

Ballard Power Systems

Europe A/S

Lupinvej 4
DK-9500 Hobro

CVR no. 30 80 49 96

Annual report 2024

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

27 March 2025

Robert Randall MacEwen
Chairman of the annual general meeting

Ballard Power Systems Europe A/S
Annual report 2024
CVR no. 30 80 49 96

Contents

Statement by the Board of Directors and the Executive Board

Independent auditor's report

Management's review

Company details
Financial highlights
Operating review

Financial statements 1 January – 31 December

Income statement
Balance sheet
Statement of changes in equity
Notes

Ballard Power Systems Europe A/S
Annual report 2024
CVR no. 30 80 49 96

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 for Ballard Power Systems Europe A/S for the financial year 1 January - 31 December 2024.

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 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024.

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, 27 March 2025
Executive Board:

Henrik Rise Christensen
CEO

Board of Directors:

Robert Randall MacEwen
Chairman

Henrik Rise Christensen
Board Member

Kate Renee Igbalode
Board Member



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 2024, 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 2024 and of the results of the Company's operations for the financial year 1 January - 31 December 2024 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

- 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.



Independent auditor's report

- 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.
- plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

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 Statement Act. We did not identify any material misstatement of the Management's review.

Aalborg, 27 March 2025

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 2024
CVR no. 30 80 49 96

Management's review

Company details

Ballard Power Systems Europe A/S
Lupinvej 4
DK-9500 Hobro

Telephone: 88 43 55 00
E-mail: contact@ballardeurope.com

CVR no.: 30 80 49 96
Established: 20 August 2007
Registered office: Mariagerfjord
Financial year: 1 January - 31 December

Board of Directors

Robert Randall MacEwen, Chairman
Henrik Rise Christensen, Board Member
Kate Renee Igbalode, Board Member

Executive Board

Henrik Rise Christensen, CEO

Audit

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

Management's review

Financial highlights

DKK'000	2024	2023	2022	2021	2020
Gross profit/loss	-35,221	-35,200	-28,595	6,277	-1,907
Loss before financial income and expenses	-216,748	-173,595	-127,722	-61,388	-46,934
Profit/loss from financial income and expenses	-1,845	359	-1,835	-14,738	-8,215
Loss for the year	-213,093	-167,736	-123,984	-61,901	-49,649
Total assets	227,884	266,433	204,569	114,298	43,985
Investments in property, plant and equipment	4,338	4,483	6,885	6,489	728
Equity	113,984	169,505	103,914	41,605	-164,336
Solvency ratio	50.0%	63.6%	50.8%	36.4%	-373.6%

In 2022, the Company changed its reporting class from B to C medium-sized entities. Consequently, from 2022 and onwards the Company has recognised indirect production overheads on inventory. The comparative figures for 2020 -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

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

Ballard Power Systems Europe A/S
Annual report 2024
CVR no. 30 80 49 96

Management's review

Operating review

Principal activities

Ballard Power Systems Europe A/S remains dedicated to selling and servicing zero-emission, industry-leading PEM fuel cell technology products and services to meet the needs of our customers in target markets. 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

Loss for the year (including comparison with forecasts previously announced)

The Company's income statement for 2024 shows a loss of DKK 213,093 thousand as against a loss of DKK 167,736 thousand in 2023. Equity in the Company's balance sheet at 31 December 2024 stood at DKK 113,984 thousand as against DKK 169,505 thousand at 31 December 2023.

In the annual report for 2023, the outlook for 2024 was projected to be slightly improved results for the year compared to 2023. Based on the realised loss for this year, the expectations set forth in the 2023 annual report for 2024 were not realised. Rather increased losses in 2024 were primarily driven by charges related to a global restructuring plan initiated in September 2024 by Ballard Power Systems Inc to reduce corporate spending and to maintain balance sheet strength amid a slowdown in hydrogen infrastructure development and delayed fuel cell adoption.

Over the past few years, there has been a negative change in investor sentiment towards pre-profitability clean energy companies with long-duration investment horizons. In 2024, we observed further indicators of slowing hydrogen and fuel cell policy implementation and market adoption. We also noted a material weakening of the financial position of certain customers, increasing their risk regarding the ability to continue with product development programs and commercialisation plans. Within this backdrop, Ballard Power Systems Europe A/S' restructuring included a sizeable workforce reduction, rationalisation of product development and manufacturing operations and a consolidation of facilities. In addition, the Company has sold a separate business activity in alignment with the strategy of focus. As a result of this, loss from the year was affected by restructuring expense of DKK 72,238 thousand and net income of DKK 10,534 thousand from the sale of a separate business activity. These matters deviate from Management's assessment of what is part of the Company's ordinary operating activities and have been accounted for as special items in the financial statements. A reference is made to note 2 to the financial statements.

Notwithstanding this very challenging industry context, Ballard continues to win in the market. Ballard achieved important commercial milestones in 2024, including new strategic customer platform wins, repeat business from existing customers and strong order intake. Ballard Power Systems Europe A/S was restructured with a focus on optimising operations, product mix and service offerings to support the execution of the European-based opportunities and partnerships.

Capital resources

To support continued operations, we have strengthened our capital resources through a group contribution from our Parent Company, Ballard Power Systems Inc. totalling DKK 157,600 thousand. This strategic financial support has significantly bolstered our equity position, ensuring that we have the necessary resources to continue the operations and the restructuring process. To facilitate continued operations and payment of restructuring costs of the Company, a support letter from the Parent Company has been issued covering cash flow requirements in 2025.

Ballard Power Systems Europe A/S
Annual report 2024
CVR no. 30 80 49 96

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 minimise 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, diversity, equality and inclusion.

As 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.

Outlook

Looking forward, we continue to believe that hydrogen and PEM fuel cells will play an important long-term role in decarbonising select heavy mobility and stationary power applications. However, given ongoing market uncertainty, we will continue to closely monitor factors impacting the commercial adoption of our markets and products and reassess our investment plans, cost structure and cash usage based on these factors. Based on our current operating plans and market projections, we expect that the Ballard Power Systems Europe A/S financial results for 2025 will be significantly up on 2024, driven by the heavily reduced operating costs resulting from the restructuring actions taken in our operations. Profitability estimated in the range of DKK -50,000 to -70,000 thousand depending on the realized revenues for the next financial year 2025.

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

The Company's risk exposure

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.

Ballard Power Systems Europe A/S
Annual report 2024
CVR no. 30 80 49 96

Management's review

Operating review

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2024.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2024	2023
Gross loss	2	-35,221	-35,200
Staff costs	3	-164,956	-135,950
Amortisation and impairment losses on intangible assets		-16,559	-2,445
Other operating costs		-12	0
Loss before financial income and expenses		-216,748	-173,595
Income from investments in group entities		4	70
Other financial income		618	408
Other financial expenses		-2,467	-119
Loss before tax		-218,593	-173,236
Tax on loss for the year		5,500	5,500
Loss for the year	4	-213,093	-167,736

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2024	31/12 2023
ASSETS			
Fixed assets			
Intangible assets	5		
Patents, licences and trademarks		0	44
Development projects in progress		6,661	0
		<u>6,661</u>	<u>44</u>
Property, plant and equipment	6		
Plant and machinery		51	966
Fixtures, fittings, tools and equipment		0	177
Leasehold improvements		2,003	11,742
Property, plant and equipment in progress		312	881
		<u>2,366</u>	<u>13,766</u>
Financial assets			
Equity investments in group entities	7	85	109
Total fixed assets		<u>9,112</u>	<u>13,919</u>
Current assets			
Inventories			
Raw materials and consumables		49,964	74,328
Work in progress		6,592	11,794
Finished goods and goods for resale		102,337	46,720
Prepayments for goods		887	0
		<u>159,780</u>	<u>132,842</u>
Receivables			
Trade receivables		10,168	54,766
Contract work in progress	8	0	668
Receivables from group entities		0	274
Corporation tax		5,500	5,500
Other receivables	9	13,189	19,678
Prepayments	10	1,070	4,103
		<u>29,927</u>	<u>84,989</u>
Cash at bank and in hand		<u>29,065</u>	<u>34,683</u>
Total current assets		<u>218,772</u>	<u>252,514</u>
TOTAL ASSETS		<u><u>227,884</u></u>	<u><u>266,433</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2024	31/12 2023
EQUITY AND LIABILITIES			
Equity			
Contributed capital		5,526	5,485
Reserve for net revaluation using the equity method		11	35
Reserve for development costs		5,196	0
Retained earnings		103,251	163,985
Total equity		<u>113,984</u>	<u>169,505</u>
Provisions			
Other provisions	11	47,539	6,705
Total provisions		<u>47,539</u>	<u>6,705</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Contract work in progress	8	1,112	0
Prepayments received from customers		1,181	1,314
Trade payables		7,977	21,047
Payables to group entities		24,026	29,623
Other payables, including taxes payable		24,533	30,977
Deferred income	12	7,532	7,262
		<u>66,361</u>	<u>90,223</u>
Total liabilities other than provisions		<u>66,361</u>	<u>90,223</u>
TOTAL EQUITY AND LIABILITIES		<u>227,884</u>	<u>266,433</u>

Ballard Power Systems Europe A/S
Annual report 2024
CVR no. 30 80 49 96

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2024	5,485	35	0	163,985	169,505
Capital increase	41	0	0	157,559	157,600
Exchange adjustment	0	-28	0	0	-28
Transfers, reserves	0	4	5,196	-5,200	0
Transferred over the distribution of loss	0	0	0	-213,093	-213,093
Equity at 31 December 2024	5,526	11	5,196	103,251	113,984

Ballard Power Systems Europe A/S
Annual report 2024
CVR no. 30 80 49 96

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Ballard Power Systems Europe A/S for 2024 has been prepared in accordance with the provisions applying to reporting class C medium-sized under the Danish Financial Statements Act.

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

Omission of presentation 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.

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.

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.

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.

Income statement

Revenue

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

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 longterm fixed price contracts.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

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.

Cost of sales

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

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment, payroll refunds and consideration from the sale of activity with secondary nature.

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.

Other operating costs

Other operating costs comprise items secondary to the activities of the entities, including losses on the disposal of intangible assets and property, plant and equipment.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

Income from equity investments in subsidiaries and participating interests (including associates)

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

The proportionate share of the individual participating interests' profit/loss after tax is recognised in the Parent Company's income statement after elimination of a proportionate share of intra-group gains/losses and amortisation of goodwill.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in 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

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 3-5 years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

Patents, licences and trademarks

Patents, licenses and trademarks constitutes licenses that are measured at cost less accumulated amortisation and impairment losses. Licenses are amortised on a straight-line basis over three years.

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment, and leasehold improvements 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, 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.

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.

Leases

The Company holds only 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 assets

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.

Other receivables and deposits are recognised at amortised cost.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities is 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 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 contract work in progress. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to contract work in progress.

When the selling price of contract work in progress 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

Corporation tax and deferred 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.

Equity

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries in proportion to cost.

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the development costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Provisions

Other provisions comprise anticipated costs of warranty, restructuring liabilities and costs to complete contracts that exceeds the expected revenues on contracts (onerous contracts). 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.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

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 where the work has been initiated.

2 Special items

Special items comprise significant income and costs of a special nature in relation to the Company's usual income-generating operating activities. Special items also comprise costs related to restructuring and gains from the sale of a separate business activity.

As mentioned in the Management's review, loss from the year was affected by restructuring expense of DKK 72,238 thousand and net income of DKK 10,534 thousand from the sale of a separate business activity. These matters deviate from Management's assessment of what is part of the Company's ordinary operating activities.

Specification of special items, including where they are included in the income statement:

DKK'000	2024	2023
Gross loss		
Other external costs (restructuring)	27,166	0
Other operating income (sale of separate business activity)	-10,534	0
	<u>16,632</u>	<u>0</u>
Staff costs		
Wages and salaries (restructuring)	<u>31,751</u>	<u>0</u>
Amortisation and impairment losses on intangible assets		
Write-down on property, plant and equipment and intangible assets (restructuring)	8,683	0
Write-down of development projects in progress (restructuring)	4,728	0
	<u>13,411</u>	<u>0</u>

Financial statements 1 January – 31 December

Notes

3 Staff costs

DKK'000	2024	2023
Wages and salaries	151,187	123,329
Pensions	11,902	10,991
Other social security costs	1,867	1,630
	<u>164,956</u>	<u>135,950</u>
Average number of full-time employees	<u>181</u>	<u>177</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 has been remunerated in his capacity as member of the Executive Board and Board of Directors in 2023 and 2024.

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 2024, an expense of DKK 3,115 thousand (2023: DKK 5,659 thousand) was recognised in the income statement related to the Employee Stock Purchase Program. A total number of 251,524 Restricted Stock Units (RSUs) and 87,260 Performance Share Units (PSUs) were granted to employees during 2024.

At 31 December 2024 a total of 194,840 RSUs, 51,958 PSUs and 111,392 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 amounted to CAD 856 thousand at 31 December 2024. The fair value measurement is based on a Black Scholes calculation.

4 Proposed distribution of loss

DKK'000	2024	2023
Retained earnings	<u>-213,093</u>	<u>-167,736</u>
	<u>-213,093</u>	<u>-167,736</u>

Financial statements 1 January – 31 December

Notes

5 Intangible assets

DKK'000	Patents, licences and trademarks	Development projects in progress	Total
Cost at 1 January 2024	1,096	0	1,096
Additions	0	11,361	11,361
Cost at 31 December 2024	1,096	11,361	12,457
Amortisation and impairment losses at 1 January 2024	-1,053	0	-1,053
Amortisation	-16	0	-16
Impairment losses	-27	-4,700	-4,727
Amortisation and impairment losses at 31 December 2024	-1,096	-4,700	-5,796
Carrying amount at 31 December 2024	0	6,661	6,661

Development projects in progress

Development projects in progress comprise development of the Company's future ERP configuration that will lead to optimisation and improvements in internal infrastructures, which is expected to trigger considerable economic benefits in the long and short term.

6 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures, fittings, tools and equipment	Leasehold improve- ments	Property, plant and equipment in progress	Total
Cost at 1 January 2024	2,250	2,056	15,597	881	20,784
Additions	299	534	1,928	1,577	4,338
Transferred	0	0	1,295	-1,295	0
Disposals	-135	0	-2,652	0	-2,787
Cost at 31 December 2024	2,414	2,590	16,168	1,163	22,335
Depreciation and impairment losses at 1 January 2024	-1,284	-1,879	-3,855	0	-7,018
Depreciation for the year	-277	-87	-2,767	0	-3,131
Impairment losses for the year	-841	-90	-6,902	-851	-8,684
Disposals for the year	39	-534	-641	0	-1,136
Depreciation and impairment losses at 31 December 2024	-2,363	-2,590	-14,165	-851	-19,969
Carrying amount at 31 December 2024	51	0	2,003	312	2,366

Financial statements 1 January – 31 December

Notes

7 Financial assets

DKK'000	Equity investments in group entities
Cost at 1 January 2024	74
Cost at 31 December 2024	74
Revaluations at 1 January 2024	35
Exchange rate adjustment	-28
Profit/loss for the year	4
Revaluations at 31 December 2024	11
Carrying amount at 31 December 2024	85

Name/legal form	Registered office	Equity interest
Equity investments in group entities: Ballard Norge AS	Bergen, Norway	100%

8 Contract work in progress

DKK'000	2024	2023
Selling price of work performed	27,682	21,885
Progress billings	-28,794	-21,217
	<u>-1,112</u>	<u>668</u>
that can be specified as follows:		
Contract work in progress (assets)	0	668
Contract work in progress (equity and liabilities)	-1,112	0
	<u>-1,112</u>	<u>668</u>

9 Other short-term receivables

Of other receivables of DKK 13,189 thousand (31 December 2023: DKK 19,678 thousand), DKK 1,279 thousand (31 December 2023: DKK 1,221 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

DKK'000	31/12 2024	31/12 2023
Other provisions at 1 January 2024	6,705	4,236
Reversed during the year	-1,839	0
Provisions for the year	42,673	2,469
Other provisions at 31 December 2024	47,539	6,705

The provisions are expected to be activated as follows:

0-1 years	39,408	2,298
1-5 years	6,096	4,407
>5 years	2,035	0
Other provisions at 31 December 2024	47,539	6,705

Other provisions comprise anticipated costs of warranty, amounting to DKK 4,864 thousand, restructuring liabilities amounting to DKK 41,240 thousand, and costs to complete contracts that exceed projected revenue from the contracts (onerous contracts), amounting to DKK 1,435 thousand.

12 Deferred income

Deferred income comprises of payments received from customers that cannot be recognised until the subsequent financial year.

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 2,814 thousand (31 December 2023: DKK 3,470 thousand), of which DKK 988 thousand falls due within one year from the balance sheet date (31 December 2023: DKK 1,221 thousand).

Rental obligations

The Company has entered into rental agreements. Remaining rental obligations at the balance sheet date amounted to DKK 2,651 thousand (31 December 2023: DKK 11,975 thousand), of which DKK 1,901 thousand falls due within one year from the balance sheet date (31 December 2023: DKK 3,855 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 6,714 thousand as of 31 December 2024 as a guarantee towards a customer.

Financial statements 1 January – 31 December

Notes

15 Related parties disclosure

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., 9000 Glenlyon Parkway, Burnaby, BC V5j 5J8, Canada, which is the smallest and largest group, in which the Company is included as a subsidiary.

Related party transactions

DKK'000	<u>2024</u>
Sale of goods to group entities	58,947
Sales of services to group entities	16,688
Purchase of goods from group entities	61,314
Purchase of services from group entities	15,726

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 was remunerated in his capacity as member of the Executive Board and Board of Directors in 2023 and 2024.

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

The Company received a capital cash contribution from the Parent Company of DKK 157,600 thousand during 2024.