

Topsoe SOEC Production A/S
Haldor Topsøes Allé 1 - 2800 Kgs. Lyngby - Denmark

Annual Report 2023

Topsoe SOEC Production A/S
CVR no. 43 70 70 43

The Annual Report has been presented and adopted at the Annual General Meeting on June 28, 2024.

Chair of the meeting,
Marianne Zenius-Dik Mathur

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Managements review

The business of the Company is to manufacture electrolysis cells. The activities of the company are mainly conducted through its production facility in Herning.

The net loss for the company's first financial year 14th of December 2022 to 31st of December 2023 has been TDKK 15.

The total equity amounts to TDKK 11.562.

Statement by the Management and Board of Directors on the Annual Report

The Management and Board of Directors have today considered and adopted the Annual Report 2023 of Topsoe SOEC Production A/S.

The financial statements have been prepared in accordance with the Danish Financial Statements Act. In our opinion, the financial statements give a true and fair view of the financial position of the company at December 31, 2023 and of the results

of the company operations for 14th of December 2022 to 31st of December 2023 in accordance with the applied accounting policies.

In our opinion, the Managements' review includes a true and fair account of the development in the operations and financial circumstances of the company, and the results for the year and of the financial position of the company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Lyngby, June 28, 2024

Management

Anders Hindum

Board of Directors

Roeland Baan
(Chairman)

Lene Ramm

Kim Saaby Hedegaard

Accounting policies

The financial statements of Topsoe SOEC Production A/S for 2023 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been denominated in DKK 1,000.

General

The financial statements have been prepared in accordance with the historical cost convention.

Translation policy

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction. Foreign currency monetary items are translated into the functional currency at the exchange rates prevailing at the balance sheet date.

Currency translation adjustments arising on the translation of group enterprises' net assets at the beginning of the financial year and translation of group enterprises' income statements from average exchange rates to the exchange rates prevailing at the balance sheet date are recognized directly in equity.

Income statement

Revenue

The recognition of revenue is according to IFRS 15.

Revenue from contracts with customers is recognized in the income statement when control of the goods or services has been transferred to the customer, i.e. when goods or services are delivered. Revenue is recognized exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise travelling, office expenses, entertainment, etc.

Staff expenses

Staff expenses comprise of wages and salaries as well as salary dependent costs.

Depreciation

Depreciation comprises of depreciation of property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise of interest and realized and unrealized foreign currency translation adjustments.

Tax

The company is jointly taxed with Topsøe Holding A/S, the ultimate parent company. Tax for the individual companies is allocated fully on the basis of expected taxable income. Foreign group enterprises are not included in the joint taxation.

Tax consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity entries is recognized directly in equity.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation. Depreciation based on cost is calculated on a straight-line basis over the expected useful lives of the assets.

Gains and losses from sale of property, plant and equipment are recognized in 'Other external expenses'.

Land is not depreciated.

Lease contracts

The measurement of lease contracts is according to IFRS 16.

Whether a contract contains a lease or a service arrangement is assessed at contract inception. For contracts which contain a lease, the Group recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, being the initial amount of the lease liability. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. The right-of-use asset is periodically adjusted for certain re-measurements of the lease liability and reduced by any impairment losses.

The lease term determined by the Group is the non-cancellable period of a lease, together with extension/termination option if these are reasonably certain to be exercised.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using the incremental borrowing rate. The lease liability is measured using the effective interest method.

The lease liability is remeasured when there is a change in future lease payments, typically due to a change in index on property leases, or if there is a reassessment of whether an extension or termination option will be exercised. A corresponding adjustment is made to the right-of-use asset, or in the

income statement when the right-of-use asset has been fully depreciated.

Short-term leases (less than 12 months) and leases relating to low-value assets are not recognized in the balance sheet.

Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation. If so, the asset is written down to its lower recoverable amount. Where a recoverable amount cannot be determined for the individual asset, the asset is assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments include expenses incurred in respect of subsequent financial years. Such expenses are typically prepaid expenses concerning rent.

Provisions

Provisions are recognized when – in consequence of a previous event – the company has a legal or constructive obligation, and it is probable that economic benefits must be given up, to settle the obligation. Provisions are measured at management's estimate of the discounted amount expected to be required to repay the obligation.

Tax

Current tax liabilities and current tax receivable are recognized in receivables in the balance sheet in the event of overpayment of tax on account, in debt in the event of underpayment of tax on account.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured on the basis of tax rules and tax rates expected to be in force on elimination of temporary differences. Any changes in deferred tax due to changes in tax rates are recognized in the income statement with the share attributable to the results for the year and directly on equity with the share attributable to equity transactions.

Debt

Debts are measured at amortized cost, mainly corresponding to nominal value.

Income statement January 1 - December 31

	<u>Note</u>	14 December 2022 - 31 December 2023 <u>DKK 1,000</u>
Other external expenses		<u>-25</u>
EBIT		-25
Financial income		<u>6</u>
Profit/(loss) before tax		-19
Tax		<u>4</u>
Net profit/(loss)		<u>-15</u>
Proposed distribution of profit/(loss)		
Proposed dividend		0
Retained earnings		<u>-15</u>
		<u>-15</u>

Balance sheet at December 31

Assets

	<u>Note</u>	14 December 2022 - 31 December 2023 <u>DKK 1,000</u>
Land and buildings		8,319
Assets under construction	1	<u>866,910</u>
Fixed assets		<u>875,229</u>
Corporate tax		<u>4,099</u>
Receivables		<u>4,099</u>
Cash		<u>11,558</u>
Current assets		<u>15,657</u>
Assets		<u>890,886</u>

Balance sheet at December 31

Equity and liabilities

	<u>Note</u>	14 December 2022 - 31 December 2023 <u>DKK 1,000</u>
Share capital		400
Share premium		11,177
Retained earnings		-15
		<u>11,562</u>
Equity		<u>11,562</u>
Deferred tax		4,095
		<u>4,095</u>
Provisions		4,095
		<u>4,095</u>
Payables to group enterprises		875,229
		<u>875,229</u>
Current liabilities		875,229
		<u>875,229</u>
Liabilities		879,324
		<u>879,324</u>
Equity and liabilities		<u>890,886</u>
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Statement of changes in equity

	<u>Share capital</u> DKK 1,000	<u>Share premium</u> DKK 1.000	<u>Retained earnings</u> DKK 1,000	<u>Total</u> DKK 1,000
Equity at December 14, 2022	400	11,177	0	11,577
Net profit/(loss) for the year	<u>0</u>	<u>0</u>	<u>-15</u>	<u>-15</u>
Equity at December 31, 2023	<u>400</u>	<u>11,177</u>	<u>-15</u>	<u>11,562</u>

Notes to the financial statements

1 Asset under construction

Topsoe SOEC Production A/S has begun its construction of a Factory in Herning in 2023. This is financed by the parent company Topsoe A/S, who has committed DKK 2 Billion to the project. The production factory is expected to be completed in 2025.

2 Contingent liabilities

Through participation in joint taxation scheme with Topsøe Holding A/S, the company is jointly and severally liable for taxes and VAT payable in Denmark.

3 Consolidated financial statements

Topsoe A/S prepares consolidated financial statements, which include the Company and its group enterprises. Address: Haldor Topsøe's Allé 1, 2800 Kgs. Lyngby, Denmark.
Company webpage: <https://www.topsoe.com/investor/annual-reports>

4 Subsequent events

No events materially affecting the Company's financial position at December 31, 2023 have occurred after the balance sheet date.