Investment research

Important disclosures and certifications are contained from page 62 of this report.
https://research.danskebank.com

4 September 2026

The great AI infrastructure build-out

– Opportunity of a lifetime or a financial crisis in the making?

Mads Lindegaard Rosendal, CFA
Chief Analyst
madros@danskebank.dk
Tel: +45 45 14 15 24

Danske Bank

Agenda

1. Setting the scene - *The infrastructure build-out of a lifetime*
2. The ABC of AI – *The AI value chain and how capital flows*
3. “GPUs become IOUs” – *How the build-out is funded*
4. Is the math adding up? – *What rapidly evolving technology means for the build-out*
5. Summarising – What exactly is the AI trade hinging on?
6. “No fire without smoke” – *Are signs of strain beginning to emerge?*
7. Key near-term events for the AI trade
8. The Nordic angle – *The AI beneficiaries (exposed) in our own coverage universe*

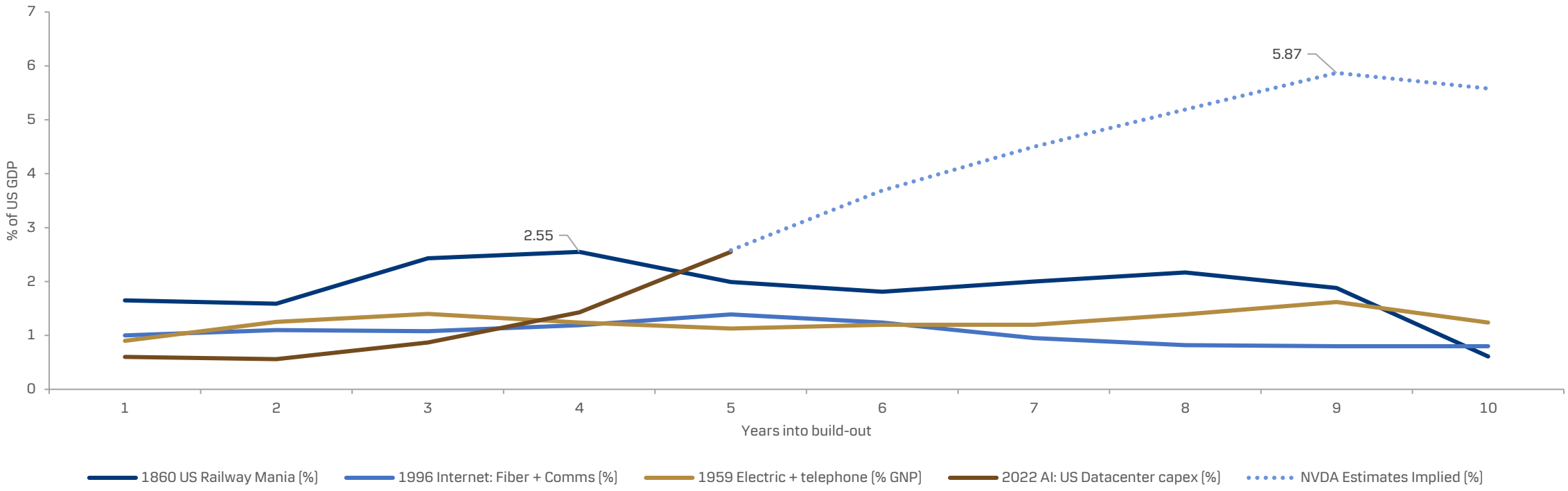
Setting the scene

The infrastructure build-out of a lifetime

The AI build-out is running at full speed

- And it's massive compared to anything else before it... will the end game be different this time?...

AI build-out could reach an order of magnitude like the railway mania of the 1860s when measured as a share of US GPD*

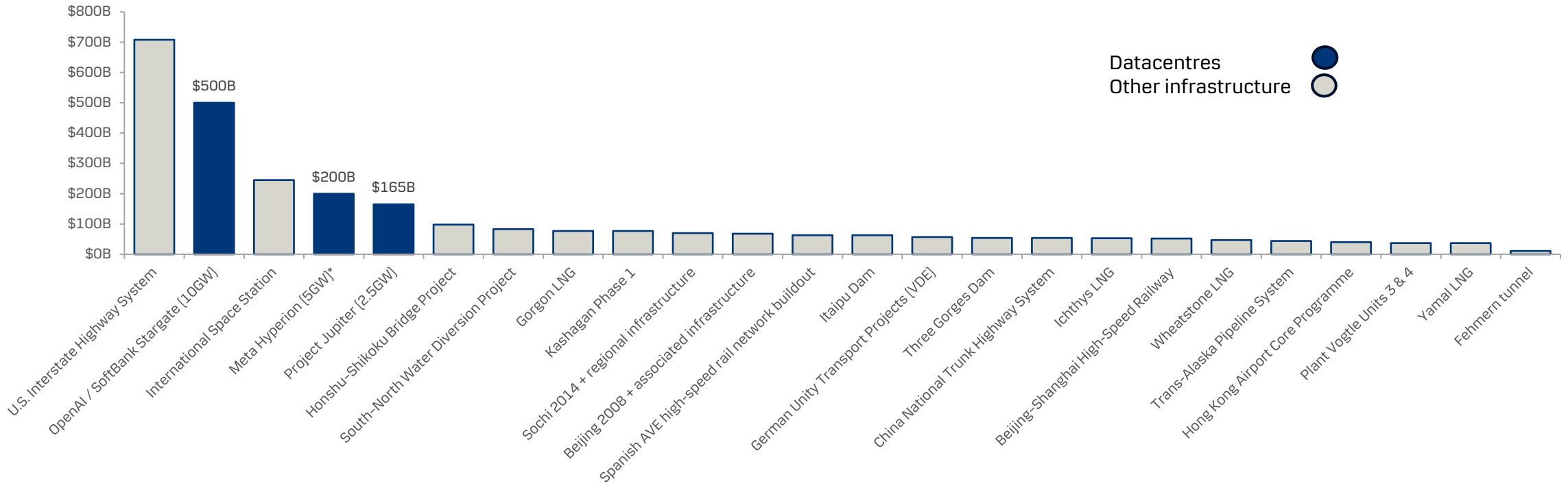


Source: Bloomberg, Guiness Global Investors
*Calculation does not account for construction delays or roll-back and is based on projected capex as of mid-2026

Data centres are massive compared with historical infrastructure investments

- more than 500 large hyperscale data centres are currently in the planning or construction phase globally

Inflation-adjusted infrastructure and data centre projects (1956-2026+)



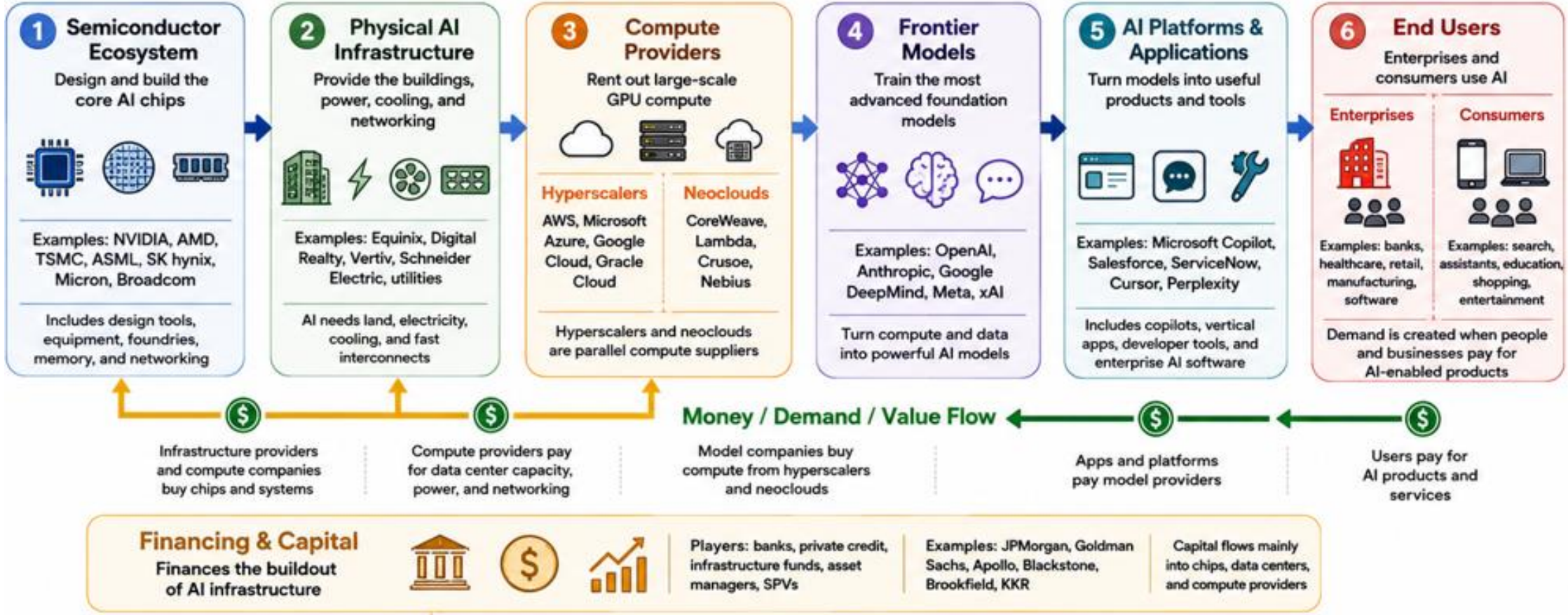
Source: Danske Bank Credit Research, Synergy Research Group

The ABC of AI?

The technology, the value chain and how capital flows

The AI value chain – Converting atoms and electrons to intelligence

- How technology, data, financing and money flow through the AI ecosystem



Source: MDPI Open Access Journals, Danske Bank Credit Research

“How GPUs become IOUs”

What types of funding are utilised to support the build-out

AI Data centre funding – The various sources

- The AI build-out utilises a vast array of funding options to bridge the current cash-flow gap

Equity

Venture Capital
Funds early-stage AI infrastructure, software, chip, power, cooling, and emerging data center companies.

Corporate / Growth Equity
Provides expansion capital to scale platforms, acquire sites, and fund development pipelines.

Infrastructure / Private Equity
Long-duration capital from infrastructure funds, PE sponsors, pensions, or sovereign investors for large platforms.

Joint Venture / Strategic Equity
Co-investment from hyperscalers, developers, utilities, or institutional partners to share risk and accelerate buildout.

Project & private debt

Bank Construction Loans
Senior secured loans used during land development and construction, often refinanced after stabilization.

SPV / Project Finance
Debt raised at a special purpose vehicle for a specific campus or facility, isolating project risk.

Private Credit
Flexible capital from private lenders for bridge financing, recapitalizations, expansions, or higher-leverage situations.

Private Debt
Senior or mezzanine debt for stabilized or near-stabilized facilities with contractual revenue visibility.

Equipment / Vendor Financing
Financing or leasing for servers, GPUs, generators, electrical gear, and cooling equipment.

Public and structured debt

Public Bonds / Notes
Debt raised in public markets to fund major expansion, refinance projects, or lower cost of capital.

Asset-Backed / Securitized Debt
Structured financing backed by contracted cash flows or assets from mature data center portfolios.

REIT / Corporate Debt Facilities
Revolvers, term loans, or capital markets debt used by large established operators.

Strategic and alternative capital

Sale-Leasebacks
Monetizes land or buildings while preserving operational use through a lease.

Customer Prepayments / Capacity Contracts
Deposits, take-or-pay agreements, or prepaid capacity from hyperscalers or AI customers.

Government Incentives / Tax Credits
Tax abatements, grants, energy incentives, or infrastructure support that reduce project cost.

Utility / Energy Partnerships
Capital support or strategic cooperation tied to power access, grid upgrades, or on-site generation.

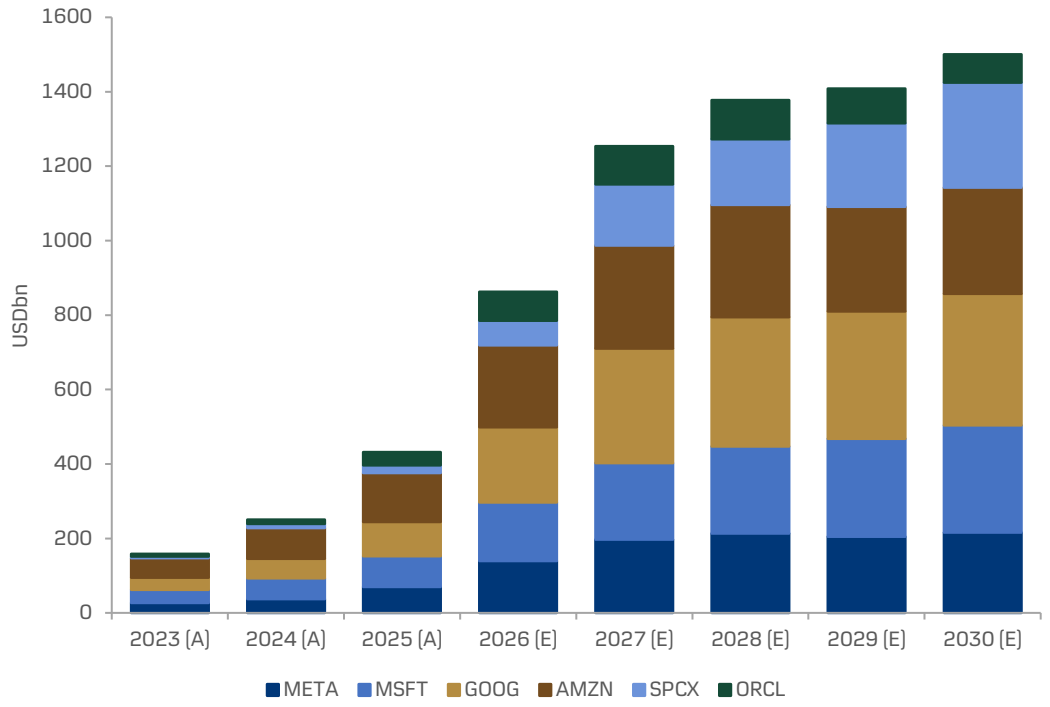
Source: Danske Bank Credit Research

Public debt

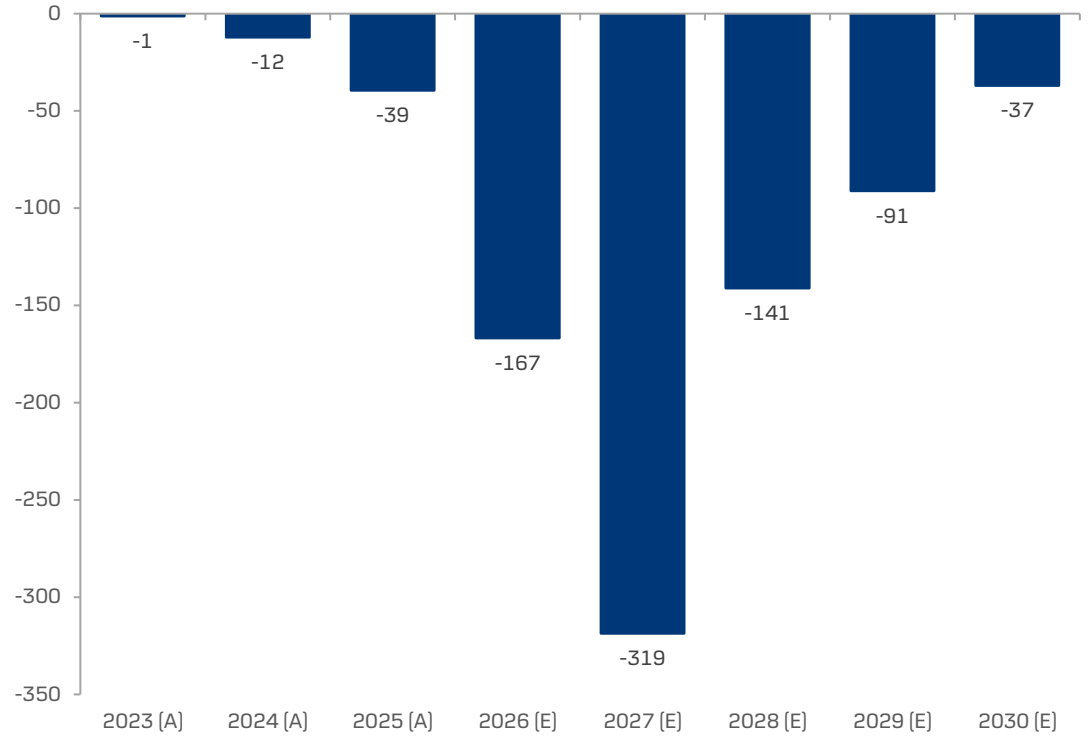
The AI ecosystem's use of public debt markets

Limited use of public debt at the initial stages of the AI build-out – but this is rapidly changing

Capex burdens are becoming too high for cash flows to handle...



...Leading to negative FCF (funding needs)*

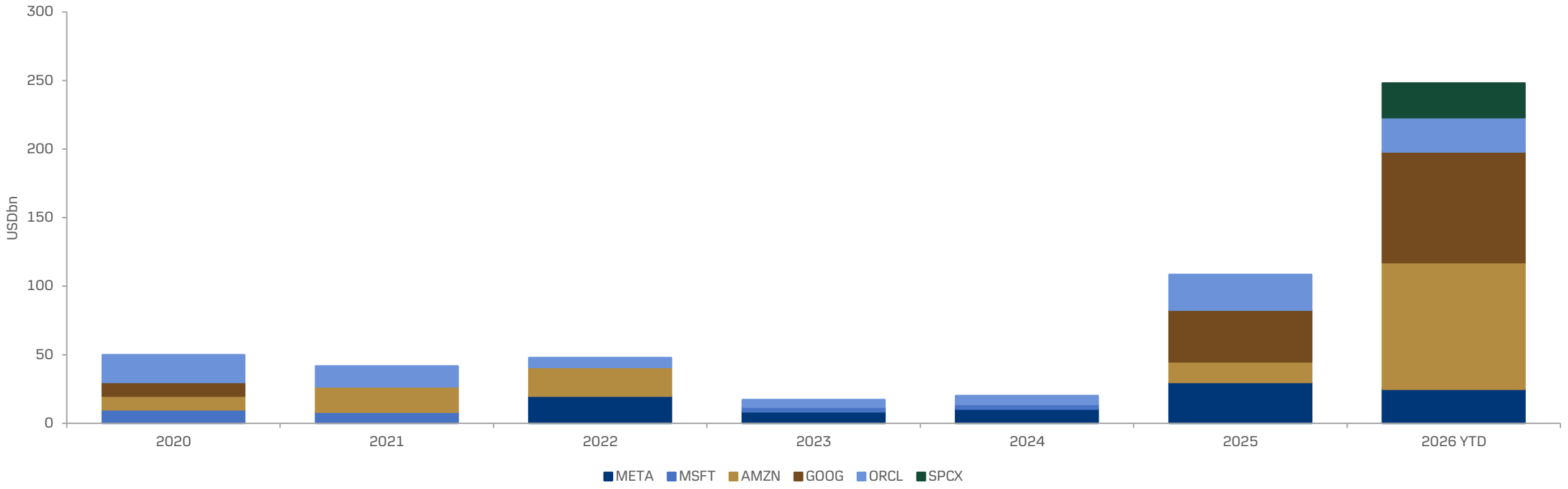


Source: Bloomberg data and estimates, Danske Bank Credit Research
*Funding needs for main Hyperscalers and Neoclouds

Hyperscalers are ramping up Investment-grade debt issuance in 2026

- 2026 YTD already exceeding 2025 by more than 2x even after 2025 exceeded previous 5Y highs by 2x

Hyperscaler debt issuance from 2020-2026 YTD

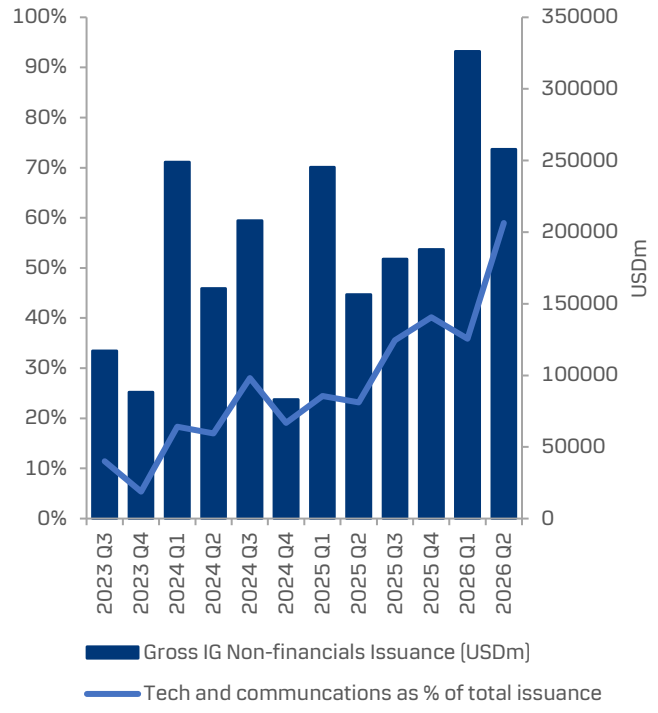


Source: Bloomberg and Danske Bank Credit Research

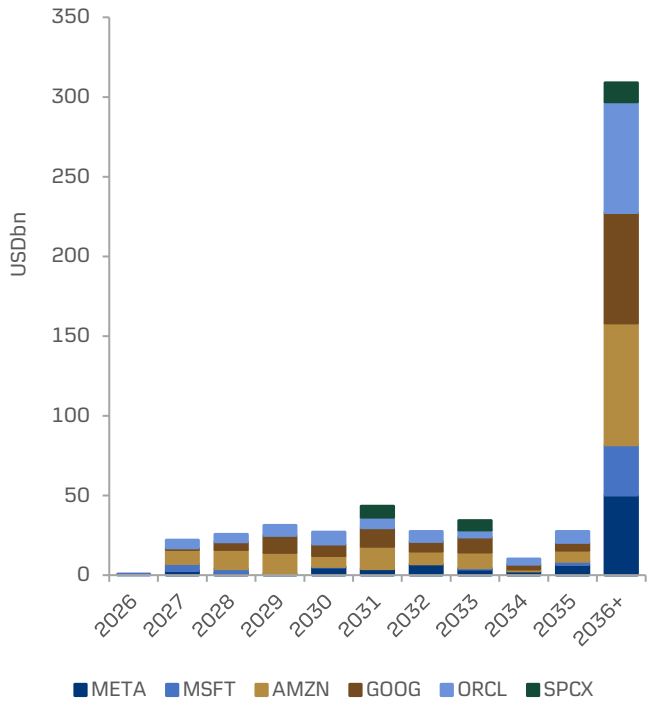
The high level of hyperscaler issuance could be changing index compositions

- while crowding out other issuers?

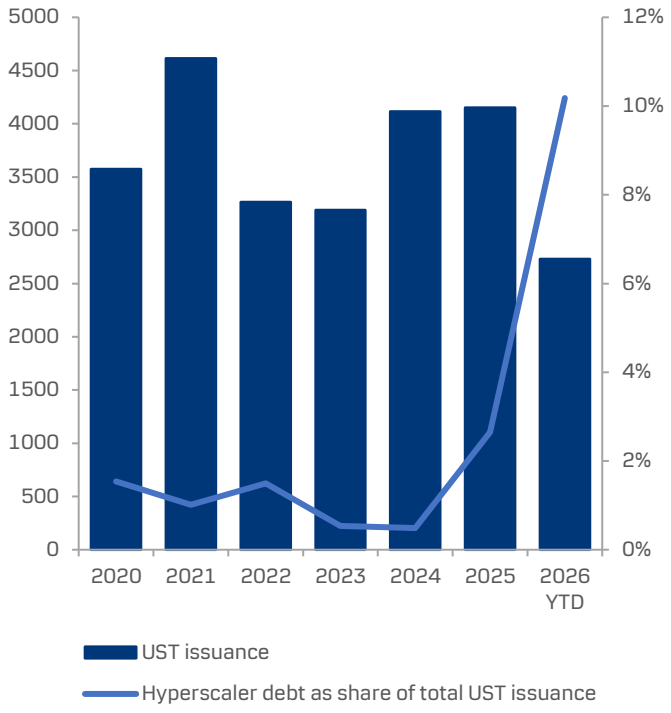
YTD tech and communication issuance exceeds half of Q2 26 issuance



Hyperscalers prefer long-duration debt



Has hyperscaler debt issuance affected US Treasuries?*



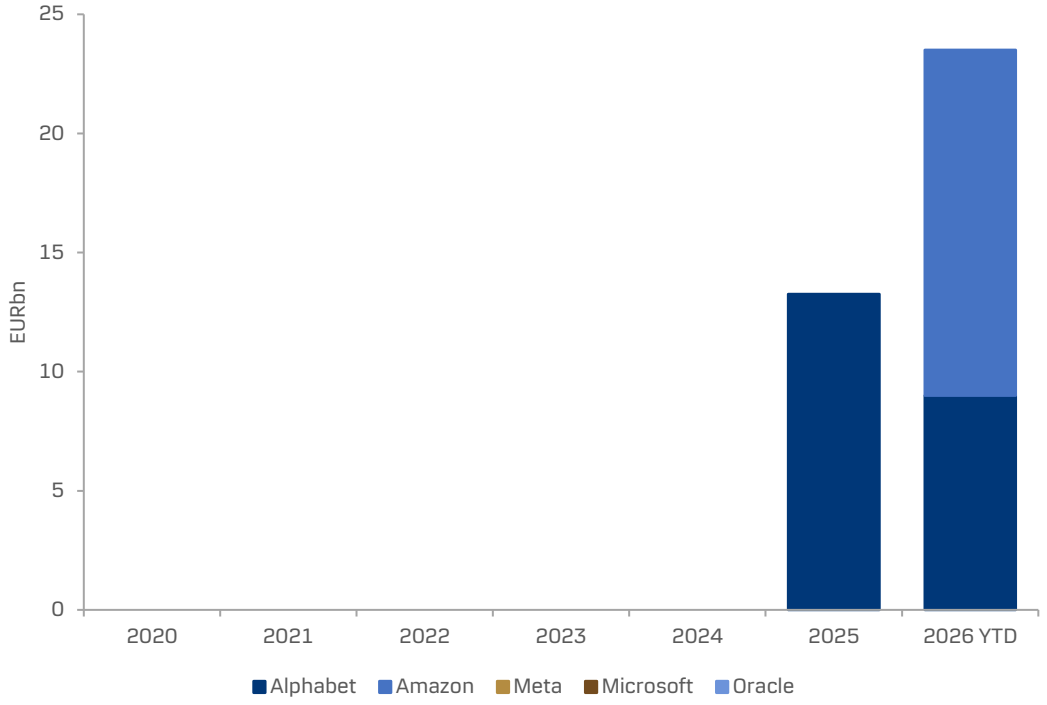
Source: Bloomberg and Danske Bank Credit Research

*Gross issuance of META, MSFT, GOOG, ORCL, SPCX, AMZN relative to UST gross issuance (excluding T-Bills)

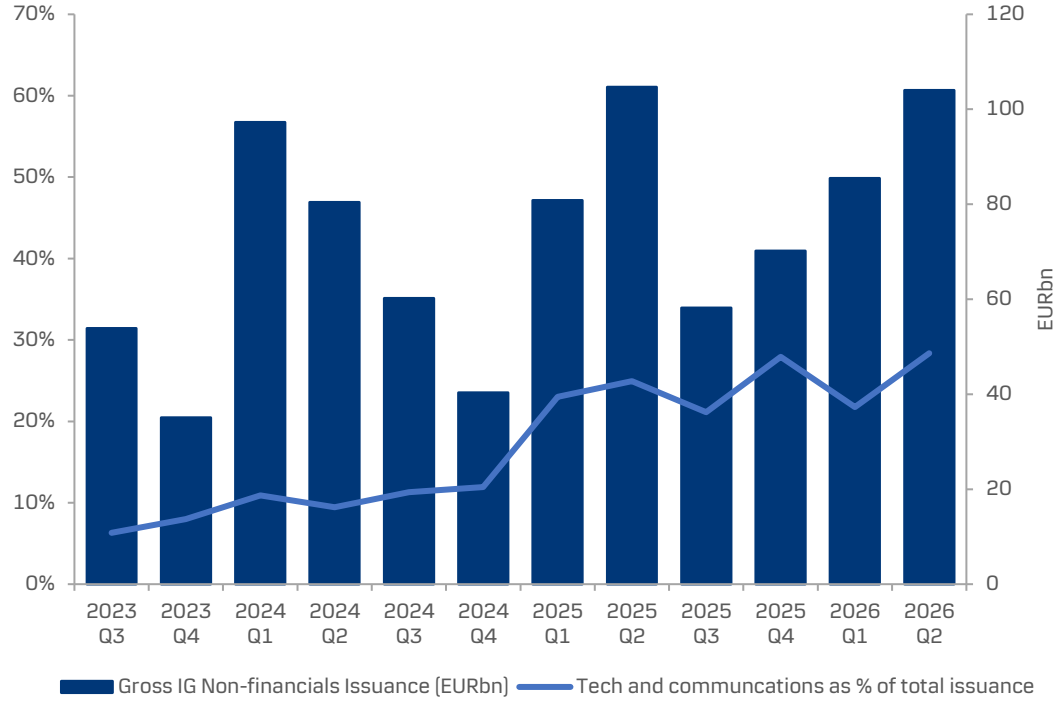
EUR Investment-grade markets have also seen increased tech issuance

- but to a much smaller degree relative to the US

Reverse Yankees on the rise, but still very low compared to USD issuance (we expect more going forward)



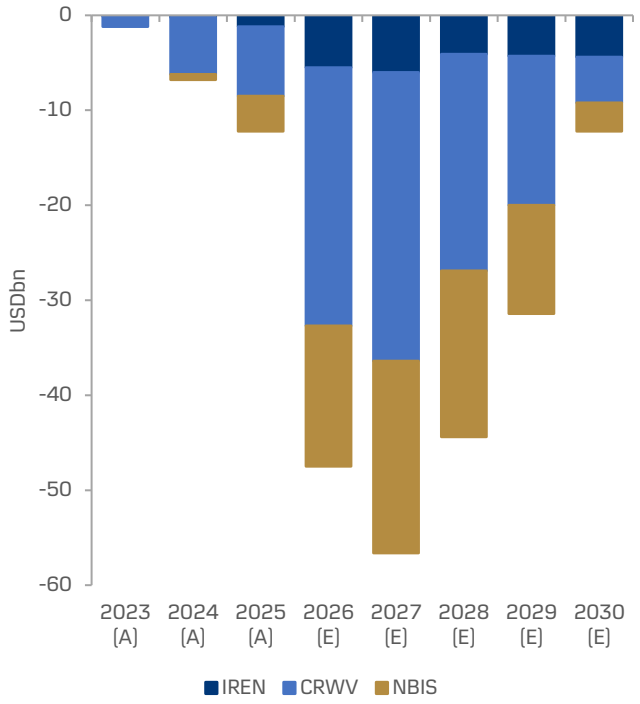
Modest rise in tech and communications as a share of total IG issuance



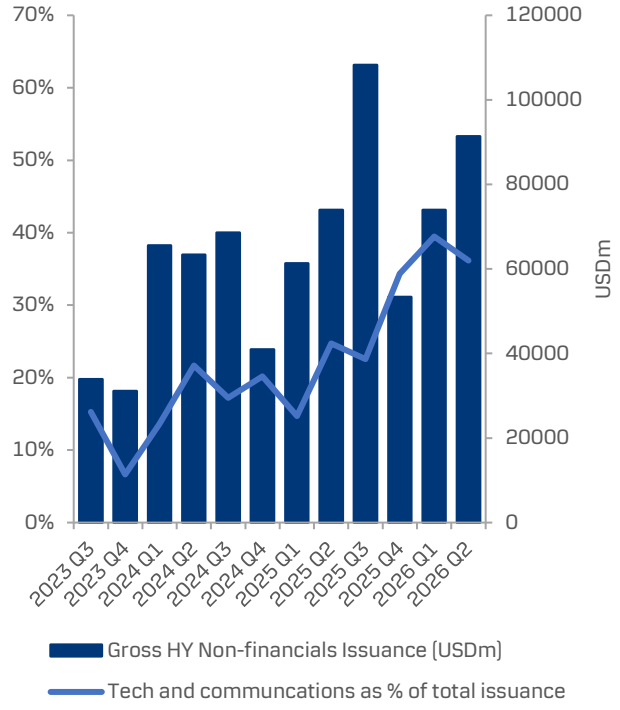
Source: Bloomberg and Danske Bank Credit Research

Neocloud USD issuance has been the main sign of the AI build-out in public HY debt markets

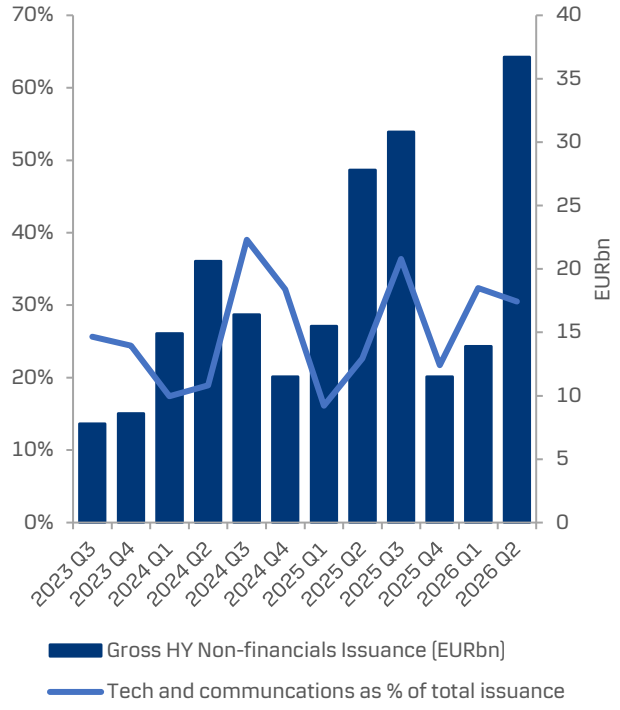
Neoclouds have large funding gaps all the way to 2030



Tech and communications sector roughly at twice the historical average in US HY



No noticeable impact on EUR high-yield markets so far



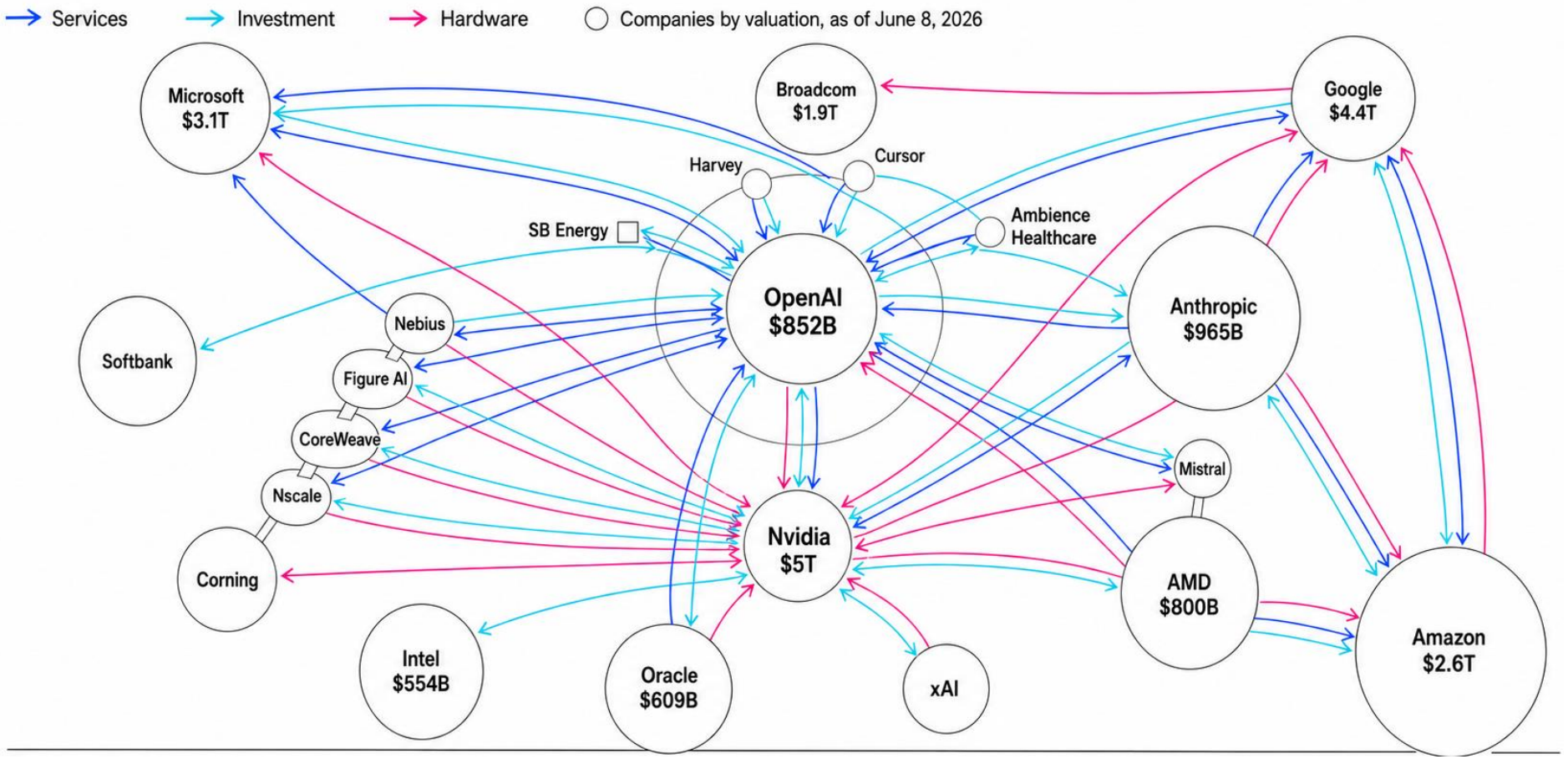
Source: Bloomberg data and estimates, Danske Bank Credit Research

Equity

Circularity and vendor financing

Circular funding - Runs deep in the AI complex with Nvidia at the heart of it all

- but is it really a big issue if bills get paid?

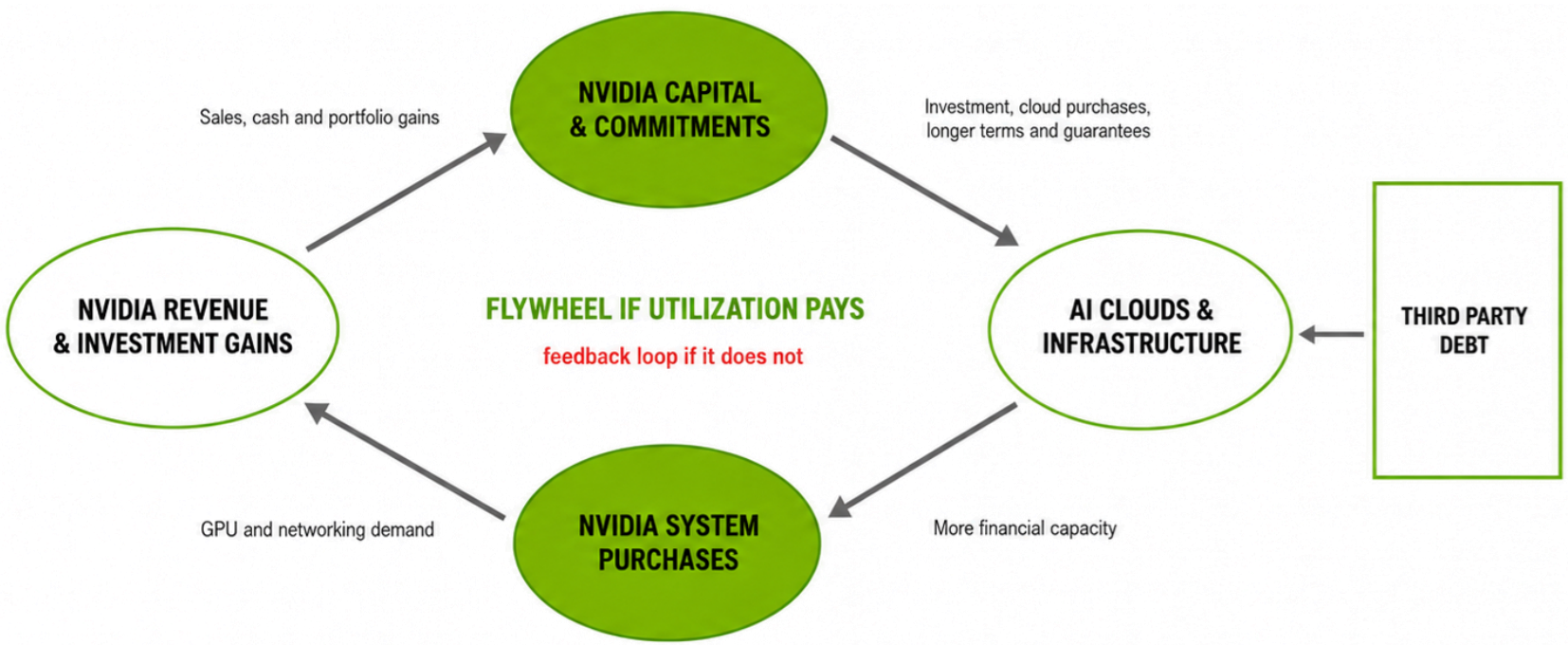


Source: Bloomberg
*xAi merged with SpaceX after IPO on June 12, 2026

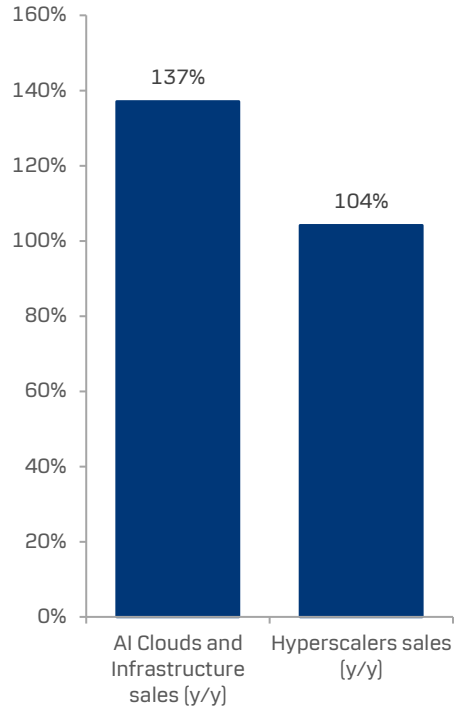
The Nvidia financing loop

- Nvidia is not only the supplier; it also makes capital purchases and guarantees support. Third-party debt amplifies the loop.

Nvidia financing loop explained **



Nvidia's AI cloud/infra sales outpaced hyperscaler growth in Q2 26 (FY Q2 27)***

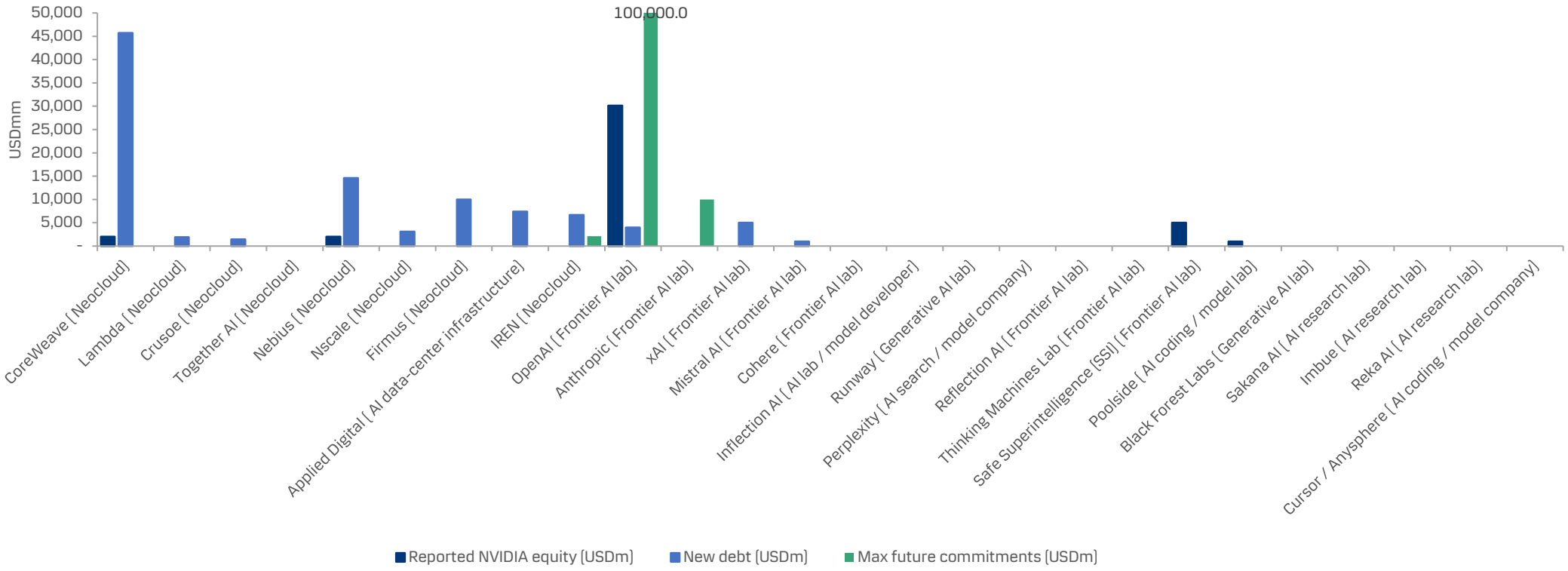


Source: *Nvidia 10-Q, **Coastal Journal Research and Danske Bank Credit Research
***Nvidia reclassified one large customer in fiscal Q2 27 from AI cloud to Hyperscaler due to "change in business model".

Vendor financing? - Nvidia kills two birds with one stone by investing in AI infra and labs

- Protecting the quasi monopoly, while enhancing revenues with leverage

Examples of Nvidia investments, associate debt capacity and future commitments



Source: Public announcements by Nvidia and investment companies. Nvidia 10-Q reports

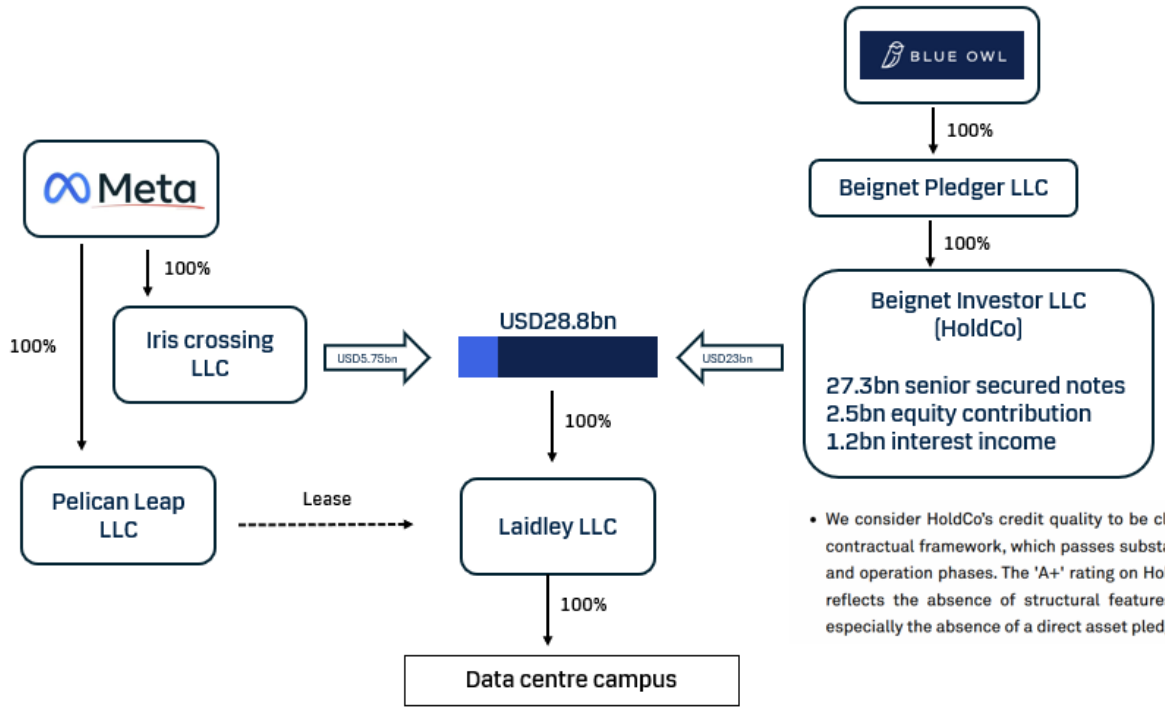
Project and private debt (SPVs)

Protecting credit ratios during the build-out

Introducing the data-centre SPV – a cornerstone funding mechanism of the AI build-out

- Trades debt today for rent obligations tomorrow

Beignet Investor LLC (S&P:'A+') - Meta's largest data centre SPV*



- We consider HoldCo's credit quality to be close to but not equivalent to Meta's based on the contractual framework, which passes substantial credit risk to Meta during both construction and operation phases. The 'A+' rating on HoldCo is one notch lower than the Meta rating. This reflects the absence of structural features that are typically part of a project financing, especially the absence of a direct asset pledge, which is a credit weakness.

Comments

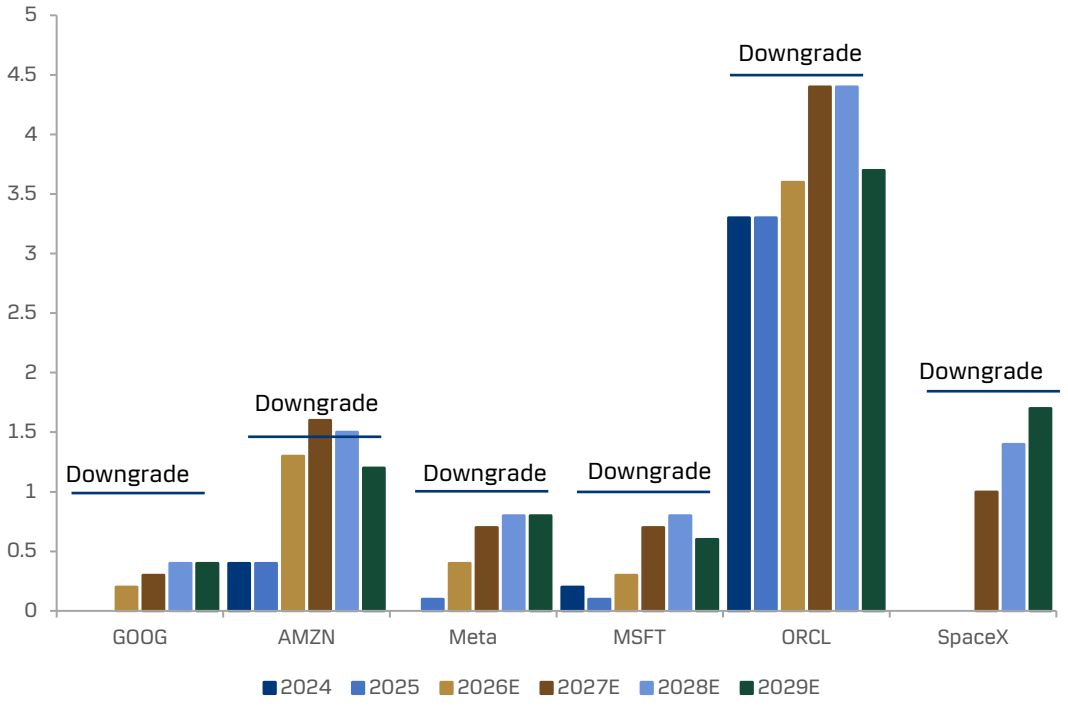
- Regarded by rating agencies as a relatively strong structure, rated only one notch below the parent Meta.
- Meta bears the construction risk (rent payments begin mid-2029 regardless of data-centre completion). Meta also covers cost over-runs exceeding 5% except for force majeure events.
- RVG (residual value guarantee) is the main back-stop in the structure. Meta provides a GMV (guaranteed minimum value) which sufficiently covers the debt in case of non-renewal of the lease.
- Under certain remote assumptions the RVG can be reduced which explains the one notch difference to Meta's parent rating.
- **Meta removes debt from its balance sheet during the construction phase. The lease is not implemented in credit ratios before it starts.**

Source: Standard & Poor's, Danske Bank Credit Research

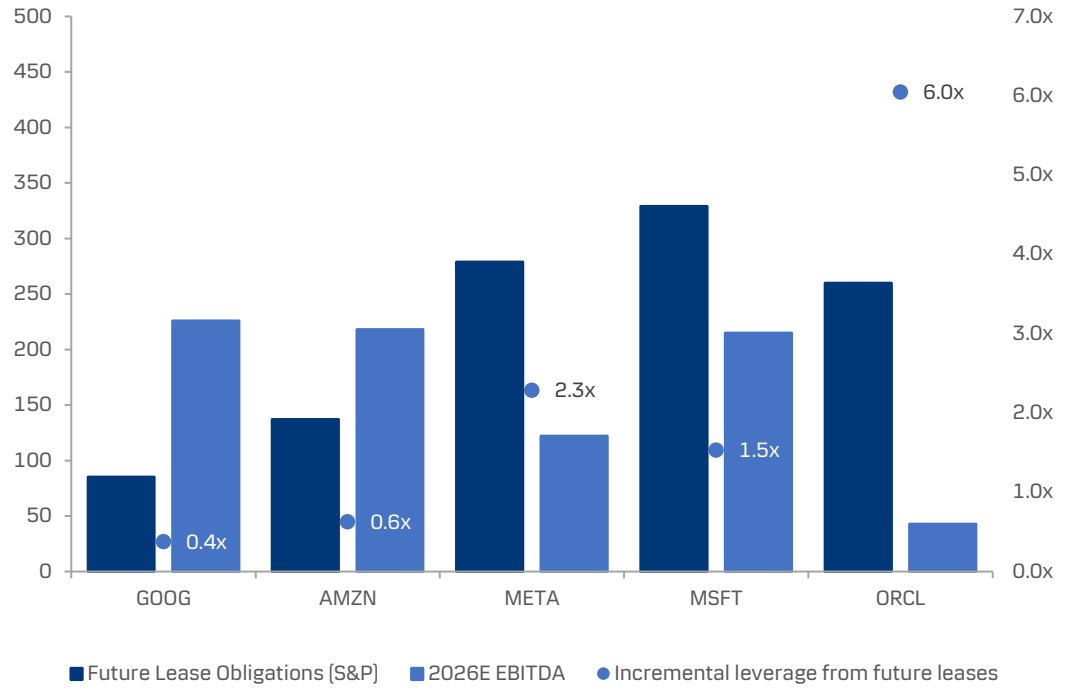
When adding future lease commitments, the incentive for SPV funding becomes clear

- Meta and Oracle gain the most benefit. Alphabet is the only entity that could take future leases on today and avoid a downgrade

S&P's hyperscaler base cases (adds future leases as they commence with associated expected earnings)



... But what if future leases were added today? *



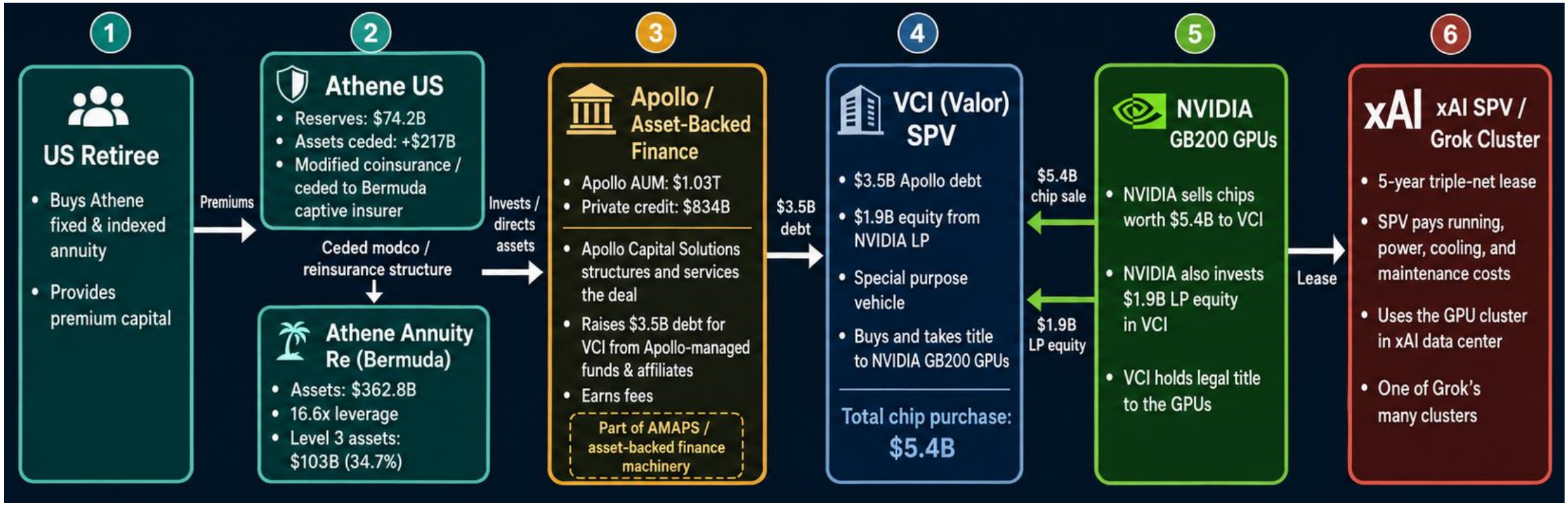
Source: S&P data and estimates, Danske Bank Credit Research

*Leverage effect if S&P future operating leases were added today. Measures' impact in relation to 2026E EBITDA. Does not assume rent add-back to EBITDA. Assumes all leases are added at once without associated future earnings (to illustrate what happens if earnings would fall short of current estimates).

How public capital flows into AI infrastructure

- Converts retirement-linked insurance capital into AI infrastructure financing and removes short-/medium-term AI capex

Mixing public insurance capital with private credit structures*

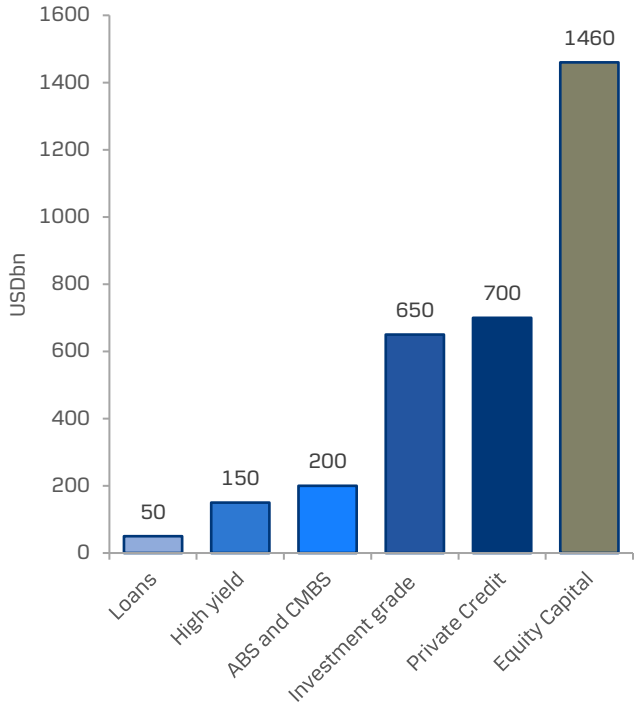


Source: *Apollo Multi-Asset Prime Securities (AMAPS) is a next-generation structured credit vehicle created by Apollo Global Management designed to function as a collateralised loan obligation (CLO) alternative backed by diversified private credit and asset-backed finance (ABF) assets

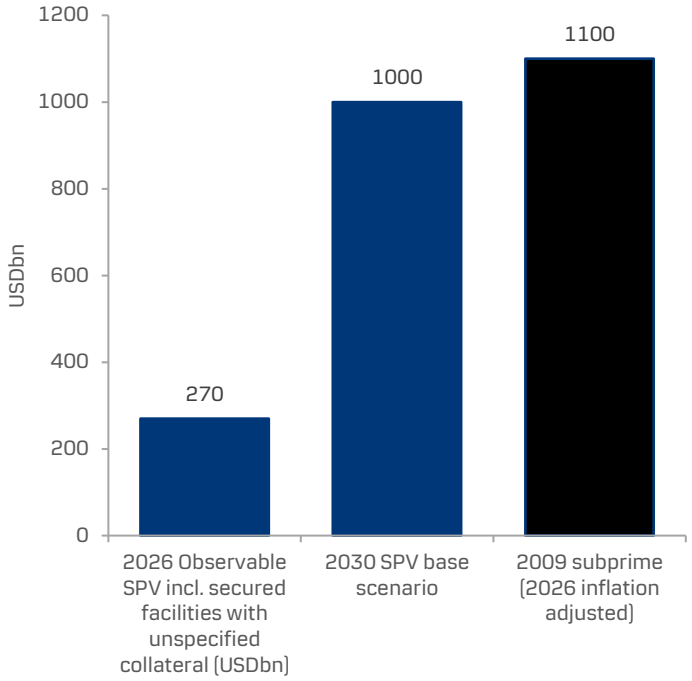
Combining it all – What does the build-out financing imply for system-wide leverage?

- SPV debt alone could approach SP mortgages in 2009 (inflation adjusted)

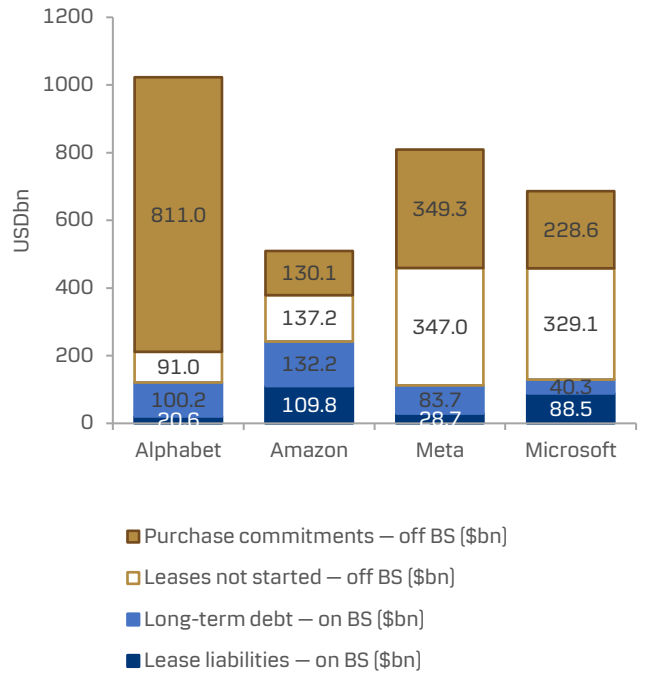
Morgan Stanley AI capex funding base scenario 2026-28E



System-wide SPV debt could approach SP mortgage levels seen in 2009*



Hyperscalers' off-balance-sheet liabilities outstrip on-balance-sheet

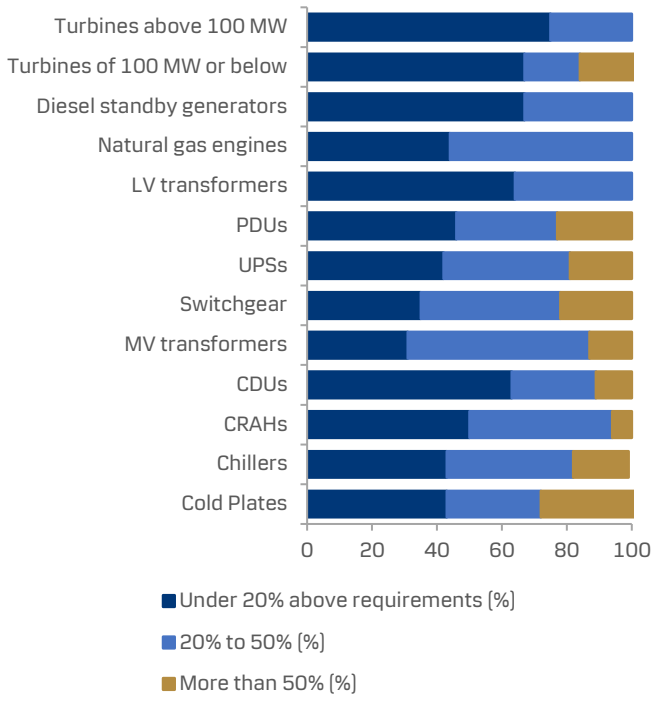


Source: WSJ (Off balance sheet liabilities), CCIR – Compute Credit Index Research (SPV debt), Morgan Stanley (Capex funding scenario), Danske Bank Credit Research
*2026 SPV debt is defined as the sum of publicly announced transactions, thus actual amount may be higher

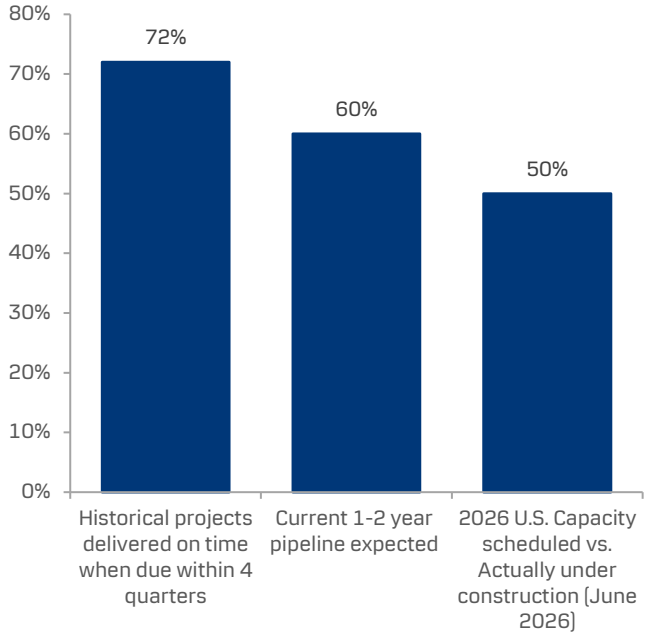
Leverage forecasts need a pinch of salt – Bottlenecks could push capex further out

- The build-out has physical and regulatory limitations as well as public opposition

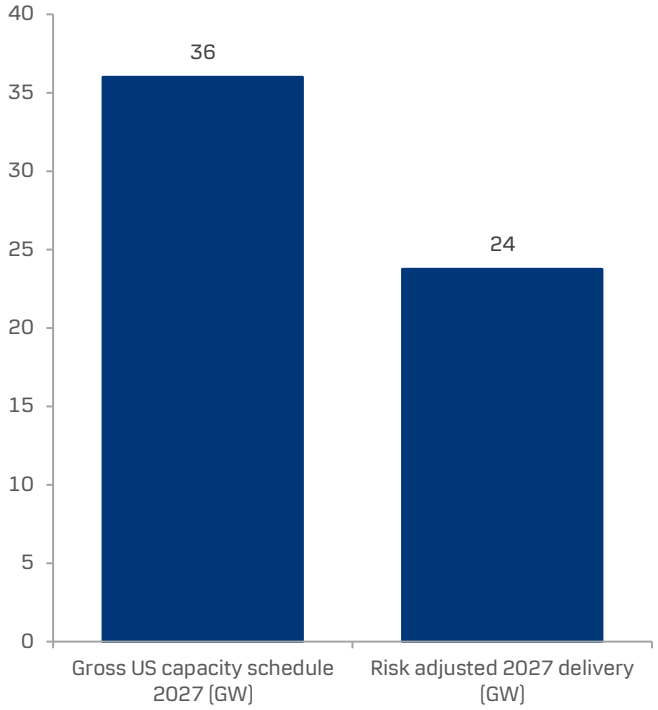
Equipment ordering patterns show significant bottlenecks**



Expected on-time deliveries of data centres are falling behind historical rates



Risk-adjusted 2027E data centre deliveries



Source: Goldman Sachs (middle and right-hand charts), **Berstein survey, Danske Bank Credit Research

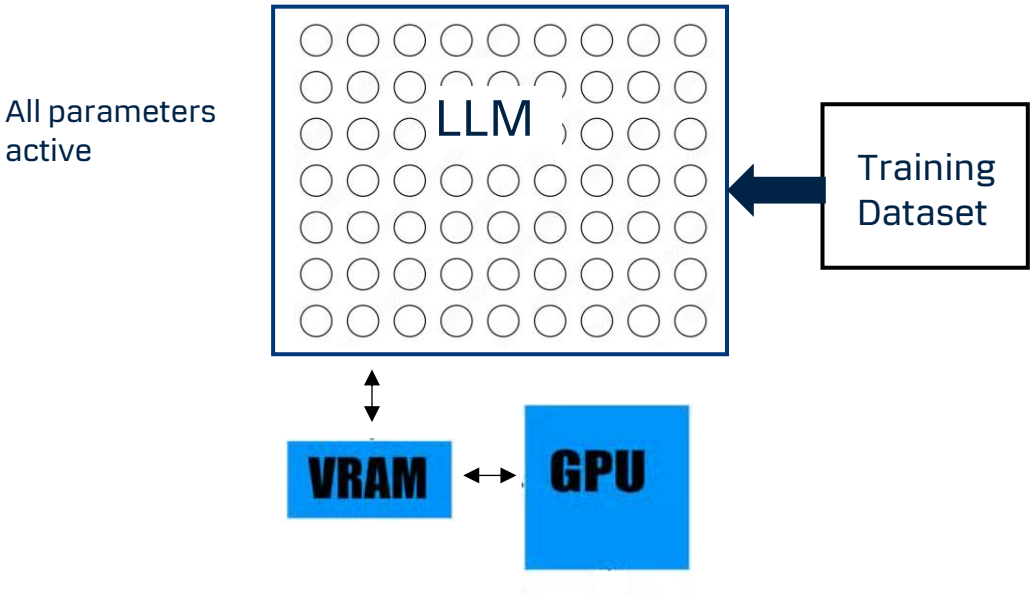
“Does the size of the build-out make sense?”

What does technological deflation, Chinese competition, commoditisation and LLM architecture imply for the build-out

A token is not a token!

- Token supply per energy input (wH) does not scale linearly with the number of GPUs in operation (both software and hardware matter)

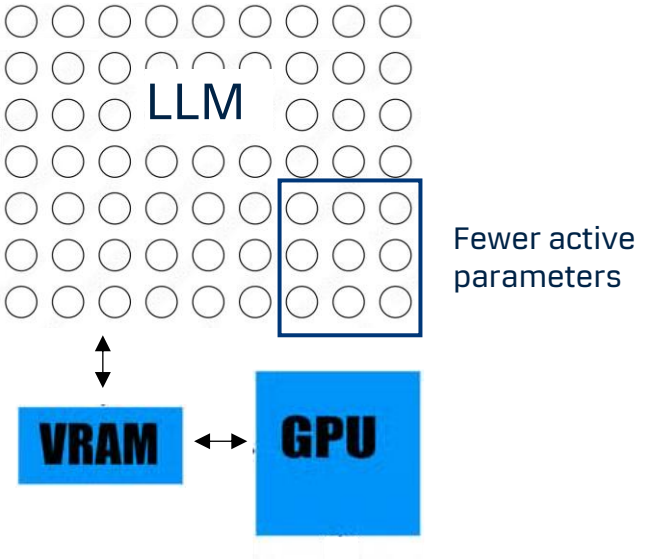
The mechanics of Training compute (one-third of compute demand)



Very GPU and VRAM intensive, runs for hours on end to optimise billions of model parameters.

Training a flagship frontier model can cost several billion USD in compute

The mechanics of Inference (two-thirds of compute demand)



Inference is less GPU intensive.

Tokens per second (broadly speaking) scale proportionally with:

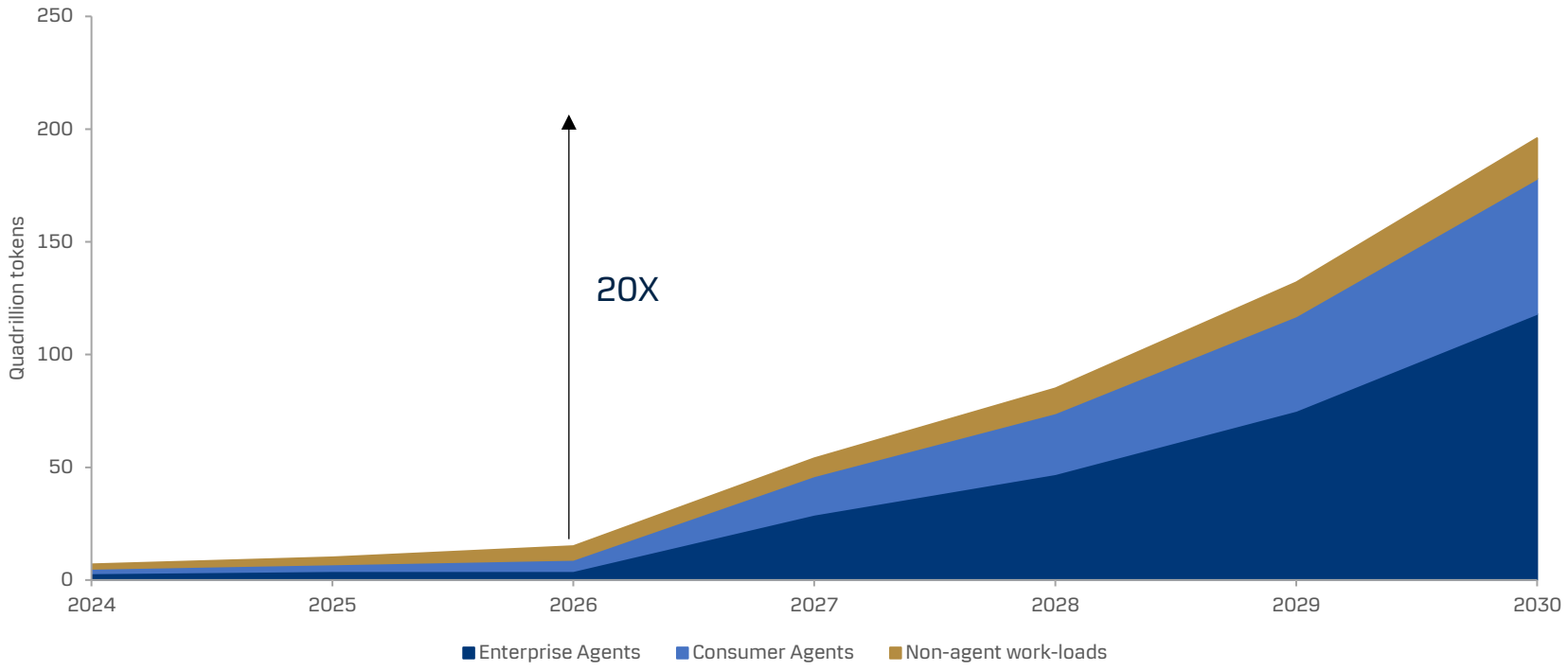
- More VRAM (higher tokens per second), Fewer model parameters (higher tokens per second), Model architecture (higher or lower), GPU architecture (higher or lower).

Source: Danske Bank Credit Research, mindstudio.ai/blog/mixture-of-experts-architecture-glm-5-2-active-parameters

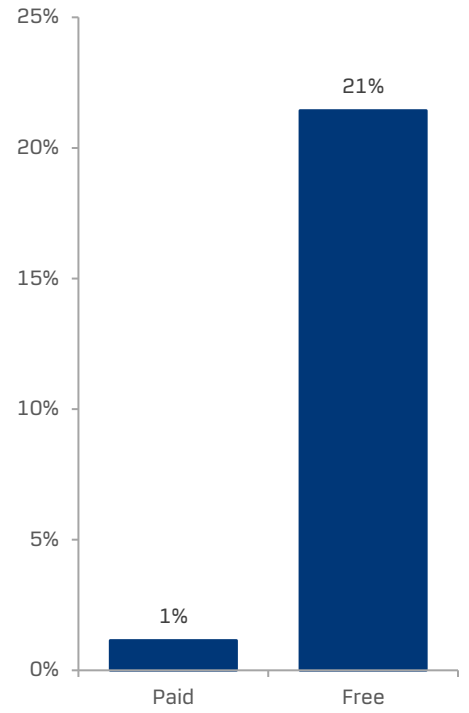
So how many tokens and how much compute do we need?

- On the surface it looks like endless amounts...

Goldman Sachs 2030 compute demand forecast (Quadrillion tokens monthly)



LLM global subs (as % of global population)

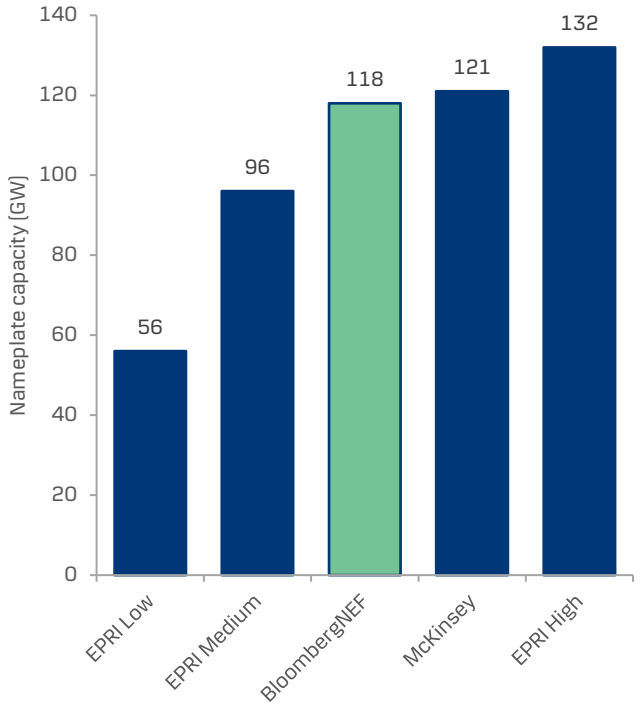


Source: Goldman Sachs (Token demand forecast), Panto AI (LLM subscriptions)

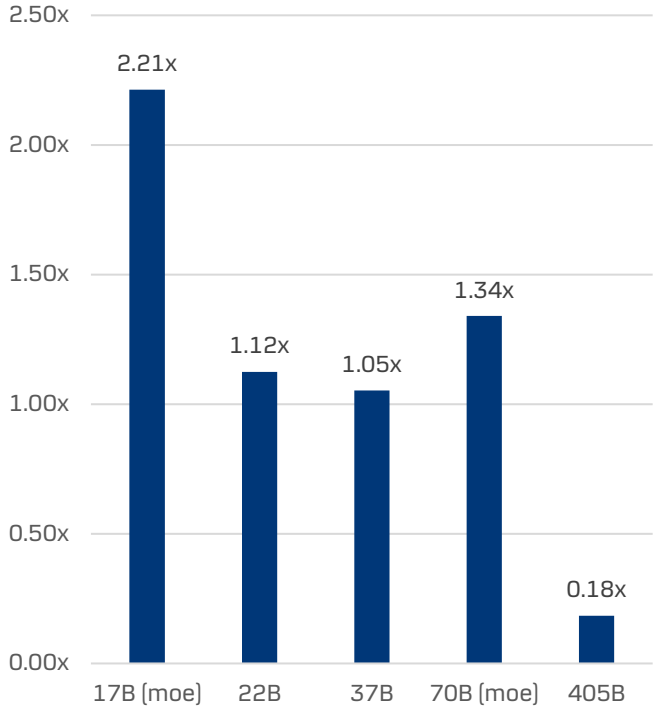
… But the outcome space for token supply is extremely wide

- small changes to assumptions on hardware or LLM used for inference can make massive differences

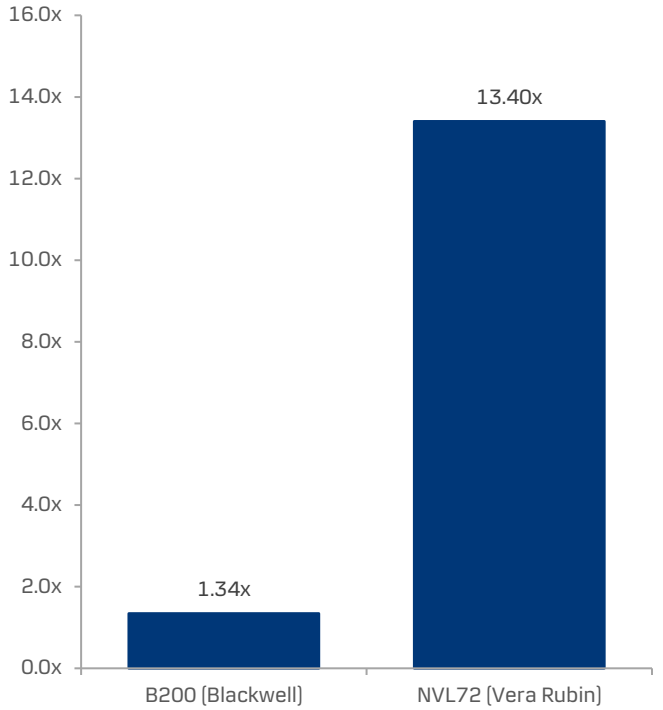
Forecasted scenarios for nameplate US data centre capacity in 2030



Token volume sensitivity to LLM input parameters (2030 supply in multiples of GS demand base-case)*



Token volume sensitivity to GPU shift (2030 supply in multiples of GS demand base-case)**

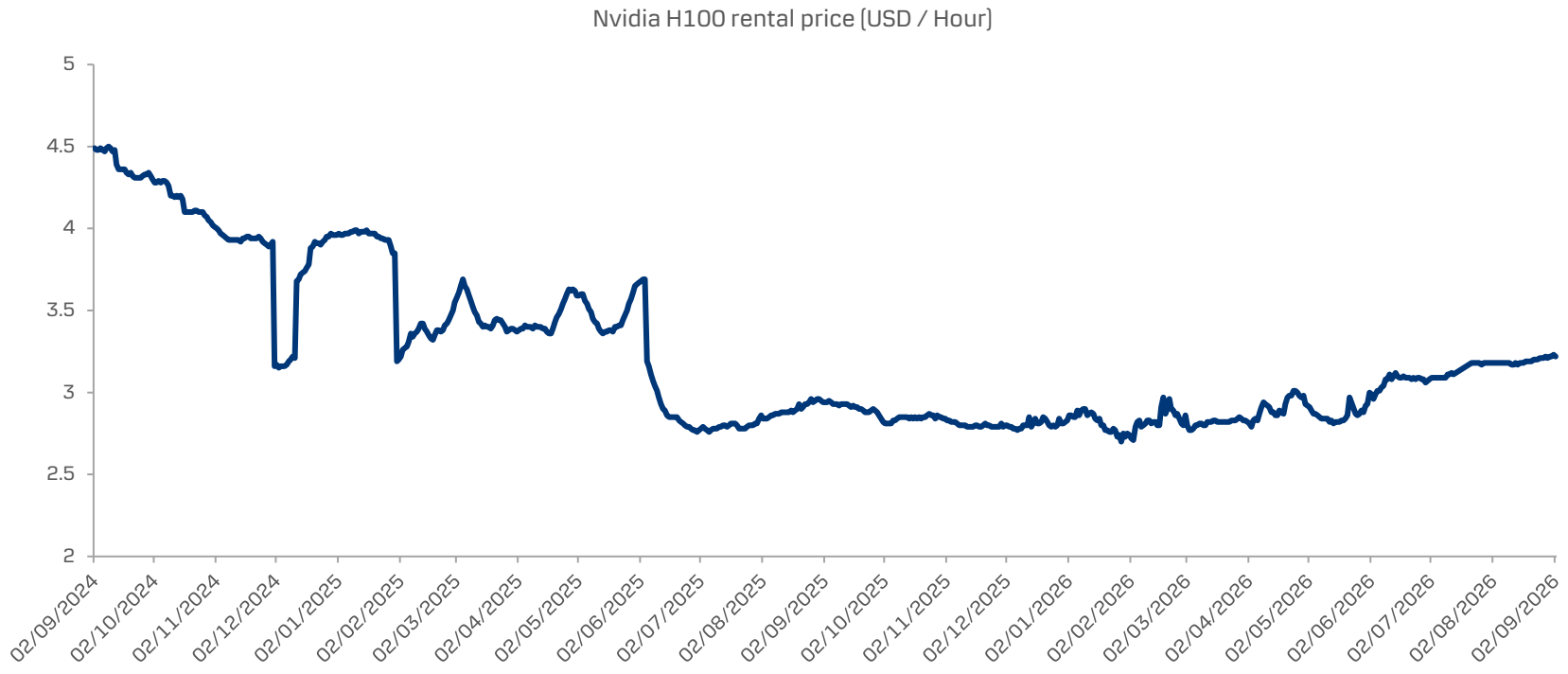


Source: Goldman Sachs (Token demand forecast), BNEF, McKinsey, EPRI (Datacentre capacity forecasts), Nvidia (GPU performance)
*Assumes BNEF base case of 118GW and B200 GPUs in all datacentres.**Assumes 70B MoE model as the average LLM

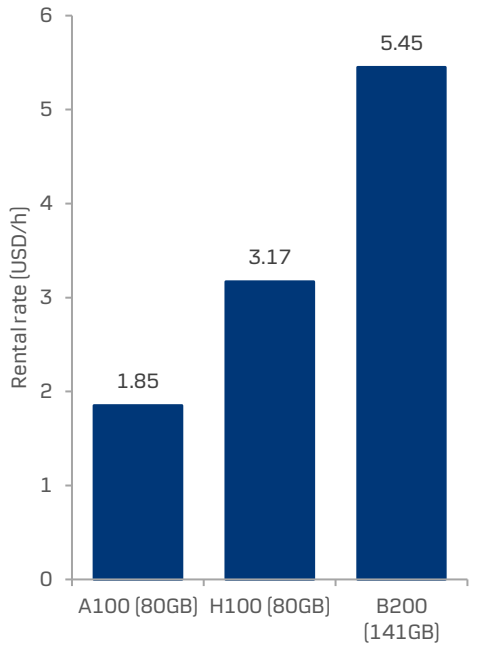
Limited proxies for AI training demand

- GPU rental rates is currently the best proxy and is showing no sign of cooling demand (but also not exploding demand)

Rental prices have increased lately due to higher demand for training (LTM 2 September 2026)



Even older GPUs command high hourly rates



Source: Bloomberg and Danske Bank Credit Research

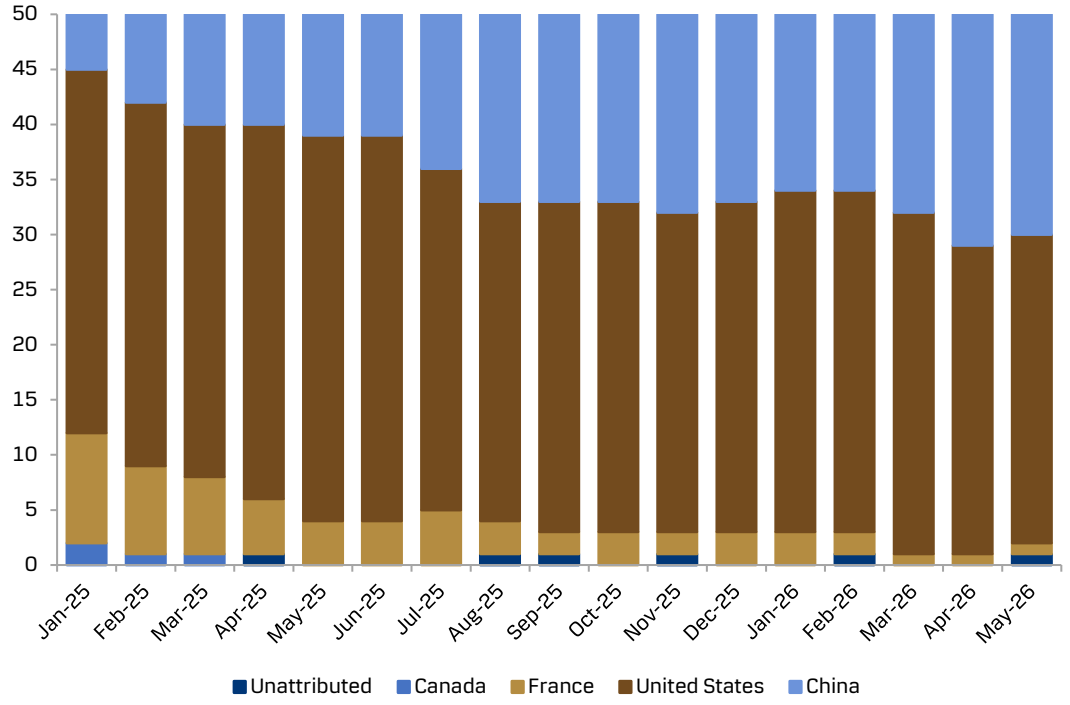
LLM trends

Commoditisation driving higher demand but also lower prices

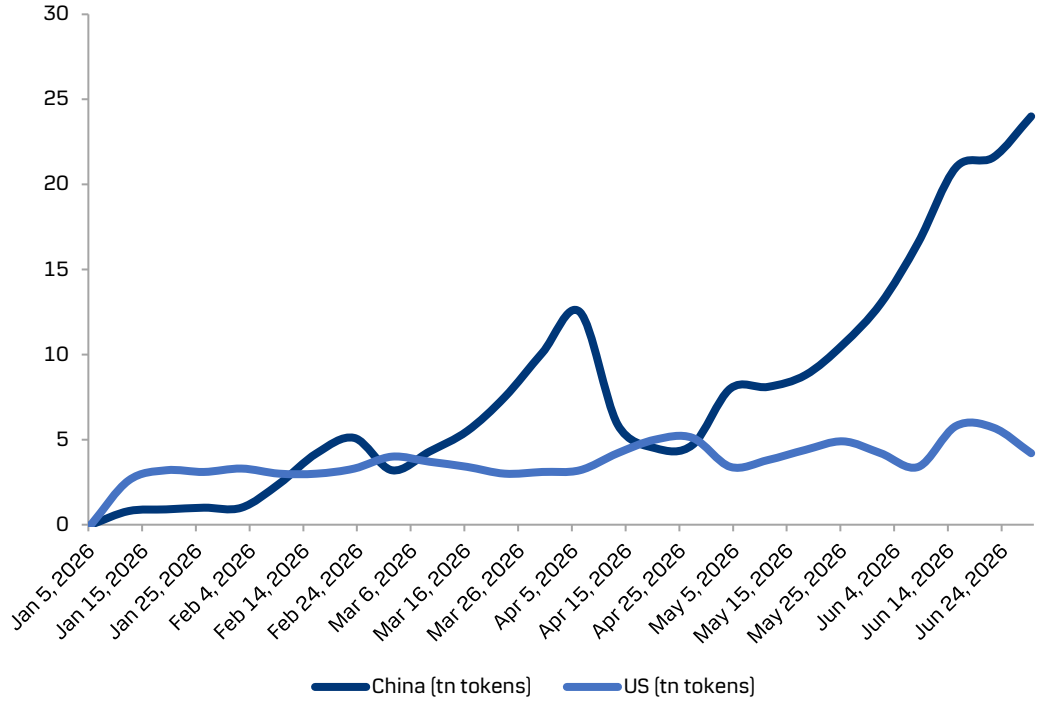
China is taking substantial share of LLM inference....

- Chinese models are gaining traction against their US counterparts in both an absolute and a relative sense

20 of the worlds 50 most used LLMs are now of Chinese origin



Open router Inference traffic for Chinese models is now the majority share*

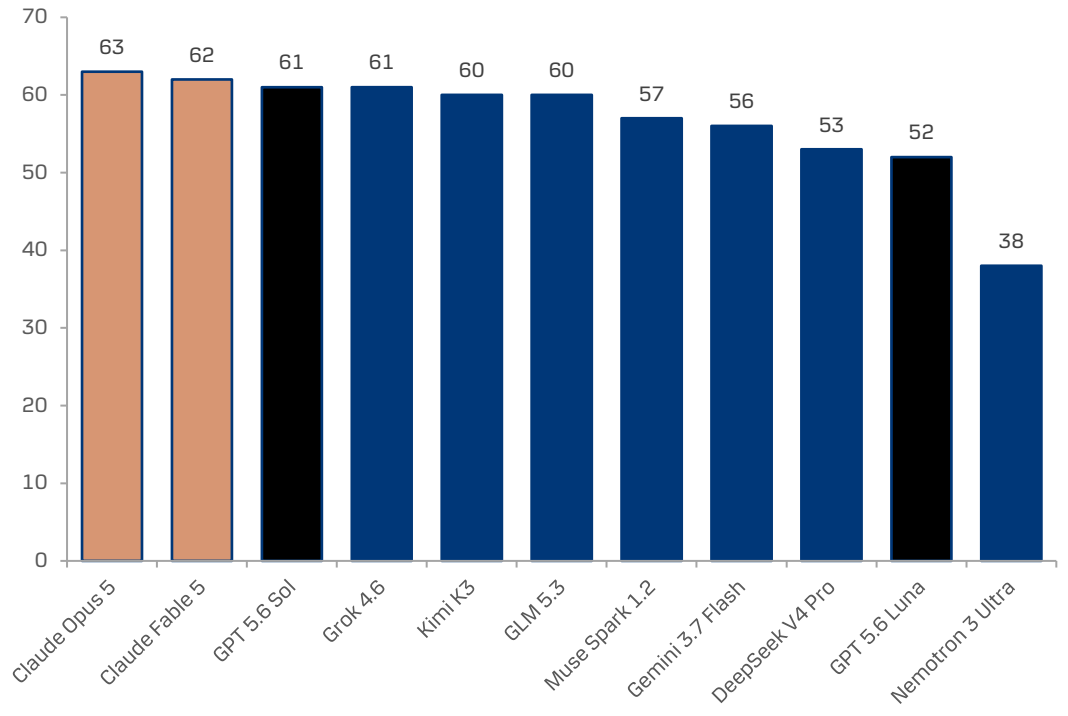


Source: Apollo Research (market share of Chinese Models) and Openrouter (Inference traffic US versus China)
*Tokens used/produced by the 9 most used LLMs on Openrouter

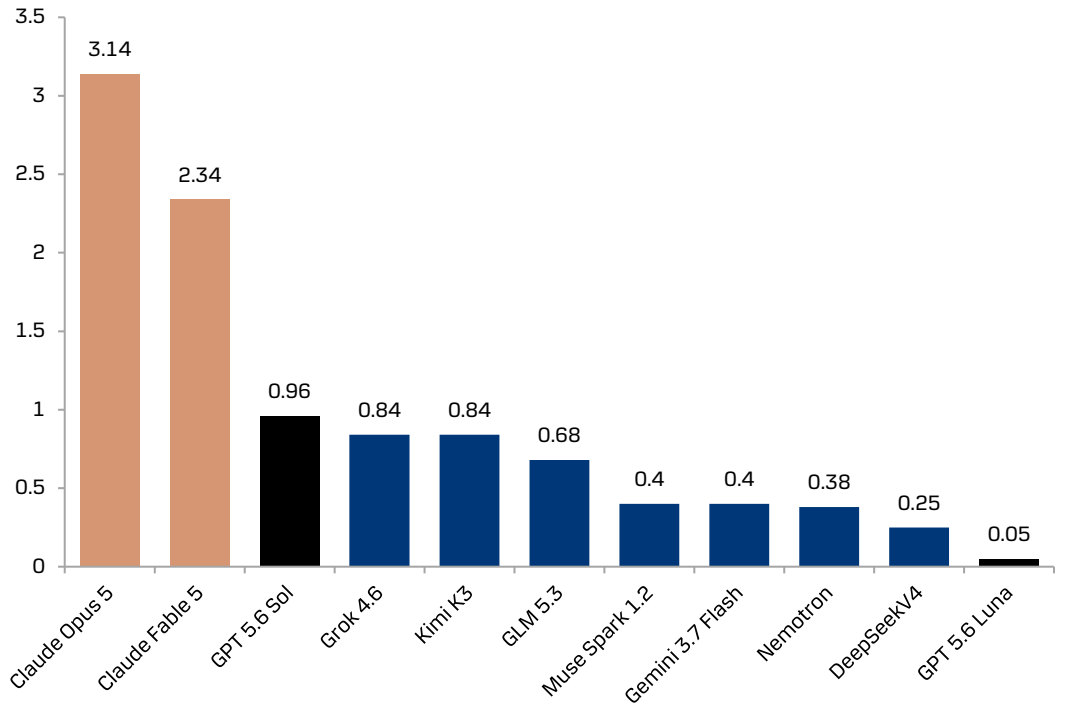
Performance of LLMs is converging on many parameters

- Will this lead to reduced pricing power by the current leaders?

US LLMs only marginally ahead on performance benchmarks...*



... But significantly ahead on price (cost per average task)



Source: Artificial Analysis (LLM benchmarks), Openrouter (LLM task pricing)
*Broad LLM intelligence performance benchmark (speed, hallucination, coding, etc.)

Anecdotal evidence supports enterprise migration to lower-cost models

- Clear trend in Q2 26 earnings call transcripts of switching

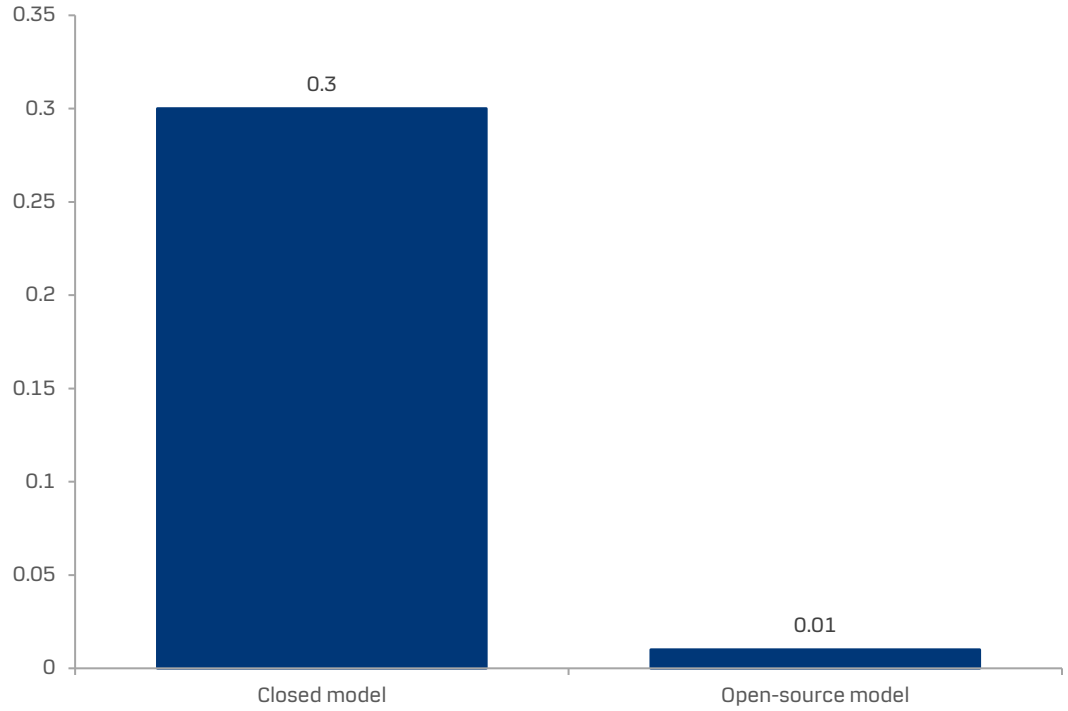
Selected recent anecdotal evidence of enterprise switching

- *"The good news is that through a lot of really hard work, we've been able to bring down the cost of video call. It is now under $0.01 per video call. And the reason for that is mainly a move towards open-source models. It's just a lot cheaper to do that and we don't see a loss in quality in there."*
  Duolingo Q2 26 postresults conference call

- *"Chinese models are "the elephant in the room". Enterprises are starting to realise, 'Hey, we don't need the best model, we can use the faster, cheaper models'."*
- **Eugene Cheah, chief executive and co-founder of Featherless AI**

- "*Chirp is something that you use instead of using Claude code or Codex directly, that sit in front of it. So, Chirp lets our engineers switch models mid-task and route every job to the best available price performance, including open-source models that we host ourselves, so that we are never locked in."*
  Spotify (NYSE:SPOT) Q2 26 postresults conference call

Duolingo video call cost reduced 97% through open-source LLMs

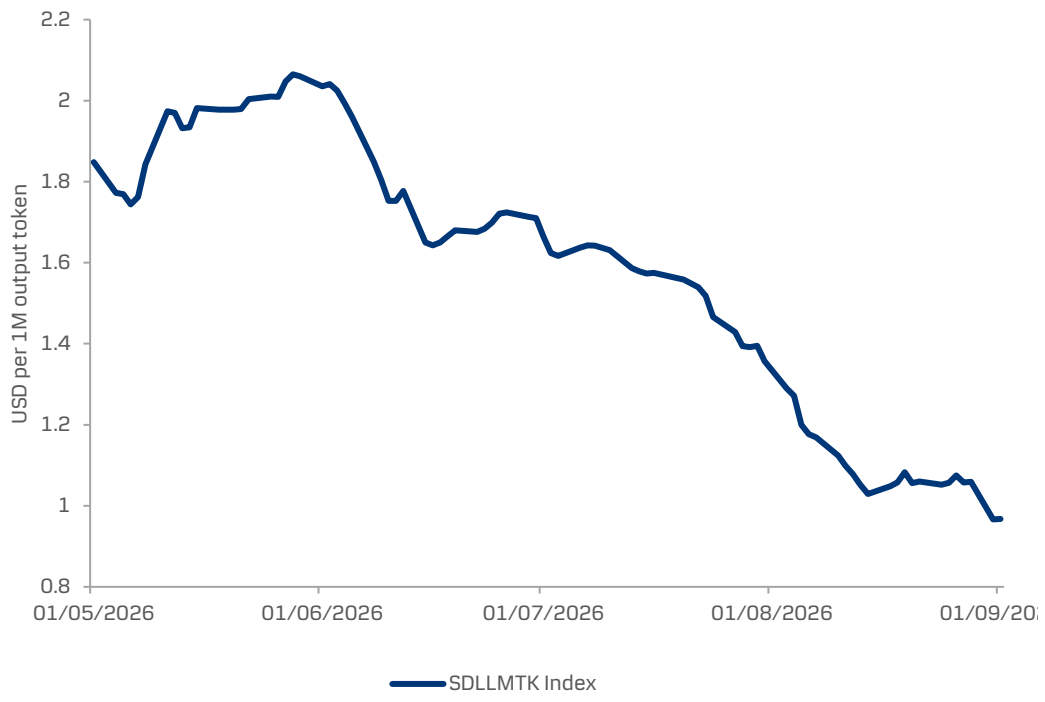


Source: Duolingo Q2 26, Spotify Q2 26, Featherless AI

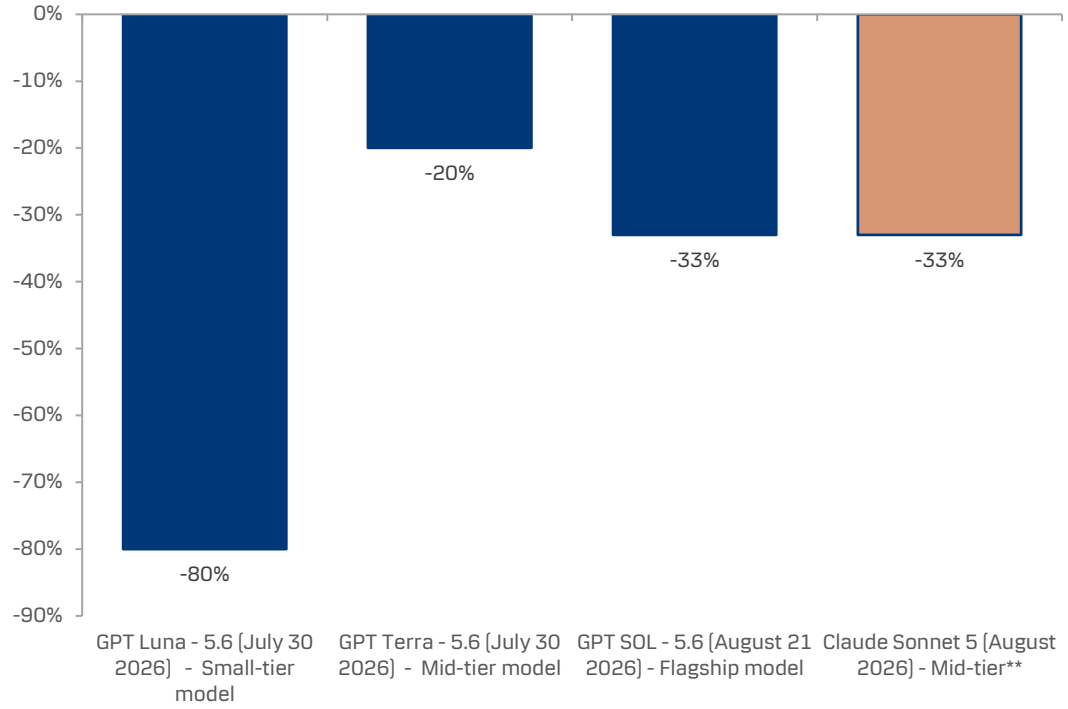
Inference price pressure has begun to show up as a result

- In aggregate, but more importantly also at the leading frontier models

Openrouter average output token pricing down more than 50% from the peak*



Recent Frontier Model price reductions (USD per million output tokens)

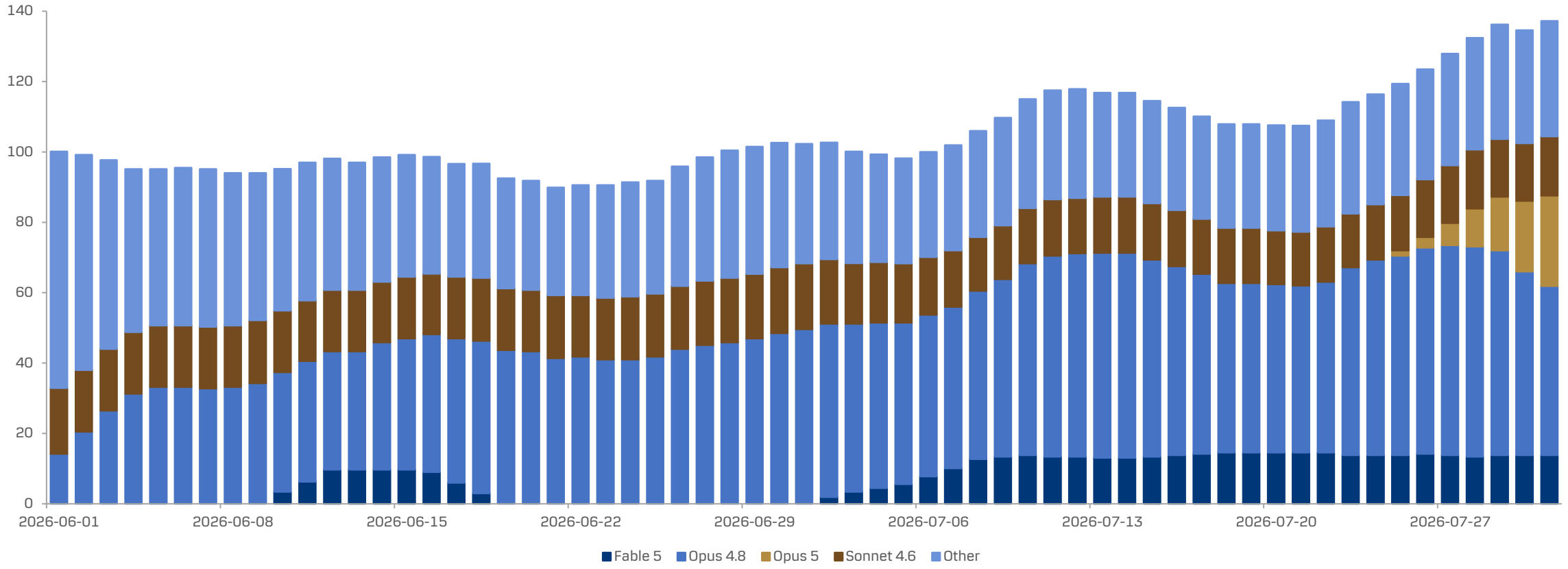


Source: Openrouter, Bloomberg (Token pricing index), OpenAI and Anthropic (recent price reductions)

*SDLLMTK index measures the average price per million output tokens (in USD) routed through the Openrouter Network. The Openrouter system finds the cheapest model for a specific inference task.**Implicit reduction from cancellation of planned price increase

Top-tier LLMs struggling to convince users to sign up

- Fable5 is priced at 50x the average LLM (per million output tokens)*

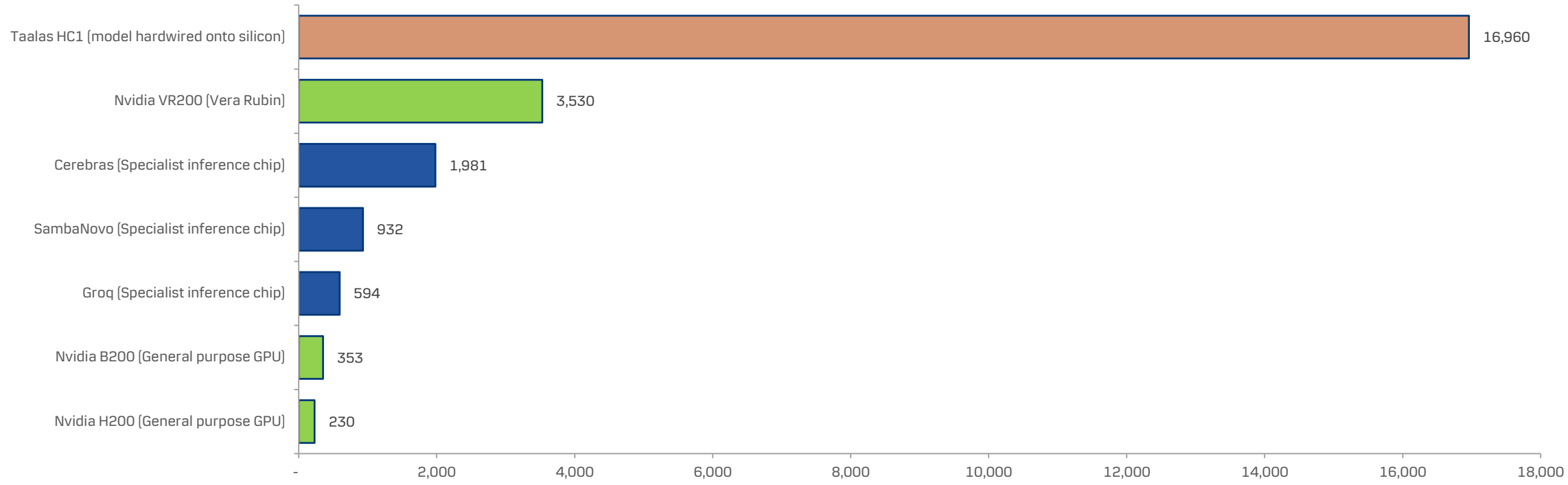


Source: https://www.ft.com/content/5ee49718-c258-4f01-aa32-7e5b76ae5245
*Subscriber count indexed to 100

What do new technologies imply for data centre inferencing capabilities per unit of energy?

- Similar to history, new technologies improve capabilities by order of magnitude

Theoretical inference output tokens per second on Llama 3.1 8B



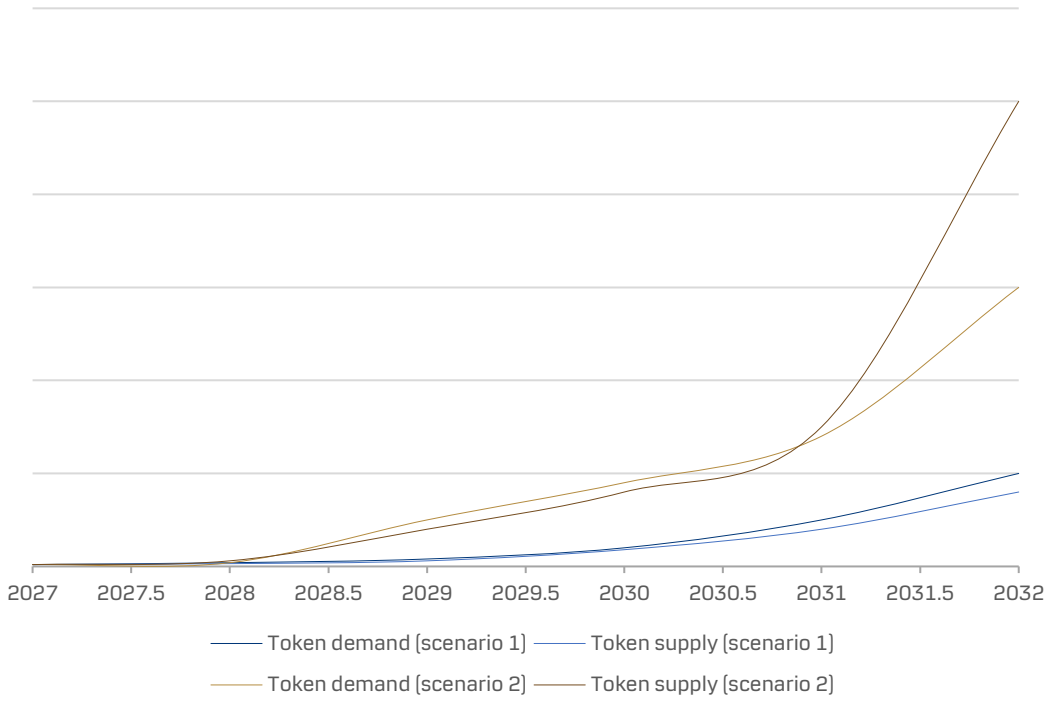
Source: Nvidia, Taalas, Cerebras

Summarising

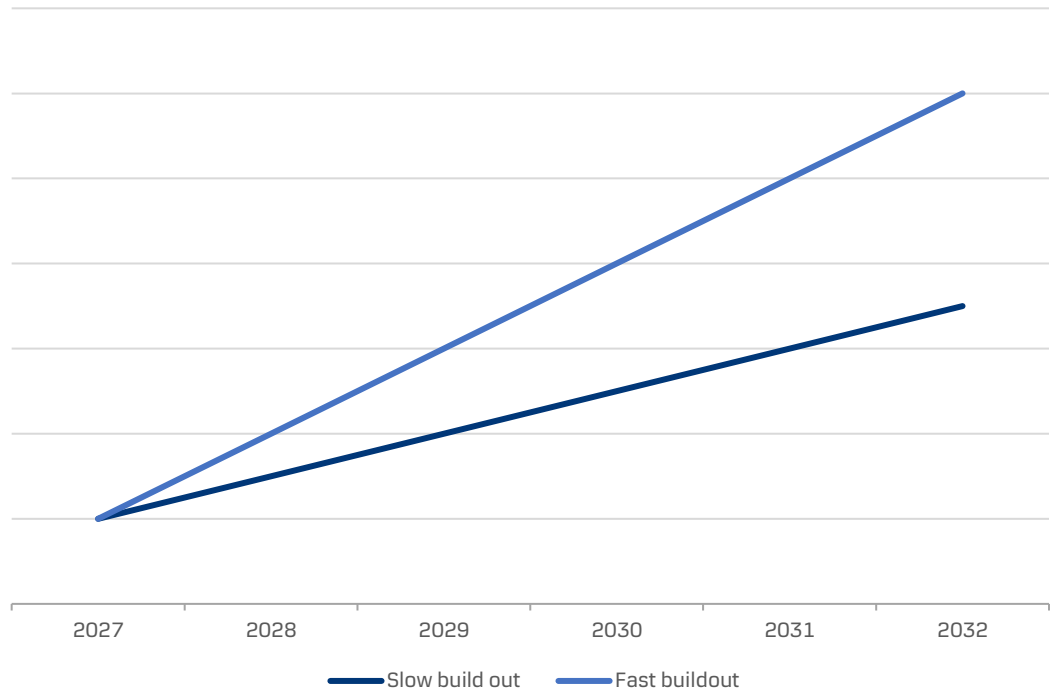
What exactly is the AI trade hinging on?

In Essence, the AI trade hinges on highly variable exponential supply/demand functions reaching an equilibrium where system earnings match steadily rising and fixed obligations, where only the slope (speed of the datacentre build-out) is unknown

Exponential and highly variable compute demand and supply functions…



…must create equilibrium to meet linear obligations (debt/capex), where only the slope is unknown



Source: Danske Bank Credit Research

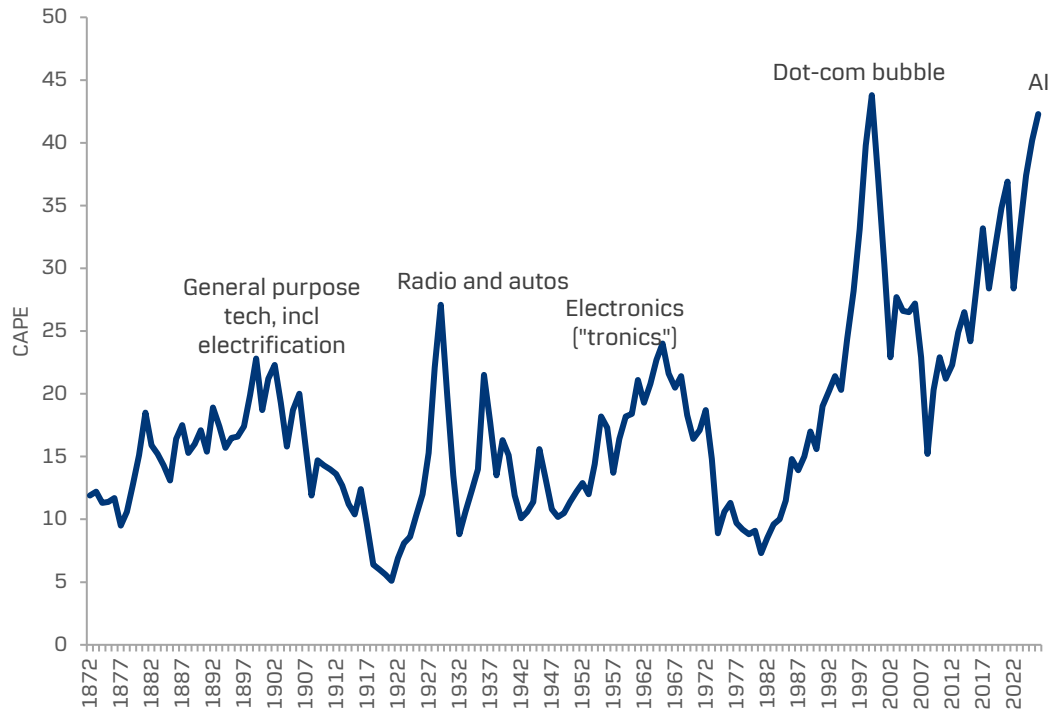
Is the AI trade still running at full speed?

Or are signs of strain beginning to emerge in capital markets?

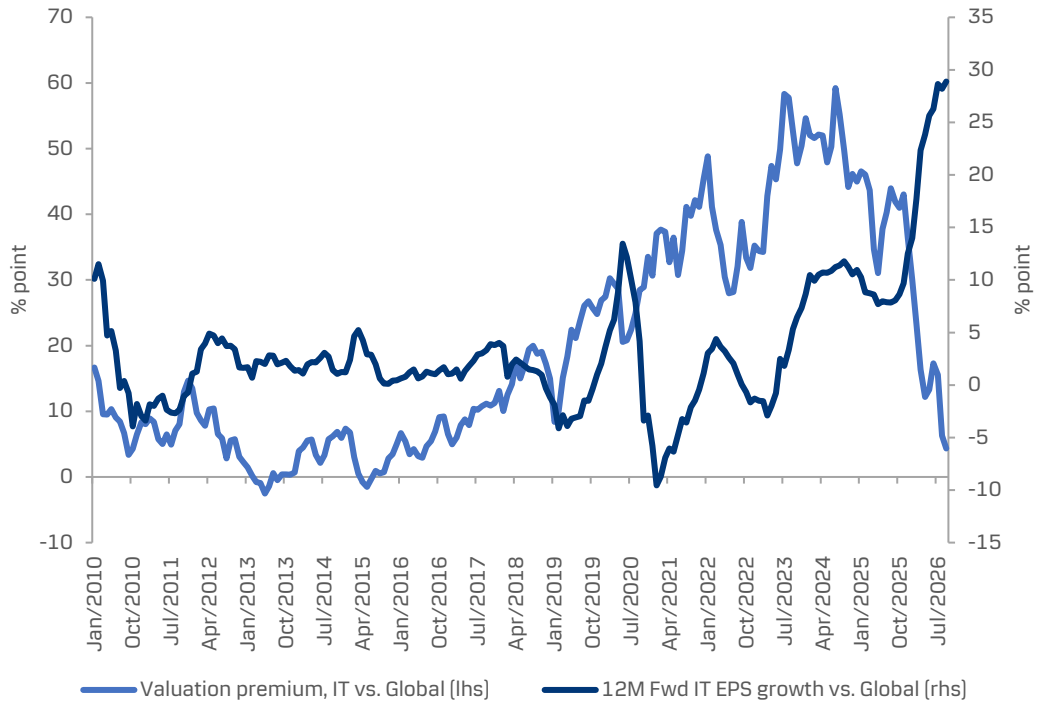
Equity market valuations stretched – but some signs of caution emerging on IT valuation premia

- CAPE for the broad market bordering on levels last seen at the IT bubble

Shiller CAPE close to an all-time high...



...but IT sector no longer rising along with forward estimates

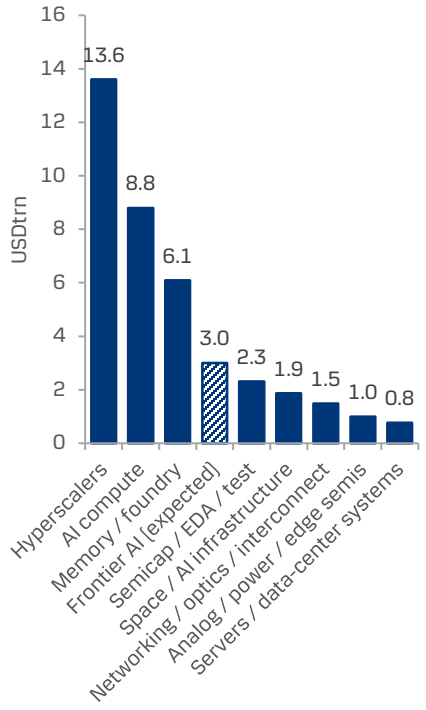


Source: Bloomberg (valuation premia), Robert Shiller (CAPE index), Danske Bank Credit Research

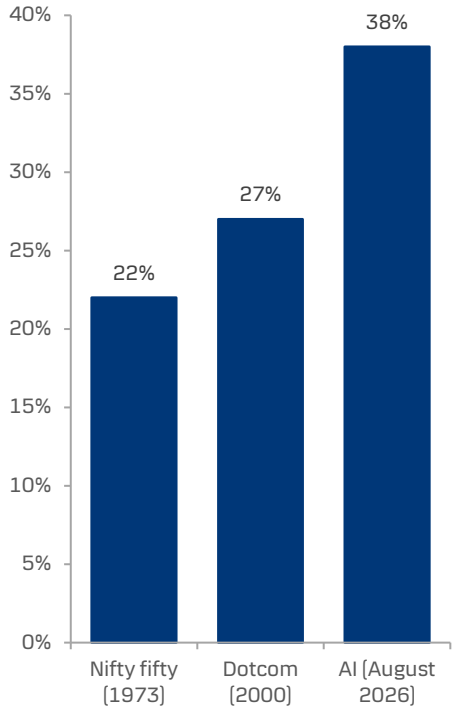
The massive equity market returns have led to concentration like never before

- Credit market concentration is more benign, but returns could still suffer from spill-over

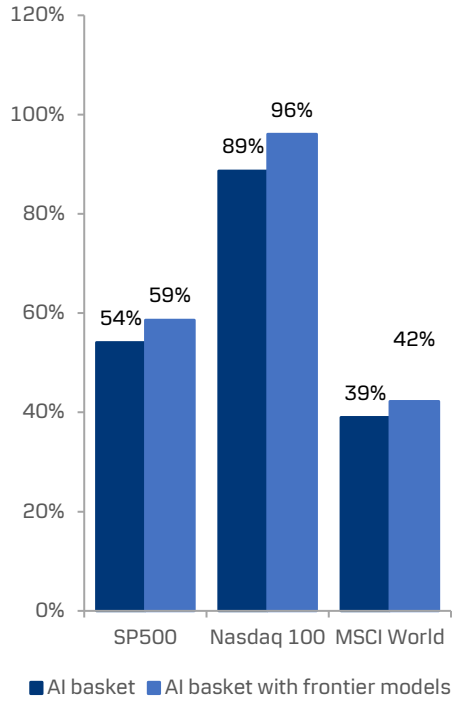
Value of the "AI Basket" (USDtrn)*



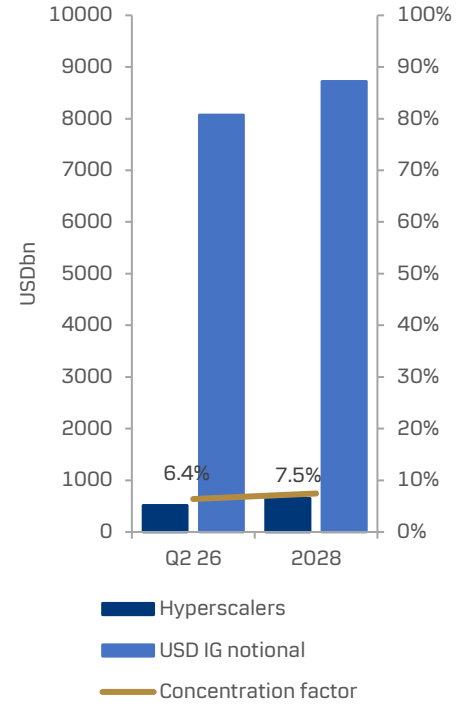
Concentration relative to historical examples (10 largest companies in the S&P500)



"AI basket" relative to broader indices**



Hyperscaler debt market concentration



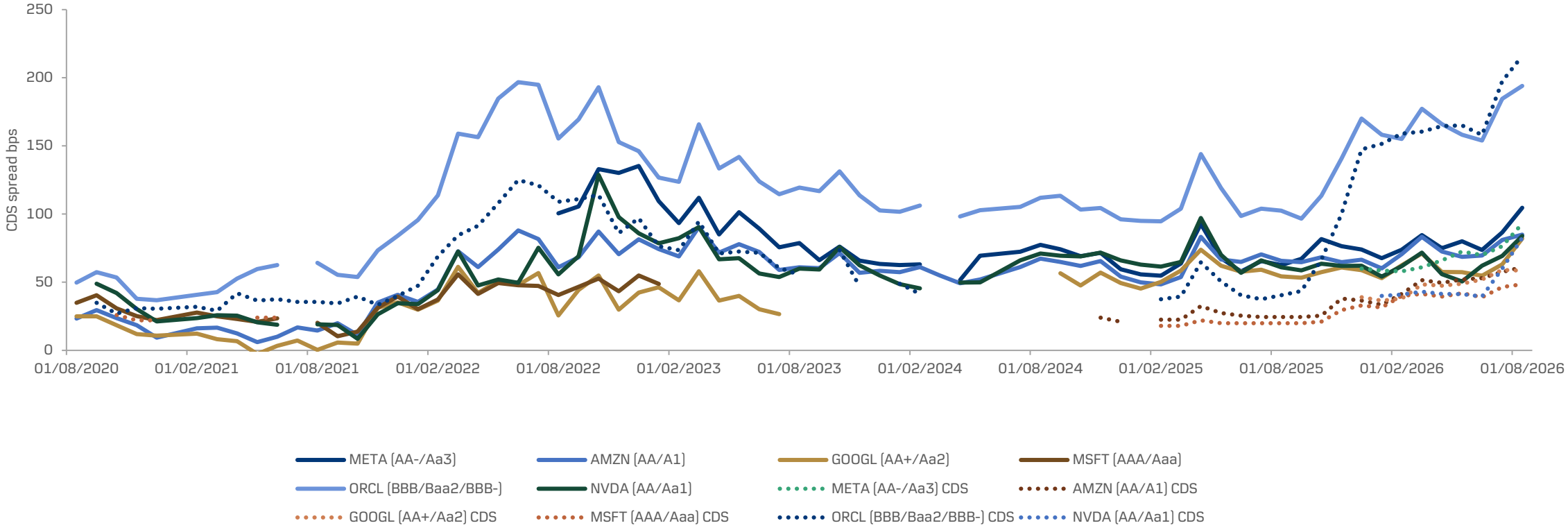
Source: Bloomberg and Danske Bank Credit Research

*"AI basket" is a curated infrastructure definition: compute/custom silicon, memory/foundry/packaging, semiconductor equipment/EDA/test, AI networking/optics/interconnect, and major AI-server/data-center hardware. It excludes adjacent general-purpose industrial/power names and consumer-device companies. **Frontier models defined as OpenAI and Anthropic expected IPO valuations. As of 31 August 2026.

Credit markets are requiring increasingly higher risk premia to fund the build-out

- The trend is prevailing in both synthetic and cash spreads

CDS and cash spreads of the core hyperscalers*

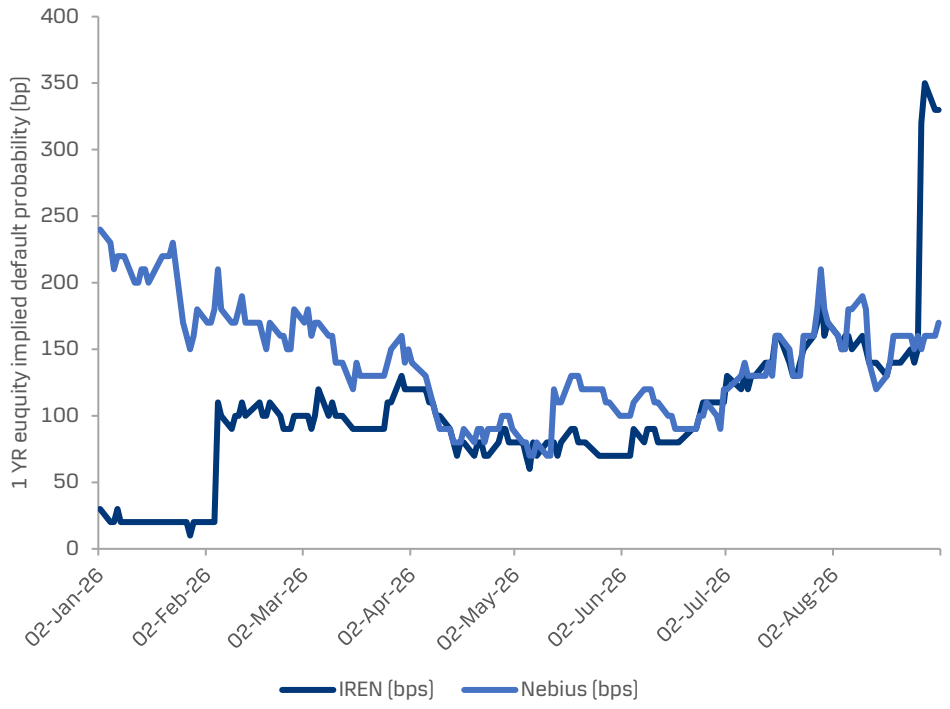


Source: Bloomberg and Danske Bank Credit Research
*Interpolated 4Y-6Y cash spreads

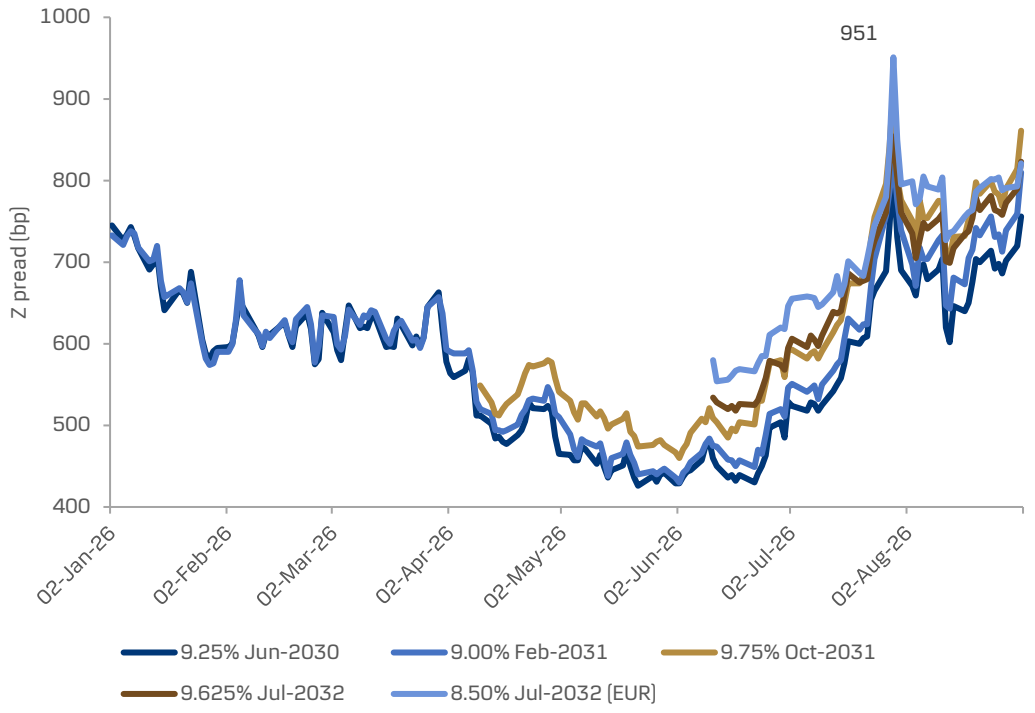
The riskier part of the build-out (Neoclouds) have also seen recent spread widening

- small sample could limit interpretation, but the trend should not be ignored

Equity implied 1-YR default probabilities for IREN and Nebius*



Coreweave (B1/B+/BB-) cash spreads YTD

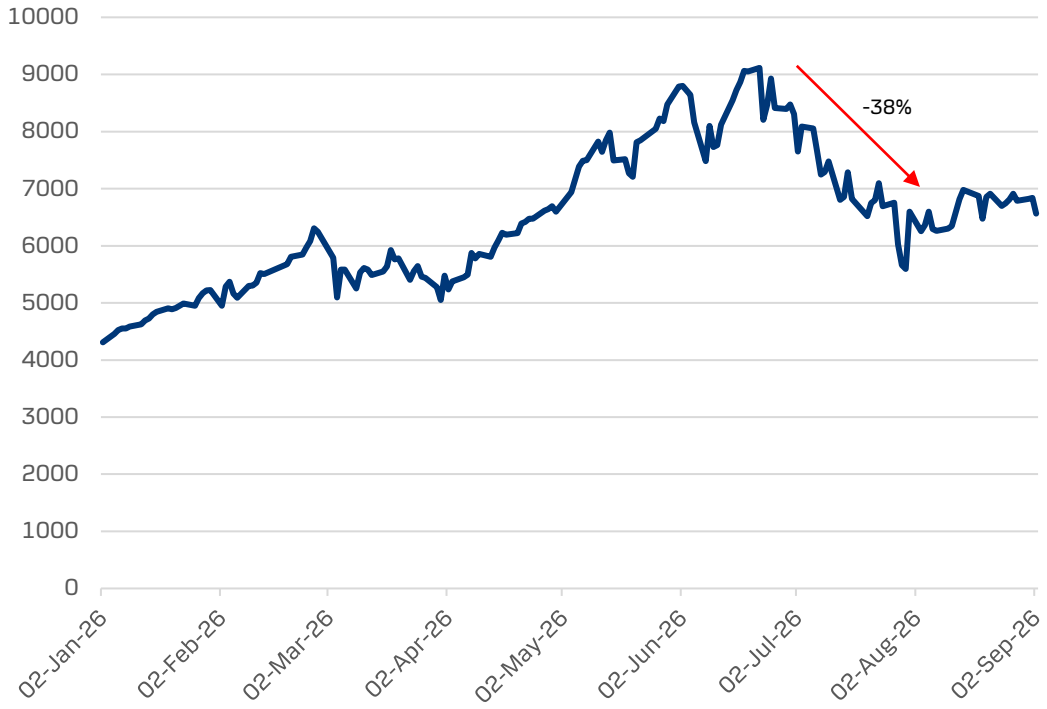


Source: Bloomberg and Danske Bank Credit Research
*Bloomberg DRSK

Large institutional and retail trading losses amplifying volatility

- The AI exposed hedge fund Situational Awareness recently produced the largest institutional trading loss ever recorded

Kospi has been an expression of the leveraged AI trade from the retail perspective



Top 15 historical institutional trading losses (2026 inflation-adjusted)

Source: Bloomberg and Danske Bank Credit Research

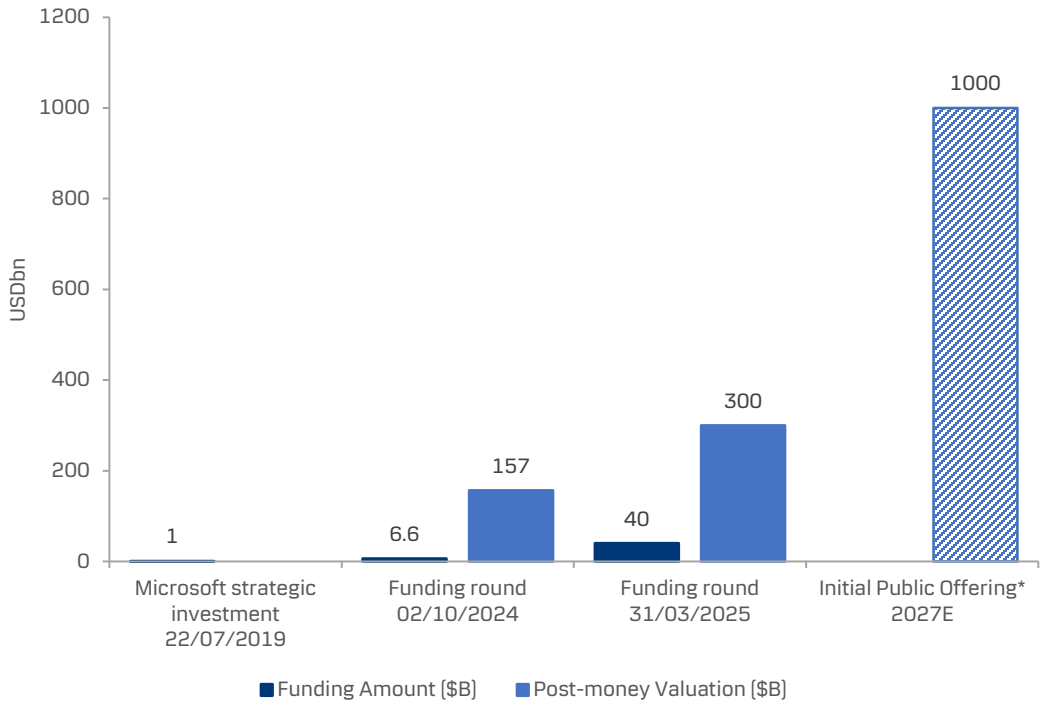
”The straw that breaks the camel’s back?”

What we see in terms of key near-term events for the AI trade

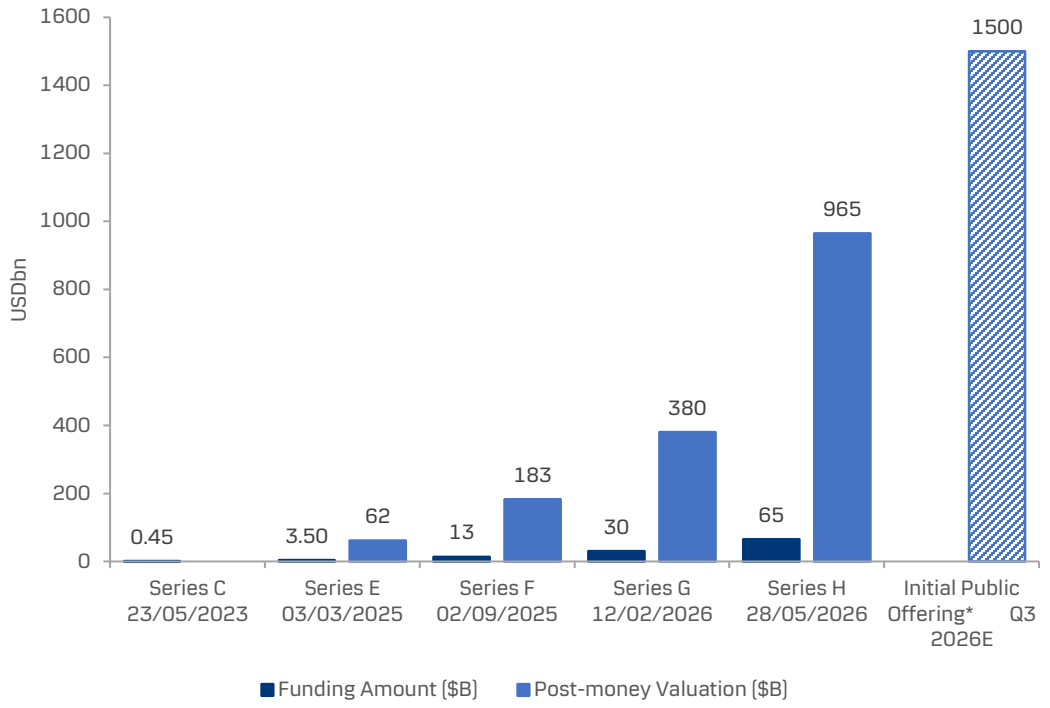
Frontier labs' next rounds of funding are fast approaching

- Should we read anything into recent delays?

Open AI recent and upcoming funding rounds



Anthropic recent and upcoming funding rounds

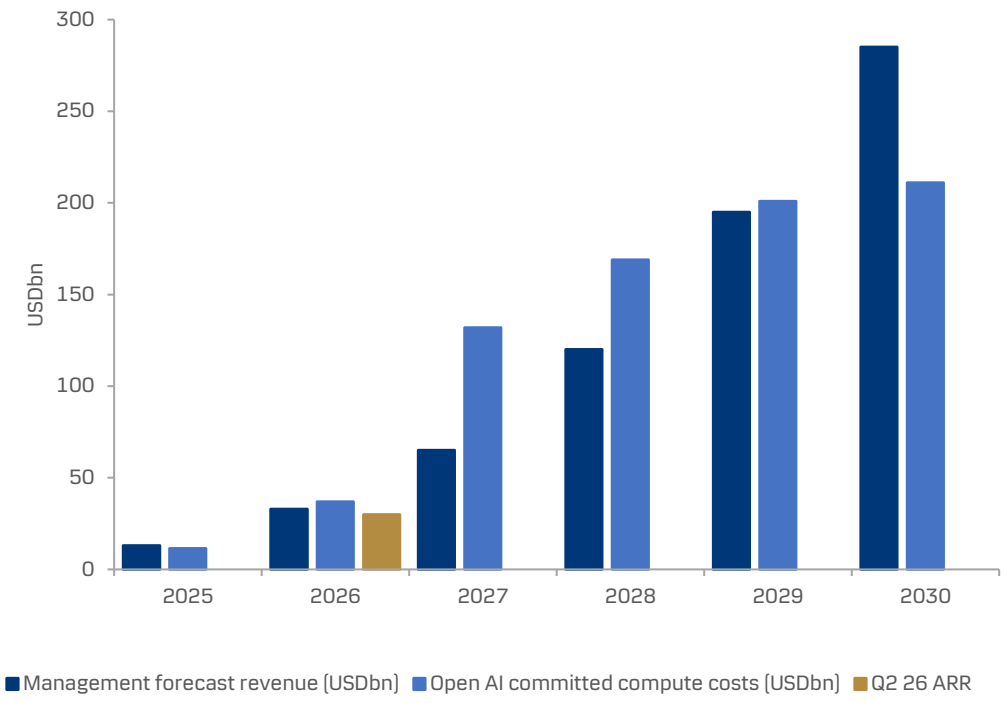


Source: OpenAI, Anthropic, WSJ
*Estimated IPO valuations (Source:WSJ)

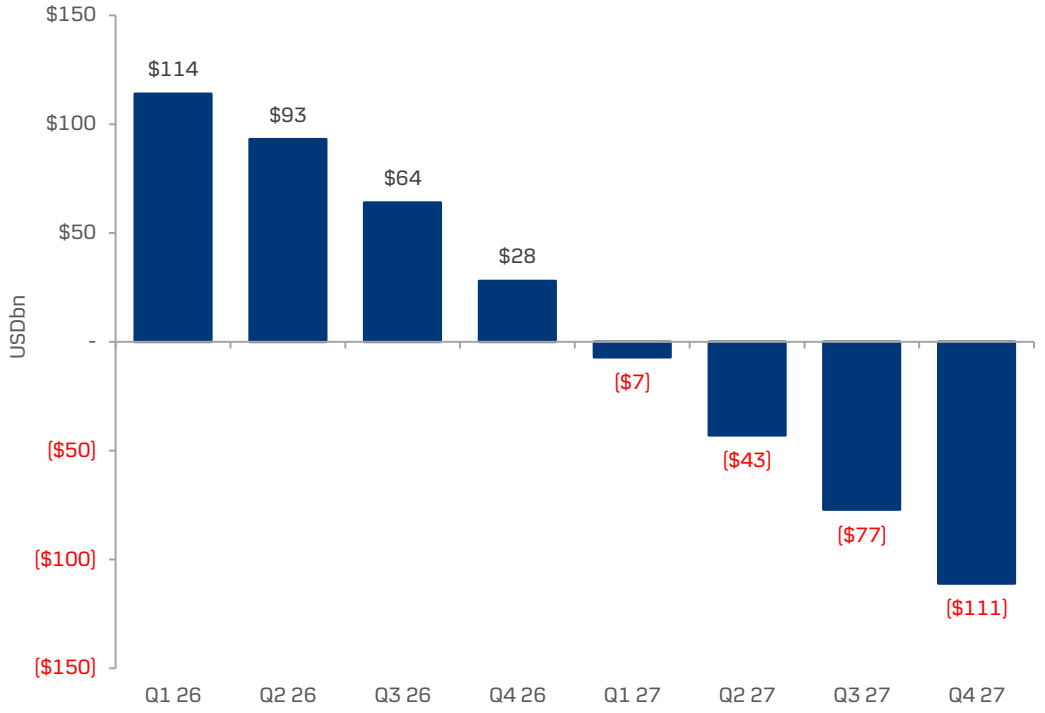
OpenAI is in most need of the cash, given high operating losses

- Highly unlikely (in our view) that needs will be covered by the P&L given the current trajectory

Compute payment wall approaching in 2027



OpenAI has cash needs to cover, even in case of data-centre delays



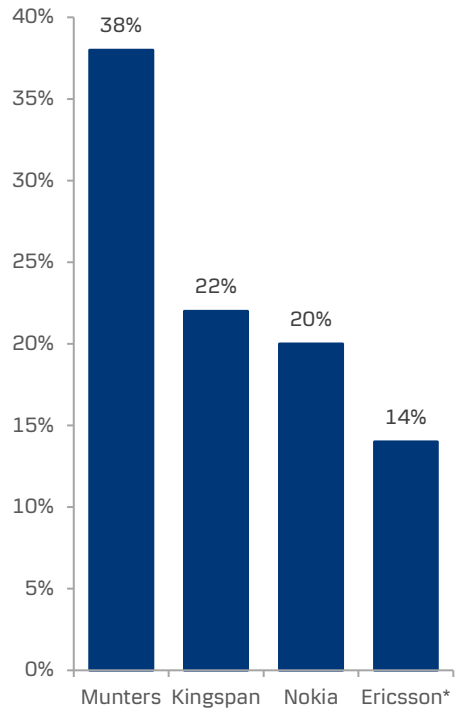
Source: OpenAI management forecast (revenue forecasts), Oracle (Compute commitments), Bridgewater Associates (OpenAI cash bridge)

The Nordic angle

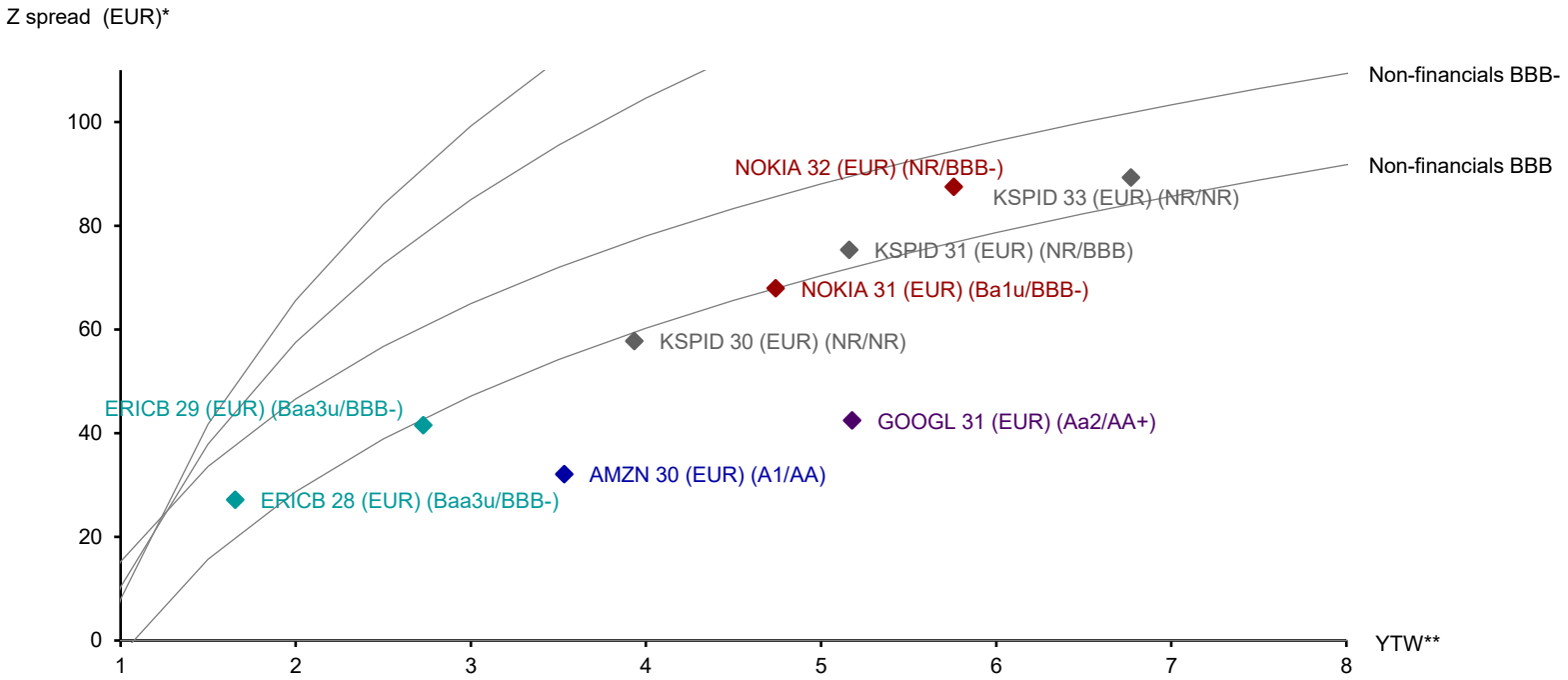
The Nordic angle – *The AI beneficiaries (exposed) in our own coverage universe.*

Aside from a few names, the Nordic area is not particularly exposed to the AI trade

Nordic names with AI revenue exposure



Relative value



* Swapped to indicated currency. ** Years-to-worst.
Note: Fair value curve(s) based on Danske Bank Credit Research's index group of EUR bonds.

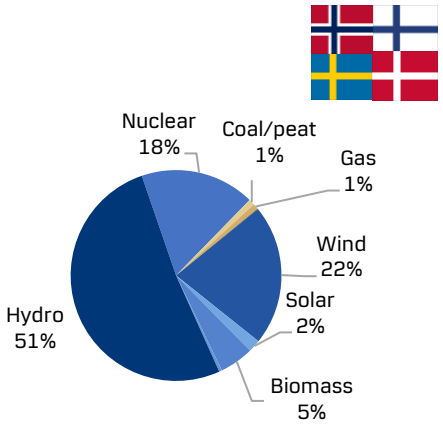
Source: Bloomberg and Danske Bank Credit Research
*Danske Bank Research estimate based on Cloud revenue exposure

Q&A

Appendix

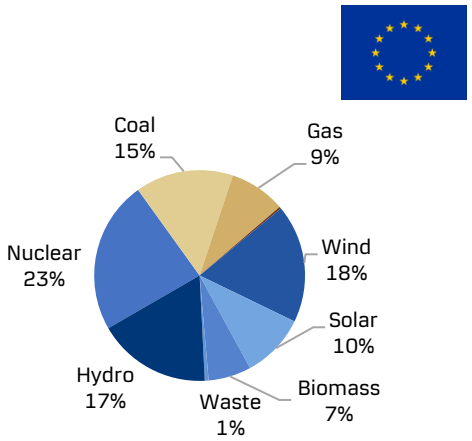
Capacity additions are a challenge in all regions outside China

- China's power dominance may give it a cost advantage in AI inference



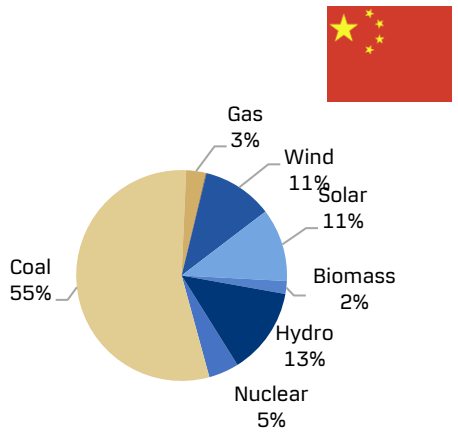
2025: Generation: 432TWh
Data-centre consumption: ~10GWh
- circa 2% of total generation

2030E: Generation: ~520TWh
Data-centre consumption: ~28GWh
- circa 5% of total generation



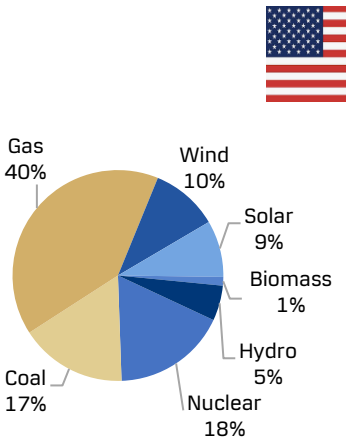
2025: Generation: 2,746TWh
Data-centre consumption: ~100GWh
- circa 4% of total generation

2030E: Generation: ~3,500TWh
Data-centre consumption: ~150GWh
- circa 4% of total generation



2025: Generation: 10,489TWh
Data-centre consumption: ~150GWh
- circa 1% of total generation

2030E: Generation: ~13,700TWh
Data-centre consumption: ~500GWh
- circa 4% of total generation



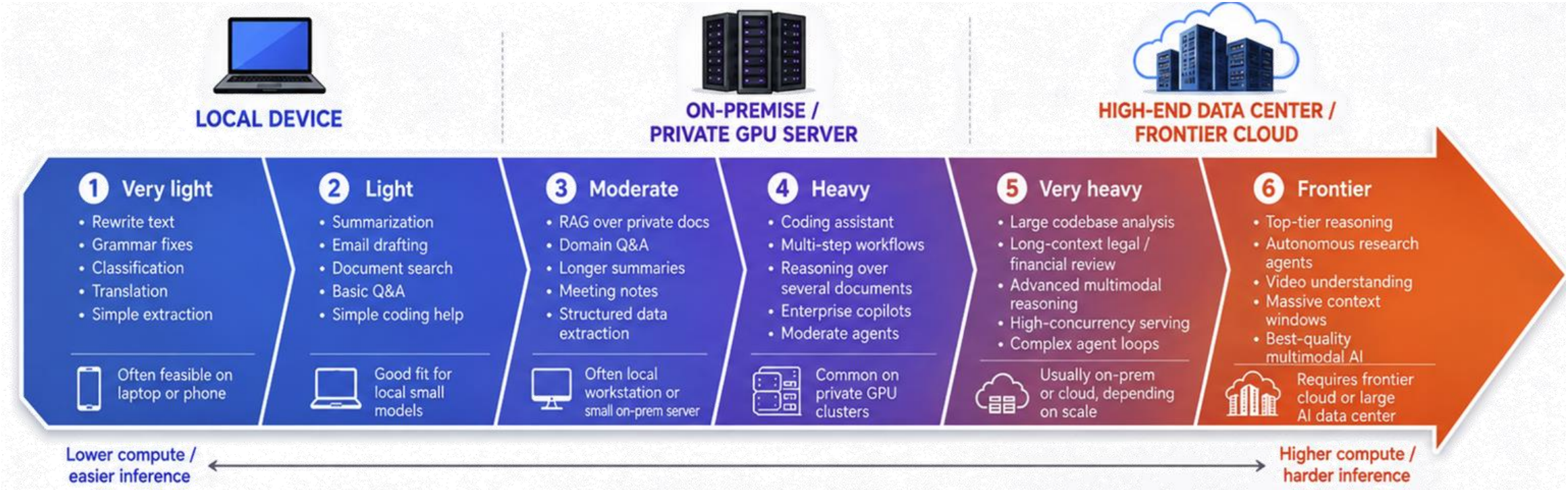
2025: Generation: 4,484TWh
Data-centre consumption: ~190GWh
- circa 4% of total generation

2030E: Generation: ~5,300TWh
Data-centre consumption: ~650GWh
- circa 12% of total generation

Source: Nord Pool and Danske Bank Credit Research Estimates

AI inference intensity scale

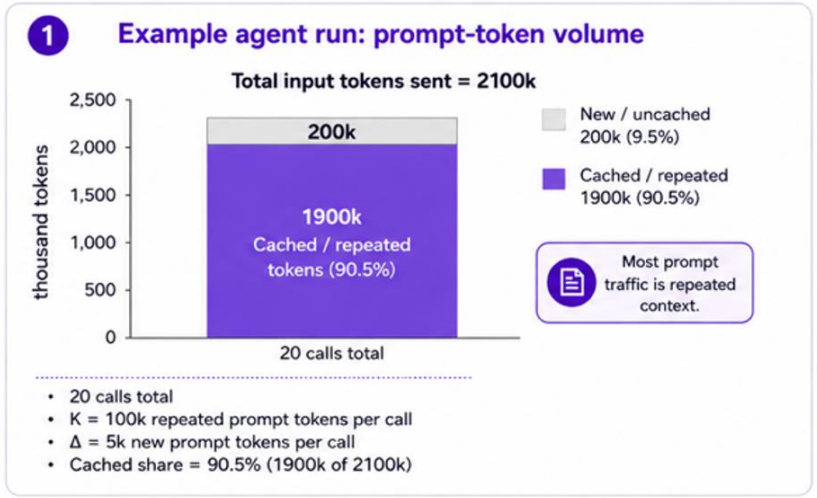
AI inference can run on lower-tier devices, depending on the task

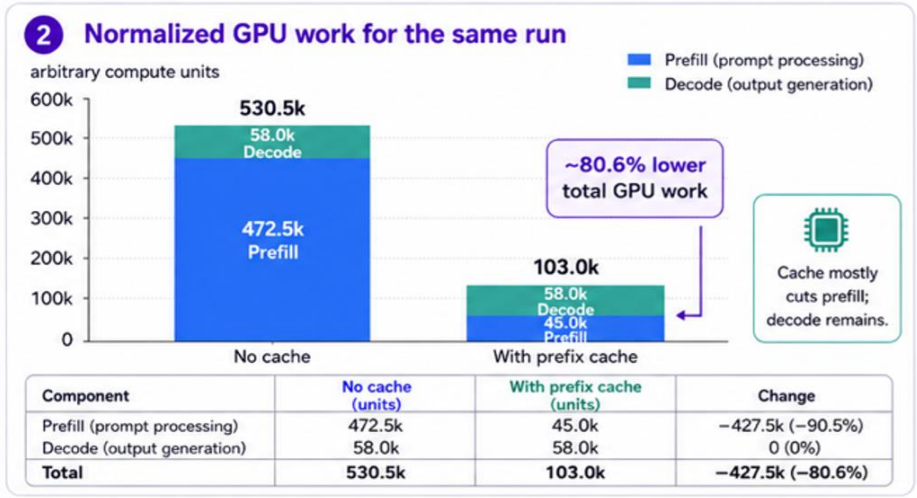


Source: ArkivX Labs

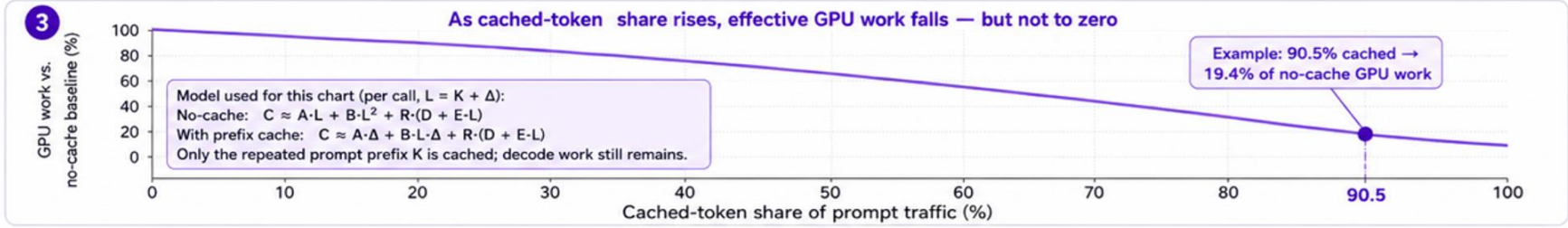
Cashed tokens cut substantial pre-fill loads – but not all GPUs work

- Why agentic token volumes can outgrow the need for GPU inference



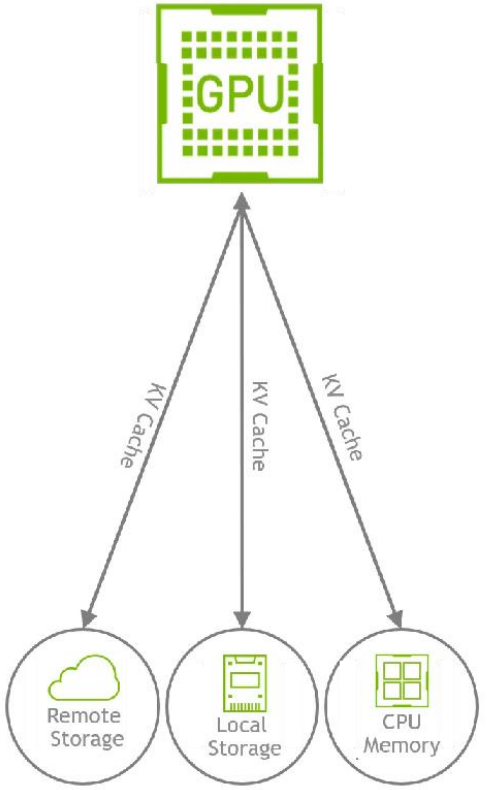


Component	No cache (units)	With prefix cache (units)	Change
Prefill (prompt processing)	472.5k	45.0k	−427.5k (−90.5%)
Decode (output generation)	58.0k	58.0k	0 (0%)
Total	**530.5k**	**103.0k**	**−427.5k (−80.6%)**



Takeaway: Cached tokens reduce prompt-prefill compute almost in proportion to the repeated prefix, but they do not eliminate decode work or memory traffic. That is why agentic token usage can soar while GPU demand rises much less than linearly.

Illustrative 20-step agent example. A, B, D, and E are normalized coefficients capturing token-linear layers, attention, and decode attention. Units are relative rather than hardware-specific.

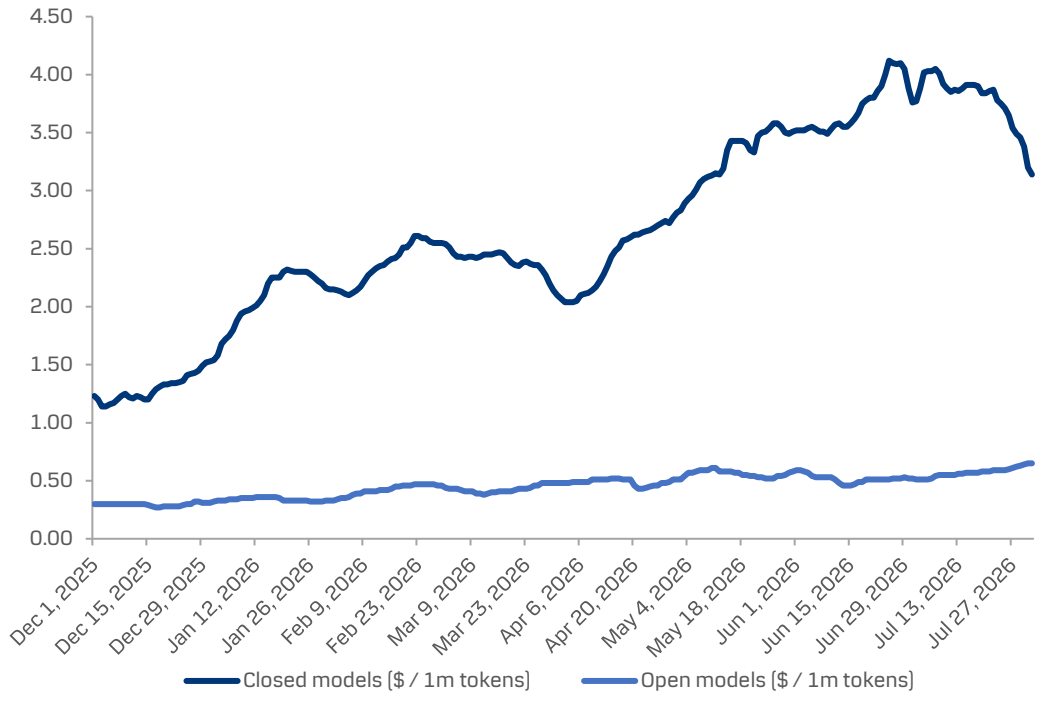


Source: https://developer.nvidia.com/blog/how-to-reduce-kv-cache-bottlenecks-with-nvidia-dynamo/

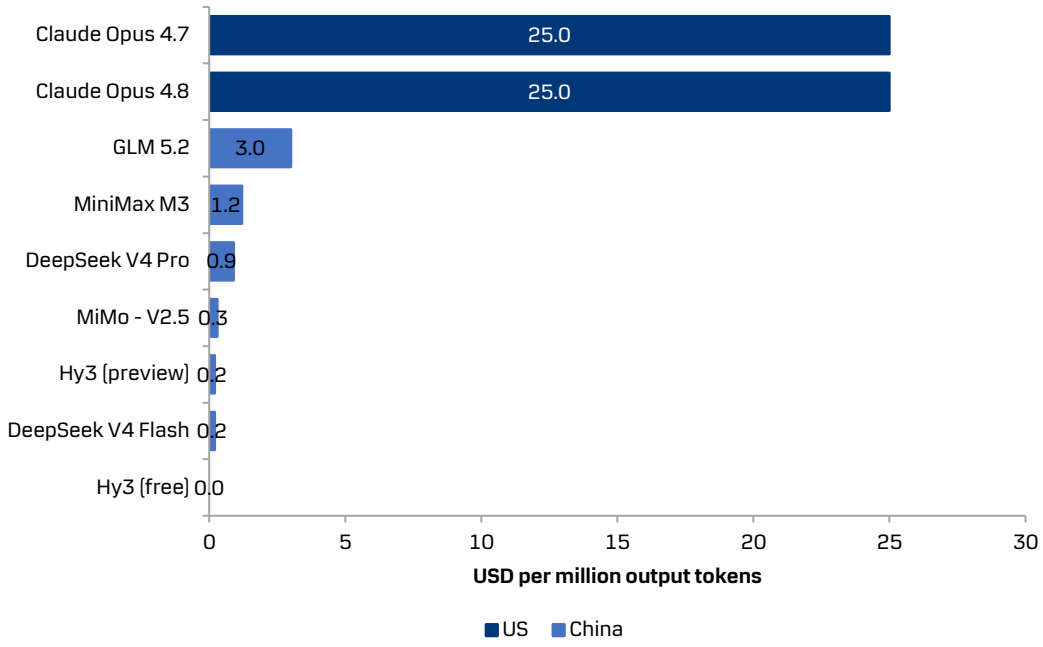
Price of tokens lower in open-source models

- Price pressure slowly appearing as companies increasingly seek to lower token costs

Open-source models adding pressure to closed-model pricing



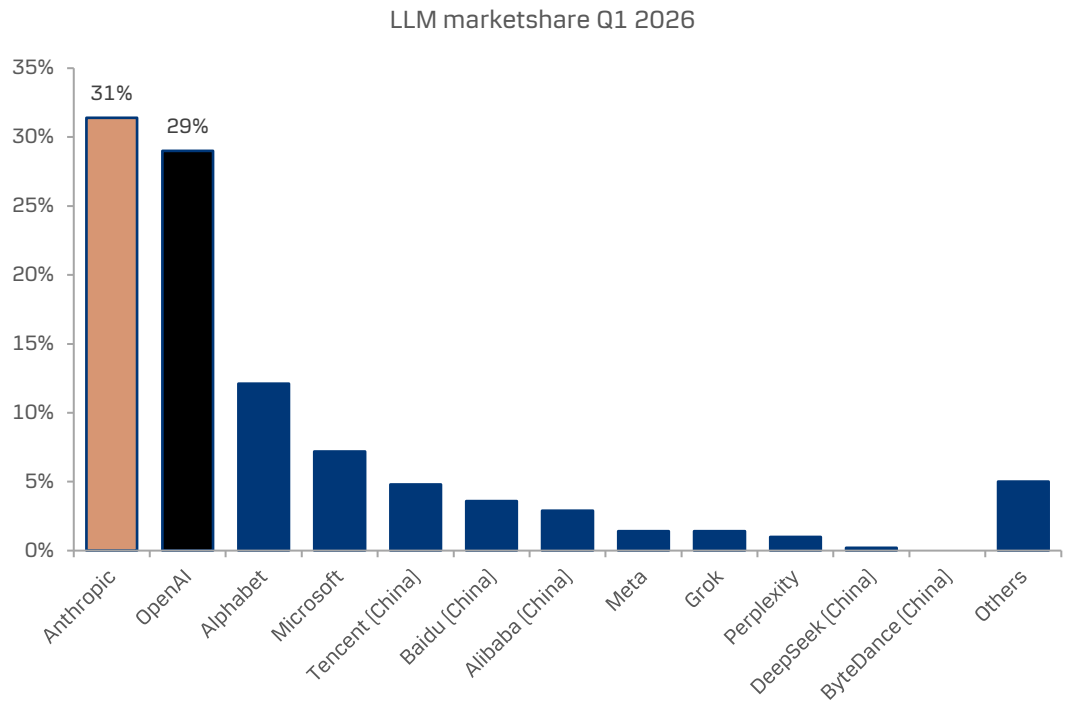
Cost per million output tokens for select US and Chinese models



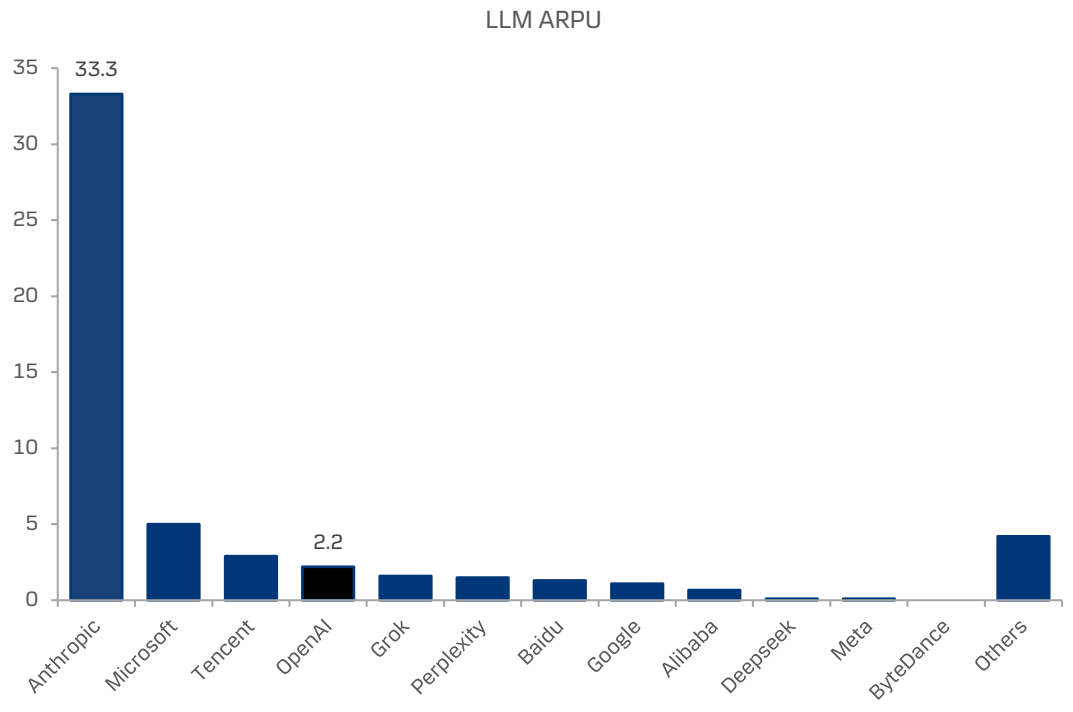
Source: Apollo Research (Open versus closed source pricing) and Openrouter (Cost per million tokens)
*Tokens used/produced by the 9 most used LLM's on Openrouter

LLM market is dominated by Anthropic and OpenAI (in revenue terms)

Overall LLM market shares



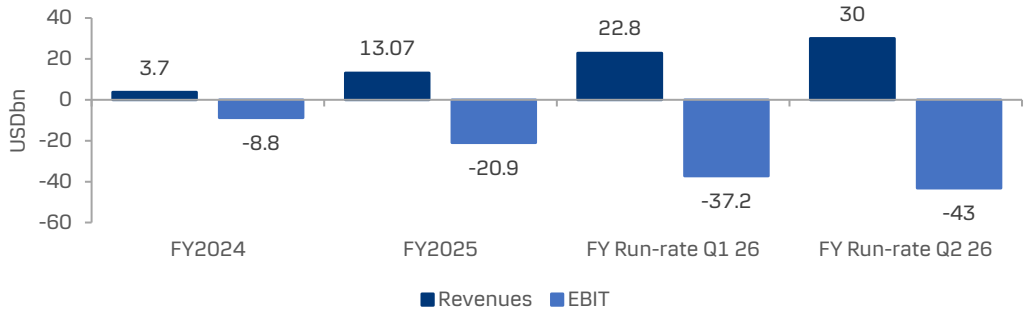
Anthropic is the premium enterprise choice while OpenAI is the preferred choice of consumers



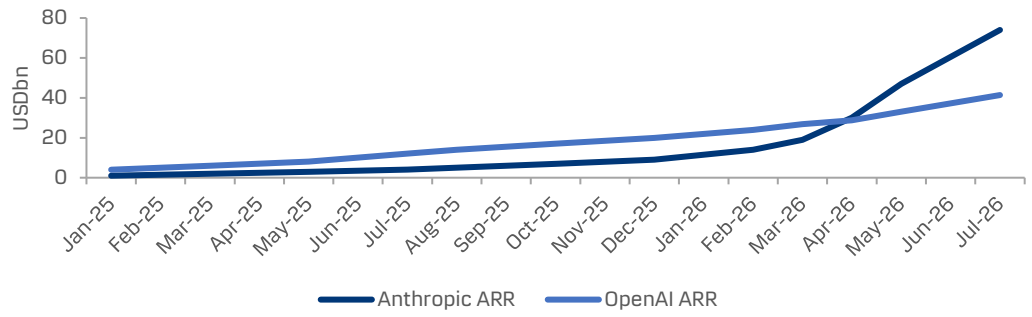
Source: https://counterpointresearch.com/en/insights/Global-LLM-Adoption-and-Revenue-Snapshot

Frontier model P&L data

OpenAI P&L



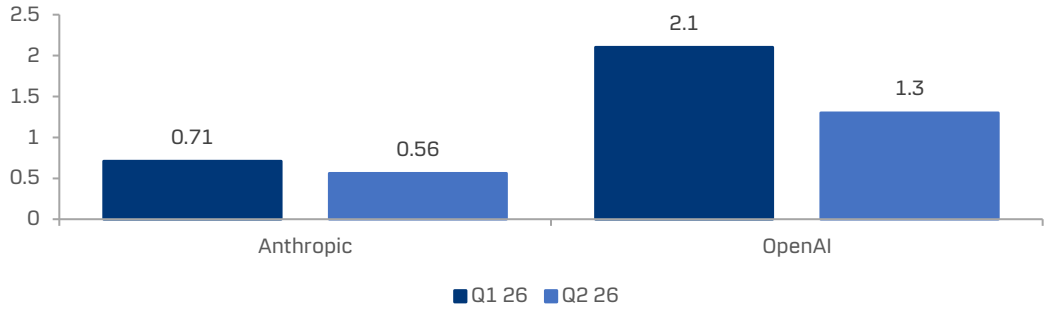
Anthropic versus OpenAI ARR



Comments

- Frontier models OpenAI and Anthropic are potentially the fastest growing companies of all time but profits are still lagging growth.
- OpenAI is burning through cash despite high revenue growth
- Anthropic has better pricing, and pre-IPO data suggests the company is already profitable on the EBIT level.
- OpenAI is a key buyer of compute from the Hyperscalers, hence their success is key to the AI trade.

Compute cost per dollar revenue*

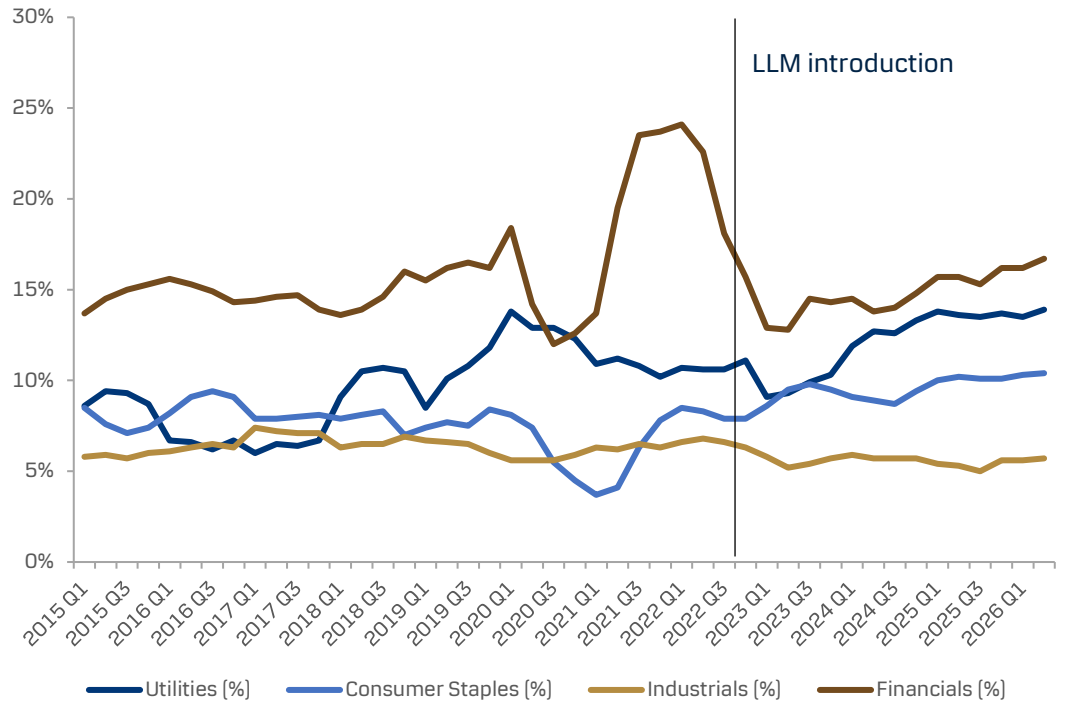


Source: OpenAI (OpenAI P&L and ARR), Anthropic (ARR data), Danske Bank Credit Research,
*Unofficial Danske Bank Credit Research estimates for OpenAI.

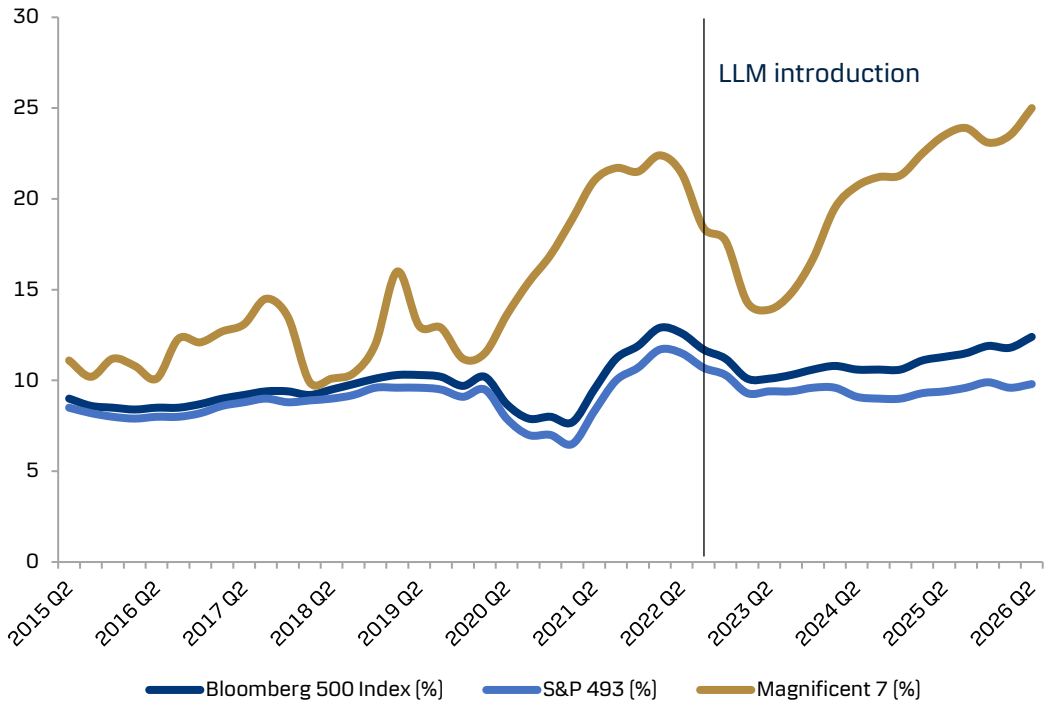
Limited signs of productivity gains in the “old” economy

- Productivity gains are needed to justify investments into AI

Most sectors not yet exceeding pre-Covid peak levels.....



Productivity gains have been concentrated in the tech sector

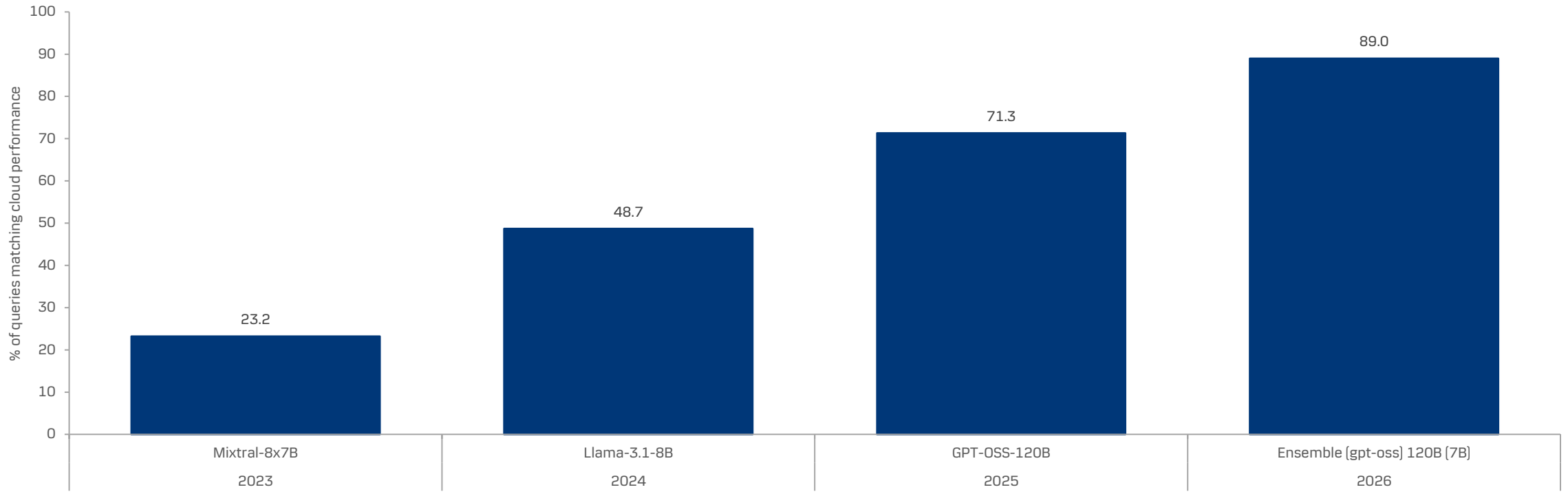


Source: Apollo Research

Local models now match the cloud on 89% of queries

- More use of LLMs locally (all else equal) implies less need for large data centres

Local inferencing has made step-change improvements over time



Source: Arxiv Labs

Danske Bank – Credit research platform

Denmark

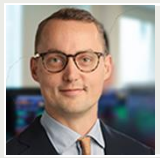
Jakob Magnussen
Head of Credit Research
+45 45 14 14 92
jakja@danskebank.com
- Utilities
- Renewables

Brian Børsting
Chief Analyst
+45 45 14 14 96
brbr@danskebank.com
- Industrials & Services
- Transportation
- Pharma & Medtech

Mads Rosendal
Chief Analyst
+45 45 14 15 24
madros@danskebank.com
- TMT
- Industrials
- Consumer goods

Mark Elving Naur
Chief Analyst
+45 45 14 15 04
mnau@danskebank.com
- Financials
- Strategy

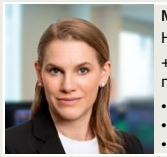
Rasmus Justesen
Chief Analyst
+45 45 14 15 30
rjus@danskebank.com
- Credit portfolios



Sivert Trana
Senior Analyst
+45 45 14 14 70
sivt@danskebank.com
- Credit portfolios

Oscar Pedersen
Analyst
+45 40 47 87 60
oscp@danskebank.com
- Financials

Norway

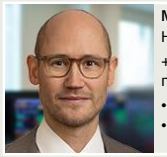


Mille Opdahl Muller
Head of Credit Research NO
+47 85 40 77 27
mifj@danskebank.com
- Real Estate
- Salmon
- Other IG/HY corporates

Marko Radman
Senior Analyst
+47 85 40 77 62
mradm@danskebank.com
- High Yield
- Shipping
- Industrials

Sebastian Grindheim
Senior Analyst
+47 85 40 78 13
sgrin@danskebank.com
- High Yield
- Oil Services

Sweden



Marcus Gustavsson
Head of Credit Research SE
+46 75 248 04 02
marcg@danskebank.com
- Real Estate
- Other IG/HY corporates

Lina Berg
Senior Analyst
+46 75 248 15 42
linab@danskebank.com
- Pharma & Medtech
- Metals & Mining
- Other IG/HY corporates

Christian Svanfeldt, CFA
Senior Analyst
+46 75 248 15 38
chrsv@danskebank.com
- Autos & Trucks
- Real Estate
- Other IG/HY corporates

ESG

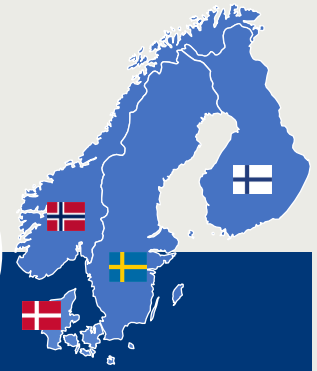
Louis Landeman
Head of ESG Research
+46 75 248 04 12
llan@danskebank.com
- ESG

Ebba Edholm
Senior Analyst
+46 75 248 15 50
eedh@danskebank.com
- ESG

Finland

Olli Eloranta
Senior Analyst
+358 10 5468479
oelo@danskebank.com
- Industrials
- Real Estate
- Other IG/HY corporates

Total number of professionals
16



Find the latest Credit Research:
https://research.danskebank.com

Disclosures

This research report has been prepared by Credit Research, a division of Danske Bank A/S ('Danske Bank'). The authors of this research report (together with contact details) are listed on the front page.

Analyst certification

Each research analyst responsible for the content of this research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report. Each responsible research analyst further certifies that no part of the compensation of the research analyst was, is or will be, directly or indirectly, related to the specific recommendations expressed in the research report.

Regulation

Danske Bank is authorised and regulated by the Danish Financial Services Authority (Finanstilsynet). Danske Bank is authorised by the Prudential Regulation Authority in the UK and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

Danske Bank's research reports are prepared in accordance with the recommendations of Capital Market Denmark.

Danske Bank is not registered as a Credit Rating Agency pursuant to the CRA Regulation (Regulation (EC) no. 1060/2009). Hence, Danske Bank does not comply with nor seek to comply with the requirements applicable to Credit Rating Agencies.

Conflicts of interest

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence. These procedures are documented in Danske Bank's research policies. Employees within Danske Bank's Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and the Compliance Department. Danske Bank's Research Departments are physically separated from other business areas within Danske Bank and surrounded by arrangements (Chinese Walls) to restrict the flows of sensitive information.

Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Danske Bank is a market maker and a liquidity provider and may hold positions in the financial instruments of the issuers mentioned in this research report.

The Equity and Corporate Bonds analysts of Danske Bank and persons in other departments of Danske Bank with which the relevant analysts have close links are not permitted to invest in 1) financial instruments that are covered by the relevant Equity or Corporate Bonds analyst and 2) the research sector within the geographical area (the Nordics) to which the analyst is linked.

Danske Bank, its affiliates and subsidiaries are engaged in commercial banking, securities underwriting, dealing, trading, brokerage, investment management, investment banking, custody and other financial services activities, may be a lender to the companies mentioned in this publication and have whatever rights are available to a creditor under applicable law and the applicable loan and credit agreements. At any time, Danske Bank, its affiliates and subsidiaries may have credit or other information regarding the companies mentioned in this publication that is not available to or may not be used by the personnel responsible for the preparation of this report, which might affect the analysis and opinions expressed in this research report.

Completion and first dissemination

The completion date and time in this research report mean the date and time when the author hands over the final version of the research report to Danske Bank's editing function for legal review and editing.

The date and time of first dissemination mean the date and estimated time of the first dissemination of this research report. The estimated time may deviate up to 15 minutes from the effective dissemination time due to technical limitations.

See the back page of this research report for the date and time of first dissemination.

Validity time period

This communication as well as the communications in the list referred to below are valid until the earlier of (a) dissemination of a superseding communication by the author, or (b) significant changes in circumstances following its dissemination, including events relating to the market or the issuer, which can influence the price of the issuer or financial instrument.

Investment recommendations disseminated during the preceding 12-month period

A list of previous investment recommendations disseminated by the lead analyst(s) of this research report in the preceding 12-month period can be found in Danske Bank's Credit research database at https://research.danskebank.com/research.

Other previous investment recommendations disseminated by Danske Bank Credit Research are also available in the database.

See http://www.danskebank.com/en-uk/ci/Products-Services/Markets/Research/Pages/researchdisclaimer.aspx for further disclosures and information.

General disclaimer

This research has been prepared by Danske Bank A/S. It is provided for informational purposes only and should not be considered investment, legal or tax advice. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) ('Relevant Financial Instruments').

This research report has been prepared independently and solely on the basis of publicly available information that Danske Bank A/S considers to be reliable but Danske Bank A/S has not independently verified the contents hereof. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or reasonableness of the information, opinions and projections contained in this research report and Danske Bank A/S, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this research report.

The opinions expressed herein are the opinions of the research analysts and reflect their opinion as of the date hereof. These opinions are subject to change and Danske Bank A/S does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided in this research report.

This research report is not intended for, and may not be redistributed to, retail customers in the United Kingdom (see separate disclaimer below) and retail customers in the European Economic Area as defined by Directive 2014/65/EU.

This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without Danske Bank A/S's prior written consent.

Disclaimer related to distribution in the United States

This research report was created by Danske Bank A/S and is distributed in the United States by Danske Markets Inc., a U.S. registered broker-dealer and subsidiary of Danske Bank A/S, pursuant to SEC Rule 15a-6 and related interpretations issued by the U.S. Securities and Exchange Commission. The research report is intended for distribution in the United States solely to 'U.S. institutional investors' as defined in SEC Rule 15a-6. Danske Markets Inc. accepts responsibility for this research report in connection with distribution in the United States solely to 'U.S. institutional investors'.

Danske Bank A/S is not subject to U.S. rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of Danske Bank A/S who have prepared this research report are not registered or qualified as research analysts with the New York Stock Exchange or Financial Industry Regulatory Authority but satisfy the applicable requirements of a non-U.S. jurisdiction.

Any U.S. investor recipient of this research report who wishes to purchase or sell any Relevant Financial Instrument may do so only by contacting Danske Markets Inc. directly and should be aware that investing in non-U.S. financial instruments may entail certain risks. Financial instruments of non-U.S. issuers may not be registered with the U.S. Securities and Exchange Commission and may not be subject to the reporting and auditing standards of the U.S. Securities and Exchange Commission.

Disclaimer related to distribution in the United Kingdom

In the United Kingdom, this document is for distribution only to (I) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the 'Order'); (II) high net worth entities falling within article 49(2)(a) to (d) of the Order; or (III) persons who are an elective professional client or a per se professional client under Chapter 3 of the FCA Conduct of Business Sourcebook (all such persons together being referred to as 'Relevant Persons'). In the United Kingdom, this document is directed only at Relevant Persons, and other persons should not act or rely on this document or any of its contents.

Disclaimer related to distribution in the European Economic Area

This document is being distributed to and is directed only at persons in member states of the European Economic Area ('EEA') who are 'Qualified Investors' within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) ('Qualified Investors'). Any person in the EEA who receives this document will be deemed to have represented and agreed that it is a Qualified Investor. Any such recipient will also be deemed to have represented and agreed that it has not received this document on behalf of persons in the EEA other than Qualified Investors or persons in the UK and member states (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis. Danske Bank A/S will rely on the truth and accuracy of the foregoing representations and agreements. Any person in the EEA who is not a Qualified Investor should not act or rely on this document or any of its contents.

Report completed: 04 September 2026 at 15:35 CET
Report disseminated: 04 September 2026 at 17:00 CET