

**BALLARD®**

# Ballard Power Systems Europe A/S

Majsmarken 1  
DK-9500 Hobro

CVR no. 30 80 49 96

## **Annual report 2022**

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

9 June 2023



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 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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, 9 June 2023

Executive Board:



Jesper Thomsen  
Managing Director

Board of Directors:




Robert Randall MacEwen  
Chairman



Jesper Thomsen



Kevin Michael Colbow



Sarbjot Sidhu



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 2022 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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 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, 9 June 2023

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Steffen S. Hansen  
State Authorised  
Public Accountant  
mne32737



Niklas R. Filipson  
State Authorised  
Public Accountant  
mne47781

**Ballard Power Systems Europe A/S**  
Annual report 2022  
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:	<a href="http://www.ballard.com">www.ballard.com</a>
E-mail:	<a href="mailto:contact@ballardeurope.com">contact@ballardeurope.com</a>

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 Themsen  
Kevin Michael Colbow  
Sarbjot Sidhu  
Paul Michael Dobson

### **Executive Board**

Jesper Themsen, 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	2022	2021	2020	2019	2018
<b>Key figures</b>					
Gross profit/loss	-18,068	6,277	-1,907	6,413	2,809
Profit/loss before financial income and expenses	-127,722	-61,388	-46,934	-26,235	-20,556
Profit/loss from financial income and expenses	-1,835	-14,738	-8,215	-6,935	-5,067
Profit/loss for the year	-123,984	-61,901	-49,649	-28,273	-20,238
<b>Ratios</b>					
Solvency ratio	51%	36%	-374%	-245%	-211%
Total assets	204,569	114,298	43,985	46,770	40,885
Equity	103,914	41,605	-164,336	-114,686	-86,415
Investment in property, plant and equipment	6,885	6,489	728	838	1,075

The financial ratios have been calculated as follows:

A reference is made to the accounting policies section for elaboration on the changes in accounting policies as a result of change in reporting class from B to C medium-sized entities in 2022. The comparative figures for 2018 - 2021 have not been restated to reflect the changed accounting policies in accordance with the Danish Financial Statements Act.

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 2022 shows a loss of DKK 123,984 thousand as against a loss of DKK 61,901 thousand in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at DKK 103,914 thousand as against a negative of DKK 41,605 thousand at 31 December 2021.

Over the past 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. We have focused on optimizing our operations, product mix, and service offerings while aggressively pursuing new opportunities and partnerships.

Our operating performance in 2022 has been impacted by market dynamics, rising production costs and other external factors. Nevertheless, our strong dedication towards technological advancement and innovation has led to sustained research and development activities.

In 2022, the company continued its growth trajectory despite the increased loss compared to the previous year. This is partly due to our ongoing investment in product development and efforts to penetrate new markets, reflecting in our enhanced equity position by the end of 2022.

Despite a challenging operating environment, we have managed to achieve several strategic milestones. The loss for the year 2022 is largely due to significant investments in the areas of research and development, market expansion, and production enhancements.

#### *Capital resources*

To support our 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.

#### 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 strategic initiatives and market projections, we expect that the financial results for 2023 will be similar to those of 2022, with a slight improvement due to anticipated efficiencies and growth in our operations.

#### 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.



## **Management's review**

### **Operating review**

#### **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 in Europe 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 2022.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2022	2021
<b>Gross profit/loss</b>		-18,068	6,277
Staff costs	2	-108,297	-66,809
Depreciation and amortisation		-1,357	-856
<b>Loss before financial income and expenses</b>		-127,722	-61,388
Result of equity investments in group entities		-60	0
Income from other equity investments and securities		133	8,725
Financial income		5	0
Financial expenses	3	-1,840	-14,738
<b>Loss before tax</b>		-129,484	-67,401
Tax on loss for the year		5,500	5,500
<b>Loss for the year</b>	4	-123,984	-61,901

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	5		
Software		5	13
<b>Property, plant and equipment</b>	6		
Plant and machinery		1,228	421
Fixtures and fittings, tools and equipment		202	329
Leasehold improvements		7,254	1,363
Property, plant and equipment under construction		3,406	4,441
		12,090	6,554
<b>Investments</b>	7		
Equity investments in group entities		11	0
<b>Total fixed assets</b>		12,106	6,567
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		78,523	14,071
Work in progress		22,765	14,911
Finished goods and goods for resale		23,259	17,087
		124,547	46,069
<b>Receivables</b>			
Trade receivables		23,070	24,296
Receivables from group entities		4,820	0
Other receivables	8	16,061	12,372
Corporation tax		5,500	5,500
Prepayments	9	1,380	790
		50,831	42,958
<b>Securities and equity investments</b>		0	6,545
<b>Cash at bank and in hand</b>		17,085	12,159
<b>Total current assets</b>		192,463	107,731
<b>TOTAL ASSETS</b>		204,569	114,298

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		5,425	5,205
Retained earnings		98,489	36,400
<b>Total equity</b>		<b>103,914</b>	<b>41,605</b>
<b>Provisions</b>			
Other provisions	10	4,236	1,545
<b>Total provisions</b>		<b>4,236</b>	<b>1,545</b>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Prepayments received from customers		14,529	4,611
Trade payables		22,133	12,292
Payables to group entities		39,643	29,400
Other payables		16,579	15,085
Deferred income	11	3,535	9,760
		96,419	71,148
<b>Total liabilities other than provisions</b>		<b>96,419</b>	<b>71,148</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>204,569</b>	<b>114,298</b>
<b>Contractual obligations, contingencies, etc.</b>			
	12		
<b>Mortgages and collateral</b>	13		
<b>Related party disclosures</b>	14		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2022	5,205	36,400	41,605
Cash capital increase	220	186,076	186,296
Exchange adjustment related to investments in group entities	0	-3	-3
Transferred over the distribution of loss	0	-123,984	-123,984
<b>Equity at 31 December 2022</b>	<b>5,425</b>	<b>98,489</b>	<b>103,914</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Ballard Power Systems Europe A/S for 2022 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The Company changed its reporting class from B to C medium-entities in 2022. The change in reporting class lead to the recognition of indirect production overheads on inventory in 2022. The change in the measurement of inventory has only been adopted for 2022 and has not impacted on comparative figures. Besides the change in the recognition and measurement of inventory, the accounting policies used in the preparation of the financial statements remain unchanged from last year.

#### 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 profit/loss

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

#### Revenue

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

Product revenue is derived primarily from standard product sales contracts and from long-term fixed price contracts. Engineering service and technology transfer services revenue is derived primarily from cost-plus reimbursable contracts and from long-term fixed price contracts.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

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.

#### 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.

#### 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.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

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.

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.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### 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.

Other securities and equity investments, recognised as fixed and current assets comprise shares that are measured at fair market value on the balance sheet date. Public quoted securities are measured at quoted price (fair value).

##### 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.

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.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### 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.

##### 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	2022	2021
Wages and salaries	97,499	59,939
Pensions	8,210	5,260
Other social security costs	944	750
Other staff costs	1,644	860
	<u>108,297</u>	<u>66,809</u>
Average number of full-time employees	<u>145</u>	<u>88</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 2021 and 2022.

#### 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 2022, an expense of DKK 4,523 thousand (2021: expense of DKK 1,234 thousand) has been recognised in the income statement related to the Employee Stock Purchase Program. A total number of 5,332 Restricted Stock Units (RSUs), 25,446 Performance Share Units (PSUs) and 161,800 stock options have been granted during 2022 to employees.

As of 31 December 2022 a total of 7,014 RSUs, 19,731 PSUs and 145,699 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 USD 1,117 thousand as of 31 December 2022. The fair value measurement is based on a Black Scholes calculation.

DKK'000	2022	2021
<b>3 Financial expenses</b>		
Interest expense to group entities	16	12,587
Other financial costs	<u>1,824</u>	<u>2,151</u>
	<u>1,840</u>	<u>14,738</u>
<b>4 Proposed distribution of loss</b>		
Retained earnings	<u>-123,984</u>	<u>-61,901</u>
	<u>-123,984</u>	<u>-61,901</u>

## Financial statements 1 January – 31 December

### Notes

#### 5 Intangible assets

DKK'000	Software
Cost at 1 January 2022	1,036
Cost at 31 December 2022	1,036
Amortisation and impairment losses at 1 January 2022	-1,023
Amortisation for the year	-8
Amortisation and impairment losses at 31 December 2022	-1,031
<b>Carrying amount at 31 December 2022</b>	<b>5</b>

#### 6 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2022	1,259	1,921	2,180	4,441	9,801
Additions for the year	991	36	2,887	2,970	6,884
Transfers for the year	0	0	4,005	-4,005	0
Cost at 31 December 2022	2,250	1,957	9,072	3,406	16,685
Depreciation and impairment losses at 1 January 2022	-838	-1,592	-817	0	-3,247
Depreciation for the year	-184	-163	-1,001	0	-1,348
Depreciation and impairment losses at 31 December 2022	-1,022	-1,755	-1,818	0	-4,595
<b>Carrying amount at 31 December 2022</b>	<b>1,228</b>	<b>202</b>	<b>7,254</b>	<b>3,406</b>	<b>12,090</b>

#### 7 Investments

DKK'000	Equity investments in group entities
Cost at 1 January 2022	0
Additions for the year	74
Cost at 31 December 2022	74
Net loss for the year	-60
Exchange rate adjustment	-3
Revaluations 31 December 2022	-63
<b>Carrying amount at 31 December 2022</b>	<b>11</b>

## Financial statements 1 January – 31 December

### Notes

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

#### 8 Other receivables

Of other receivables of DKK 16,061 thousand, DKK 3,407 thousand is expected to be settled subsequent to 12 months from the balance sheet date.

#### 9 Prepayments

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

#### 10 Other provisions

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

DKK'000	31/12 2022	31/12 2021
Balance at beginning of the year	1,545	664
Provisions during the year	2,691	881
	4,236	1,545

#### 11 Deferred income

Deferred income comprises payments received regarding income in subsequent years.

#### 12 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 3,243 thousand (31 December 2021: DKK 1,136 thousand), of which DKK 1,119 thousand falls due within one year from the balance sheet date (31 December 2021: DKK 599 thousand).

##### Rental obligations

The Company has entered into rental agreements. Rental obligations amounted to DKK 15,628 thousand (31 December 2021: DKK 15,973 thousand), of which DKK 3,900 thousand falls due within one year from the balance sheet date (31 December 2021: DKK 2,801 thousand).

## Financial statements 1 January – 31 December

### Notes

#### 13 Mortgages and collateral

The Company has provided collateral in part of cash at bank and in hand at a carrying amount of DKK 6,693 thousand as of 31 December 2022 as a guarantee towards a customer's prepayments at a carrying amount of DKK 6,693 thousand as of 31 December 2022.

#### 14 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	2022
Sale of goods to group entities	52,839
Sale of services to group entities	14,898
Purchase of goods from group entities	68,272
Purchase of services from group entities	4,880

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 2021 and 2022.

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 186,296 thousand during 2022.