

**BALLARD®**

# Ballard Power Systems Europe A/S

Majsmarken 1  
DK-9500 Hobro

CVR no. 30 80 49 96

## Annual report 2023

The annual report was presented and approved at  
the Company's annual general meeting on

6 June 2024

Robert Randall MacEwen  
Chairman of the annual general meeting

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## **Statement by the Board of Directors and the Executive Board**

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ballard Power Systems Europe A/S for the financial year 1 January – 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Hobro, 6 June 2024  
Executive Board:

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Jesper Thomsen  
Managing Director

Board of Directors:



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Robert Randall MacEwen  
Chairman

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Jesper Thomsen



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Paul Michael Dobson

## **Independent auditor's report**

### **To the shareholder of Ballard Power Systems Europe A/S**

#### **Opinion**

We have audited the financial statements of Ballard Power Systems Europe A/S for the financial year 1 January – 31 December 2023 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

## Independent auditor's report

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aalborg, 6 June 2024

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Steffen S. Hansen  
State Authorised  
Public Accountant  
mne32737



Niklas R. Filipsen  
State Authorised  
Public Accountant  
mne47781

**Ballard Power Systems Europe A/S**  
Annual report 2023  
CVR no. 30 80 49 96

## Management's review

### Company details

Ballard Power Systems Europe A/S  
Majsmarken 1  
DK-9500 Hobro

Telephone: 88 43 55 00  
Website: [www.ballard.com](http://www.ballard.com)  
E-mail: [contact@ballardeurope.com](mailto:contact@ballardeurope.com)

CVR no.: 30 80 49 96  
Established: 20 August 2017  
Registered office: Mariagerfjord  
Financial year: 1 January – 31 December

### Board of Directors

Robert Randall MacEwen, Chairman  
Jesper Thomsen  
Kevin Michael Colbow  
Sarbjot Sidhu  
Paul Michael Dobson

### Executive Board

Jesper Thomsen, Managing Director

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Østre Havnegade 22D  
DK-9000 Aalborg  
CVR no. 25 57 81 98

## Management's review

### Financial highlights

DKK'000	2023	2022	2021	2020	2019
<b>Key figures</b>					
Gross profit/loss	-35,201	-28,595	6,277	-1,907	6,413
Loss before financial income and expenses	-173,596	-127,722	-61,388	-46,934	-26,235
Profit/loss from financial income and expenses	289	-1,835	-14,738	-8,215	-6,935
Loss for the year	-167,737	-123,984	-61,901	-49,649	-28,273
Total assets	266,433	204,569	114,298	43,985	46,770
Equity	169,505	103,914	41,605	-164,336	-114,686
Investment in property, plant and equipment	4,483	6,885	6,489	728	838
<b>Ratios</b>					
Solvency ratio	64%	51%	36%	-374%	-245%

In 2022, the Company changed reporting class from B to C medium-sized entities. Consequently, the Company has from 2022 and onwards recognised indirect production overheads on inventory. The comparative figures for 2019 - 2021 have not been restated to reflect the changed accounting policies in accordance with the Danish Financial Statements Act.

The financial ratios have been calculated as follows:

Solvency ratio

$$\frac{\text{Equity at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$$

## **Management's review**

### **Operating review**

#### **Principal activities**

Ballard Power Systems Europe A/S remains dedicated to the development, production, and sale of fuel cell technology systems. We continue to focus on providing sustainable energy solutions and striving towards a green transition in power sectors worldwide.

### **Development in activities and financial position**

#### **Results for the year**

The Company's income statement for 2023 shows a loss of DKK 167,737 thousand as against a loss of DKK 123,984 thousand in 2022. Equity in the Company's balance sheet at 31 December 2023 stood at DKK 169,505 thousand as against DKK 103,914 thousand at 31 December 2022.

In the annual report for 2022, the outlook for 2023 was projected with a stable result for the year compared to 2022. On the basis of the realised loss for the year, the expectations set forth in the annual report for 2022 has not been realised. Rather increased losses in 2023 were driven by a market opportunity which required significant investments in the areas of research and development, market expansion, and production capacity enhancements. The increased operating expenses were primarily staffing capabilities; additions underpinning our strong dedication towards technological advancement and innovation through sustained research and development activities.

Despite the challenging operating environment, we achieved several strategic milestones and significantly continued our growth trajectory hence the operating performance is considered a satisfactory result.

In line with prior year, Ballard Power Systems Europe A/S has faced significant challenges, which were met with strategic initiatives aimed at improving the financial standing of the company. With a focus on optimizing operations, product mix, and service offerings while aggressively pursuing new opportunities and partnerships.

#### **Capital resources**

To support the continued operations, we have strengthened our capital resources through group contributions from our parent company, Ballard Power Systems Inc. This strategic financial support has significantly bolstered our equity position, ensuring that we have the necessary resources to continue our development and growth.

To facilitate the continued investment in the Company's operations, a support letter from the Parent Company has been issued covering the cash flow needs in 2024.

#### **Outlook**

Looking forward, we anticipate steady progress in the deployment of fuel cell technology globally. We will continue to invest in research and development, expand our markets, and work towards becoming a profitable entity in the medium term. Based on our current operating plans and market projections, we expect that the financial results for 2024 will be slightly improved to those of 2023, with consistent operating costs slightly offset by gross profit improvement due to anticipated efficiencies and growth in our operations.



## **Management's review**

### **Operating review**

#### **Intellectual capital**

Our intellectual capital is a critical part of our business, and we continue to invest in employee development and retain our talented workforce.

#### **Environmental matters**

Ballard Power Systems Europe A/S is committed to supporting a sustainable environment. Our fuel cell technology provides a clean energy solution, and we continuously strive to minimize our operational impact on the environment.

In 2021, our parent company, Ballard Power Systems Inc, initiated the development of our first stakeholder-informed Environmental, Social, and Governance (ESG) strategy. This strategy, encapsulated by our purpose of Here for Life™ and reflecting our corporate vision, represents a three-pronged approach to evolving foundational ESG practices. It addresses key issues that are most pertinent to Ballard's stakeholders, including energy transition, greenhouse gas reduction, employee engagement, and diversity, equity, and inclusion.

As a part of the Ballard Group, we strictly adhere to these guidelines and principles, affirming our commitment to this ESG strategy, and reflecting our shared dedication to environmental responsibility and stakeholder engagement.

#### **Research and development activities**

We have continued our investment in research and development, focusing on improving the efficiency and cost-effectiveness of our fuel cell technology. These initiatives will facilitate the broader adoption of fuel cells and contribute to a sustainable energy future.

#### **Financial instruments and particular risks**

Our financial position and performance may be affected by various risks, including foreign exchange rate fluctuations and credit risks, particularly given our international operations and trade relationships. We continue to adopt appropriate risk management strategies to mitigate these potential impacts.

#### **Events after the balance sheet date**

No events have occurred after the balance sheet date of material importance to the annual report for 2023.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2023	2022
<b>Gross loss</b>		-35,201	-28,595
Staff costs	2	-135,950	-97,770
Depreciation and amortisation		-2,445	-1,357
<b>Loss before financial income and expenses</b>		-173,596	-127,722
Income from equity investments in group entities		70	-60
Income from other equity investments and securities		0	133
Financial income		408	5
Financial expenses	3	-119	-1,840
<b>Loss before tax</b>		-173,237	-129,484
Tax on loss for the year		5,500	5,500
<b>Loss for the year</b>	4	-167,737	-123,984

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	5		
Software		<u>44</u>	<u>5</u>
<b>Property, plant and equipment</b>	6		
Plant and machinery		966	1,228
Fixtures and fittings, tools and equipment		177	202
Leasehold improvements		11,742	7,254
Property, plant and equipment under construction		<u>881</u>	<u>3,406</u>
		<u>13,766</u>	<u>12,090</u>
<b>Investments</b>	7		
Equity investments in group entities		<u>109</u>	<u>11</u>
<b>Total fixed assets</b>		<u>13,919</u>	<u>12,106</u>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		74,328	78,523
Work in progress		11,794	22,765
Finished goods and goods for resale		<u>46,720</u>	<u>23,259</u>
		<u>132,842</u>	<u>124,547</u>
<b>Receivables</b>			
Trade receivables		54,766	23,070
Receivables from group entities		274	4,820
Contract work in progress	8	668	0
Other receivables	9	19,678	16,061
Corporation tax		5,500	5,500
Prepayments	10	<u>4,103</u>	<u>1,380</u>
		<u>84,989</u>	<u>50,831</u>
<b>Cash at bank and in hand</b>		<u>34,683</u>	<u>17,085</u>
<b>Total current assets</b>		<u>252,514</u>	<u>192,463</u>
<b>TOTAL ASSETS</b>		<u><u>266,433</u></u>	<u><u>204,569</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		5,485	5,425
Retained earnings		164,020	98,489
<b>Total equity</b>		<u>169,505</u>	<u>103,914</u>
<b>Provisions</b>			
Other provisions	11	6,705	4,236
<b>Total provisions</b>		<u>6,705</u>	<u>4,236</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Prepayments received from customers		1,314	14,529
Trade payables		21,047	24,104
Payables to group entities		29,623	37,672
Other payables		30,977	16,579
Deferred income	12	7,262	3,535
		<u>90,223</u>	<u>96,419</u>
<b>Total liabilities other than provisions</b>		<u>90,223</u>	<u>96,419</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>266,433</u></u>	<u><u>204,569</u></u>
<b>Contractual obligations, contingencies, etc.</b>	13		
<b>Mortgages and collateral</b>	14		
<b>Related party disclosures</b>	15		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2023	5,425	98,489	103,914
Cash capital increase	60	233,240	233,300
Exchange adjustment related to investments in group entities	0	28	28
Transferred over the distribution of loss	0	-167,737	-167,737
<b>Equity at 31 December 2023</b>	<b>5,485</b>	<b>164,020</b>	<b>169,505</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Ballard Power Systems Europe A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

With reference to the true and fair view laid down in the Danish Financial Statements Act, the Company has made some reclassifications to individual items in the income statement and balance sheet. The reclassifications have affected the items staff costs and other external costs (gross loss) but have no impact on results before tax, results for the year or equity. Comparative figures have been reclassified accordingly.

#### Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Ballard Power Systems Inc., 9000 Glenlyon Parkway, Burnaby, BC V5J 5J8, Canada.

#### Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Ballard Power Systems Europe A/S and group entities are included in the consolidated financial statements of Ballard Power Systems Inc., 9000 Glenlyon Parkway, Burnaby, BC V5J 5J8, Canada.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Gross loss

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross loss.

#### Revenue

The Company generates revenues primarily from product sales and sale of engineering services and technology transfer services.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Product revenues are derived primarily from standard product sales contracts and from long-term fixed price contracts. Intellectual property and fundamental knowledge license revenues are derived primarily from standard licensing and technology transfer agreements. Engineering service and technology transfer services revenues are derived primarily from cost-plus reimbursable contracts and from long-term fixed price contracts.

Revenue is recognised when a customer obtains control of the goods or services. On standard product sales contracts, revenue is recognised when customers obtain control of the product, that is when transfer of title and risks and rewards of ownership of goods have passed and when the obligation to pay is considered certain. Invoices are generated, and revenue is recognised at that point in time. Provisions for warranties are made at the time of sale.

On long-term fixed price contracts, the customer controls all of the work in progress as the services are being provided. This is because under these contracts, the deliverables are made to a customer's specification, and if a contract is terminated by the customer, then the Corporation is entitled to reimbursement of the costs incurred to date plus the applicable gross margin. Therefore, revenue from these contracts and the associated costs are recognized as the costs are incurred over time.

On long-term fixed price contracts, revenues are recognized over time using cumulative costs incurred to date relative to total estimated costs at completion to measure progress towards satisfying performance obligations.

Generally, revenue is recognized by multiplying the expected consideration by the ratio of cumulative costs incurred to date to the sum of incurred and estimated costs for completing the performance obligation. The cumulative effect of changes to estimated revenues and estimated costs for completing a contract are recognized in the period in which the revisions are identified. In the event that the estimated costs for completing the contract exceed the expected revenues on a contract, such loss is recognized in its entirety in the period it becomes known.

#### Government grants

The Company receives grants for certain research and development projects. Government grants are recognised at the time when the final and binding right to it has been obtained and when the conditions associated with the grant will be met. Government grants related to costs incurred are offset against costs as they are incurred.

#### Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year.

#### Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

#### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Results of equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement.

##### Income from other equity investments in group entities

Income from other equity investments and securities comprises realised capital gains and losses from other equity investments and securities recognised as investments or current assets in the balance sheet.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies, amortisation of financial liabilities, etc.

##### Tax on loss for the year

Tax relating to loss for the year is recognised in the income statement at the amount attributable to profit/loss for the year and directly in equity at the amount attributable to entries recognised directly against equity.

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year adjusted for tax on the taxable income of prior years and for tax paid on account.

### Balance sheet

#### Intangible assets

##### *Software*

Software licences are measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over three years.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery	5-8 years
Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement.

Property, plant and equipment under construction are recognised and measured at cost at the balance sheet date. Upon entry into service the cost is transferred to the relevant group of property, plant and equipment.

Where individual components of assets have different useful lives, they are accounted for as separate items, which are depreciated separately.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### Investments

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Parent Company's accounting policies plus or minus unrealised intra-group gains or losses.

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the residual amount is recognised as provisions.

#### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as investments are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

#### Inventories

Inventories are measured at cost in accordance with the FIFO method.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

## **Financial statements 1 January – 31 December**

### **Notes**

#### **1 Accounting policies (continued)**

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

#### **Receivables**

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

#### **Contract work in progress**

Contract work in progress is measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual construction contract. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual construction contract.

When the selling price of a construction contract cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual construction contract is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of construction contracts where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of construction contracts where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

#### **Corporation tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

#### **Prepayments**

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

#### **Cash at bank and in hand**

Cash at bank and in hand comprise cash and bank deposits.

## **Financial statements 1 January – 31 December**

### **Notes**

#### **1 Accounting policies (continued)**

##### **Provisions**

Other provisions comprise anticipated costs of warranty liabilities. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

##### **Deferred income**

Prepayments received from customers comprise advance payments regarding income in subsequent years when the work had not been initiated.

Deferred income comprises payments received regarding income in subsequent years.

##### **Liabilities other than provisions**

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

##### **Leases**

As of the balance sheet date, the Company has only entered operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

## Financial statements 1 January – 31 December

### Notes

#### 2 Staff costs

DKK'000	2023	2022
Wages and salaries	123,329	88,616
Pensions	10,991	8,210
Other social security costs	1,630	944
	<u>135,950</u>	<u>97,770</u>
Average number of full-time employees	<u>177</u>	<u>145</u>

In accordance with section 98b(3) of the Danish Financial Statements Act, the Company has not disclosed remuneration of Management as only one member of the Executive Board and Board of Directors have been remunerated in their capacity as Management members in 2022 and 2023.

#### Incentive schemes

All directors, officers and employees of Ballard and its subsidiaries are eligible to participate in Ballard Inc.'s Option Plan.

In addition, Ballard Inc.'s grants stock-based compensation awards (shares) as an incentive for senior leaders to contribute to Ballard Inc.'s long-term success, which includes PSUs, RSUs and stock options. The shares and options are granted and settled by Ballard Inc.

In 2023, an expense of DKK 5,659 thousand (2022: expense of DKK 4,523 thousand) has been recognised in the income statement related to the Employee Stock Purchase Program. A total number of 220,191 Restricted Stock Units (RSUs), 52,628 Performance Share Units (PSUs) and 0 stock options have been granted during 2023 to employees.

As of 31 December 2023 a total of 171,878 RSUs, 37,656 PSUs and 139,032 stock options are open to be vested during the next years. The fair value of the RSUs, PSUs and stock options related to employees of Ballard Power Systems Europe A/S amounts to CAD 1,711 thousand as of 31 December 2023. The fair value measurement is based on a Black Scholes calculation.

DKK'000	2023	2022
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#### 3 Financial expenses

Interest expense to group entities	0	16
Other financial costs	119	1,824
	<u>119</u>	<u>1,840</u>

#### 4 Proposed distribution of loss

Retained earnings	-167,737	-123,984
	<u>-167,737</u>	<u>-123,984</u>

## Financial statements 1 January – 31 December

### Notes

#### 5 Intangible assets

DKK'000	<u>Software</u>
Cost at 1 January 2023	1,036
Additions for the year	<u>61</u>
Cost at 31 December 2023	1,097
Amortisation and impairment losses at 1 January 2023	-1,031
Amortisation for the year	<u>-22</u>
Amortisation and impairment losses at 31 December 2023	-1,053
<b>Carrying amount at 31 December 2023</b>	<u><u>44</u></u>

#### 6 Property, plant and equipment

DKK'000	<u>Plant and machinery</u>	<u>Fixtures and fittings, tools and equipment</u>	<u>Leasehold improvements</u>	<u>Property, plant and equipment under construction</u>	<u>Total</u>
Cost at 1 January 2023	2,250	1,957	9,072	3,406	16,685
Additions for the year	0	34	477	3,907	4,418
Disposals for the year	0	0	-384	0	-384
Transfers for the year	<u>0</u>	<u>65</u>	<u>6,432</u>	<u>-6,432</u>	<u>65</u>
Cost at 31 December 2023	2,250	2,056	15,597	881	20,784
Depreciation and impairment losses at 1 January 2023	-1,022	-1,755	-1,818	0	-4,595
Depreciation for the year	<u>-262</u>	<u>-124</u>	<u>-2,037</u>	<u>0</u>	<u>-2,423</u>
Depreciation and impairment losses at 31 December 2023	-1,284	-1,879	-3,855	0	-7,018
<b>Carrying amount at 31 December 2023</b>	<u><u>966</u></u>	<u><u>177</u></u>	<u><u>11,742</u></u>	<u><u>881</u></u>	<u><u>13,766</u></u>

## Financial statements 1 January – 31 December

### Notes

#### 7 Investments

DKK'000	Equity investments in group entities
Cost at 1 January 2023	74
Cost at 31 December 2023	74
Revaluations at 1 January 2023	-63
Profit for the year	70
Exchange rate adjustment	28
Revaluations 31 December 2023	35
<b>Carrying amount at 31 December 2023</b>	<b>109</b>

Name	Registered office	Voting rights and ownership interest
Ballard Norge AS	Bergen, Norway	100%

#### 8 Contract work in progress

DKK'000	31/12 2023
Selling price of work performed	21,885
Progress billings	-21,217
	668
Recognised as follows:	
Contract work in progress (assets)	668
	668

#### 9 Other receivables

Of other receivables of DKK 19,678 thousand (31 December 2022: DKK 16,061 thousand), DKK 1,221 thousand (31 December 2022: DKK 3,407 thousand) is expected to be settled subsequent to 12 months from the balance sheet date.

#### 10 Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years with regard to insurance, etc.

## Financial statements 1 January – 31 December

### Notes

#### 11 Other provisions

Other provisions consist of provisions related to warranty on products sold in the current and previous financial years.

DKK'000	<u>31/12 2023</u>	<u>31/12 2022</u>
Balance at beginning of the year	4,236	1,545
Provisions during the year	<u>2,469</u>	<u>2,691</u>
	<u><u>6,705</u></u>	<u><u>4,236</u></u>

The provisions are expected to be activated as follows:

0-1 years	2,298	1,508
1-5 years	<u>4,407</u>	<u>2,728</u>
	<u><u>6,705</u></u>	<u><u>4,236</u></u>

#### 12 Deferred income

Deferred income comprises payments received regarding income in subsequent years.

#### 13 Contractual obligations, contingencies, etc.

##### Contingent liabilities

Funding has been obtained for some of the Company's development projects, which are subject to ordinary repayment obligations.

##### Operating lease obligations

The Company has entered into operating leases. Remaining operating lease obligations at the balance sheet date amounted to DKK 3,470 thousand (31 December 2022: DKK 3,243 thousand), of which DKK 1,221 thousand falls due within one year from the balance sheet date (31 December 2022: DKK 1,119 thousand).

##### Rental obligations

The Company has entered into rental agreements. Remaining rental obligations at the balance sheet date amounted to DKK 11,975 thousand (31 December 2022: DKK 15,628 thousand), of which DKK 3,855 thousand falls due within one year from the balance sheet date (31 December 2022: DKK 3,900 thousand).

#### 14 Mortgages and collateral

The Company has provided collateral in part of cash at bank and in hand at a carrying amount of DKK 6,708 thousand as of 31 December 2023 as a guarantee towards a customer.

## Financial statements 1 January – 31 December

### Notes

#### 15 Related party disclosures

##### Control

Ballard Power Systems Inc., 9000 Glenlyon Parkway, Burnaby, BC V5j 5J8, Canada.

Ballard Power Systems Inc. holds the majority of the contributed capital in the Company.

Ballard Power Systems Europe A/S is part of the consolidated financial statements of Ballard Power Systems Inc., which is both the largest and smallest group in which the Company is consolidated. The consolidated financial statements can be obtained by contacting the Company or accessing the following website: [www.ballard.com](http://www.ballard.com).

##### Related party transactions

DKK'000	<u>2023</u>
Sale of goods to group entities	103,002
Sale of services to group entities	14,718
Purchase of goods from group entities	106,898
Purchase of services from group entities	2,967

In accordance with section 98b(3) of the Danish Financial Statements Act, the Company has not disclosed remuneration of Management as only one member of the Executive Board and Board of Directors have been remunerated in their capacity of Management in 2022 and 2023.

Interest expenses to group entities are disclosed in note 3.

Payables to and receivables from group entities are disclosed in the balance sheet.

The Company has received capital cash contribution from the Parent Company of DKK 233,300 thousand during 2023.