Norway. He is currently Director and Chairman of several private companies in Norway, mainly in offshore related industries as well as property companies. From December 2016 to December 2019, Mr. Lundetrae served as the Deputy Chief Executive Officer and Chief Financial Officer of Borr Drilling Ltd., the world's largest premium jack-up rig operator. From August 2015 to December 2016, he was a Managing Director and Head of Oil Services of DNB Markets, the investment banking subsidiary of DNB, Norway's largest financial services group. From 2012 to June 2015, he served as Chief Financial Officer of Seadrill Ltd, the world's largest offshore driller. From 2010 to 2011, he served as Chief Financial Officer of Scorpion Offshore, an international offshore drilling company based in Houston, Texas and listed on the Oslo Stock Exchange. Mr. Lundetrae began his career with KPMG Stavanger, an auditing firm. He received a BA in Business Administration from the University of Newcastle Upon Tyne, a M.Sc. in IS Management from the London School of Economics and a M.Sc. of Accounting and Finance from the Norwegian School of Economics. He is qualified as a CPA in Norway. We believe Mr. Lundetrae is well qualified to serve as a director due to his significant experience with public companies, in particular on accounting and governance aspects.

Alla Jezmir has served as Investment Partner at Galway Sustainable Capital, a specialty finance company that invests in companies, projects and assets that accelerate the transition to a sustainable economy while delivering positive environmental and social benefits, since November 2023. From 2019 to 2023, she was Founding Team Member and Executive Vice President, Corporate and Business Development at Earthrise Energy, an Arlington, VA based independent power producer advancing the energy transition. From 2013 to 2019, Ms. Jezmir served in progressively senior roles, most recently as Managing Director, at CCM Energy, the clean energy investment division of CCM Group, a real estate firm. Concurrently, from 2015 to 2019, Ms. Jezmir was Principal and founding team member of Traverse Venture Partners, an investment platform launched out of CCM to back entrepreneurs transforming the real estate industry. Prior to these roles, from 2010 to 2012, she steered the development of AES Corporation's Global Gas Program as Project Manager in its Business Development Group. She also served on AES' Internal Review Team and supported the development of its award-winning energy storage group (now Fluence). As Principal of the Green Portfolio at Calvert Impact Capital from 2009 to 2010, Ms. Jezmir led the organization's Green Initiative, investing in community development organizations across the globe that address social and environmental challenges. From 2009 to 2018, she co-founded and served as Board Chair of EGG-energy, a company that delivered solar energy to Tanzanian households and small enterprises lacking access to the power grid. Ms. Jezmir holds an MBA from Harvard Business School, an MPA from the Harvard Kennedy School of Government, and a BSBA from Washington University in St. Louis. She serves on the Board of the Clean Energy Leadership Institute (CELI) and on the Advisory Board of the University of Illinois Sustainable Technology Center. We believe Ms. Jezmir is well-qualified to serve as a director due to her experience in the clean energy industry and in early-stage companies.

David Lovell became Chief Executive Officer of Fusion Fuel Australia as well as member of the Executive Committee on November 1, 2021. Mr. Lovell is a senior executive with over 30 years of experience in the finance, investment banking and construction industries having held many senior roles including at the Bank of Tokyo, Transfield Holdings, Leighton Contractors (now CIMIC) and Origin Energy. He brings significant commercial and financial expertise in relation to major landmark infrastructure projects, including PPPs and privatized infrastructure, across a wide range of industry sectors including power and renewable energy. David is based in Sydney, Australia. Mr. Lovell holds a Bachelor of Financial Administration, Diploma of Economic Statistics and Master of Economics from the University of New England and Master of Business Administration from University of Melbourne. He is also a graduate member of the Australian Institute of Company Directors (GAICD). We believe Mr. Lovell is well qualified to serve as a CEO of Fusion Fuel Australia due to his experience in the energy sector in Australia.

Mario Garma became Chief Engineering Officer as well as member of the Executive Committee on October 18, 2021. Mr. Garma has more than 17 years of experience in the industrial gases industry at Air Products. During his tenure, worked has focused primarily on strategic planning, operations and energy management, and production process improvement. While at Air Products, Mr. Garma held several roles, most recently as Head of Development of Strategic Infrastructure for Green Hydrogen for Southern Europe and previously was Production and Energy Manager for Southern Europe, Process Engineer, as well as Asset Development Manager where he led the infrastructure development process for entry into the Moroccan market. We believe Mr. Garma is well qualified to serve as Chief Engineering Officer due to his experience in the development, construction, and operation of gas plants in Europe.

Parent's board of directors is divided into three classes with only one class of directors being elected in each year and each class serving a three-year term. The term of office for the first class of directors, consisting of Frederico Figueira de Chaves and Theresa Jester, will expire at Parent's annual general meeting of shareholders in 2024. The term of office for the second class of directors, consisting of Rune Magnus Lundetrae and Alla Jezmir, will expire at Parent's annual general meeting of shareholders in 2025. The term of office for the third class of directors, consisting of Jeffrey E. Schwarz, will expire at Parent's annual general meeting of shareholders in 2026.

B. Compensation

Executive Officer Compensation

The aggregate amount of compensation earned by Fusion Fuel's Executive Officers, who were employed during fiscal 2023 was €3.8 million.

For further details of share-based remuneration that have been granted to the Company's employees, including the Executive Committee Members, see "Item 10. Additional Information—Options to Purchase Securities from Registrant," as well as Note 8 to the consolidated financial statements included herein.

Decisions on the executive compensation program will be made by the compensation committee of the board of directors of Parent. We anticipate that decisions regarding executive compensation will reflect our belief that the executive compensation program must be competitive in order to attract and retain our executive officers. We anticipate that the compensation committee of the board of directors of Parent will seek to implement our compensation policies and philosophies by linking a significant portion of our executive officers' cash compensation to performance objectives and by providing a portion of their compensation as long-term incentive compensation in the form of equity awards.

In 2023, there was no variable compensation awarded to the Executive Committee, reflecting the Company's early stage in the industry and the delays in executing the business plan (which were largely externally driven).

Non-executive Director Compensation

We pay our non-executive directors the following compensation:

- each non-executive director of Parent will earn annual cash compensation of \$50,000 and receive equity awards under the Plan of \$75,000.
- the chair of the board of directors will receive an additional \$50,000 annual cash compensation and receive additional equity awards under the Plan of \$75,000.
- the chair of the audit committee will receive an additional \$25,000 annual cash compensation and receive additional equity awards under the Plan of \$25,000.
- the chair of the compensation committee will receive an additional \$12,500 and receive additional equity awards under the Plan of \$12,500.

The cash compensation is payable quarterly in advance to Parent's non-executive directors. During 2023, the Non-executive Directors approved the deferral of their fiscal 2023 cash compensation given the company's capital position until such time that Parent raised an adequate amount of capital. The 2023 fees were settled during March and April 2024.

All share-based compensation will have a grant date of January 1st for any given year with the equity instruments vesting quarterly in advance. The equity instruments will have a seven-year duration with an exercise price equal to the volume weighted average price for Fusion Fuel's stock for the month of the prior December. The Black-Scholes option pricing model will be used to determine the number of equity instruments granted to each director.

C. Board Practices

Director Term of Office

Parent's board of directors has three classes of directors with staggered terms, with each director serving for up to three years until his or her successor is designated and qualified. During such term, our shareholders will have no power to remove directors without cause. The directors have been assigned classes as follows:

Jeffrey E. Schwarz	Class III
Frederico Figueira de Chaves	Class I
Theresa Jester	Class I
Rune Magnus Lundetrae	Class II
Alla Jezmir	Class II

Independence of Directors

As a result of its securities being listed on Nasdaq following consummation of the Transactions, Parent adheres to the rules of Nasdaq in determining whether a director is independent. The board of directors of Parent has consulted, and will consult, with its counsel to ensure that the board's determinations are consistent with those rules and all relevant securities and other laws and regulations regarding the independence of directors. The listing standards of Nasdaq define an "independent director" as a person, other than an executive officer of a company or any other individual having a relationship which, in the opinion of the issuer's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The parties have determined that Messrs. Schwarz, Lundetrae, and Mss. Jezmir and Jester are independent directors. Parent's independent directors have regularly scheduled meetings at which only independent directors are present.

Risk Oversight

Parent's board of directors oversees the risk management activities designed and implemented by Parent's management. Parent's board of directors executes its oversight responsibility both directly and through its committees. Parent's board of directors also considers specific risk topics, including risks associated with Parent's strategic initiatives, business plans and capital structure. Parent's management, including its executive officers, are primarily responsible for managing the risks associated with operation and business of Parent and its subsidiaries and provide appropriate updates to the board of directors and the audit committee. Parent's board of directors has delegated to the audit committee oversight of its risk management process, and its other committees will also consider risk as they perform their respective committee responsibilities. All committees report to Parent's board of directors as appropriate, including when a matter rises to the level of material or enterprise risk.

Board Committees

We have separate standing audit, nominating and compensation committees.

Audit Committee Information

In connection with the consummation of the Transactions, Parent established an audit committee of the board of directors which consists of Ms. Jezmir, Mr. Lundetrae, Ms. Jester, and Mr. Schwarz (ex officio), each of whom is independent under the applicable Nasdaq listing standards. The audit committee adopted a written charter on December 4, 2020, which has been posted to Parent's website at <https://ir.fusion-fuel.eu/corporate-governance/governance-overview>. The purpose of the audit committee is, among other things, to assist the Board in its oversight responsibilities relating to appointing, retaining, setting compensation of, and supervising Parent's independent accountants, reviewing the results and scope of the audit and other accounting related services and reviewing Parent's accounting practices and systems of internal accounting and disclosure controls.

Financial Experts on Audit Committee

The audit committee is and will at all times be composed exclusively of “independent directors,” as defined for audit committee members under the exchange listing standards and the rules and regulations of the SEC, who are “financially literate.” “Financially literate” generally means being able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement. In addition, Parent is required to certify to Nasdaq that the audit committee has, and will continue to have, at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that results in the individual’s financial sophistication.

Mr. Lundetrae serves as the audit committee financial expert.

Nominating Committee Information

In connection with the consummation of the Transactions, Parent established a nominating committee of the board of directors comprised of Mss. Jezmir and Jester and Messrs. Lundetrae, and Schwarz (ex officio). Each member of the nominating committee is independent under the applicable listing standards. The nominating committee adopted a written charter on December 4, 2020, which has been posted to Parent’s website at <https://ir.fusion-fuel.eu/corporate-governance/governance-overview>. The nominating committee is responsible for overseeing the selection of persons to be nominated to serve on Parent’s board of directors.

Guidelines for Selecting Director Nominees

The nominating committee considers persons identified by its members, management, shareholders, investment bankers and others. The guidelines for selecting nominees, which are specified in the nominating committee charter, generally provide that nominees:

- should have demonstrated notable or significant achievements in business, education or public service;
- should possess the requisite intelligence, education and experience to make a significant contribution to Parent’s board of directors and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and
- should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of the shareholders.

The nominating committee considers a number of qualifications relating to management and leadership experience, background and integrity and professionalism in evaluating a person’s candidacy for membership on Parent’s board of directors. The nominating committee may require certain skills or attributes, such as financial or accounting experience, to meet specific board needs that arise from time to time and will also consider the overall experience and makeup of its members to obtain a broad and diverse mix of board members. The nominating committee will not distinguish between nominees recommended by shareholders and other persons.

Compensation Committee Information

In connection with the consummation of the Transactions, Parent established a compensation committee of the board of directors. The compensation committee consists of Ms. Jezmir and Jester and Messrs. Lundetrae, and Schwarz (ex officio), each of whom is independent under the applicable Nasdaq listing standards. The compensation committee adopted a written charter on December 4, 2020, which has been posted to Parent’s website at <https://ir.fusion-fuel.eu/corporate-governance/governance-overview>. The purpose of the compensation committee is to facilitate the Board’s discharge of its responsibilities relating to reviewing and approving compensation paid to Parent’s officers and directors and administering Parent’s incentive compensation plans, including authority to make and modify awards under such plans.

Code of Ethics

On December 4, 2020, Parent adopted a Code of Ethics that applies to all of its employees, officers, and directors. This includes Parent’s principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. The full text of Parent’s Code of Ethics has been posted on Parent’s website at <https://ir.fusion-fuel.eu/corporate-governance/governance-overview>. Parent intends to disclose on its website any future amendments of the Code of Ethics or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions, or Parent’s directors from provisions in the Code of Ethics. Information disclosed on Parent’s website is not a part of this Annual Report.

Indemnification Agreements

Parent has entered into separate indemnification agreements with its directors and executive officers. These agreements, among other things, require Parent and Fusion Fuel Portugal to jointly and severally indemnify Parent's directors and executive officers as well as Fusion Fuel Portugal's directors and executive officers for certain expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by any such director or executive officer in any action or proceeding arising out of their services as one of Parent's or Fusion Fuel Portugal's directors or executive officers or as a director or executive officer of any other company or enterprise to which the person provides services at Parent's or Fusion Fuel Portugal's request. We believe that these charter provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

D. Employees

For information about employees, see Item 4.B of this Annual Report, "*Human Capital Resources*," contained in this Annual Report and incorporated herein by reference.

E. Share Ownership

Disclosure relating to the share ownership is set forth in Item 7.A of this Annual Report, "*Major Shareholders*," and such disclosure is incorporated herein by reference.

F. Disclosure of action to recover erroneously awarded compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information regarding the beneficial ownership based on 17,371,968 Class A Ordinary Shares outstanding as of April 25, 2024, based on information obtained from the persons named below, with respect to the beneficial ownership of our shares by:

- each person known by us to be the beneficial owner of more than 5% of the voting power of our outstanding Class A Ordinary Shares;
- each of our officers and directors; and
- all our officers and directors as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and Warrants that are currently exercisable or exercisable within 60 days. Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all ordinary shares beneficially owned by them.

Name and Address of Beneficial Owner (1)	Class A Shares	% Total Voting Power
<i>Officers and Directors</i>		
Jeffrey Schwarz (2)	1,647,733	11.34%
Rune Magnus Lundetrae (3)	87,343	*
Alla Jezmir (4)	57,581	*
Theresa Jester (5)	56,934	*
Joao Wahnon (6)	299,833	2.06%
Frederico De Chaves (7)	566,777	3.90%
Jaime Silva (8)	138,333	*
Mario Garma	4,799	*
Gavin Jones	2,012	*
All	2,861,346	19.69%
Greater than 5% Shareholders		
Negordy S.A (9)	2,605,000	17.93%
Wendy Schwarz (10)	791,989	5.45%
MAK Capital Fund LP (11)	2,742,118	18.87%
Richard Leahy (12)	905,697	5.1%

* Less than 1%.

- (1) Unless otherwise indicated, the business address of each of the individuals is c/o Fusion Fuel Green PLC, The Victorians, 15-18 Earlsfort Terrace, Saint Kevin's, Dublin 2, D02 YX28, Ireland.
- (2) Includes 910,892 Class A Ordinary Shares underlying Warrants and 97,600 options currently exercisable into Class A Ordinary Shares. Does not include shares held by Wendy Schwarz, Benjamin Schwarz, or the Jeffrey Schwarz Children's Trust, a trust for the benefit of Mr. Schwarz's children, because Mr. Schwarz has neither voting nor investment power over such shares. Mr. Schwarz disclaims beneficial ownership over such shares except to the extent of his pecuniary interest therein.
- (3) Includes 75,513 Class A Ordinary Shares issuable upon exercise of currently exercisable options.
- (4) Includes 52,581 Class A Ordinary Shares issuable upon exercise of currently exercisable options and 5,000 Class A Ordinary Shares issuable as partial compensation for service as a non-employee director of Parent, pursuant to the director appointment agreement between Parent and Ms. Jezmir.
- (5) Includes 56,934 Class A Ordinary Shares issuable upon exercise of currently exercisable options.
- (6) Represents securities held by Numberbubble, S.A., an entity controlled by Mr. Teixeira Wahnon. Mr. Teixeira Wahnon disclaims beneficial interest of such securities except to the extent of his pecuniary interest therein. Includes 80,750 Class A Ordinary Shares underlying Warrants. In addition, Mr. Teixeira has 138,333 options & RSUs currently exercisable into Class A Ordinary Shares.
- (7) Represents securities held by Key Family Holding Investimentos e Consultoria de Gestão, Lda. ("KFH"), an entity jointly owned and controlled by Mr. Figueira de Chaves and his brother. Mr. Figueira de Chaves disclaims beneficial interest of such securities except to the extent of his pecuniary interest therein. Includes 206,125 Class A Ordinary Shares underlying Warrants. Mr. Figueira de Chaves has 138,333 options and restricted stock units currently exercisable into Class A Ordinary Shares.

- (8) Includes 138,333 Class A Ordinary Shares issuable upon options and restricted stock units currently exercisable into Class A Ordinary Shares.
- (9) Represents securities held by Negordy Investments, S.A. There are four shareholders of Negordy Investments, S.A., none of which has voting or dispositive control over the securities held thereby. The voting and dispositive decisions regarding the portfolio securities of Negordy Investments, S.A. require unanimous approval of shareholders of Negordy Investments, S.A. The business address of Negordy Investments, S.A. is Rua da Fábrica S/N, Almagem do Bispo, Portugal. Includes 1,593,750 Class A Ordinary Shares underlying Warrants.
- (10) Includes 610,892 Class A Ordinary Shares underlying Warrants. Does not include shares held by Jeffrey Schwarz, Benjamin Schwarz, or the Jeffrey Schwarz Children's Trust because Ms. Schwarz has neither voting nor investment power over such shares. Ms. Schwarz disclaims beneficial ownership over such shares except to the extent of her pecuniary interest therein.
- (11) Includes 1,042,118 Class A Ordinary Shares issuable upon the exercise of Warrants. The Class A Ordinary Shares and Warrants are held by MAK Capital Fund LP ("MAK Fund"), of which MAK Capital One LLC ("MAK Capital") serves as investment manager. Mr. Michael A. Kaufman is the managing member of MAK Capital. The principal business address of MAK Capital Fund LP is c/o Wakefield Quin, Victoria Place, 31 Victoria Street, Bermuda. The principal business address of MAK Capital and Mr. Kaufman is 590 Madison Avenue, Suite 2401, New York, NY 10022. Information derived from a Schedule 13G filed on December 18, 2023.
- (12) The principal business address of Mr. Leahy is 322 Pilots Point, Mount Pleasant, SC 29464. Information derived from a Schedule 13G filed on March 27, 2024.

B. Related Party Transactions

Related Party Policy

Parent's Code of Ethics, which was adopted on December 4, 2020, in connection with the consummation of the Transactions, requires Parent to avoid, wherever possible, all related party transactions that could result in actual or potential conflicts of interests, except under guidelines approved by the board of directors (or the audit committee). Related-party transactions are defined as transactions in which (1) the aggregate amount involved will or may be expected to exceed \$120,000 in any calendar year, (2) Parent or any of its subsidiaries is a participant, and (3) any (a) executive officer, director or nominee for election as a director, (b) greater than 5% beneficial owner of Class A Ordinary Shares, or (c) immediate family member, of the persons referred to in clauses (a) and (b), has or will have a direct or indirect material interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity). A conflict-of-interest situation can arise when a person takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise if a person, or a member of his or her family, receives improper personal benefits as a result of his or her position.

Parent requires each director and executive officer to annually complete a directors' and officers' questionnaire that elicits information about related party transactions.

Parent's audit committee, pursuant to its written charter, is responsible for reviewing and approving related-party transactions to the extent Parent enters into such transactions. Parent will not enter into any such transaction unless the audit committee and a majority of the disinterested "independent" directors determine that the terms of such transaction are no less favorable to Parent than those that would be available to Parent with respect to such a transaction from unaffiliated third parties. Additionally, in connection with the review and approval of such transactions, Parent's board of directors will have access, at Parent's expense, to Parent's attorneys or independent legal counsel.

These procedures are intended to determine whether any such related party transaction impairs the independence of a director or presents a conflict of interest on the part of a director, employee or officer.

Related Party Transactions

Some of the shareholders and founders of Negordy Investment, S.A. (“Negordy”) founded MagP, a company that produces, installs, operates and maintains proprietary solar CPV technology. MagP is the successor to the business of MagPower, a company also founded by some of the founders of Fusion Welcome. Negordy is a 71% shareholder of MagP, and the remaining 29% of MagP is owned by other parties unrelated to Negordy or Fusion Fuel Portugal.

Transactions with MagP

Fusion Fuel’s proprietary HEVO-Solar technology incorporates CPV solar technology components that are produced by MagP and have been produced by MagP (or its predecessor MagPower) for several years. The CPV technology produced by MagP has been used in solar CPV plants for over 10 years with excellent performance results, with failure rates of around 1% measured over a span of approximately ten years, which means that the trackers require very little maintenance and repair. MagP is the only supplier of CPV technology in Europe. By having this relationship with MagP, Fusion Fuel can avoid the lengthy and costly learning curve of establishing its own CPV production facilities that would be required of most other competitors in the industry and can focus on its core value-add of R&D and business development.

Fusion Fuel Portugal has three contracts with MagP that are or were, when effective, critical to its business: (1) the Production Agreements, (2) the provision of services agreement and (3) the Sub-Lease Agreement.

Under the Production Agreement, MagP guarantees to supply to Fusion Fuel all materials and installations for 1,100 Trackers over a 12-month period which commenced at the beginning of 2021. The original contract entered into between MagP and Fusion Fuel had a total contract value of €25.8 million, included in which was a 10% down payment due on execution of the contract. The remaining value of the contract included milestone payments achieved on the completion of a defined quantity of Solar Concentrators, Receivers and Modules. In addition, 5% of the contract’s value was payable on supply of the 1,100 Trackers. This contract also set out the terms and conditions around the materials that would be used by MagP to assemble and install the Trackers. The contract stipulated that Fusion Fuel would purchase the materials and then transfer them to MagP for assembly and installation. Effective from January 1, 2022, this contract was amended to both reduce the quantity of Trackers to be supplied by MagP and to change the pricing. The quantity was reduced to 700 and the price for assembling the materials for each Tracker was agreed at €7,000 per Tracker. The yearly minimum commitment under this contract became €4.9 million as a result of these amendments. If Fusion Fuel requests MagP to postpone or delay production, the commitment to pay the full value of the minimum contract value remains. This contract expired at the end of 2022. At the beginning of 2023, the parties agreed to remove the yearly minimum commitment and provide the quantities to be produced on a quarterly basis. From January 1, 2023 through December 31, 2023, Fusion Fuel has incurred an aggregate of €3.8 million for services provided by MagP under this production arrangement.

Fusion Fuel Portugal entered into two contracts with MagP regarding the development of its Evora project, one for each phase of the project. The contracts include the production and delivery of units to the hydrogen plant and the warranties related to these units. From January 1, 2022 through December 31, 2022, Fusion Fuel has incurred an aggregate of €0.22 million for services provided by MagP under the Evora Agreements.

The provision for services contract had an effective date of January 1, 2021. The following services are provided by MagP under this contract: purchasing & logistics, maintenance, general administrative services and certain research and development activities. The monthly fee charged by MagP under this contract is €35,150. On January 1, 2022, this contract was amended to reduce the level of services provided by MagP. The revised monthly fee charged under the amended contract is now €34,650. During 2022, this contract was amended to further reduce the level of services provided by MagP. The revised monthly fee charged under the amended contract is now €21,450.

In 2020, Fusion Fuel entered into an IP Transfer Agreement with MagP which transferred all intellectual property rights to the technology associated with the Trackers implemented in the HEVO-Solars. This provided Fusion Fuel with full ownership of the products created by MagP as described in the IP Transfer Agreement, and provides that MagP will do all work associated with adapting its CPV module, solar tracker and other components required for its technology to be compatible with Fusion Fuel’s proprietary HEVO-Solar technology. Under the IP Transfer Agreement, the total consideration to be paid by Fusion Fuel includes €1,000,000 for all rights to the technology to be paid in quarterly installments over one year, which commenced upon completion of the Transactions with the payment of the initial installment of €250,000, and a single payment of €900,000 for product and technology development costs, which was paid on the completion of the Transactions. Each such amount is subject to applicable VAT charges. Currently Fusion Fuel has the right to use such intellectual property but will not have full ownership of such intellectual property until all such payments are made. The first payments of €900,000 and first installment of €250,000, of this agreement were made in December of 2020. During 2021, Fusion Fuel made two subsequent payments of €250,000 each. The final payment of €250,000 was made in May 2022.

Transactions with Negordy

On January 1, 2021, the Group entered into a sub-lease agreement with Negordy for space of 4,156 square meters of office, logistical, and industrial activities. Parking plots are also included. The sub-lease has an initial term of five years, with automatic renewal for additional terms of five years until either party notifies the other party of its intention not to renew. Either party can choose to terminate the agreement after 12 months once adequate communication is provided to the other party. The total monthly rent determined by the sub-lease is fixed at €0.03 million.

Related Party Loans

On September 28, 2023, Key Family Holdings Investimentos e Consultoria de Gestão, Lda. (“KFH”) made a short-term bridge loan to Fusion Fuel Portugal of €260,000 on a non-interest-bearing basis for use as working capital. This amount was repaid on October 6, 2023.

On October 30, 2023, KFH made a short-term bridge loan to Fusion Fuel Portugal of €245,000 on a non-interest-bearing basis for use as working capital. This amount was repaid on November 14, 2023.

Subsequent to December 31, 2023, KFH made a further short-term bridge loan to Fusion Fuel Portugal of €300,000 on a non-interest-bearing basis for use as working capital. This amount is still outstanding. This loan was made over two days, €250,000 on January 29, 2024 and €50,000 on January 31, 2024.

During 2023, Fusion Fuel Portugal paid certain tax liabilities relating to taxes due in Portugal on behalf of João Wahnnon. This amounted to €16,683 and was still owed by João Wahnnon at December 31, 2023.

During 2022, Parent paid certain tax liabilities arising from the vesting of RSUs on behalf of three of its directors; Frederico Figueira de Chaves, João Wahnnon and Jaime Silva. The individual liability for each of the three directors amounted to €27,098. All three directors repaid Parent before the end of 2022.

During 2021, the Company made a payment on behalf of Rune Lundetrae, a board member, amounting to €0.03 million. At December 31, 2022, this amount remained outstanding and was subsequently repaid on March 20, 2023.

C. Interests of Experts and Counsel

Certain partners of Graubard Miller, United States securities counsel to Parent, beneficially own less than 1% of Parent’s outstanding Class A Ordinary Shares.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Financial Statements and Other Financial Information

Consolidated Financial Statements

See Item 18 of this Annual Report, “*Financial Statements.*”

Legal Proceedings

None.

Dividend Policy

We currently do not expect to pay any cash dividends on Class A Ordinary Shares. Any future determination to pay cash dividends or other distributions on Class A Ordinary Shares will be at the discretion of the board of directors and will be dependent on our earnings, financial condition, operating results, capital requirements, and contractual, regulatory and other restrictions, including restrictions contained in the agreements governing any existing and future outstanding indebtedness we or our subsidiaries incur, on the payment of dividends by our subsidiaries to us, and other factors that our board of directors deems relevant.

B. Significant Changes

Except for the events described in Item 5 of this Annual Report, “*Operating and Financial Review and Prospects—Recent Developments*,” we have not experienced any significant changes since the date of our audited annual consolidated financial statements included in this Annual Report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

The Class A Ordinary Shares and Warrants are listed on the Nasdaq Capital Market under the symbols “HTOO” and “HTOOW,” respectively. Parent’s securities are not listed on any exchange or traded in any market outside of the U.S.

B. Plan of Distribution

Not applicable.

C. Markets

See Item 9.A of this Annual Report, “*Offer and Listing Details*.”

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

See Exhibit 3.1 of this Annual Report, which is incorporated herein by reference.

C. Material Contracts

Amended and Restated Warrant Agreement

On December 10, 2020, in connection with the consummation of the Transactions and as contemplated by the Business Combination Agreement, Parent, HL, and Continental entered into a novation agreement (“Novation Agreement”), pursuant to which Parent assumed by way of novation all of the liabilities, duties, and obligations of HL under and in respect of the existing warrant agreement. Parent and Continental also entered into an amended and restated warrant agreement (“Amended and Restated Warrant Agreement”), pursuant to which all references to HL’s warrants in the existing warrant agreement were revised to become references to Parent’s Warrants and Parent’s Warrants to be issued to the Fusion Fuel Shareholders in the Transactions, including as contingent consideration, are covered.

The foregoing description is qualified in its entirety by the text of the Novation Agreement and the Amended and Restated Warrant Agreement, which are included as Exhibits 4.3.1 and 4.3.2 hereto and are incorporated herein by reference.

At Market Issuance Sales Agreement

On June 6, 2022, Parent entered into an At Market Issuance Sales Agreement, as amended (the “ATM Agreement”), with B. Riley Securities, Inc., Fearnley Securities Inc. and H.C. Wainwright & Co., LLC, as the sales agents (each, an “Agent,” and together, the “Agents”), pursuant to which Parent may offer and sell, from time to time through or to the Agents, as sales agent or principal, its Class A Ordinary Shares (the “ATM Shares”) having an aggregate offering price of up to \$30,000,000 (the “ATM Offering”). The amount of ATM Shares Parent could sell under the ATM Agreement was subsequently lowered to \$10,000,000 and B. Riley Securities, Inc. was removed from the ATM Agreement.

Under the ATM Agreement, the Agents may sell ATM Shares by any method permitted by law deemed to be an “at the market offering” as defined in Rule 415 promulgated under the Securities Act.

Parent will pay the Agents a commission of 3.0% of the aggregate gross sales prices of the ATM Shares. Parent will also reimburse the Agents for fees and disbursements of counsel to the Agents in an amount not to exceed \$60,000 in connection with the signing of the Agreement and \$5,000 per calendar quarter in connection with updates to the documentation provided under the ATM Agreement. A.G.P./Alliance Global Partners is acting as Parent’s financial advisor in connection with the ATM Offering, for which Parent will pay A.G.P./Alliance Global Partners certain advisory fees. Parent will receive a rebate against the commissions payable under the Agreement in an amount equal to such advisory fees.

Parent has used, and intends to use, the net proceeds from the ATM Offering for working capital and general corporate purposes.

The Agreement contains customary representations and warranties, covenants and indemnification and contribution obligations, including indemnification and contribution for liabilities under the Securities Act. The ATM Agreement may be terminated (i) by Parent at any time in its sole discretion by giving five business days’ written notice to the Agents, (i) by an Agent, but solely with respect to such Agent’s participation in the ATM Offering, at any time in its sole discretion by giving notice to Parent if certain events have occurred, or (iii) by an Agent, but solely with respect to such Agent’s participation in the ATM Offering, at any time in its sole discretion by giving five business days’ written notice to the Company.

The Shares are being offered and sold pursuant to Parent’s effective shelf registration statement under the Securities Act on Form F-3 (File No. 333-264714), which was declared effective by the SEC on May 13, 2022, and the prospectus supplement relating to the Shares, dated June 6, 2022, which Parent filed with the SEC pursuant to Rule 424(b)(5) under the Securities Act on June 6, 2022.

We sold an aggregate of 1,103,368 Class A Ordinary Shares under the ATM Agreement for net proceeds of \$3.3 million at an average sales price of \$2.72 per share during the year ended December 31, 2023. We paid an aggregate of \$0.1 million in commissions to the Agents in connection with these sales.

The foregoing description is qualified in its entirety by the text of the ATM Agreement, which is included as Exhibit 10.6 hereto and is incorporated herein by reference.

Fusion Fuel Spain Shareholders Agreement

During 2021, the Group extended a participating loan to finance the growth and working capital needs of Fusion Fuel Spain S.L, an entity in which the Company has joint control. The arrangement is set forth in a Shareholders Agreement between the parties. The loan facility has a term of five years and the maximum amount that can be drawn down is €2 million. €0.25 million had been drawn down during the year ended December 31, 2023 and the costs paid by the Group on behalf of Fusion Fuel Spain, €0.43 million, have been treated as an advancement of this loan for accounting purposes. An amount of €0.49 million had yet to be drawn down at December 31, 2023.

The foregoing description is qualified in its entirety by the text of the Shareholders Agreement, which is included as Exhibit 10.17 hereto and is incorporated herein by reference.

Sale Leaseback

On December 16, 2022, the Company and its wholly owned subsidiary, Fusion Fuel Portugal, S.A. (the “Company Sub”), entered into a Promissory Sale and Purchase Agreement (the “Sale Agreement”) with SCPI Corum Eurion - Sucursal EM Portugal (“CORUM Eurion”), providing for a sale-leaseback transaction with respect to its electrolyzer manufacturing factory located in Vale Tripeiro Industrial Park in Benavente, Portugal (the “Property”), with the Company Sub as the seller and lessee and CORUM Eurion as the purchaser and lessor.

On December 20, 2022, the parties completed the transactions contemplated by the Sale Agreement. Subject to the terms and conditions of the Sale Agreement, the Company Sub sold, and CORUM Eurion purchased, the Property, for a purchase price of €9,325,000, less approximately €926,000 in holdbacks and approximately €868,631 in setoffs for amounts due by the Company Sub to CORUM Eurion under the related Lease Agreement (as defined below). The Company Sub agreed to take certain post-completion actions, including performing certain designated work on the Property. The holdbacks are to secure compliance with the obligation to perform such work and will be released to the Company Sub as the work is completed. If any of such work is not completed by the specified deadline set forth in the Sale Agreement, the corresponding portion of the holdback will be kept by CORUM Eurion. The Sale Agreement includes representations and warranties of the parties and other terms and conditions that are customary for agreements of its type.

At the completion of the transactions, the Company, as guarantor, and the Company Sub, as tenant, entered into a lease agreement (the “Lease Agreement”) with CORUM Eurion, as landlord, pursuant to which the Company Sub leased the Property back from CORUM Eurion. The Lease Agreement has an initial term of 20 years and automatically renews for an additional term of 10 years unless the Company Sub notifies CORUM Eurion of its election not to renew the lease at least 18 months prior to the end of the initial term. The Lease Agreement provides for a monthly rent of €50,000 (subject to annual increase based on the Portuguese consumer price index excluding housing). The Company Sub will bear all expenses, including utilities and property taxes, for the Property. To guarantee the fulfillment of its obligations under the Lease Agreement, the Company Sub made a cash deposit of €800,000 and delivered a bank guarantee of €100,000 (in each case, subject to annual review on the same basis as the rent). The Lease Agreement contains other terms and conditions that are customary for leases of its type.

The foregoing descriptions are qualified in their entirety by the text of the Sale Agreement and Lease Agreement, respectively, which are included as Exhibits 10.18 and 10.19 hereto and are incorporated herein by reference.

Securities Subscription Agreement

On November 21, 2023, the Company entered into a Securities Subscription Agreement (the “Securities Subscription Agreement”) with Belike Nominees Pty Ltd., a Macquarie Group company, as lead investor (the “Lead Investor”), pursuant to which the Lead Investor and/or its affiliated entities (the “Investors”) committed to subscribe for convertible promissory notes (the “Placement Notes”) in the aggregate principal amount of up to \$20 million, in tranches based on certain requirements and subject to the satisfaction of certain conditions as set forth in the Securities Subscription Agreement (such transaction, the “Private Placement”). Each tranche size, including the initial tranche size, is to be determined by mutual agreement of the Lead Investor and the Company. Although subject to change, based on current market conditions, the initial tranche is not expected to be greater than 10% of the total aggregate Private Placement. The Company also agreed to issue to the Investors, for no additional consideration, warrants (the “Placement Warrants”) to purchase the Company’s Class A ordinary shares in an amount equal to 30% of the principal amount of the Placement Note divided by 130% of the volume weighted average price for the five (5) trading days immediately preceding the applicable closing date. Until the conditions precedent as described in the Securities Subscription Agreement are satisfied or waived, there can be no assurance that any portion of the Private Placement will be consummated.

Other Material Contracts

The description of our other material contracts is contained in Item 4 “Business Overview — Working Capital Items” of this Annual Report, which is incorporated herein by reference.

D. Exchange Controls

Under the laws of Ireland, except as indicated below, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to nonresident holders of our ordinary shares.

It is an offence under Irish law (pursuant to various statutory instruments) to transfer funds or make funds or economic resources available, directly or indirectly to any person or entity in contravention of Irish, EU or United Nations sanctions or to otherwise contravene Irish, EU or United Nations sanctions.

Under the Financial Transfers Act 1992 (the “1992 Act”), the Minister for Finance of Ireland may make provision for the restriction of financial transfers between Ireland and other countries. Financial transfers are broadly defined, and dividends would fall within this definition.

The 1992 Act and underlying EU regulations prohibit financial transfers with certain persons and entities listed in the EU Consolidated Financial Sanctions List and United Nations Security Council Consolidated List, each of which is updated on an ongoing basis.

E. Taxation

ANTICIPATED MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO U.S. HOLDERS OF PARENT SECURITIES

General

The discussion below of the anticipated U.S. federal income tax consequences to “U.S. Holders” will apply to a beneficial owner of securities that is for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation) that is created or organized (or treated as created or organized) in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a beneficial owner of securities is not described as a U.S. Holder and is not an entity or arrangement treated as a partnership or other pass-through entity for U.S. federal income tax purposes, such owner will be considered a “Non-U.S. Holder.” The anticipated material U.S. federal income tax consequences applicable specifically to Non-U.S. Holders of the ownership and disposition of Parent securities following the Transaction are described below under the heading “Non-U.S. Holders.”

This discussion is based upon existing provisions of the Internal Revenue Code of 1986, as amended (“Code”), Treasury regulations promulgated thereunder, published revenue rulings and procedures from the IRS, and judicial decisions, all as currently in effect. These authorities are subject to change or differing interpretations, possibly on a retroactive basis.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular holder based on such holder's individual circumstances. In particular, this discussion considers only holders that own and hold securities, and that will own and hold securities as a result of owning the corresponding HL securities, as capital assets within the meaning of Section 1221 of the Code. This discussion does not address the alternative minimum tax or the U.S. federal income tax consequences to holders that are subject to special rules, including:

- financial institutions or financial services entities;
- broker-dealers;
- persons that are subject to the mark-to-market accounting rules under Section 475 of the Code;
- tax-exempt entities;
- governments or agencies or instrumentalities thereof;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- certain expatriates or former long-term residents of the United States;
- Non-U.S. Holders (except as specifically provided below);
- persons that actually or constructively own five percent (5%) or more of Parent's securities (except as specifically provided below);
- persons that acquired Parent securities pursuant to an exercise of employee options, in connection with employee incentive plans or otherwise as compensation;
- persons that hold Parent securities as part of a straddle, constructive sale, hedging, redemption or other integrated transaction;
- persons whose functional currency is not the U.S. dollar; or
- controlled foreign corporations.

This discussion does not address any aspect of U.S. federal non-income tax laws, such as gift or estate tax laws, state, local or non-U.S. tax laws or, except as discussed herein, any tax reporting obligations of a holder of Parent securities. Additionally, this discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold Parent securities through such entities. If a partnership (or other entity or arrangement classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of Parent securities, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. This discussion also assumes that any distribution made (or deemed made) on Parent securities and any consideration received (or deemed received) by a holder in consideration for the sale or other disposition of or Parent securities will be in U.S. dollars.

Parent has not sought, and will not seek, a ruling from the IRS as to any U.S. federal income tax consequence described herein. The IRS may disagree with the description herein, and its determination may be upheld by a court. Moreover, there can be no assurance that future legislation, regulations, administrative rulings or court decisions will not adversely affect the accuracy of the statements in this discussion.

BECAUSE OF THE COMPLEXITY OF THE TAX LAWS AND BECAUSE THE TAX CONSEQUENCES TO ANY PARTICULAR HOLDER OF PARENT SECURITIES MAY BE AFFECTED BY MATTERS NOT DISCUSSED HEREIN, EACH HOLDER OF PARENT SECURITIES IS URGED TO CONSULT WITH ITS OWN TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES TO SUCH HOLDER OF THE OWNERSHIP AND DISPOSITION OF PARENT SECURITIES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, AND NON-U.S. TAX LAWS, AS WELL AS U.S. FEDERAL TAX LAWS AND ANY APPLICABLE TAX TREATIES.

THE FOLLOWING SUMMARIES OF THE TAX CONSIDERATIONS ARE FOR GENERAL INFORMATION ONLY AND ARE NOT INTENDED TO PROVIDE ANY DEFINITIVE TAX REPRESENTATIONS TO HOLDERS. EACH SECURITYHOLDER SHOULD CONSULT HIS OR HER TAX ADVISOR AS TO THE PARTICULAR CONSEQUENCES THAT MAY APPLY TO SUCH SECURITYHOLDER.

U.S. Holders

Taxation of Cash Distributions Paid on Class A Ordinary Shares

Subject to the passive foreign investment company rules discussed below, a U.S. Holder of Class A Ordinary Shares generally will be expected to be required to include in gross income as ordinary income the amount of any cash or property distribution paid on the Class A Ordinary Shares. A cash distribution on such securities generally will be treated as a dividend for U.S. federal income tax purposes to the extent the distribution is paid out of Parent's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). The portion of such distribution, if any, in excess of such earnings and profits generally will constitute a return of capital that will be applied against and reduce (but not below zero) the U.S. Holder's adjusted tax basis in its Class A Ordinary Shares. Any remaining excess generally would be treated as gain from the sale or other disposition of the Parent securities and will be treated as described under "*— Taxation on the Disposition of Parent Securities*" below. With respect to non-corporate U.S. Holders, including individual U.S. Holders, dividends will be taxed at the preferential capital gains rate applicable to qualified dividend income, provided that (1) the Class A Ordinary Shares are readily tradable on an established securities market in the United States, or Parent is eligible for the benefits of an approved qualifying income tax treaty with the United States that includes an exchange of information program, (2) Parent is not a passive foreign investment company (as discussed below) for either the taxable year in which the dividend is paid or the preceding taxable year, and (3) certain holding period requirements are met. You are urged to consult your tax advisors regarding the availability of the preferential rate for qualified dividends paid with respect to Class A Ordinary Shares.

Taxation on the Disposition of Parent Securities

Upon a sale or other taxable disposition of Parent securities (which, in general, would include a distribution in connection with Parent's liquidation), a U.S. Holder of such securities generally is expected to recognize capital gain or loss in an amount equal to the difference between the amount realized and the U.S. Holder's adjusted tax basis in such securities.

Subject to the passive foreign investment company rules discussed below, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of Class A Ordinary Shares equal to the difference between the amount realized (in U.S. dollars) for the Class A Ordinary Shares and your tax basis (in U.S. dollars) in the Class A Ordinary Shares. The gain or loss will be capital gain or loss. If you are a non-corporate U.S. Holder, including an individual U.S. Holder, who has held the Class A Ordinary Shares for more than one year, you may be eligible for preferential tax rates on any such capital gains. The deductibility of capital losses is subject to various limitations.

Passive Foreign Investment Company ("PFIC")

A non-U.S. corporation is considered a PFIC for any taxable year if either:

- at least 75% of its gross income for such taxable year is passive income; or

- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income (the “asset test”).

Passive income generally includes dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets. Parent will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, at least 25% (by value) of the stock. In determining the value and composition of its assets for purposes of the PFIC asset test, (1) the cash Parent owns at any time will generally be considered to be held for the production of passive income and (2) the value of Parent’s assets must be determined based on the market value of Class A Ordinary Shares from time to time, which could cause the value of its non-passive assets to be less than 50% of the value of all of its assets (including cash) on any particular quarterly testing date for purposes of the asset test. Parent must make a separate determination each year as to whether it is a PFIC. Parent will make this determination following the end of any particular tax year. If Parent is a PFIC for any year during which you hold Class A Ordinary Shares, it will continue to be treated as a PFIC for all succeeding years during which you hold Class A Ordinary Shares. However, if Parent ceases to be a PFIC and you did not previously make a timely “mark-to-market” election as described below, you may avoid some of the adverse effects of the PFIC regime by making a “purging election” (as described below) with respect to the Class A Ordinary Shares.

If Parent is a PFIC for any taxable year(s) during which you hold Class A Ordinary Shares, you will be subject to special tax rules with respect to any “excess distribution” that you receive and any gain you realize from a sale or other disposition (including a pledge) of the Class A Ordinary Shares, unless you make a “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the Class A Ordinary Shares;
- the amount allocated to your current taxable year, and any amount allocated to any of your taxable year(s) prior to the first taxable year in which Parent was a PFIC, will be treated as ordinary income, and
- the amount allocated to each of your other taxable year(s) will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the Class A Ordinary Shares cannot be treated as capital, even if you hold the Class A Ordinary Shares as capital assets.

A U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election for such stock to elect out of the tax treatment discussed above. If you make a mark-to-market election for first taxable year which you hold (or are deemed to hold) Class A Ordinary Shares and for which Parent is determined to be a PFIC, you will include in your income each year an amount equal to the excess, if any, of the fair market value of the Class A Ordinary Shares as of the close of such taxable year over your adjusted basis in such Class A Ordinary Shares, which excess will be treated as ordinary income and not capital gain. You are allowed an ordinary loss for the excess, if any, of the adjusted basis of the Class A Ordinary Shares over their fair market value as of the close of the taxable year. However, such ordinary loss is allowable only to the extent of any net mark-to-market gains on the Class A Ordinary Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Class A Ordinary Shares, are treated as ordinary income. Ordinary loss treatment also applies to any loss realized on the actual sale or disposition of the Class A Ordinary Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Class A Ordinary Shares. Your basis in the Class A Ordinary Shares will be adjusted to reflect any such income or loss amounts. If you make a valid mark-to-market election, the tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by Parent, except that the lower applicable capital gains rate for qualified dividend income discussed above under “*Taxation of Cash Distributions Paid on Parent Securities*” generally would not apply.

The mark-to-market election is available only for “marketable stock”, which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market (as defined in applicable U.S. Treasury regulations), including Nasdaq. If the Class A Ordinary Shares are regularly traded on Nasdaq and if you are a U.S. Holder of Class A Ordinary Shares, the mark-to-market election would be available to you if Parent is or becomes a PFIC.

Alternatively, a U.S. Holder of stock in a PFIC may make a “qualified electing fund” election with respect to such PFIC to elect out of the tax treatment discussed above. A U.S. Holder who makes a valid qualified electing fund election with respect to a PFIC will generally include in gross income for a taxable year such holder’s pro rata share of the corporation’s earnings and profits for the taxable year. However, the qualified electing fund election is available only if such PFIC provides such U.S. Holder with certain information regarding its earnings and profits as required under applicable U.S. Treasury regulations. Parent does not currently intend to prepare or provide the information that would enable you to make a qualified electing fund election. If you hold Class A Ordinary Shares in any taxable year in which Parent is a PFIC, you will be required to file IRS Form 8621 in each such year and provide certain annual information regarding such Class A Ordinary Shares, including regarding distributions received on the Class A Ordinary Shares and any gain realized on the disposition of the Class A Ordinary Shares.

If you do not make a timely “mark-to-market” election (as described above), and if Parent were a PFIC at any time during the period you hold Class A Ordinary Shares, then such Class A Ordinary Shares will continue to be treated as stock of a PFIC with respect to you even if Parent ceases to be a PFIC in a future year, unless you make a “purging election” for the year Parent ceases to be a PFIC. A “purging election” creates a deemed sale of such Class A Ordinary Shares at their fair market value on the last day of the last year in which Parent is treated as a PFIC. The gain recognized by the purging election will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above. As a result of the purging election, you will have a new basis (equal to the fair market value of the Class A Ordinary Shares on the last day of the last year in which Parent is treated as a PFIC) and holding period (which new holding period will begin the day after such last day) in your Class A Ordinary Shares for tax purposes.

You are urged to consult your tax advisors regarding the application of the PFIC rules to your investment in Class A Ordinary Shares and the elections discussed above.

Information Reporting and Backup Withholding

Certain U.S. Holders are required to report information to the IRS relating to an interest in “specified foreign financial assets,” including shares issued by a non-U.S. corporation, for any year in which the aggregate value of all specified foreign financial assets exceeds US\$50,000 (or a higher dollar amount prescribed by the IRS), subject to certain exceptions (including an exception for shares held in custodial accounts maintained with a United States financial institution). These rules also impose penalties if a U.S. Holder is required to submit such information to the IRS and fails to do so.

Dividend payments with respect to Class A Ordinary Shares and proceeds from the sale, exchange or redemption of Class A Ordinary Shares may be subject to information reporting to the IRS and possible U.S. backup withholding at a current rate of 24%. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification on IRS Form W-9 or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on IRS Form W-9. U.S. Holders are urged to consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and timely furnishing any required information. Transactions effected through certain brokers or other intermediaries may be subject to withholding taxes (including backup withholding), and such brokers or intermediaries may be required by law to withhold such taxes.

Scope

The following is a summary of the anticipated material Irish tax consequences to Non-Irish Holders of the acquisition, ownership and disposal of Class A Ordinary Shares and Warrants. The summary is based upon Irish tax laws and the practice of the Irish Revenue Commissioners in effect on the date of this Annual Report and correspondence with the Irish Revenue Commissioners. Changes in law and/or administrative practice may result in a change in the tax consequences described below, possibly with retrospective effect.

A “Non-Irish Holder” is an individual who beneficially owns their Class A Ordinary Shares and/or Warrants, that is neither a resident nor ordinarily resident in Ireland for Irish tax purposes and does not hold their Class A Ordinary Shares and/or Warrants, in connection with a trade carried on by such person through an Irish branch or agency.

This summary does not constitute tax advice and is intended only as a general guide. The summary is not exhaustive and securityholders should consult their tax advisors about the Irish tax consequences (and tax consequences under the laws of other relevant jurisdictions) of the acquisition, ownership and disposal of Class A Ordinary Shares and Warrants. The summary applies only to Non-Irish Holders who hold their Class A Ordinary Shares and/or Warrants, as capital assets and does not apply to other categories of Non-Irish Holders, such as dealers in securities, trustees, insurance companies, collective investment schemes and Non-Irish Holders who acquired, or are deemed to have acquired, their Class A Ordinary Shares and/or Warrants by virtue of an Irish office or employment (performed or carried on to any extent in Ireland).

The summary does not, except where expressly stated, consider the position of Non-Irish Holders who hold their Class A Ordinary Shares and/or Warrants directly (and not beneficially through a broker or custodian (through DTC)). The Irish tax consequences of transactions in Class A Ordinary Shares and/or Warrants held directly are generally negative when compared with Class A Ordinary Shares and/or Warrants held through DTC. Any Non-Irish Holder contemplating holding their Class A Ordinary Shares and/or Warrants directly should consult their personal tax advisors as to the Irish tax consequences of acquiring, owning and disposing of such Class A Ordinary Shares and/or Warrants.

Irish Tax on Chargeable Gains (Irish CGT)

The current rate of tax on chargeable gains (where applicable) in Ireland is 33%.

Non-Irish Holders will not be subject to Irish CGT on a disposal of their Class A Ordinary Shares and/or Warrants, provided that Non-Irish Holder is neither resident nor ordinarily resident in Ireland for Irish tax purposes and such Class A Ordinary Shares and/or Warrants were neither (a) used in or for the purposes of a trade carried on by such Non-Irish Holder through an Irish branch or agency, nor (b) used, held or acquired for use by or for the purposes of an Irish branch or agency.

Stamp Duty

The rate of stamp duty (where applicable) on transfers of shares or warrants of Irish incorporated companies is 1% of the greater of the price paid or market value of the shares or warrants acquired. Where Irish stamp duty arises, it is generally a liability of the transferee. However, in the case of a gift or transfer at less than fair market value, all parties to the transfer are jointly and severally liable.

Irish stamp duty may be payable in respect of transfers of Class A Ordinary Shares and Warrants, depending on the manner in which the Class A Ordinary Shares and Warrants are held. Parent has entered into arrangements with DTC to allow the Class A Ordinary Shares and Warrants to be settled through the facilities of DTC. As such, the discussion below discusses separately the securityholders who hold their shares through DTC and those who do not.

Class A Ordinary Shares or Warrants Held Through DTC

Transfers of Class A Ordinary Shares and Warrants effected by means of the debit/credit of book entry interests representing Class A Ordinary Shares or Warrants in DTC will not be subject to Irish stamp duty.

Class A Ordinary Shares or Warrants Held Outside of DTC or Transferred Into or Out of DTC

A transfer of Class A Ordinary Shares or Warrants where any party to the transfer holds such Class A Ordinary Shares or Warrants outside of DTC may be subject to Irish stamp duty.

Holders of Class A Ordinary Shares or Warrants wishing to transfer their Class A Ordinary Shares or Warrants into (or out of) DTC may do so without giving rise to Irish stamp duty provided that:

- there is no change in the beneficial ownership of such Class A Ordinary Shares or Warrants as a result of the transfer; and
- the transfer into (or out of) DTC is not affected in contemplation of a sale of such Class A Ordinary Shares or Warrants by a beneficial owner to a third party.

Due to the potential Irish stamp charge on transfers of Class A Ordinary Shares and Warrants held outside of DTC, it is strongly recommended that those securityholders who do not hold their Parent securities through DTC (or through a broker who in turn holds such shares through DTC) should arrange for the transfer of their Parent securities into DTC as soon as possible.

Withholding Tax on Dividends (DWT)

Distributions made by Parent will, in the absence of one of many exemptions, be subject to DWT, currently at a rate of 25%.

For DWT and Irish income tax purposes, a distribution includes any distribution that may be made by Parent to holders of Class A Ordinary Shares, including cash dividends, non-cash dividends and additional stock taken in lieu of a cash dividend. Where an exemption from DWT does not apply in respect of a distribution made to a holder of Class A Ordinary Shares, Parent is responsible for withholding DWT prior to making such distribution.

General Exemptions

Irish domestic law provides that a Non-Irish Holder of Class A Ordinary Shares is not subject to DWT on distributions received from Parent if such holder of Class A Ordinary Shares is beneficially entitled to the distribution and is either:

- a person (not being a company) resident for tax purposes in a Relevant Territory (including the United States) and is neither resident nor ordinarily resident in Ireland (for a list of Relevant Territories for DWT purposes, please see Exhibit 99.1 to this Annual Report);
- a company resident for tax purposes in a Relevant Territory, provided such company is not under the control, whether directly or indirectly, of a person or persons who is or are resident in Ireland;
- a company that is controlled, directly or indirectly, by persons resident in a Relevant Territory and who is or are (as the case may be) not controlled by, directly or indirectly, persons who are not resident in a Relevant Territory;
- a company whose principal class of shares (or those of its 75% direct or indirect parent) is substantially and regularly traded on a stock exchange in Ireland, on a recognized stock exchange in a Relevant Territory or on such other stock exchange approved by the Irish Minister for Finance; or

- a company that is wholly owned, directly or indirectly, by two or more companies where the principal class of shares of each of such companies is substantially and regularly traded on a stock exchange in Ireland, a recognized stock exchange in a Relevant Territory or on such other stock exchange approved by the Irish Minister for Finance

and provided, in all cases noted above (but subject to “*Shares Held by U.S. Resident Shareholders*” below), Parent or, in respect of Class A Ordinary Shares held through DTC, any qualifying intermediary appointed by Parent, has received from the holder of such Class A Ordinary Shares, where required, the relevant DWT Forms prior to the payment of the distribution. In practice, in order to ensure sufficient time to process the receipt of relevant DWT Forms, the holders of Class A Ordinary Shares, where required, should furnish the relevant DWT Form to:

- its broker (and the relevant information is further transmitted to any qualifying intermediary appointed by Parent) before the record date for the distribution (or such later date before the distribution payment date as may be notified to the holders of Class A Ordinary Shares by the broker) if its Class A Ordinary Shares are held through DTC; or
- Parent’s transfer agent before the record date for the distribution if its Class A Ordinary Shares are held outside of DTC.

Links to the various DWT Forms are available at: <http://www.revenue.ie/en/tax/dwt/forms/index.html>. The information on such website does not constitute a part of, and is not incorporated by reference into, this Annual Report.

For Non-Irish Holders of Class A Ordinary Shares that cannot avail themselves of one of Ireland’s domestic law exemptions from DWT, it may be possible for such holder of Class A Ordinary Shares to rely on the provisions of a double tax treaty to which Ireland is party to relieve, or reduce the rate of DWT.

Class A Ordinary Shares Held by U.S. Resident Shareholders

Distributions paid in respect of Class A Ordinary Shares that are owned by a U.S. resident and held through DTC will not be subject to DWT provided the address of the beneficial owner of such Class A Ordinary Shares in the records of the broker holding such Class A Ordinary Shares is in the United States (and such broker has further transmitted the relevant information to a qualifying intermediary appointed by Parent). It is strongly recommended that such holders of Class A Ordinary Shares ensure that their information is properly recorded by their brokers (so that such brokers can further transmit the relevant information to a qualifying intermediary appointed by Parent).

If any holder of Class A Ordinary Shares that is resident in the United States receives a distribution from which DWT has been withheld, the holder of Class A Ordinary Shares should generally be entitled to apply for a refund of such DWT from the Irish Revenue Commissioners, provided the holder of Class A Ordinary Shares is beneficially entitled to the distribution.

Class A Ordinary Shares Held by Residents of Relevant Territories Other Than the United States

Holders of Class A Ordinary Shares who are residents of Relevant Territories, other than the United States, must satisfy the conditions of one of the exemptions referred to above under the heading “*General Exemptions*”, including the requirement to furnish valid DWT Forms, in order to receive distributions without suffering DWT. If such holders of Class A Ordinary Shares hold their Class A Ordinary Shares through DTC, they must provide the appropriate DWT Forms to their brokers (so that such brokers can further transmit the relevant information to a qualifying intermediary appointed by Parent) before the record date for the distribution (or such later date before the distribution payment date as may be notified to holders of Class A Ordinary Shares by the broker). If such holders of Class A Ordinary Shares hold their Class A Ordinary Shares outside of DTC, they must provide the appropriate DWT Forms to Parent’s transfer agent before the record date for the distribution. It is strongly recommended that such holders of Class A Ordinary Shares complete the appropriate DWT Forms and provide them to their brokers or Parent’s transfer agent, as the case may be, as soon as possible after receiving their Class A Ordinary Shares.

If any holder of Class A Ordinary Shares who is resident in a Relevant Territory receives a distribution from which DWT has been withheld, the holder of Class A Ordinary Shares may be entitled to a refund of DWT from the Irish Revenue Commissioners provided the holder of Class A Ordinary Shares is beneficially entitled to the distribution.

Shares Held by Other Persons

Holders of Class A Ordinary Shares that do not fall within any of the categories specifically referred to above may nonetheless fall within other exemptions from DWT. If any holders of Class A Ordinary Shares are exempt from DWT, but receive distributions subject to DWT, such holders of Class A Ordinary Shares may apply for refunds of such DWT from the Irish Revenue Commissioners.

Distributions paid in respect of Class A Ordinary Shares held through DTC that are owned by a partnership formed under the laws of a Relevant Territory and where all the underlying partners are resident in a Relevant Territory will be entitled to exemption from DWT if all of the partners complete the appropriate DWT Forms and provide them to their brokers (so that such brokers can further transmit the relevant information to a qualifying intermediary appointed by Parent) before the record date for the distribution (or such later date before the distribution payment date as may be notified to the holders of Class A Ordinary Shares by the broker). If any partner is not a resident of a Relevant Territory, no part of the partnership's position is entitled to exemption from DWT.

Qualifying Intermediary

Prior to paying any distribution, Parent will put in place an agreement with an entity that is recognized by the Irish Revenue Commissioners as a "qualifying intermediary," which will provide for certain arrangements relating to distributions in respect of Class A Ordinary Shares that are held through DTC, which are referred to as the "Deposited Securities." The agreement will provide that the qualifying intermediary shall distribute or otherwise make available to Cede & Co., as nominee for DTC, any cash dividend or other cash distribution with respect to the Deposited Securities after Parent delivers or causes to be delivered to the qualifying intermediary the cash to be distributed.

Parent will rely on information received directly or indirectly from its qualifying intermediary, brokers and its transfer agent in determining where holders of Class A Ordinary Shares reside, whether they have provided the required U.S. tax information and whether they have provided the required DWT Forms. Holders of Class A Ordinary Shares that are required to file DWT Forms in order to receive distributions free of DWT should note that such forms are generally valid, subject to a change in circumstances, until December 31 of the fifth year after the year in which such forms were completed.

Income Tax on Dividends Paid on Class A Ordinary Shares

A Non-Irish Holder that is entitled to an exemption from DWT will generally have no Irish income tax or universal social charge liability on a distribution from Parent. A Non-Irish Holder that is not entitled to an exemption from DWT, and therefore is subject to DWT, generally will have no additional Irish income tax liability or liability to universal social charge. The DWT deducted by Parent discharges the Irish income tax liability and liability to universal social charge.

Capital Acquisitions Tax (CAT)

CAT comprises principally gift tax and inheritance tax on property situated in Ireland for CAT purposes or otherwise within the territorial scope of CAT. CAT could apply to a gift or inheritance of Class A Ordinary Shares and Warrants because Class A Ordinary Shares and Warrants are regarded as property situated in Ireland for CAT purposes. The person who receives the gift or inheritance has primary liability for CAT.

CAT is currently levied at a rate of 33% on the value of any taxable gift or inheritance above certain tax-free thresholds. The appropriate tax-free threshold depends upon (1) the relationship between the donor and the donee and (2) the aggregation of the values of previous taxable gifts and inheritances received by the donee from persons within the same group threshold. Gifts and inheritances passing between spouses are exempt from CAT, as are gifts to certain charities. Children have a lifetime tax-free threshold of €335,000 in respect of taxable gifts or inheritances received from their parents. There is also a "small gift exemption" from CAT whereby the first €3,000 of the taxable value of all taxable gifts taken by a donee from any one donor, in each calendar year, is exempt from CAT and is also excluded from any future aggregation. This exemption does not apply to an inheritance.

THE IRISH TAX CONSIDERATIONS SUMMARIZED ABOVE ARE FOR GENERAL INFORMATION ONLY AND ARE NOT INTENDED TO PROVIDE ANY DEFINITIVE TAX REPRESENTATIONS TO HOLDERS. EACH PARENT SECURITYHOLDER SHOULD CONSULT HIS OR HER TAX ADVISOR AS TO THE PARTICULAR CONSEQUENCES THAT MAY APPLY TO SUCH SECURITYHOLDER.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We file annual reports on Form 20-F and furnish certain reports and other information with the SEC as required by the Exchange Act in accordance with our status as a foreign private issuer. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of proxy statements to shareholders and short-swing profit reporting for our officers and directors and for holders of more than 10% of our Class A Ordinary Shares. Such materials can be obtained on the SEC's site on the internet at <http://www.sec.gov>.

Our website address is www.fusion-fuel.eu. Through our website, we make available, free of charge, the following documents as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC, including our Annual Reports on Form 20-F; our proxy statements for our annual and special shareholder meetings; our Current Reports on Form 6-K; and Schedules 13D and 13G with respect to our securities filed on behalf of our directors and our executive officers; and amendments to those documents. We have not incorporated by reference into this Annual Report the information on our website, and you should not consider it to be a part of this Annual Report.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is a broad term for the risk of economic loss due to adverse market changes affecting financial instruments. These changes may be the result of various factors, including interest rates, foreign exchange rates, commodity prices and/or equity prices. Our business is exposed to a variety of market risks, including credit risk, currency risk, interest rate risk and price risk. These risks arise in part through use of the following financial instruments: trade receivables, cash bank accounts, bank overdrafts, trade and other payables, floating rate bank loans, forward currency contracts.

Parent's results of operation and financial condition are exposed to foreign exchange risk in U.S. dollars as a result of the consummation of the Transactions, including receipt of a majority of its liquid assets in U.S. dollars from sales of its Class A Ordinary Shares to Investors as part of its ATM agreement. Parent may be exposed to additional foreign exchange risks that arise from its global presence if it sells products and services in transactions not denominated in Euros. Over time, Parent expects to diversify its foreign exchange exposure by ensuring a more balanced foreign exchange mix in its treasury positions to match the required U.S. dollar and Euro requirements for purchases and investments.

Parent does not believe that it is exposed to significant interest rate risk or credit and liquidity risk. Parent does not enter into or trade financial instruments, including derivative financial instruments, for any purpose.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

A-D. Material Modifications to the Rights of Security Holders

None.

E. Use of Proceeds

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management are responsible for establishing and maintaining our disclosure controls and procedures. These controls and procedures were designed to ensure that information that we are required to disclose in the reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms of the Securities and Exchange Commission, and that it is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

As required by Rule 13a-15 under the Exchange Act, management has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitations, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding our required disclosures.

Based on the foregoing, our principal executive officer and principal financial officer have concluded that as of December 31, 2023, our disclosure controls and procedures were not effective as a result of the material weaknesses in our internal control over financial reporting described below.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Under the supervision and with the participation of management, including our principal executive and principal financial officers, we evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, based on criteria for effective internal control over financial reporting established in the *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, management concluded that our internal control over financial reporting was not effective as of December 31, 2023, due to the material weaknesses described below.

A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual financial statements will not be prevented or detected on a timely basis.

Our management identified material weaknesses in our internal control over financial reporting primarily related to (i) clearly defined control processes, roles and segregation of duties and sufficient financial reporting and accounting personnel within our business processes to ensure appropriate financial reporting, and (ii) the design and operating effectiveness of IT general controls for information systems that are significant to the preparation of our consolidated financial statements. The material weaknesses did not result in any identified misstatements to the financial statements.

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting as such report is not required unless and until we become an "accelerated filer."

Changes in Internal Control over Financial Reporting

We have worked to remediate the material weaknesses and other deficiencies referenced above. We re-designed key processes and included significant measures to develop an effective internal control over financial reporting. In implementing these processes, we have engaged the assistance of external advisors with expertise in these matters. Additionally, we have and continue to train our accounting and finance staff and hired financial reporting personnel to develop and implement appropriate internal controls and reporting procedures. These remediation measures, which continue as of December 31, 2023 have been time consuming and costly and there is no assurance that these initiatives will remediate all issues.

Except for as noted above, there were no changes in our internal control over financial reporting during the year ended December 31, 2023 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

The board of directors has determined that Mr. Lundetrae, who is an independent director, qualifies as an “audit committee financial expert,” as defined under rules and regulations of the SEC.

ITEM 16B. CODE OF ETHICS

On December 4, 2020, Parent adopted a Code of Ethics that applies to all of its employees, officers, and directors. This includes Parent’s principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. The full text of Parent’s Code of Ethics has been posted on Parent’s website at <https://ir.fusion-fuel.eu/corporate-governance/governance-overview>. Parent intends to disclose on its website any future amendments of the Code of Ethics or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions, or Parent’s directors from provisions in the Code of Ethics. Information disclosed on Parent’s website is not a part of this Annual Report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our independent registered public accounting firm for the years ended December 31, 2023 and December 31, 2022 was KPMG, Dublin, Ireland (Audit firm ID: 1116). Our audit committee of the board of directors pre-approves all audit, audit-related and non-audit services not prohibited by law to be performed by our independent registered public accounting firm and associated fees prior to the engagement with respect to such services.

	12 Months ended December 31, 2023	12 Months ended December 31, 2022
Audit Fees (1)	€ 355,000	€ 357,250
Taxation Fees	€ —	€ —
Other	€ —	€ 25,000
Total	€ 355,000	€ 382,250

- (1) Audit Fees consist of fees billed for professional services performed by KPMG for the audit of our annual financial statements, the review of interim financial information, and related services that are normally provided in connection with our public offerings and registration statements on Form F-3.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

The Nasdaq Listing Rules allow foreign private issuers, such as Parent, to follow home country corporate governance practices (in our case Irish) in lieu of the otherwise applicable Nasdaq corporate governance requirements. In order to rely on this exception, we are required to disclose each Nasdaq Listing Rule that we do not follow and describe the home country practice we do follow in lieu thereof. We have elected to follow corporate governance practices under Irish law in lieu of the requirements of Nasdaq Rule 5635(c) and 5635(d)(2), which require companies to obtain shareholder approval prior to the issuance of securities to officers, directors, employees or consultants under certain circumstances and when it seeks to engage in a transaction, other than a public offering, involving the sale, issuance or potential issuance of ordinary shares, which alone or together with sales by officers, directors or substantial shareholders of the company, equals 20% or more of the ordinary shares or 20% or more of the voting power outstanding before the issuance at a price below a certain price indicated in such Nasdaq Rule. Irish law and generally accepted business practices in Ireland do not require that shareholders approve such transactions. Accordingly, shareholder approval is not required for these types of transactions by Parent.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

Pursuant to applicable SEC transition guidance, the disclosure required by Item 16J will be applicable to Parent starting the fiscal year ending December 31, 2024.

ITEM 16K. CYBERSECURITY

We employ procedures designed to identify, protect, detect and respond to and manage reasonably foreseeable cybersecurity risks and threats. To protect our information systems from cybersecurity threats, we use various security tools that help prevent, identify, escalate, investigate, resolve and recover from identified vulnerabilities and security incidents in a timely manner. These include, but are not limited to, internal reporting, monitoring and detection tools, employee education, password encryption, frequent password change events, firewall detection systems, anti-virus software in-place and frequent backups.

We regularly assess risks from cybersecurity and technology threats and monitor our information systems for potential vulnerabilities, including those that could arise from internal sources and external sources such as third-party service providers we do business with. We use a widely adopted risk quantification model to identify, measure and prioritize cybersecurity and technology risks and develop related security controls and safeguards. We conduct regular reviews and tests of our information security program and also leverage audits by our internal audit team, tabletop exercises, penetration and vulnerability testing, simulations, and other exercises to evaluate the effectiveness of our information security program and improve our security measures and planning. We may and are considering whether to further engage an assessor(s), consultant(s), auditor(s) or other third party(s) to supplement our processes.

To date, we have not experienced any attacks intended to lead to interruptions and delays in our service and operations as well as loss, misuse or theft of personal information (of third parties, employees, and our members) and other data, confidential information or intellectual property. Any significant disruption to our service or access to our systems in the future could adversely affect our business and results of operation. Further, a penetration of our systems or a third-party's systems or other misappropriation or misuse of personal information could subject us to business, regulatory, litigation and reputation risk, which could have a negative effect on our business, financial condition and results of operations. See "*Risk Factors - Cybersecurity risks and threats could adversely affect our business.*"

The Board oversees our annual enterprise risk assessment, where we assess key risks within the company, including security and technology risks and cybersecurity threats. The Audit Committee of the Board oversees our cybersecurity risk and receives regular reports from our management team on various cybersecurity matters, including risk assessments, mitigation strategies, areas of emerging risks, incidents and industry trends, and other areas of importance.

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18 of this Annual Report, "*Financial Statements.*"

ITEM 18. FINANCIAL STATEMENTS

Our Audited Annual Consolidated Financial Statements are included at the end of this Annual Report.

ITEM 19. EXHIBITS

Exhibit No.	Description	Included	Form	Filing Date
2.1	Amended and Restated Business Combination Agreement.	By Reference	F-4/A	November 5, 2020
3.1	Memorandum and Articles of Association of Fusion Fuel Green plc.	By Reference	20FR12B	December 17, 2020
4.1	Specimen Class A Ordinary Share Certificate of Fusion Fuel Green plc.	By Reference	F-4/A	October 9, 2020
4.2	Specimen Warrant Certificate of Fusion Fuel Green plc.	By Reference	F-4/A	October 9, 2020
4.3.1	Novation Agreement between HL Acquisitions Corp., Fusion Fuel Green plc, and Continental Stock Transfer & Trust Company.	By Reference	20FR12B	December 17, 2020
4.3.2	Amended and Restated Warrant Agreement between Fusion Fuel Green plc and Continental Stock Transfer & Trust Company.	By Reference	20FR12B	December 17, 2020
4.4	Description of Securities	By Reference	20-F	May 16, 2023
4.5	Form of Indemnification Agreement with Fusion Fuel Green plc's directors and executive officers.	By Reference	F-4/A	November 5, 2020
4.6	Form of Managing Agreement between Fusion Welcome – Fuel, S.A. and its executive officers.	By Reference	F-4	August 12, 2020
4.7	Amended and Restated Registration Rights Agreement between HL Acquisitions Corp., Fusion Fuel Green plc, certain former shareholders of HL Acquisitions Corp., EarlyBirdCapital, Inc., and certain former shareholders of Fusion Welcome – Fuel, S.A., dated December 10, 2020.	By Reference	20FR12B	December 17, 2020
4.8	At Market Issuance Sales Agreement between Fusion Fuel Green plc, B. Riley Securities, Inc., Fearnley Securities Inc. and H.C. Wainwright & Co., LLC, dated June 6, 2022	By Reference	6-K	June 6, 2022
4.9	English Translation of Contract of Disposal of Intellectual Property between Fusion Welcome – Fuel, S.A. and MagP Invocao, S.A., dated September 13, 2018.	By Reference	F-4/A	September 21, 2020
4.10	English Translation of Amendment to Contract of Disposal of Intellectual Property, between Fusion Welcome – Fuel, S.A. and MagP Invocao, S.A., dated May 22, 2020.	By Reference	F-4/A	October 9, 2020
4.11	English Translation of Production Capacity Reservation, between Fusion Welcome – Fuel, S.A. and MagP Invocao, S.A., dated June 1, 2020.	By Reference	F-4/A	September 21, 2020
4.12	Sub-Lease Agreement, between Fusion Welcome – Fuel, S.A. and MagP Invocao, S.A., dated September 25, 2020.	By Reference	F-4/A	October 9, 2020
4.13	Special Eligibility Agreement for Securities, dated as of December 10, 2020, among the Depository Trust Company, Cede & Co., National Securities Clearing Corporation, Fusion Fuel Green plc, and Continental Stock Transfer & Trust Company.	By Reference	F-4/A	November 5, 2020
4.14	Form of Subscription Agreement of Fusion Fuel Green plc.	By Reference	F-4/A	October 9, 2020

4.15	Form of Non-Executive Director Appointment Letter	By Reference	F-4/A	October 29, 2020
4.16	Employment Agreement between Fusion Fuel Green plc, Fusion Fuel USA, Inc., and Zachary Steele	By Reference	6-K	January 3, 2022
4.17	Employment Agreement between Fusion Fuel Green plc, Fusion Fuel USA, Inc., and Jason Baran	By Reference	6-K	January 3, 2022
4.18	Contingent Consideration Termination Agreement between Fusion Fuel Green plc, Fusion Welcome – Fuel, S.A., and certain shareholders of Fusion Welcome – Fuel, S.A.	By Reference	6-K	January 3, 2022
4.19***	Fusion Fuel Spain Shareholders Agreement	By Reference	20-F	May 16, 2023
4.20	Sale Agreement	By Reference	20-F	May 16, 2023
4.21	Lease Agreement	By Reference	20-F	May 16, 2023
8.1	List of Subsidiaries	By Reference	20-F	May 16, 2023
12.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Herewith	--	--
12.2	Certification of Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Herewith	--	--
13.1	Certification of Principal Executive, Financial, and Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Herewith	--	--
13.2	Certification of Principal Executive, Financial, and Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Herewith	--	--
15.1	Consent of KPMG	Herewith	--	--
97.1	Policy Relating to Recovery of Erroneously Awarded Compensation	Herewith	--	--
99.1	List of Relevant Territories for the Purposes of Irish Dividend Withholding Tax	By Reference	20-F	May 16, 2023

101.INS Inline XBRL Instance Document.

101.SCH Inline XBRL Taxonomy Extension Schema Document.

101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document.

101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document.

101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document.

101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document.

104 Cover Page Interactive Data File - (formatted as Inline XBRL and contained in Exhibit 101).

* Management compensation contract, plan or arrangement.

** Certain provisions of this exhibit have been omitted, as such provisions (i) are not material and (ii) would likely cause competitive harm to the registrant if publicly disclosed.

*** Schedules and similar attachments to this exhibit are omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to provide a copy of any omitted schedule or attachment to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized, in Dublin, Ireland on the 30th day of April, 2024.

FUSION FUEL GREEN PLC

By: /s/ Gavin Jones

Name: Gavin Jones

Title: Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Fusion Fuel Green plc:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Fusion Fuel Green plc and subsidiaries (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of (loss)/profit and other comprehensive (loss)/income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2023 and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred operating losses since inception and has an accumulated deficit of €222.8 million as of December 31, 2023. The Group expects to continue to incur net losses for the foreseeable future and is highly dependent on its ability to find additional sources of funding in the form of debt or equity financing to fund its planned operations. These conditions, along with the matters set out in note 2 to the financial statements raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Fair value of energy production plant held for sale

As discussed in Notes 2, 14 and 16 to the consolidated financial statements, during 2023 the Company classified one of its energy production plants as held for sale, as a result of the Company's decision to sell the plant. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. As discussed in Note 16 to the consolidated financial statements, the carrying value of the energy production plant was considered to be higher than its fair value less costs to sell at the time of reclassification and an impairment charge of €800 thousand was recorded. The fair value of the energy production plant was determined using a discounted cash flow method. As of December 31, 2023, the Company has classified €833 thousand as assets held for sale.

We identified the evaluation of the fair value of the energy production plant held for sale to be a critical audit matter. A high degree of subjective auditor judgement was required to evaluate the assumptions used to estimate the fair value of the energy production plant, specifically the forecasted energy output, energy price growth rate and the discount rate. In addition, specialized skills and knowledge were needed to evaluate the discount rate. Changes in any of these assumptions could have had a significant effect on the determination of the estimated fair value.

The following are the primary procedures we performed to address this critical audit matter:

We assessed the reasonableness of the Company's forecasted energy output by evaluating it against publicly available market data. We evaluated the energy price growth rate used by the Company by comparing it to historic country and forecast market inflation rates. We also involved a valuation professional with specialized skills and knowledge who assisted in evaluating the discount rate by comparing it against discount rates that were independently developed using publicly available market data of comparable entities.

Value in use of energy production plant

As discussed in Notes 2, 3 and 14 to the consolidated financial statements, the Company performs a review of the carrying amount of its energy production plant, to determine whether there is an indication of impairment at each reporting date or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists, and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Recoverable amount is the higher of an asset's value in use or its estimated realisable value less costs to sell. As discussed in Note 14 to the consolidated financial statements, the Company determined that there were indicators of impairment associated with its energy production plant as of December 31, 2023. To determine the value in use of the energy production plant, the Company used a discounted cash flow method. Based on its assessment, the Company recorded an impairment charge of €1.4 million during 2023.

We identified the evaluation of the value in use of the energy production plant to be a critical audit matter. A high degree of subjective auditor judgement was required to evaluate the assumptions used to estimate the value in use of the energy production plant, specifically the forecasted energy output, energy price growth rate and the discount rate. In addition, specialized skills and knowledge were needed to evaluate the discount rate. Changes in any of these assumptions could have had a significant effect on the determination of the estimated value in use.

The following are the primary procedures we performed to address this critical audit matter:

We assessed the reasonableness of the Company's forecasted energy output by evaluating it against publicly available market data. We evaluated the energy price growth rate used by the Company by comparing it to historic country and forecast market inflation rates. We also involved a valuation professional with specialized skills and knowledge who assisted in evaluating the discount rate by comparing it against discount rates that were independently developed using publicly available market data of comparable entities.

/s/ KPMG

We have served as the Company's auditor since 2021.

Dublin, Ireland

April 30, 2024

FUSION FUEL GREEN PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

ITEM 18. FINANCIAL STATEMENTS

Consolidated statement of financial position

	Note	As at December 31	
		2023	2022
		€'000	€'000
Non-current assets			
Property, plant and equipment	14	24,776	21,273
Intangible assets	13	5,076	5,350
Other assets		1,176	-
Total non-current assets		31,028	26,623
Current assets			
Assets held for sale	16	833	-
Inventory	10	3,672	22,336
Prepayments and other receivables	18	4,919	8,242
Contract assets	4	752	-
Cash and cash equivalents	17	1,147	8,164
Total current assets		11,323	38,742
Total assets		42,351	65,365
Non-current liabilities			
Lease liability	9	9,958	7,651
Deferred income	20	9,299	2,925
Total non-current liabilities		19,257	10,576
Current liabilities			
Trade and other payables	19	15,312	7,262
Provisions	21	609	8,403
Contract liabilities	4	587	-
Deferred income	20	-	186
Cost accruals		1,764	1,934
Derivative financial instruments – warrants	23	765	7,651
Loans and borrowings	18	1,326	-
Total current liabilities		20,363	25,436
Total liabilities		39,620	36,012
Net assets		2,731	29,353
Equity			
Share capital	22	2	2
Share premium		220,157	217,156
Share-based payments reserve		5,365	3,972
Retained earnings		(222,793)	(191,777)
Total equity		2,731	29,353

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of (loss)/profit and other comprehensive (loss)/ income

	<i>Note</i>	<i>For the years ended December 31</i>		
		2023	2022	2021
		€'000	€'000	€'000
Revenue	4	4,144	-	-
Cost of sales	5	(20,088)	(8,765)	-
Gross loss		(15,944)	(8,765)	-
Operating expenses				
Other income		199	172	-
Administration expenses	6	(15,835)	(18,416)	(7,510)
Research and development expense		(1,925)	(908)	(182)
Share-based payment (expense)/ credit	8	(1,393)	(3,509)	841
Impairment of property, plant and equipment	14	(2,165)	(3,321)	-
Operating loss		(37,063)	(34,747)	(6,851)
Net finance income				
Finance income	7	51	1,379	2,713
Interest receivable and similar income		58	25	-
Finance costs	7	(544)	(962)	(23)
Derivative financial instruments at FVTPL	23	6,886	7,620	28,354
Net finance income/ (costs)		6,451	8,062	31,044
Share of losses of equity-accounted investees	12	(245)	(628)	(629)
(Loss) / profit before tax		(30,857)	(27,313)	23,564
Income tax expense	11	(159)	(34)	-
Total comprehensive (loss) / income for the year		(31,016)	(27,347)	23,564
Basic (loss)/ earnings per share	25	(2.12)	(2.05)	1.80
Diluted (loss)/ earnings per share	25	(2.12)	(2.05)	1.79

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

For the year ended December 31, 2023

	Number of shares outstanding	Share capital €'000	Share premium €'000	Share- based payment reserve €'000	Retained earnings €'000	Total €'000
Balance at January 1, 2021	12,054,217	1	194,053	1,438	(188,128)	7,364
Profit during the year	-	-	-	-	23,564	23,564
Total comprehensive income for the year	-	-	-	-	23,564	23,564
Issue of share capital:						
Vesting of shares	10,000	-	-	(134)	134	-
Exercise of warrants	1,059,506	1	10,050	-	-	10,051
Derecognition of warrant liability on exercise	-	-	9,374	-	-	9,374
Share based payments:						
Equity-settled share-based compensation	-	-	-	(841)	-	(841)
Balance at December 31, 2021	13,123,723	2	213,477	463	(164,430)	49,512
Balance at January 1, 2022	13,123,723	2	213,477	463	(164,430)	49,512
Loss during the year	-	-	-	-	(27,347)	(27,347)
Total comprehensive income for the year	-	-	-	-	(27,347)	(27,347)
Issue of share capital:						
ATM – share sales	681,926	-	3,679	-	-	3,679
Share based payments:						
Equity-settled share-based compensation	-	-	-	3,509	-	3,509
Balance at December 31, 2022	13,805,649	2	217,156	3,972	(191,777)	29,353
Balance at January 1, 2023	13,805,649	2	217,156	3,972	(191,777)	29,353
Loss during the year	-	-	-	-	(31,016)	(31,016)
Total comprehensive income for the year	-	-	-	-	-	-
Issue of share capital:						
Equity incentive plan	10,000	-	-	-	-	-
ATM – share sales	1,103,368	-	3,001	-	-	3,001
Share based payments:						
Share based payments	-	-	-	(1,042)	-	(1,042)
Equity-settled share-based compensation	-	-	-	2,435	-	2,435
Balance at December 31, 2023	14,919,017	2	220,157	5,365	(222,793)	2,731

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of cash flows

	<i>For the years ended December 31</i>		
	2023	2022	2021
	€'000	€'000	€'000
Cash flows from operating activities			
Net (loss)/ profit for the year	(31,016)	(27,347)	23,564
<i>Adjusted for:</i>			
Equity settled share-based compensation	1,393	3,509	(841)
Fair value movement in warrants	(6,886)	(7,620)	(28,354)
Depreciation and amortization	2,537	1,002	351
Net finance income	(115)	(442)	(2,690)
Share of losses of equity-accounted investee	245	628	629
Impairment of property, plant and equipment	5,482	3,321	-
Impairment of inventory	13,936	-	-
Onerous contract provision	(7,794)	8,403	-
Loss/(gain) on sale of property, plant and equipment	205	(172)	-
	(22,013)	(18,718)	(7,341)
Changes in working capital:			
(Increase)/decrease in receivables	2,816	2,277	(5,218)
(Increase)/decrease in inventories	(19)	(18,651)	(3,685)
Increase/(decrease) in payables and accruals	8,482	5,303	1,588
Interest and similar expenses - paid	(549)	(62)	-
Taxes received	2,101	-	-
Net cash used by operating activities	(9,182)	(29,851)	(14,656)
Cash flows from investing activities			
Payment for intellectual property from 2020 business combination	-	(250)	(500)
Purchase of property, plant and equipment	(8,589)	(8,588)	(16,615)
Proceeds from sale of assets	439	8,399	-
Development expenditure	(629)	(1,771)	(1,630)
Purchase of intangible assets – other	(109)	(80)	(19)
Receipt of government grants	7,975	-	-
Purchase of financial assets	-	-	(44,328)
Proceeds from realisation of financial assets	-	27,892	18,224
Investment in equity-accounted investees	(245)	(640)	(629)
Net cash provided by investing activities	(1,158)	24,962	(45,497)
Cash flows from financing activities			
Proceeds from issuance of shares	3,001	3,679	-
Proceeds from warrants exercised	-	-	10,051
Proceeds from factoring agreement	1,326	-	-
Payment of lease liabilities	(1,291)	(1,314)	(470)
Shareholder loan (repayment) / proceeds	38	-	-
Net cash provided by financing activities	3,074	2,365	9,581
Net (decrease)/increase in cash and cash equivalents	(7,266)	(2,524)	(50,572)
Cash and cash equivalents at beginning of year	5,239	7,681	58,007
Transfer from restricted cash	2,925	-	-
Effects of movements in exchange rates on cash held	(38)	82	245
Cash and cash equivalents at end of year	860	5,239	7,681
Add restricted cash	287	2,925	-
Cash and cash equivalents at end of year including restricted cash	1,147	8,164	7,681

The accompanying notes form an integral part of these consolidated financial statements.

1. Business activity

Fusion Fuel Green Public Limited Company (the “Parent” or the “Company”) was incorporated in Ireland on April 3, 2020. The Company and its subsidiaries are collectively referred to as the “Group”. The registered office of the Company is The Victorians, 15 - 18 Earlsfort Terrace, Saint Kevin’s, Dublin 2, D02 YX28, Ireland. The Company is domiciled in Ireland.

The Group’s mission is to produce hydrogen with zero carbon emissions, thereby contributing to a future of sustainable and affordable clean energy and the reversal of climate change. The hydrogen will be produced using renewable energy resulting in zero carbon emissions (“Green Hydrogen”) with components built in-house and using the know-how and accumulated experience of its team’s strategic and continuous investment in research and development (“R&D”) around solar technologies.

The Company has a comprehensive risk management process which is managed through its senior management, finance committee and board of directors. The key risks are evaluated throughout the period with key business leaders tasked to manage each risk as required. These risks are assessed through a risk matrix which evaluates each risk’s impact and likelihood.

Company history

The Merger

On June 6, 2020, the Company entered into a business combination agreement (“the Transaction”) with the shareholders of HL Acquisitions Corp., a British Virgin Islands business company (“HL”), a publicly-held special purpose acquisition company, and Fusion Welcome – Fuel S.A (“Fusion Fuel”), a private limited company domiciled in Portugal. On August 19, 2020, the terms of the initial Transaction were amended and finalised. The shareholders of both HL and Fusion Fuel agreed to exchange their interests for new ordinary shares in the share capital of the Company, with Fusion Fuel considered the accounting acquirer and predecessor entity.

Prior to the Transaction discussed above, the Company was a newly formed shell with no active trade or business, and all relevant assets, liabilities, income and expenses were borne by Fusion Fuel, the continuing entity in the merger.

On December 10, 2020, the Transaction was consummated (the “acquisition date”). As part of the Transaction, the former shareholders of HL received 7,033,356 Class A ordinary shares and 8,250,000 warrants to purchase Class A ordinary shares at an exercise price of \$11.50 (the “HL warrants”) of the Company. The shareholders of Fusion Fuel received 2,125,000 Class B ordinary shares and warrants to purchase 2,125,000 Class A ordinary shares at an exercise price of \$11.50 per share (the “FF warrants”). Unexercised warrants expire five years from the date of the close of the Transaction.

Because HL was not considered a business, the Transaction was not accounted for as a business combination, and instead was accounted for as a reverse recapitalisation, whereby Fusion Fuel issued shares in exchange for the net assets of HL represented by cash, which had a value of approximately \$54 million (approximately €44.4 million) upon closing of the Transaction, and its listed status. The excess of the fair value of the equity instruments issued by the Company over the identifiable net assets of HL represents payment for the listing status and was recorded as a listing expense in the income statement under IFRS 2 *Share-based Payment*.

Immediately following the acquisition date, the Company completed a private equity placement with accredited investors (the “PIPE Investors”) for the sale of 2,450,000 Class A ordinary shares at a price of \$10.25 per share, with gross proceeds of approximately \$25.1 million (approximately €20.7 million).

At the acquisition date, the Company became the ultimate legal parent of Fusion Fuel and HL. The Company’s Class A ordinary shares are traded on the NASDAQ Global Market under the ticker symbol HTOO and its warrants are traded under the ticker symbol HTOOW. The Company’s Class B shares were not publicly traded.

The consolidated financial statements are prepared as a continuation of the financial statements of Fusion Fuel, the accounting acquirer, adjusted to reflect the legal capital structure of the legal parent/accounting acquiree (Fusion Fuel Green PLC).

The Earn-Out

Pursuant to the business combination agreement, the parties agreed to a potential additional equity payment to certain former shareholders of Fusion Fuel who became service providers to the Company. Under this arrangement, these persons were eligible to receive additional share-based payment awards of up to 1,137,000 Class A ordinary shares and 1,137,000 warrants to purchase Class A ordinary shares at an exercise price of \$11.50 based upon the execution of contracts for certain value-accretive hydrogen purchase agreements on or before June 30, 2022, depending on the value of those contracts.

The additional consideration could have been earned as follows:

- 40% upon signing of power purchase agreements (Hydrogen purchase agreements) with certain identified counterparties having an expected net present value of at least \$61 million.
- 20% upon commencement of operations under one of these hydrogen purchase agreements.
- 40% upon successfully completing 90 days of operations at 95% of planned capacity under one of these hydrogen agreements.

As these awards were dependent on future service to be provided to the Company, the Company considered them to be service awards under IFRS 2 and classified them as equity-settled share-based payments. The number of shares and warrants likely to be awarded were estimated at the reporting date, measured at grant-date fair value, and recorded as a cost to the income statement on a straight-line basis over the period from grant to expected delivery of contracts, initially estimated to be June 30, 2022. The potential outstanding equity awards under this arrangement expired June 30, 2022 and none of the required conditions were met.

Group expansion

During 2021, the Group increased its global footprint by entering into a joint venture agreement in Spain and incorporating entities in Australia and the United States. In July 2021, the Company entered into a new 50/50 joint venture through Fusion Fuel Spain S.L. (“FFS” or the “JV”) with two unrelated parties to source, promote and develop projects in the green hydrogen sector using the Company’s solar green hydrogen technology. Under the terms of the JV, the three parties contributed combined equity of €3,000. In addition, the Company agreed to fund a non-recourse five-year participating loan to the JV to finance its growth and working capital. Repayment of the loan will come solely from successful operating cash flows of FFS.

Benavente

The Company acquired a facility in 2021 to transform into a state-of-the-art production facility so that the Company could produce internally to meet demand. This facility is located at Benavente, Portugal. In June 2022, the Company completed installation of the first HEVO production line at the Benavente facility.

In December 2022, the Group completed a sale and leaseback transaction for the facility at Benavente. This transaction excluded the HEVO production line as well as other equipment. The selling price closed at €9.3 million with net proceeds of €7.5 million after deducting security deposit, one month’s rent and certain deferred proceeds. Please refer to notes 9 and 14 for further information on this transaction.

Developments during 2023

During 2023, the Benavente facility also began the first production of Fusion Fuel 4th generation HEVOs and the HEVO-Chain cube solution. This will be the solution produced for 2024 whereby the HEVO will be encased in dedicated cube structures or in containers depending on project requirements – the full solution will be developed, assembled and tested in Benavente before being shipped to clients and projects.

Exolum

During the third quarter of 2022, the Group commenced construction work on its first third-party technology sale. Fusion Fuel Portugal, S.A. (“Fusion Fuel Portugal”), a wholly owned subsidiary of the Parent, was engaged by Exolum Corporation, S.A. (“Exolum”) to develop a turnkey solar-to-hydrogen plant to supply green hydrogen plant. Exolum is a leading supplier of specialist storage, handling and transport for bulk liquids and gases, with one of the most comprehensive ranges of tankage in Europe. The construction & commissioning of this solar-to-hydrogen plant was completed during the third quarter of 2023 with acceptance issued by Exolum at the end of September 2023. The project has 21 HEVO-Solar units along with a co-located refueling station, which will now serve as proof of concept of hydrogen for mobility applications. This facility also features the latest generation HEVO micro-electrolyzer capable of leveraging other sources of renewable energy to produce green hydrogen overnight and during periods of low solar radiation, which are expected to double the productive output of the facility.

Financing facility

On November 27, 2023, the Parent entered into an agreement for financing of up to \$20 million of senior convertible notes with Belike Nominees Pty Ltd., a Macquarie Group entity. This facility has a two-year term and it's expected that amounts will be drawn down in tranches. The first tranche amounts to \$1.15 million and is expected to be drawn down in the second quarter of 2024.

2. Basis of preparation and significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards ("IFRS") as adopted by the EU ("IFRS as adopted by the EU"), which are effective for the year ended and as at December 31, 2023. In addition to complying with its legal obligation to comply with IFRS as adopted by the EU, the consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") ("IFRS as issued by the IASB").

These consolidated financial statements are presented in Euro, the functional and presentation currency of the Company. All financial information presented has been rounded to the nearest thousand, unless otherwise stated.

The consolidated financial statements have been prepared on the historical cost basis except for derivatives which have been measured at fair value and share based payments which have been measured at grant date fair value.

Basis of consolidation

Subsidiaries

The Group financial statements consolidate the financial statements of the Company and its subsidiaries up to December 31, 2023. A parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest ("NCI") and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in a joint venture.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI.

In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of profit of a joint venture' in the statement of profit or loss.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Functional currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

At the Market Issuance Sales Agreement (“ATM”)

On June 6, 2022, the Parent entered into an At the Market Issuance Sales Agreement (the “ATM”) with B. Riley Securities, Inc., Fearnley Securities Inc., and H.C. Wainwright & Co., LLC, pursuant to which the Company may offer and sell, from time to time, through or to the agents, acting as agent or principal, Class A ordinary shares of the Company having an aggregate offering price of up to \$30 million under the Company’s Form F-3 registration statement. This prospectus was amended on May 13, 2023 to remove B. Riley Securities, Inc. as a listed sales agent and on July 7, 2023 to reduce the aggregate amount available to be sold under the ATM to \$10 million. During 2023, the Parent sold 1,103,368 class A ordinary shares for net proceeds of \$3.3 million and paid \$0.1 million in commissions to agents as part of these trades.

Going concern

In adopting the going concern basis in preparing the consolidated financial statements, the Directors have considered the Group’s cash on hand, its future cash generation projections and plans, together with factors likely to affect its future performance, as well as the Group’s principal risks and uncertainties.

As of December 31, 2023, the Group had €1.2 million of cash and cash equivalents, which included €0.3 million of restricted cash. The Group is an early-stage company and is subject to the corresponding risk of such companies. Since inception, the Group has incurred operating losses and had an accumulated deficit of €222.8 million at December 31, 2023. Included in the accumulated deficit are non-cash items of €167 million which related to fair value adjustments on our warrants, share based compensation expenses, foreign currency adjustments on our financial assets and expenses from the 2020 merger transaction described previously.

The Group expects to continue to incur net losses for the foreseeable future and is highly dependent on its ability to find additional sources of funding in the form of debt or equity financing to fund its planned operations. The Group's success depends on the profitable commercialization of its proprietary HEVO technology. There is no assurance that the Group will be successful in the profitable commercialization of its technology. These conditions raise significant doubt about the Group’s ability to continue as a going concern and therefore, to continue realizing their assets and discharging their liabilities in the normal course of business absent the mitigating actions set out below.

On November 27, 2023, the Parent entered into an agreement for financing of up to \$20 million of senior convertible notes with Belike Nominees Pty Ltd., a Macquarie Group entity. This facility has a two-year term and it’s expected that amounts will be drawn down in tranches. The first tranche of \$1.15 million is expected to be drawn down in the second quarter of 2024.

Based upon its current operating and financial plans, management is hopeful it will have sufficient access to financial resources to fund operations, having considered the Group’s available cash resources, the recently announced agreement with Belike Nominees Pty Ltd, expected inflows from both technology sales and grant award agreements, future financing options available to the Group (debt and/or equity), the planned operations of the Group and the ability to adjust its plans if required.

On February 15, 2024, the Group received notification from the European Commission that the Company’s HEVO-Portugal project was among 33 entities selected for approval under the Important Projects of Common European Interest (“IPCEI”) Hy2Infra program. The Company’s €650 million, 630 MW project is to be developed in Sines, Portugal, and would produce 62,000 tonnes of green hydrogen per annum. The IPCEI approval positions Fusion Fuel and its partners to commence funding negotiations with the relevant government stakeholders, as well as with the European Investment Bank, which has committed to providing financing and advisory support to those projects selected for public funding.

The inability to consummate the first tranche of the financing agreement with Belike Nominees Pty Ltd and capitalize on the market sentiment afforded to us following the IPCEI announcement would have a negative impact on the Group’s financial conditions and ability to pursue its business strategies. If the Group is unable to operationalize or obtain alternative funding, the Group could be forced to delay, reduce, or eliminate some or all of its research and development programs or strategic partnerships efforts, which could adversely affect its business prospects, or the Group may be unable to continue operations. Although management intends to pursue plans to obtain alternative funding to finance its operations, there is no assurance that the Group will be successful in obtaining sufficient funding on terms acceptable to the Group to fund continuing operations, if at all.

During 2024, to date, Parent raised net proceeds of \$6,398,264 through the ATM facility.

The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this material uncertainty. Accordingly, the consolidated financial statements have been prepared on a basis that assumes the Group will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

New standards or amendments

There were no new standards effective for the period commencing 1 January 2023 that had a material impact on the Group. A number of new standards, amendments to standards and interpretations are not yet effective for the period and have not yet been applied in preparing the consolidated financial statements. The Group is in the process of assessing the impact on the financial statements of these new standards and amendments. Management currently expects no material impact on the Group's financial statements on adoption of these amendments.

Significant accounting policies

There have been no material changes to the Group's significant accounting policies, other than the introduction of an accounting policy for revenue recognition, as compared to the significant accounting policies described in the Form 20-F for the fiscal year ended December 31, 2022.

Revenue

The Company generates revenue from the supply and assembly of its HEVO technology. This technology consists of our HEVO miniaturised electrolyzer along with Balance of System ("BoS") equipment. In addition to the above, certain sales contracts also include the supply of Balance of Plant ("BoP") equipment, refuelling stations and require us to install and commission a full turnkey green hydrogen producing solution.

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer. Management assesses each Contract at its inception whether the control is transferred over time or at a point in time and assume that the contract will be fulfilled, and not cancelled, renewed or modified, when determining the transaction price based on the consideration negotiated. The transaction price is determined based on the consideration agreed upon in the contract, adjusted for any discounts, and variable consideration. If there is a difference between the payment and the delivery of the related services and goods the Company is considering the time value of money when the period exceeds 12 months.

If the contract involves multiple performance obligations, the transaction price is allocated to each performance obligation based on its standalone selling price. At contract inception, the goods or services explicitly or implicitly promised in a contract are assessed, and a performance obligation is identified for each promise to transfer a distinct good or service. The standalone selling price is determined using observable market data or estimated considering the cost plus a reasonable margin approach.

Revenue from our HEVO technology is recognised at a point in time which reflects the transfer of control of the promised good or service to the customer, i.e. when control of the service transfers to the customer, generally following the delivery schedule. The revenue is derived from the calculation of the completion and the transaction price set in the Contract.

When the customer makes partial payments in advance, the consideration received prior to the Company satisfying its performance obligation is recognised as a contract liability in the balance sheet (see "Contract liabilities" definition below).

Incremental costs incurred to obtain a contract are capitalised if they are expected to be recovered. Incremental costs of obtaining a contract are those costs that the entity would not have incurred if the contract had not been obtained. Costs of obtaining a contract that is not incremental should be expensed as incurred unless those costs are explicitly chargeable to the customer, even if the contract is not obtained.

The Company reviews its revenue recognition estimates regularly and adjusts them if there are changes in circumstances that affect the original estimates. Any changes are accounted for prospectively.

Modifications to contracts are assessed to determine whether they represent a new contract or a modification of the existing contract. Any adjustments to the transaction price or performance obligations are reflected as per the requirements of the standard.

The Company provides its customers with warranties against design or manufacturing flaws and defects, normally within a period of 12 – 24 months after commissioning has taken place. The Company's estimated obligation under the standard warranty terms (assurance type warranties) is recognised under provisions.

Contract liabilities

A contract liability is the obligation to transfer good or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

Contract assets

The contract assets primarily relate to the Group's right to consideration for work completed but not billed. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Government grants

The Group recognises government grants when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received. Government grants related to assets are deducted from the cost of the asset using the net presentation approach. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

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.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises 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 the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. 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.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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 or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Sale-and-leaseback transactions

The Group derecognises the asset from the statement of financial position with any gain or loss relating to the rights transferred as part of the sale recognised as other income. The leaseback shall be classified as either an operating lease or a finance lease. If the leaseback is classified as an operating lease, the asset shall be recognised in the statement of financial position and depreciated over its useful life. If the leaseback is classified as a finance lease, the asset shall remain derecognised and recognised as a right-of-use asset, and a liability shall be recognised for the present value of lease payments.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises of direct materials and the cost of bringing the components to their present condition. Cost is based on weighted average price. Net realisable value is calculated as the estimated selling price arising in the ordinary course of business, net of estimated selling costs.

Segment information

The Group manages its operations as a single segment for the purposes of assessing performance and making operating decisions. The Group's focus is on the research and development around its HEVO technologies. The Executive Committee, and in particular the Chief Executive Officer, is the chief operating decision maker who regularly reviews the consolidated operating results and makes decisions about the allocation of the Group's resources.

Research and development expenditure

Research costs are expensed to profit or loss as incurred and development costs are capitalised, where they meet the criteria for capitalisation. Grant income of €1.6 million was credited against qualifying R&D expenditure in 2023.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Onerous contracts

A provision for an onerous contract is recognised when it becomes probable that the total contract costs will exceed total contract revenue. Before a provision for onerous contracts is recorded, the related assets under construction are measured at their net realisable value and written-off if necessary. Onerous contracts are identified by monitoring the progress of the contract together with the underlying programme status. An estimate of the related contract costs is made, which requires significant and complex assumptions, judgements and estimates related to achieving certain performance standards.

Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Current taxation

The current taxation charge is calculated at the amount expected to be recovered from or paid to the taxation authorities on the basis of the tax laws enacted or substantively enacted at the reporting date.

Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Class A ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from equity, net of tax effects.

Derivative liabilities – warrants

Derivatives are initially recognised at their fair value on the date the derivative contract is entered into and transaction costs are expensed to profit or loss. The Company's warrants are subsequently re-measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

As the exercise price of the Company's share purchase warrants is fixed in US dollars and the functional currency of the Company is the Euro, these warrants are considered a derivative, as a variable amount of cash in the Company's functional currency will be received on exercise. Accordingly, these share purchase warrants are classified and accounted for as a derivative liability. The fair value is determined using market price of the warrants on the NASDAQ.

When a warrant is exercised, the derivative liability is then reclassified to share premium.

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of the business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Share-based payment arrangements

The grant-date fair value of equity-settled share-based payments arrangements granted to employees and non-employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the numbers of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. For share-based payment awards that vest at the discretion of the board of directors, the fair value is determined at the reporting date until such time that there is a shared understanding of the vesting period.

Financial instruments

Recognition and initial measurement

Receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

Financial assets at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (“FVOCI”) – debt investment; FVOCI – equity investment; or FVTPL.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognized in profit or loss.

Prepayments and other receivables

Prepayments and other receivables are recognised initially at fair value and then carried at amortised cost less allowance for impairment. The Group applies the IFRS 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for other receivables.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand, and short-term deposits with a maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above. Restricted cash comprises cash that the Group is required to spend on specific projects and is not available for general use.

Property, plant and equipment

Property, plant and equipment is included at cost less accumulated depreciation and/or accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided using the straight-line method to write off cost to residual value over the estimated useful life of the individual asset. Important components of property, plant and equipment that maintain different useful lives are considered separately. Land is not depreciated and assets categorised as being under construction are not depreciated until such time that they are in use. The following rates per annum are used:

Plant and machinery	3-10 years
Hydrogen production plant – internal	8-20 years
Office and other equipment	3-10 years
Leases	Lease term

The carrying values of property, plant and equipment are reviewed for indicators of impairment at each reporting date or when events or changes in circumstances indicate the carrying value may not be recoverable (whichever is the earlier). If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are measured on initial recognition at their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and/or any accumulated impairment losses.

Product development costs are not amortised until such time that they are in use after which it is expected they will be amortised over their estimated useful lives (three to five years). Amortisation is provided using the straight-line method to write off cost to residual value over the estimated useful life of the individual asset. The following rates per annum are used:

Software	3 years
Completed development technology	3 years
Intellectual property	Indefinite useful life

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses, unless the product development costs are still being used in product development in which case it is considered indefinite useful life.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Impairment arises if the recoverable amount of the intangible asset is lower than its carrying value under IFRS. Recoverable amount is the higher of an asset's value in use or its estimated realisable value less costs to sell.

If the carrying amount of an intangible asset exceeds its recoverable amount, an impairment loss is recognised in an amount equal to that excess.

Accounting for assets held for sale

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on re-measurement are recognized in the income statement. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity accounted investee is no longer equity accounted.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, income taxes and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. These include but are not limited to:

Impairment of property, plant and equipment

In the case of there being a trigger for a review of impairment, the Group performs a review on the carrying amounts of its property, plant and equipment to determine whether there is any indication of impairment at the reporting date. The Group particularly tests the net recoverable amounts of its internally generated assets to ensure that the costs of their production have not over-run their operational or commercial value. One such trigger for impairment review, which has occurred in the current year, is that the Group was loss making and another was the increase in costs to complete certain projects currently recognised as assets under construction.

As of December 31, 2023, the carrying amount of the Group's property plant and equipment assets was €24.8 million (2022: €21.3 million). The Group identified an indicator of impairment associated with specific portions of this amount. For one portion of these assets, the Group calculated the value in use based on the estimated cash flows expected to be generated by the asset over its expected useful life. The expected cash flows are based on assumptions in respect of sales and operating costs. These cash flows are discounted to their present values using a discount rate that reflects the risks specific to the asset. The estimation of forecasted revenues and the timing of expenditure requires judgement and is dependent on the economic factors associated with these assets. For the other portion of these assets that an indicator of impairment was identified, the Group fully impaired the amounts capitalised on the basis that it was unlikely that the assets would be used as intended in the future. Management will continue to review these assets at each reporting date. An impairment charge of €5.5 million (2022: €3.3 million) has been recorded during 2023 for these assets. Please see note 14 for further information.

At December 31, 2023, management decided to sell one of our internally developed energy production plants which was previously recorded within assets under construction in note 14. This asset was reclassified from property, plant and equipment at its fair value (after booking an impairment charge of €0.8 million during the year). Please see note 16 for further information.

4. Revenue

During the year ended December 31, 2023, the Company recognized its first revenues of over €4.1 million from technology sales relating to the delivery of the first full plant in Exolum, and the delivery of materials and equipment for CSIC in the fourth quarter.

	<u>2023</u>	<u>2022</u>
	<u>€'000</u>	<u>€'000</u>
Contract assets	752	-
Contract liabilities	587	-
Receivables, which are included in "Prepayments and other receivables"	<u>270</u>	<u>-</u>

The contract assets relate to revenue that has been recognised but not yet billed to the customer at the reporting date. This amount will transfer to receivables when the right becomes unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities relate to the advance consideration received from customers for technology sale contracts which had not commenced as of the reporting date. These amounts will be recognised as revenue during 2024 as these contracts are fulfilled.

No information is provided about remaining performance obligations at the reporting date that have an original expected duration of one year or less, as permitted by IFRS 15.

5. Cost of sales

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	<u>€'000</u>	<u>€'000</u>	<u>€'000</u>
Technology sales	9,011	-	-
Write-off/scraping of inventory	15,227	362	-
Onerous contract provision – (usage/reversal)/expense (Note 21)	(7,794)	8,403	-
Impairment of property, plant and equipment – HEVO-Sul	3,317	-	-
Raw materials sales	327	-	-
	<u>20,088</u>	<u>8,765</u>	<u>-</u>

6. Administration expenses

	2023	2022	2021
	€'000	€'000	€'000
Wages and salaries	7,649	8,706	2,970
Depreciation and amortization	1,547	1,002	351
Professional fees	1,605	1,722	1,397
Consulting fees	1,816	2,068	1,085
Other expenses	3,218	4,918	1,707
	15,835	18,416	7,510

7. Finance costs/ income

	2023	2022	2021
	€'000	€'000	€'000
<i>Finance costs</i>			
Interest and similar expenses	549	62	23
Other finance income/(costs)	(5)	-	-
Fair value loss on short-term investments	-	900	-
	544	962	23
<i>Finance income</i>			
Foreign exchange variances	51	1,379	2,392
Fair value gain on short-term investments	-	-	47
Other finance income	-	-	274
	51	1,379	2,713

8. Share-based payments

2021 Equity Incentive Plan

On August 5, 2021, the Company's Board of Directors adopted and approved the 2021 Equity Incentive Plan (the 2021 Plan), which authorized the Company to grant up to 1,000,000 Class A ordinary shares in the form of incentive share options, non-qualified share options, share appreciation rights, restricted awards, performance share awards, cash awards and other share awards. The types of share-based awards, including the rights amount, terms, and exercisability provisions of grants are determined by the Company's Board of Directors.

Restricted Share Units (RSUs)

The Company granted 68,273 RSU's to employees and directors during the year ended December 31, 2023 (2022: 59,441). The table below shows the number of RSUs granted covering an equal number of the Company's Class A ordinary shares and the weighted-average grant date fair value of the RSUs granted:

	Number of RSUs		Weighted average grant date fair value per share	
	2023	2022	2023	2022
As at 1 January	87,642	42,896	\$ 11.43	\$ 12.24
Granted during the year	68,273	59,441	\$ 3.78	\$ 8.00
Vested during the year (1)	(86,566)	(14,253)	\$ 10.63	\$ 12.17
Forfeited during the year	(14,396)	(442)	\$ 11.77	\$ 12.24
As at December 31	54,953	87,642	\$ 10.20	\$ 11.43

(1) 10,000 ordinary shares were issued in connection with the RSUs that vested during the year ended December 31, 2023 (2022: none).

RSUs are issued as incentive compensation to executives, employees, and non-employee directors with service being the only condition associated with the award. Each RSU represents a right to one share of our common stock, upon vesting. The RSUs are not entitled to voting rights or dividends, if any, until vested. The fair value of the RSUs is determined on the date of grant based on the market price of the Company's ordinary shares on that date. The fair value of RSUs is expensed rateably over the vesting period, which is generally three years for employees. The total expense recognized related to the RSUs was €0.47 million for the year ended December 31, 2023 (2022: €0.53 million). Total unamortized compensation expense related to the RSUs was €0.12 million as of December 31, 2023 (2022: €0.35 million), which is expected to be recognized over a remaining average vesting period of 0.86 years as of December 31, 2023 (2022: 1.7 years).

Share options

On January 3, 2022, the Company announced that under the 2021 Plan, its Board of Directors approved an award of options for five of its senior managers. Regarding each senior manager, the award comprises three tranches:

- *Tranche 1:* A grant of an option to purchase 200,000 Class A ordinary shares having an exercise price of \$10.50 per share to vest over a three-year period.
- *Tranche 2:* A grant of an option to purchase an additional 200,000 Class A ordinary shares having an exercise price of \$10.50 per share to vest once Parent's share price closed at or above \$18.00 during twenty trading days out of any thirty consecutive trading day period.
- *Tranche 3:* Eligibility to receive an option to purchase up to an additional 50,000 Class A ordinary shares having an exercise price equal to the average last sales price of the Class A Ordinary Shares over the five (5) consecutive trading day period ending on the date of grant, but in no event to be lower than \$10.50 per share, for each of calendar years 2022, 2023 and 2024, each to be granted based on individual performance at the discretion of the Compensation Committee of the board of directors. The board of directors did not grant any awards under this tranche during the years ended December 31, 2023 and 2022.

All options granted will expire on December 31, 2028.

In June 2023, 800,000 of the options that were initially granted in January 2022 were forfeited. The Company granted 154,074 options to employees and directors during the year ended December 31, 2023 (2022: 2,128,554), all of which were issued to our non-executive directors as part of their annual compensation. These options vested in full by December 31, 2023.

The fair value of the options granted during the year ended December 31, 2023 were estimated using the Black-Scholes option-pricing model. The inputs for the Black-Scholes model require management's significant assumptions. The risk-free interest rate was based on a normalized estimate of the 7-year U.S. treasury yield. The Company does not have sufficient company-specific historical and implied volatility information and it therefore estimates its expected share volatility based on historical volatility information of reasonably comparable guideline public companies and itself. The Company expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded share price. Expected dividend yield is based on the fact that the Company has never paid cash dividends and its future ability to pay cash dividends on its shares may be limited by the terms of any future debt or preferred securities.

The range of assumptions that the Company used to determine the grant date fair value of employee and director options granted were as follows:

	Tranche 1	Tranche 2	Directors
Volatility	70.91%	70.91%	80.38%
Expected term in years	7	7	6.92
Dividend rate	0%	0%	0%
Risk-free interest rate	1.58%	1.58%	1.31%
Hurdle price	-	\$ 18	-
Exercise price	\$ 10.50	\$ 10.50	\$ 4.26
Share price	\$ 9.42	\$ 9.42	\$ 4.02
Fair value of option on grant date	\$ 6.14	\$ 6.18	\$ 2.87

The table below shows the number of options granted covering an equal number of the Company's Class A ordinary shares and the weighted-average grant date fair value of the options granted:

	Number of options	Weighted average Grant date fair value per share
Options outstanding December 31, 2021	-	\$ -
Granted	2,128,554	\$ 5.21
Vested	(461,887)	\$ 3.31
Forfeited	-	-
Options outstanding December 31, 2022	1,666,667	\$ 5.21
Granted during the year	154,074	\$ 2.87
Vested during the year	(354,074)	\$ 4.71
Forfeited during the year	(666,667)	6.16
Options outstanding December 31, 2023	800,000	\$ 6.14

There were 800,000 unvested employee and director options outstanding as of December 31, 2023 (2022: 1,666,667). Total expense recognized related to the employee and director share options was €1.96 million for the year ended December 31, 2023 (2022: €2.96 million). Total unamortized compensation expense related to employee and director share options was €3.41 million as of December 31, 2023 (2022: €8.27 million), expected to be recognized over a remaining weighted average vesting period of 3 years as of December 31, 2023 (2022: 4 years).

Incentive shares

As part of their compensation package, the non-executive directors that were appointed in December 2020 were granted 5,000 shares for each year of service to the Company.

	Number of shares	Weighted average Grant date fair value per share
Incentive shares outstanding December 31, 2021	30,000	\$ 23
Granted	-	-
Vested	-	-
Forfeited	(25,000)	-
Incentive shares outstanding December 31, 2022	5,000	\$ 23
Granted	-	-
Vested	-	-
Forfeited	-	-
Incentive shares outstanding December 31, 2023	5,000	\$ 23

The above shares vest at the discretion of the board of directors. In exchange for the share options that were granted above, the holders of the incentive shares agreed to forfeit their rights to incentive shares relating to years two and three of their tenure as a non-executive director. The total expense for these shares recognised in the year ended December 31, 2023 and 2022 was €0.005 million and €0.02 million, respectively.

As of December 31, 2023, there was no unrecognised share-based payment expense related to the incentive shares. The shares have been recorded at their fair value at December 31, 2023.

	2023	2022	2021
	€'000	€'000	€'000
2020 Earn-Out	-	-	(1,400)
RSUs	464	526	228
Incentive shares	5	21	331
Options	1,956	2,962	-
Forfeiture of options - Reversal of expense	(1,032)	-	-
Share-based payment expense/ (credit)	1,393	3,509	(841)

9. Leases

In the normal course of its business, the Group leases property, vehicles and land.

On December 20, 2022, the Group entered into a sale and leaseback transaction relating to its production facility at Benavente. The leaseback arrangement has an initial term of 20 years and will be automatically renewed for a further ten years unless the Group provides sufficient notice to terminate.

On January 1, 2021, the Group entered into a property sub-lease for office space with a related party. The property sub-lease has an initial term of five years and will be automatically renewed for a further five years if neither the landlord nor tenant provide sufficient notice to terminate. The Group has the option to terminate the sub-lease without penalty any time after the first anniversary of the lease provided sufficient notice is communicated to the landlord. The terms of this sub-lease agreement were negotiated on an arms-length basis.

The Group has estimated the duration of the property sub-lease to be four years from lease commencement, considering the cancellable period which represents a change of estimate from the prior year. At inception of this lease, we estimated that the term would only be two years. This change in estimate has been accounted for prospectively in these financial statements. The Group's expansion plans mean the current sub-lease in Portugal may not be fit for purpose and therefore, the Group is expected to terminate the sub-lease within two years. The Group is currently exploring real estate opportunities in Portugal.

In the fourth quarter of 2021, the Group entered into a license agreement for shared office space in Ireland. The license agreement has a term of 12 months and will be automatically renewed for another year if neither party provide sufficient notice to terminate before the end of the term. During Q4 2022, the Group extended its lease agreement by a further 24 months.

The vehicle leases commenced in July 2021 and since then, the Group has entered into eighteen separate contracts. The duration of the contracts range from 48 to 60 months.

The land leases were entered into for the purpose of developing our Évora I and II projects. The two land leases were negotiated and signed with the respective owners for 30 years and are extendable. During 2023, we entered into two further land leases. The first lease has a term of 30 years with the second having a term of 29 years. Both leases will be automatically renewed for another 5 years if neither party provide sufficient notice to terminate before the end of the term.

Other licenses entered into in 2023 include various equipment items in January and March. The duration of the contracts range from 36 to 60 months.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Information about leases for which the Group is a lessee is presented below.

i. Right-of-use assets

Right-of-use assets related to leased properties, vehicles and land are presented as property, plant and equipment.

	Equipment €'000	Properties €'000	Vehicles €'000	Land €'000	Total €'000
January 1, 2022	-	357	249	186	792
Additions right-of-use assets	48	6,673	274	-	6,995
Revaluation of right-of-use assets	-	708	-	-	708
Derecognition of right-of-use assets	-	-	(44)	-	(44)
Depreciation charge for the period	(3)	(360)	(84)	(7)	(454)
January 1, 2023	45	7,378	395	179	7,997
Additions right-of-use assets	36	-	230	2,806	3,072
Revaluation of right-of-use assets	-	150	-	-	150
Derecognition of right-of-use assets	-	-	-	-	-
Depreciation charge for the period	(24)	(702)	(126)	(98)	(950)
December 31, 2023	57	6,826	499	2,887	10,269

ii. Amounts recognized in the Consolidated statement of profit or loss and other comprehensive income.

	2023 €'000	2022 €'000	2021 €'000
Interest on lease liabilities	530	32	22
Expenses relating to short-term leases	161	428	127
Depreciation of right-of-use assets	950	454	319

iii. Amounts recognized in statement of cash flows.

	2023 €'000	2022 €'000	2021 €'000
Total cash outflow for leases	1,291	1,314	470

iv. Lease liabilities.

Lease liabilities are payable as follows.

	Future minimum lease payments 2023 €'000	Interest 2023 €'000	Present value of minimum lease payments 2023 €'000
Less than one year (note 19)	1,343	517	826
Between two and five years	4,216	2,262	1,954
More than five years	11,364	3,360	8,004
	16,923	6,139	10,784

Reconciliation of lease liabilities is as follows:

	<u>€'000</u>
Balance at January 1, 2022	800
Payment of lease liabilities	(445)
New leases	7,303
Revaluations	708
Derecognition	(44)
Interest expense	32
Interest paid	(32)
Balance at January 1, 2023	8,322
Payment of lease liabilities	(760)
New leases	3,072
Revaluations	151
Derecognition	-
Interest expense	530
Interest paid	(530)
Balance at December 31, 2023	10,785

	<u>2023</u>	<u>2022</u>
	<u>€'000</u>	<u>€'000</u>
Non-current		
Lease liability	9,958	7,651
Current		
Trade and other payables (note 19)	826	671
Balance at December 31	<u>10,784</u>	<u>8,322</u>

The Group discounted its remaining lease payments for the calculation of the lease liability using an incremental borrowing rate ranging between 3% and 6%.

10. Inventory

	<u>2023</u>	<u>2022</u>
	<u>€'000</u>	<u>€'000</u>
Raw materials	1,968	5,785
Work in progress	1,704	16,551
	<u>3,672</u>	<u>22,336</u>

Inventories have been reduced by €13.9 million (2022: €nil 0) as a result of the write-down to net realisable value. These significant impairments relate to specific components manufactured for legacy designs for which negotiations with prospective buyers have stalled. This write-down was recognised as an expense during 2023, in 'cost of sales'.

Inventories of €8.8 million were consumed during the year ended December 31, 2023 (2022: €17.6 million). During 2023, we incurred €0.5 million (2022: €0.5 million) of production, conversion and other costs incurred in bringing the inventory to its present condition. These costs have been included in 'administration costs'.

The cost of scraped materials through the normal production cycle amounted to €1.3 million (2022: €0.4 million). These items were recognised as an expense during 2023, in 'cost of sales'.

11. Taxation

The Group recorded a loss before income tax of €31 million during the year ended December 31, 2023 (2022: €27.3 million loss), which was reduced by €6.9 million (2022: €7.6 million) related to non-cash fair value gains on its derivative financial instruments (Warrants). For the year ended December 31, 2021, the Group earned no revenues and generated tax losses. The group earned no revenue during 2022 and 2021.

During 2023, 2022 and 2021, the Group's Portuguese operations were subject to a statutory tax rate of 21%. In Ireland, the headline corporate income tax rate for trading companies is 12.5%, with a rate of 25% applicable to other non-trading sources.

A reconciliation between taxes on income / losses reflected on the Consolidated statement of profit or loss and other comprehensive income and the expected income tax benefit, based on the Company's statutory tax rate, for the years ended December 31, 2023, 2022 and 2021 is as follows:

	2023	2022	2021
	€'000	€'000	€'000
Profit/ (loss) before tax	(30,857)	(27,313)	23,564
Tax using Company's domestic tax rate at 12.5%	3,857	3,414	(2,945)
<i>Tax effect of:</i>			
Non-deductible expenses / non-taxable income	(967)	(842)	3,848
Current-year losses for which no deferred tax asset is recognized	(4,647)	(3,973)	(1,312)
Impacts of different foreign tax rates	1,916	1,435	409
Total tax charge	159	34	-

As of December 31, 2023, the Group had unrecognised deferred tax assets of €11 million (2022: €6.2 million) mostly relating to tax losses incurred. No deferred tax assets have been recognized due to the uncertainty of the Group's ability to generate taxable profits in the foreseeable future. The current assessment regarding the usability of deferred tax assets may change, depending on the Group's taxable income in future years.

12. Equity-accounted investees

	€'000
<i>Interest in joint venture</i>	
January 1, 2022	-
Investment during the year	628
Loss for the year attributable to the Group	(628)
December 31, 2022	-
Investment during the year	245
Loss for the year attributable to the Group	(245)
December 31, 2023	-

On July 22, 2021, the Company entered into a shareholder agreement with two other parties, Greatex Family Enterprises LDA ("GFE") and ERE Desarrollos Empresanales S.L. ("EREE") for a 50% ownership of Fusion Fuel Spain, S.L. ("Fusion Fuel Spain").

Fusion Fuel Spain is structured as a separate vehicle. Accordingly, the Group has classified its interest in Fusion Fuel Spain as a joint venture. In accordance with the agreement under which Fusion Fuel Spain was established, the Group and the other investors in the joint venture have agreed to meet the financial needs of Fusion Fuel Spain by seeking outside financing, by either: (i) applying for or requesting any subsidies available, whether community or national, public or private; or (ii) negotiating financing with local banks if Fusion Fuel Spain lacks the necessary funds to carry out its principal activities.

Under the terms of the shareholder agreement, the Group committed to contribute up to €2 million in the form of a subordinated loan to finance the growth and working capital needs of Fusion Fuel Spain. This loan facility has a term of five years and bears interest of 4% per annum. An additional interest charge of 2% will be payable from Fusion Fuel Spain if EBITDA targets are achieved. Under this facility, Fusion Fuel Spain drew down €0.25 million up until the year ended December 31, 2023 (2022: €1.27 million). No commitment has been recognised in these consolidated financial statements for any future investment in Fusion Fuel Spain.

13. Intangible assets

	Completed development technology €'000	Product development in progress €'000	Intellectual property and patents registration €'000	Software €'000	Total €'000
2023					
<i>Cost</i>					
January 1, 2023	2,994	717	1,911	81	5,703
Additions*	2	629	-	109	740
December 31, 2023	2,996	1,346	1,911	190	6,443
<i>Amortisation</i>					
January 1, 2023	(330)	-	(3)	(20)	(353)
Amortisation charge	(990)	-	(1)	(23)	(1,014)
December 31, 2023	(1,320)	-	(4)	(43)	(1,367)
<i>Net book value</i>					
<i>At December 31, 2023</i>	1,676	1,346	1,907	147	5,076
2022					
<i>Cost</i>					
January 1, 2022	-	1,918	1,911	23	3,852
Additions*	37	1,733	-	81	1,851
Transfers during the year	2,934	(2,934)	-	-	-
December 31, 2022	2,971	717	1,911	104	5,703
<i>Amortisation</i>					
January 1, 2022	-	-	-	(5)	(5)
Amortisation charge	(330)	-	-	(18)	(348)
December 31, 2022	(330)	-	-	(23)	(353)
<i>Net book value</i>					
<i>At December 31, 2022</i>	2,641	717	1,911	81	5,350

* The additions relate to materials acquired during the period for the purpose of developing our HEVO technology.

Intellectual property of €1.9 million (2022: €1.9 million) and capitalised project development costs of €1.3 million (2022: €0.7 million) are considered to be of indefinite life and accordingly are not amortized. Completed development technology represents the costs incurred on bringing our first generation HEVO electrolyzer to market and is being amortised over a useful life of 3 years. This asset transferred from product development in progress during the prior year.

Research and development expenditure (excluding those related to wages and salaries) of €0.9 million (2022: €0.9 million) have been recognised during the year as part of administration expenses.

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at December 31, 2023, the market capitalisation of the Group was above the book value of its equity. In addition, there are indicators of momentum in the market for green hydrogen, including ongoing societal and political pressure to limit CO2 emissions with the European Union as well as several individual countries across the world developing green hydrogen roadmaps. This momentum should lead to increased demand for our product and a reduction in the cost of green hydrogen. No indicators of impairment were deemed to exist for this Cash Generating Unit.

14. Property, plant and equipment

2023	Assets under construction €'000	Plant and machinery €'000	Office and other equipment €'000	Right of use assets €'000	Total €'000
Cost					
At January 1, 2023	15,106	1,337	389	8,762	25,594
Additions during the year	8,314	243	33	3,072	11,662
Reclassification	(4,266)	4,266	-	150	150
Reclassification to assets held for sale (note 16)	(3,957)	-	-	-	(3,957)
Transfer to inventory	(161)	-	-	-	(161)
Disposals	(310)	-	-	-	(310)
At December 31, 2023	14,726	5,846	422	11,984	32,978
Depreciation					
At January 1, 2023	(2,324)	(1,148)	(84)	(765)	(4,321)
Charge for year	-	(472)	(101)	(950)	(1,523)
Impairment charge	(4,117)	(1,365)	-	-	(5,482)
Reclassification to assets held for sale (note 16)	3,124	-	-	-	3,124
At December 31, 2023	(3,317)	(2,985)	(185)	(1,715)	(8,202)
Net book values					
At December 31, 2023	11,409	2,861	237	10,269	24,776
At December 31, 2022	11,785	1,186	305	7,997	21,273

Disposals of assets under construction during 2023 relate to the sale of equipment from the Benavente plant. This equipment was sold at a loss of €0.2 million.

Depreciation expense on property and equipment was €0.6 million and €0.6 million for the years ended December 31, 2023 and 2022, respectively. Assets under construction includes costs mostly related to construction of our two Évora hydrogen plants, costs incurred on our HEVO-Sul project and our Benavente production facility. On November 1, 2023, our smaller Évora hydrogen plant transferred from asset under construction to plant and machinery.

During 2022, the Group entered into a Grant agreement with Agência para o Investimento e Comércio Externo de Portugal, E.P.E. (“AICEP”) relating to the Benavente production facility. The Group submitted its first claims under this agreement during 2022, which amounted to €0.8 million. Using the net presentation method available under IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* (“IAS 20”), the Group has netted this amount against the carrying value of the asset.

As disclosed previously, in December 2022, we entered into a sale and leaseback transaction for our Benavente production facility. The above asset was derecognised from assets under construction and subsequently recognized as a right of use asset. The Group recorded a gain of €0.14 million on the sale of the property, which yielded consideration of €9.32 million. Detailed information about the leases is available in note 9.

Impairment charge

Entities are required to conduct impairment tests where there is an indication of impairment of an asset. The following indications of impairment were considered as part of the impairment analysis; cash flows for completing the assets are higher than originally budgeted, and the assets are expected to generate lower returns than originally expected.

IAS 36 - Impairment of Assets stipulates that an impairment loss is the amount by which the carrying value of an asset exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs of disposal and its value in use. Value in use is calculated by taking the Net Present Value (NPV) of expected future cash flows from the asset, discounted at an appropriate discount rate. The recoverable amount calculations were determined on an asset level basis whereby we projected the expected cash inflows and outflows of our two internally generated energy production plants (on a standalone basis) and applied key assumptions to these cash flows. Such assumptions included estimated useful life of the assets, forecasted energy output, energy price growth rate and the discount rate applied.

Energy production plant #1

The value in use of this asset was determined by forecasted net cash flows that were extrapolated using a 3.5% energy price growth rate in the medium-term, tending towards the ECB target long-term inflation rate of 2% by the end of the forecast period. These cash flows were then discounted using a discount rate of 7%. Management expects that the equipment capitalized as part of this internally generated production plant will have useful lives ranging between 8 and 20 years. The estimated recoverable amount of this asset was lower than the respective carrying amount at the time of the impairment test. An impairment charge of €1.4 million was recorded during 2023 (2022: €1 million).

Energy production plant #2

The fair value of this asset was determined by forecasted net cash flows that were extrapolated using a 3.5% energy price growth rate in the medium-term, tending towards the ECB target long-term inflation rate of 2% by the end of the forecast period. These cash flows were then discounted using a discount rate of 7%. Management expects that the equipment capitalized as part of this internally generated energy production plant will have useful lives ranging between 20 and 25 years. The estimated recoverable amount of this asset was lower than the respective carrying amount at the time of the impairment test. An impairment charge of €0.8 million was recorded during 2023 (2022: €2.3 million).

The total impairment charge recognized as part of 'operating expenses' was €2.2 million (2022: €3.3 million).

Project development

We impaired the full value of the capitalized costs relating to our HEVO-Sul project during 2023, as we received confirmation that the project would not proceed as originally planned. The impairment charge of €3.3 million has been recorded as part of cost of sales.

The total impairment charge recognized as part of the consolidated statement of (loss)/ profit during the year was €5.5 million (2022: €3.3 million).

	Assets under construction €'000	Plant and machinery €'000	Office and other equipment €'000	Right of use assets €'000	Total €'000
2022					
Cost					
At January 1, 2022	17,161	-	185	1,111	18,457
Additions during the year	9,191	1,267	274	322	11,054
Revaluation	-	-	-	708	708
Transfers during the year	(2,149)	70	(70)	-	(2,149)
Sale-and-leaseback	(8,294)	-	-	6,673	(1,621)
Grant income	(803)	-	-	-	(803)
At December 31, 2022	15,106	1,337	389	8,762	25,594
Depreciation					
At January 1, 2022	-	-	(28)	(319)	(347)
Charge for year	-	(141)	(66)	(454)	(661)
Transfers during the year	-	(10)	10	-	-
Impairment charge	(3,321)	-	-	-	(3,321)
Derecognition	-	-	-	8	8
At December 31, 2022	(3,321)	(151)	(84)	(765)	(4,321)
Net book values					
At December 31, 2022	11,785	1,186	305	7,997	21,273
At December 31, 2021	17,161	-	157	793	18,111

15. Financial asset investments at fair value through profit or loss

	€'000
January 1, 2022	27,453
Redemptions	(27,892)
Realised gains and losses	(900)
Translation differences	1,339
December 31, 2022 and 2023	-

The financial asset investments at fair value through profit or loss consisted of short-term investments in listed managed funds which had daily liquidity. The investments are reported at fair value with unrealized gains or losses recorded in the consolidated statements of operations and comprehensive loss. Any differences between the cost and fair value of investments are represented by unrealized gains or losses. The Group exited all positions during the year ended December 31, 2022.

16. Assets classified as held for sale

	€'000
January 1, 2023	-
Reclassification from property, plant and equipment, net	833
December 31, 2023	<u>833</u>

During 2023, management decided to sell one of its internally developed energy production plants which was previously recorded within assets under construction in note 14. This plant has yet to be completed and management do not consider it to be a priority for the Group and believe selling it would be in the best interest of its stakeholders. There are interested parties, and the sale is expected to be completed before the end of 2024.

The above asset was reclassified from property, plant and equipment at its fair value at the time of reclassification (after booking an impairment charge of €0.8 million during the year). Please see details of the valuation technique and inputs in note 14.

17. Cash and cash equivalents

	2023	2022
	€'000	€'000
Cash and cash equivalents	860	5,239
Restricted cash	287	2,925
	<u>1,147</u>	<u>8,164</u>

The restricted cash at December 31, 2023 relates to two payment guarantees that were made. Both amounts are held in segregated accounts and cannot be used for general use. The restricted cash at December 31, 2022 related to an amount of €2.9 million received from the Agency for Competitiveness and Innovation ("IAPMEI") as grant aid towards our C-5 development project. At that time, this amount was subject to a variety of conditions relating to its disbursements and remained restricted until such time that project development commenced.

18. Prepayments and other receivables

	2023	2022
	€'000	€'000
Prepayments	585	2,010
Trade receivables	1,473	-
VAT recoverable	1,387	3,669
Grant receivable	803	803
Other receivables	671	1,760
	<u>4,919</u>	<u>8,242</u>

Information about the Group's exposure to credit risk and impairment losses for trade and other receivables is included in note 24 (c).

Transfer of trade receivables

The Group sold with recourse trade receivables to a bank for cash proceeds. These trade receivables have not been derecognised from the statement of financial position, because the group retains substantially all of the risks and rewards. The group therefore continues to recognise the transferred assets in their entirety in its statement of financial position. The amount repayable under the factoring agreement is presented as loans and borrowings, see below. The receivables are considered to be held within a held to collect business model consistent with the group's continuing recognition of the receivables.

The following information shows the carrying amount of trade receivables at the reporting date that have been transferred but have not been derecognised and the associated liabilities.

	<u>2023</u>	<u>2022</u>
	€'000	€'000
Carrying amount of trade receivables transferred to a bank	1,326	-
Carrying amount of associated liabilities	1,326	-

The above liability is shown as 'Loans and borrowings' on the statement of financial position. We consider the fair value of this amount to represent a reasonable approximation of the carrying value as they are short-term in nature.

19. Trade and other payables

	<u>2023</u>	<u>2022</u>
	€'000	€'000
Trade payables	11,015	3,680
Amounts owed to related parties (1)	2,113	2,468
Lease liability – current (note 9)	826	671
Payroll taxes	1,163	278
Other payables	196	165
	<u>15,313</u>	<u>7,262</u>

(1) This amount relates to a balance owing to an affiliate, MagP.

20. Deferred income

	<u>2023</u>	<u>2022</u>
	€'000	€'000
<i>Current</i>		
Grant proceeds received	-	186
<i>Non-current</i>		
Grant proceeds received	9,299	2,925

During 2023, €7.9 million (2022: €2.9 million) was advanced to the Group as part of its C-5 and C-14 grant awards. This amount will be recognised as deferred income until such time that it can be offset against project expenditure which will take place once the projects are further along in their development cycle.

21. Provisions

	Onerous contracts	Warranties	Total
	€'000	€'000	€'000
At January 1, 2022	-	-	-
Provisions made during the year	8,403	-	8,403
At December 31, 2022	8,403	-	8,403
Provisions made during the year	-	-	-
Provisions used during the year	(4,972)	-	(4,972)
Provisions reversed during the year	(2,822)	-	(2,822)
Transfers	(197)	197	-
At December 31, 2023	412	197	609

The provisions used/reversed during the year are included in 'cost of sales'.

Onerous contracts

The determination of provisions for onerous contracts, is based on best estimates. The above provision does not include any amounts related to the general equipment warranties or performance guarantees. If the final loss related to the completion of these projects differs from the above, the Group will adjust the provision accordingly. During 2023, we either used or reversed some of the provisions recorded during the prior year. The 2023 activity was based on how our projects developed against the forecasts calculated as at December 31, 2022. All outflows relating to the above provision to take place within 12 months of December 31, 2023.

Warranties

The provision for warranties relates mainly to technology products sold during 2023. The provision has been estimated based on historical warranty data associated with our products and related solar generating products. The group expects to settle the majority of the liability over the next year.

22. Shareholders' equity

As of December 31, 2023, the total number of Class A ordinary shares of the Company outstanding was 14,919,017 (2022: 13,805,649) with a par value of \$0.0001. The Class B ordinary shares were converted to Class A ordinary shares on December 5, 2022 which meant that there were none outstanding at the end of 2023 (2022: Nil).

During the year, as part of the ATM, Parent sold 1,103,368 (2022: 681,926) class A ordinary shares for net proceeds of \$3,254,802. The share capital of Fusion Fuel Green plc is as follows:

	Number of shares	€'000
Opening balance – January 1, 2022	13,123,723	2
Issue of shares – ATM	681,926	-
Closing balance – December 31, 2022	13,805,649	2
Issue of shares – ATM	1,103,368	-
Issue of shares – share based payments	10,000	-
Closing balance – December 31, 2023	14,919,017	2

Share rights

The Class A ordinary shareholders have the right to exercise one vote at any general meeting of the Company, to participate pro rata in all the dividends declared by the Company and the rights in the event of the Company's winding up are to participate pro-rata in the total assets of the Company.

The Class B Ordinary shares were converted in full to Class A Ordinary shares on December 5, 2022. The rights that were formally assigned to these shares, in addition to the rights outlined above for the Class A shareholders included certain protective rights that include the right to approve any liquidation or similar transaction of the Company. The Class B shareholders also had the right to approve any creation or issuance of any new class or series of capital stock or equity securities convertible into capital stock or changes to the Company's board of directors. With these protective provisions, the holders of Class B Ordinary shares were able to veto certain actions in a way that their relative ownership would not otherwise permit.

23. Warrants

The functional currency of the Company is the Euro and as the exercise price of the Company's share purchase warrants is fixed in US Dollars, these warrants are considered a liability as a variable amount of cash in the Company's functional currency will be received on exercise. Accordingly, these warrants are classified and accounted for as a derivative liability at fair value through profit or loss.

As of December 31, 2023 and 2022, there were 8,869,633 warrants outstanding. The warrants entitle the holder to purchase one Class A ordinary share of Parent at an exercise price of \$11.50 per share. Until warrant holders acquire the Parent's Class A ordinary shares upon exercise of such warrants, they have no rights with respect to the Parent's Class A ordinary shares. The warrants expire on December 10, 2025, or earlier upon redemption or liquidation in accordance with their terms. The fair value of the warrants is determined with reference to the prevailing market price for warrants that are trading on the NASDAQ under the ticker HTOOW.

The fair value of the warrants as at December 31, 2023 and December 31, 2022 was \$0.10 and \$0.92 respectively. See reconciliation of fair values below.

	€'000
Balance – December 31, 2021	15,271
Fair value movement on warrants unexercised (including exchange differences)*	(7,620)
Balance – December 31, 2022	7,651
Fair value movement on warrants unexercised (including exchange differences)*	(6,886)
Balance – December 31, 2023	765

* recognised in profit or loss.

24. Financial instruments and risk management

(a) Accounting classifications and fair value

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between fair value levels during the year.

As at December 31, 2023, the warrants are measured at fair value using Level 1 inputs. The fair value of the warrants are measured based on quoted market prices at each reporting date. See notes 23 for the fair value analysis.

	Carrying value			Fair value			
	Cash and receivables €'000	Liabilities €'000	Total carrying amount €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
2023							
Cash and cash equivalents	1,147	-	1,147	-	-	-	-
Trade receivables	1,473	-	1,473	-	-	-	-
Other receivables*	671	-	671	-	-	-	-
Trade payables	-	(11,015)	(11,015)	-	-	-	-
Warrants	-	(765)	(765)	(765)	-	-	(765)
Amounts owed to related parties	-	(2,113)	(2,113)	-	-	-	-
Loans and borrowings	-	(1,326)	(1,326)	-	-	-	-
Other payables**	-	(195)	(195)	-	-	-	-
	3,291	(15,414)	(12,123)	(765)	-	-	(765)
2022							
Cash and cash equivalents	8,164	-	8,164	-	-	-	-
Other receivables*	2,311	-	2,311	-	-	-	-
Trade payables	-	(3,680)	(3,680)	-	-	-	-
Warrants	-	(7,651)	(7,651)	(7,651)	-	-	(7,651)
Amounts owed to related parties	-	(2,468)	(2,468)	-	-	-	-
Other payables**	-	(165)	(165)	-	-	-	-
	10,475	(13,964)	(3,489)	(7,651)	-	-	(7,651)

- * Prepayments and VAT have been excluded as they are not classified as a financial asset.
- ** Employment taxes have been excluded as these are statutory liabilities.

Cash and cash equivalents

For cash and cash equivalents, the carrying value is deemed to reflect a reasonable approximation of fair value.

Trade receivables/other receivables/payables

For the receivables and payables with a remaining term of less than one year or on demand balances, the carrying amount less impairment allowances, where appropriate, is a reasonable approximation of fair value.

(b) Financial risk management

The Group's operations expose it to various financial risks that include credit risk, liquidity risk and market risk. The Group has a risk management framework in place which seeks to limit the impact of these risks on the financial performance of the Group. It is the policy of the Group to manage these risks in a non-speculative manner.

This note presents information about the Group's exposure to each of the above risks and the objectives, policies and processes for measuring and managing the risks. Further quantitative and qualitative disclosures are included throughout this note.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(c) Credit risk

Exposure to credit risk

Credit risk arises from granting credit to customers or others and from investing cash and cash equivalents with banks and financial institutions. The Group have not granted credit to customers to date as the Group has not earned any revenues.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents. The carrying amounts of financial assets represent the maximum credit exposure. There were no impairment losses on financial assets recognised in profit or loss.

Other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk and country in which customers operate.

In monitoring credit risk, receivables are grouped according to their credit characteristics, including their geographic location, industry, trading history with the Group and existence of previous financial difficulties. The Group does not require collateral in respect of its receivables.

At December 31, 2023, the exposure to credit risk for receivables by geographic region was not significant. The majority of receivables was due from the Iberian region.

Cash and short-term bank deposits

The Group held cash and cash equivalents of €1.1 million at December 31, 2023 (2022: €8.1 million). 75% of the cash and cash equivalents are held with banks in Portugal (2022: 87%). The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Groups exposure to credit risk rating is as follows:

	2023	2022
Credit risk rating		
AA	-	12%
A+	8%	-
A-	91%	-
BBB+	-	75%
B+	-	12%
Not assigned	1%	1%
	100.0%	100%

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable costs or risking damage to the Group's reputation.

Contractual maturities

The following are the expected contractual maturities of the Group's financial liabilities, including estimated interest payments.

	Carrying amount €'000	Contractual cash flows €'000	Less than one year €'000	1 – 2 years €'000	2 – 5 years €'000	More than 5 years €'000
2023						
Derivative financial instruments – warrants*	765	-	-	-	-	-
Trade payables	11,015	11,015	11,015	-	-	-
Amounts owed to related parties	2,113	2,113	2,113	-	-	-
Loans and borrowings	1,326	1,326	1,326	-	-	-
Other payables	192	192	192	-	-	-
Lease liabilities	10,784	16,923	1,343	1,918	2,298	11,364
Loan advanced (Note 11)	-	498	498	-	-	-
Total	26,195	32,067	16,487	1,918	2,298	11,364
2022						
Derivative financial instruments – warrants*	7,651	-	-	-	-	-
Trade payables	3,680	3,680	3,680	-	-	-
Amounts owed to related parties	2,468	2,468	2,468	-	-	-
Other payables	165	165	165	-	-	-
Lease liabilities	9,409	13,468	1,118	1,107	1,409	9,835
Loan advanced (Note 11)	-	743	743	-	-	-
Total	23,373	20,524	8,174	1,107	1,409	9,835

* contractual cash flows for warrants are €nil (liability of €0.8 million) (2022: €7.7 million) because warrants will be settled in shares.

(e) **Market risk and interest rate risk**

Market risk is the risk that changes in market prices and indices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. Interest rate risk is not significant to the Group.

(f) **Foreign exchange risk**

The Group uses the Euro as its functional currency. Foreign exchange rate risk is the risk that the fair value of Group assets or liabilities, or future expected cash flows will fluctuate because of changes in foreign currency exchange rates. While the Company's shares are listed in US dollars, the currency of the primary operating environment of the Group is the Euro, and its exposure to the risk of changes in foreign currency would arise primarily when revenue or expense is denominated in a currency other than the Euro. The Company is building out its operations in the United States of America and Australia but, to date, has not entered into any significant commercial contracts. As of December 31, 2023, the Group's operations were confined to the Eurozone, so the effect of the translation of foreign operations is not significant to the Group. At December 31, 2023, the Company had USD and EUR cash balances of approximately \$0.03 million (2022: \$0.3 million) and €1.1 million (2022: €7.8 million), respectively.

The following significant exchange rates have been applied during the year.

	Average rate		Period-end spot rate	
	2023	2022	2023	2022
<i>Euro</i>				
USD	1.0816	1.0530	1.1050	1.0666

Sensitivity analysis

A reasonably possible strengthening of the Euro against the Group's principal foreign currency denominated amounts at December 31, 2023 would have decreased the Group's loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2023	2022
	€'000	€'000
USD (10 percent strengthening of the euro)	692	796

(g) **Capital Management**

The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain the future development of the business. The board of directors monitors the return on capital.

25. **Loss per share**

	2023	2022
Basic (loss)/ earnings per ordinary share	(2.12)	(2.05)
Diluted (loss)/ earnings per ordinary share	(2.12)	(2.05)
<i>Number of ordinary shares used for loss per share (weighted average)</i>		
Basic	14,649,082	13,330,947
Diluted	14,649,082	13,330,947

Basic earnings/ (loss) per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings/ (loss) per share is calculated by dividing the loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of Class A ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into Class A ordinary shares. The diluted loss per share reflects the basic loss per share since the effects of potentially dilutive securities are anti-dilutive. For the years ended 31 December 2023, and 2022 the Group was loss-making, therefore, the following anti-dilutive instruments are excluded in the calculation of diluted weighted average number of ordinary shares outstanding:

	2023	2022
Warrants	8,869,633	8,869,633
RSUs - outstanding	54,952	88,084
RSUs - vested but no ordinary shares issued	115,820	29,253
Incentive shares	5,000	5,000
Share options	1,482,628	2,128,554

26. Related parties

Under IAS 24 Related Party Disclosures (“IAS 24”), the Group has various related parties stemming from relationships with subsidiaries, joint ventures, key management personnel, the founders of the previous Fusion Fuel Portugal entity and other related parties.

Subsidiaries

A list of the Groups subsidiaries is disclosed in note 29. All transactions with subsidiaries eliminate on consolidation and are not presented, in accordance with revised IAS 24.

Joint ventures

Fusion Fuel Spain, S.L. (“Fusion Fuel Spain”) is a joint venture in which the Group has joint control and a 50% ownership interest. Fusion Fuel Spain commenced operations in Q4 2021. During the year ended December 31, 2023, Fusion Fuel Spain drew down €0.25 million (2022: €1.27 million) of the subordinated loan of €2 million that was committed by the Group during the prior years (Note 12).

Key management personnel

(a) Compensation

The key management personnel at December 31, 2023 are the members of the Group’s Executive Committee. There were seven members of the Executive Committee at December 31, 2023 and an average of eight members for the full year. The remuneration expense for the key management personnel includes salaries and share-based payments.

	2023 €’000	2022 €’000	2021 €’000
Basic salary	1,453	1,471	683
Short-term employee benefits	303	498	5
Other long-term benefits	55	80	3
Share-based compensation	1,947	2,957	183
	3,758	5,006	874

(b) Transactions

During 2023, Fusion Fuel Portugal paid certain tax liabilities on behalf of João Wahnon. This amounted to €16,683 and was still owed by João Wahnon at December 31, 2023.

There were no other transactions with key management personnel during the year.

Founders – Negordy Investments, S.A. and MagP Inovação, S.A.

Negordy Investments, S.A. (“Negordy”) ownership is split across four shareholders, three of which are related parties. Magno Efeito, S.A., Numberbubble, S.A. and Key Family Holdings Investimentos e Consultoria de Gestão, Lda. (“KFH”) together own 90% of the ordinary shares of Negordy. Magno Efeito, S.A., an entity jointly controlled by Mr. Jaime Silva and Márcia Vicente, Mr. Silva’s wife. Numberbubble, S.A., an entity controlled by Mr. Joao Teixeira Wahnon. KFH is an entity jointly owned and controlled by Mr. Frederico Figueira de Chaves and his brother. All three individuals hold executive management positions within the Group. Mr. Frederico Figueira de Chaves is a Director of the Parent. Both Mr. Jaime Silva and Mr. Joao Teixeira Wahnon were Directors of Parent until their resignation on October 6, 2023. The remaining shareholder of Negordy, FalcFive, LDA is not considered to be a related party of the Group. The shareholder agreement stipulates that all decisions requiring board approval must be unanimous and if one shareholder disagrees, the motion cannot be passed. Magno Efeito, S.A., Numberbubble, S.A. and FalcFive, LDA are the founders of Negordy. KFH acquired their ordinary shares in 2018.

Negordy owns 1,593,750 Class A ordinary shares of the Company and 1,593,750 warrants to purchase Class A ordinary shares at an exercise price of \$11.50. As mentioned in note 22, in December 2022, the Class B Ordinary shares were converted to Class A Ordinary shares. Negordy previously held 1,593,750 Class B ordinary shares of the Company.

On January 1, 2021, the Group entered into a sub-lease agreement with Negordy for space of 4,156 square meters of office, logistical, and industrial activities. Parking plots are also included. The sub-lease has an initial term of five years, with automatic renewal for additional terms of five years until either party notifies the other party of its intention not to renew. Either party can choose to terminate the agreement after 12 months once adequate communication is provided to the other party. The monthly rent determined by the sub-lease is fixed at €0.02 million.

The shareholders and founders of Negordy founded MagP Inovação, S.A. (“MagP”), a company that produces, installs, assembles, operates, and maintains modules, tracking structures and accessories for all equipment relating to CPV solar trackers (collectively, the “Trackers”). MagP is the successor to the business of MagPower, a company also founded by some of the founders of Negordy. Negordy is a 71% shareholder of MagP, and the remaining 29% of MagP is owned by other parties unrelated to Negordy or Fusion Fuel Portugal. The Group produces Green Hydrogen with components built in-house and in partnership with MagP. These components include the Trackers that have been produced by MagP for several years. The Group has entered into several agreements and transactions with MagP regarding the provision of services and supply and assembly of Trackers that will be used in the Groups Hydrogen Generators. These agreements primarily related to the Trackers provided to our two hydrogen projects at Evora. In addition to the agreements entered for Evora, the Group entered into an agreement with MagP on January 1, 2021 to provide up to 1,100 Trackers across 2021 and 2022. The output from this agreement will be used by the Group in their hydrogen projects or for standalone sales to third parties. The purpose of these agreements was to secure some production capacity of the Group until such time that our production facility at Benavente is operational. See further details of these agreements in note 27.

In 2023, the value of these transactions with MagP was €3.8 million (2022: €7.7 million).

MagP does not hold any interest in Class A ordinary shares and does not hold any warrants to purchase Class A ordinary shares.

Other

Directors and officers of the company have control of more than 10% of the voting shares of the company, however no individual controls more than 10% of the company. We are not aware of any person or shareholder who directly or indirectly, jointly or severally, exercises or could exercise control over the Group.

Directors and Officers hold a total of 954,140 issued Class A ordinary shares in the company and 1,197,767 warrants to purchase Class A ordinary shares at an exercise price of \$11.50 at year end.

On September 28, 2023, KFH made a short-term bridge loan to Fusion Fuel Portugal of €260,000 on a non-interest-bearing basis for use as working capital. This amount was repaid on October 6, 2023. On October 30, 2023, KFH made a short-term bridge loan to Fusion Fuel Portugal of €245,000 on a non-interest-bearing basis for use as working capital. This amount was repaid on November 14, 2023.

27. Commitments and contingencies

In a prior period, a subsidiary of the Group entered into an agreement, with MagP, a related party to deliver equipment, materials and assembling services in relation to the Groups other ongoing production facilities. At the beginning of 2023, the parties agreed to remove the yearly minimum commitment and provide the quantities to be produced on a quarterly basis.

The costs paid by the Group on behalf of Fusion Fuel Spain have been treated as an advancement of this loan for accounting purposes. A further commitment of €0.5 million remains at December 31, 2023 (2022: €0.8 million).

The Company has provided payment guarantees of €0.1 million to Corum as part of the sale-and-leaseback transaction entered in December 2022. This guarantee is in place for the full lease term.

The Company provided a payment guarantee of €0.1 million as part of a technology sale contract in December 2023. This guarantee is in place until we fulfil this sales contract, e is expected to be during the first half of 2024.

28. Subsequent events

Subsequent to the year end, KFH made a further short-term bridge loan to Fusion Fuel Portugal of €300,000 on a non-interest-bearing basis for use as working capital. This amount is still outstanding. This loan was made over two days, €250,000 on January 29, 2024 and €50,000 on January 31, 2024. This amount remains outstanding.

During 2024, to date, Parent raised net proceeds of \$6,398,264 through the ATM facility.

29. Group companies

Entity name	Country of incorporation	Principal activities	Group interest at December 31, 2023
Fusion Fuel Portugal, S.A.	Portugal	Operating company	100%
Fuel Cell Évora I, Unipessoal LDA	Portugal	Hydrogen production	100%
Fuel Cell Évora II, Unipessoal LDA	Portugal	Hydrogen production	100%
Fusion Fuel USA, Inc.	United States	Operating company	100%
Fusion Fuel Spain, S.L.	Spain	Hydrogen production	50%
Fusion Fuel Australia, PTY Ltd	Australia	Hydrogen production	100%
Fusion Fuel Australia – Pilot PTY Ltd	Australia	Hydrogen production	100%
Hevo Sines, Unipessoal LDA	Portugal	Hydrogen production	100%
Hevo Sines II, Unipessoal LDA	Portugal	Hydrogen production	100%
Hevo Sines III, Unipessoal LDA	Portugal	Hydrogen production	100%
Hevo Portugal, Unipessoal, LDA	Portugal	Hydrogen production	100%
HEVO II Industria, Unipessoal LDA	Portugal	Hydrogen production	100%
Hanoi Asset Management, S.L.	Spain	No activity to date	N/A
Hevo Aveiro, Unipessoal LDA	Portugal	Hydrogen production	100%

30. Approval of financial statements

The directors approved the financial statements on April 30, 2024.

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Frederico Figueira de Chaves, certify that:

1. I have reviewed this Annual Report on Form 20-F of Fusion Fuel Green Plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: April 30, 2024

By: /s/ Frederico Figueira de Chaves
Frederico Figueira de Chaves
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gavin Jones, certify that:

1. I have reviewed this Annual Report on Form 20-F of Fusion Fuel Green Plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: April 30, 2024

By: /s/ Gavin Jones
Gavin Jones
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Fusion Fuel Green PLC (“Parent”) on Form 20-F for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Annual Report”), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operation of Parent.

Dated: April 30, 2024

By: /s/ Frederico Figueira de Chaves
Frederico Figueira de Chaves
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Fusion Fuel Green PLC (“Parent”) on Form 20-F for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Annual Report”), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operation of Parent.

Dated: April 30, 2024

By: /s/ Gavin Jones
Gavin Jones
Chief Financial Officer
(Principal Financial and Accounting Officer)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-251990, 333-264714 and 333-276880) on Form F-3 and (No. 333-258543) on Form S-8 of our report dated April 30, 2024, with respect to the consolidated financial statements of Fusion Fuel Green plc.

/s/ KPMG

Dublin, Ireland
April 30, 2024

FUSION FUEL GREEN PLC

CLAWBACK POLICY

Introduction

The Board of Directors (the “**Board**”) of Fusion Fuel Green PLC (the “**Company**”) believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the “**Policy**”).

Administration

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

Covered Executives

This Policy applies to the Company's current and former executive officers, as determined by the Board in accordance with Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and the listing standards of the national securities exchange on which the Company's securities are listed, and such other senior executives and employees who may from time to time be deemed subject to the Policy by the Board (“**Covered Executives**”).

Recoupment; Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, the Board will require reimbursement or forfeiture of any excess Incentive Compensation (as defined below) received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement.

Incentive Compensation

For purposes of this Policy, Incentive Compensation means any of the following:

- Annual bonuses and other short- and long-term cash incentives;
 - Stock options;
 - Stock appreciation rights;
 - Restricted stock;
 - Restricted stock units;
 - Performance shares; or
 - Performance units,
-

provided that such compensation is granted, earned or vested based wholly or in part on the attainment of a financial reporting measure. Financial reporting measures include:

- Company stock price;
- Total shareholder return;
- Revenues;
- Net income;
- Earnings before interest, taxes, depreciation, and amortization (EBITDA);
- Funds from operations;
- Liquidity measures such as working capital or operating cash flow;
- Return measures such as return on invested capital or return on assets; and
- Earnings measures such as earnings per share.

Excess Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Board.

If the Board cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement.

Method of Recoupment

The Board will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

- (a) requiring reimbursement of cash Incentive Compensation previously paid;
- (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- (c) offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;
- (d) cancelling outstanding vested or unvested equity awards; and/or
- (e) taking any other remedial and recovery action permitted by law, as determined by the Board.

No Indemnification

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive Compensation.

Interpretation

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. Any determination of the Board shall be conclusive and binding on the Company and the applicable Covered Executives. The determination of the Board need not be uniform with respect to one or more Covered Executives.

It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Securities and Exchange Commission or any national securities exchange on which the Company's securities are listed.

Effective Date

This Policy shall be effective as of the date it is adopted by the Board (the “**Effective Date**”) and shall apply to Incentive Compensation that is approved, awarded or granted to Covered Executives on or after that date.

Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to comply with regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act, any rules or standards adopted by any national securities exchange on which the Company's securities are listed and any other “clawback” provision required by law. The Board may terminate this Policy at any time.

Other Recoupment Rights

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company, including termination of employment, the initiation of civil or criminal proceedings, and any right to repayment under applicable law.

Impracticability

The Board shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with Rule 10D-1 of the Exchange Act and the listing standards of the national securities exchange on which the Company's securities are listed.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.