

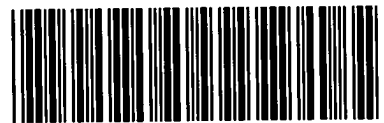
# Johnson Matthey Hydrogen Technologies Limited

## Annual Report and Accounts

For the year ended 31 March 2024

Registered number: 04393161

THURSDAY



\*ADEFBBCW\*

A17

24/10/2024

#193

COMPANIES HOUSE

# Johnson Matthey Hydrogen Technologies Limited

## Contents

Strategic report	1
Directors' report	5
Independent auditors' report to the members of Johnson Matthey Hydrogen Technologies Limited	8
Income statement	11
Balance sheet	12
Statement of changes in equity	13
Accounting policies	14
Notes to the accounts	21

# Johnson Matthey Hydrogen Technologies Limited

## Strategic report

### Principal activities

Johnson Matthey Hydrogen Technologies Limited (the “company”) is engaged in the development and manufacture of catalysts and components for the emerging fuel cell and electrolyser market. The principal business of the company is the manufacture of components for hydrogen fuel cells and electrolysers.

### Our purpose

Our purpose is to create a better tomorrow for consumers, businesses, our employees and communities by shaping the world around us to make it a cleaner and healthier place to live. At Johnson Matthey Hydrogen Technologies Limited, being committed to our business means being committed to each other. Our aim is to keep each other safe, work with clear intentions and respect, and do the right thing for our people and our planet.

### The Board

The directors of the company who were in office during the year and up to the date of signing the accounts were G Andrews, S P Jones (resigned 31 July 2024), M Wilson and B Miller (appointed 31 July 2024).

### Performance during and position at the end of the year

The company’s principal activities are associated with the manufacture of Proton-Exchange Membrane (PEM) products, Catalyst Coated Membranes (CCM) and Membrane Electrode Assembly (MEA) which it sells predominantly into the automotive and materials handling sectors and Phosphoric Acid Fuel Cell (PAFC) selling this into the stationary power sector.

Key performance indicators for the company are revenue growth and operating loss whilst the hydrogen economy is still in its early stages.

In the year ended 31 March 2024 revenue increased by 67% to £72,766,000 driven by demand from the company’s strategic customers.

The company’s operating loss for the year ended 31 March 2024 was £60,276,000 (2023: £34,153,000 loss), reflecting considered investment in building capacity and product development in line with market growth.

Despite the challenging external environment, the company has progressed deals with new customers, expanded existing strategic partnerships, and continues to work with new customers on both specialised catalyst-coated membranes (CCMs) and membrane electrode assemblies (MEAs).

During the year the company invested £71,742,000 capital expenditure into new technology and capacity including building a new production facility in Royston. Due to changing demand profiles of customers the company has delayed the opening of the new facility until additional manufacturing capacity is required.

Financing costs on the loan payable to the shareholder Johnson Matthey Plc increased in the year by 158% to £21,111,000 reflective of the increase in loan balances and higher interest rates during the year.

# Johnson Matthey Hydrogen Technologies Limited

## Strategic report

### Strategy

The long-term importance of hydrogen is becoming increasingly clear. It is essential for tackling the generational challenges of climate change and global decarbonisation — particularly in sectors where driving down emissions pose a significant challenge. The company is uniquely positioned to be a leader in this vital market.

The company provides critical components for the growing hydrogen economy, underpinned by decades of experience in fuel cells and a deep understanding of Platinum Group Metals (PGMs).

Whilst the company believes in the long-term future of hydrogen, there has been a slowdown in growth throughout the year. Continued uncertainty about the exact nature of the financial incentives for hydrogen investment in the US and Europe has resulted in delayed investment decisions and slowed progress on existing projects. The company is adapting to the changing demand profiles of customers as they navigate this short-term uncertainty. Throughout 2023/24 the company's priorities were diversifying our customer base and strategic partnerships, scaling the business and delivering sales growth.

### Principal risks and uncertainties

The company reviews its risk profile on a bi-annual basis, considering and aligning with the group's principal risks where appropriate. The company's principal risks and uncertainties as set out below are associated with the relative immaturity of the market:

- Slower pace of hydrogen and fuel cell market development - The company continues to build key relationships throughout the value chain, developing supply chain and product development partnerships. The company is reducing investment and managing the cost base to align with the pace of market development.
- Failure to industrialise the hydrogen economy – The company has a robust new product development process and continues to invest in both operation and R&D capabilities.
- Climate risk - As a company we try to minimise impact to climate, human health and biodiversity. As a business we aim to help society meet its migration targets to a low-carbon future which is one of the most complex challenges our world has ever faced. The components developed and manufactured by the company for fuel cells and electrolysers will help to decarbonise our roads and the planet. We manage this disruption via our business continuity plans which detail actions and alternative supply routes for various situations. We recognise that effective management of climate change risks is crucial to deliver our growth strategy and inspire confidence in our stakeholders.

# Johnson Matthey Hydrogen Technologies Limited

## Strategic report

### Section 172 statement

In promoting the success of the company, the directors must consider the interests of stakeholders and the other matters required by section 172(1) (a) to (f) of the Companies Act, 2006 ('the Act').

The company is a subsidiary of Johnson Matthey Plc and its activities support the wider strategy of Johnson Matthey Plc and its subsidiary companies (the "group"). Where appropriate, for example, in matters of long-term strategy, decision-making is aligned with that of the ultimate parent company board, ensuring that stakeholders of the company have been considered.

### General confirmation of Directors' duties

Directors are fully aware of and understand their statutory duties under the Act. Day to day authority is delegated to the executives, and the directors are supported by management in setting, approving and overseeing the execution of the business strategy and related policies. Management considers the company's activities, such as reviewing financial and operational performance, business strategy, key risks, stakeholder-related matters, governance, and legal and regulatory compliance, and make decisions.

Section 172(1) of the Act provides that each director must ensure that they act in the way they consider, in good faith, would most likely promote the company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to section 172(1) (a) to (f) as described below.

#### (a) The likely consequences of any decision in the long term

Johnson Matthey Plc is mindful that decisions made by all group companies could have an impact on other stakeholders where relevant. By considering the group's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, the group aims to ensure that the decisions of all group companies, including the company, are consistent and appropriate in all circumstances.

The board established the Hydrogen Technologies Leadership Team, a cross functional executive committee, to lead the business. The Hydrogen Technologies Leadership Team met monthly throughout the year, providing experienced leadership on both current operations and longer-term strategy

#### (b) Interests of employees

As a member of the wider group, the company supports a truly inclusive organisation that fosters employee engagement and development within a diverse and global workforce. Throughout the year the group has engaged with its workforce through several formal and informal channels. Further information on the group's policies and employee engagement practices can be found on pages 72 to 73 of Johnson Matthey Plc's Annual Report and Accounts 2024.

#### (c) Fostering the company's business relationships with suppliers, customers and others

Johnson Matthey Plc recognises that fostering the group's relationship with customers, suppliers, governments and partners is essential to ensure the success of our strategy and long-term success of all group companies. The company directors adhere to these values to foster the company's business relationships.

#### (d) Impact of operations on the community and the environment

Sustainability is at the heart of Johnson Matthey Plc's strategy, and the impact we have on communities and the environment is carefully considered. Being a responsible neighbour continues to be core to our community investment approach. Through our activities we aim to strengthen the communities surrounding our sites by contributing to their long-term resilience and sustainability. Further information about how the group engages with communities and NGOs can be found on pages 51 to 52 of Johnson Matthey Plc's Annual Report and Accounts 2024.

# Johnson Matthey Hydrogen Technologies Limited

## Strategic report

(e) Maintaining a reputation for high standards of business conduct

The group and the company adheres to the Code of Ethics, Supplier Code of Conduct and Modern Slavery Statements, which set out the high standards and behaviours we expect from those that work for us or with us.

(f) The need to act fairly as between members of the company

The company's activities support the wider strategy of the group and, owing to the fact the company is a wholly owned subsidiary of Johnson Matthey Plc, the directors are required only to balance the interests of corporate shareholders that are themselves wholly owned subsidiaries of Johnson Matthey Plc, rather than any third-party members.

On behalf of the board

DocuSigned by:

*Graham Andrews*

3F2A190BE29A491...

**G Andrews**

*Director*

16 October 2024

# Johnson Matthey Hydrogen Technologies Limited

## Directors' report

The directors present their report and audited accounts for the year ended 31 March 2024.

### Results and dividends

The future developments in the company's business have been included in the Strategic report. The company's loss for the financial year ended 31 March 2024 is £65,411,000 (2023: £28,303,000 loss). The income statement is set out on page 11.

The directors do not recommend the payment of an ordinary dividend. A preference dividend of £397,000 (2023: £211,000) has been accrued.

The company has made a loss in the year as a result of investing into development work and hiring additional resources in R&D, production and supporting functions to scale up capabilities to meet future volume requirements.

### Going concern

Notwithstanding net liabilities of £264,295,000 as at 31 March 2024 and a loss for the financial year then ended of £65,411,000, the accounts have been prepared on a going concern basis which the directors consider to be appropriate.

The directors have prepared a cash flow forecast for a period of 12 months from the date of approval of these accounts which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through its overdraft facility and funding from its ultimate parent company, Johnson Matthey Plc, to meet its liabilities as they fall due for that period. Those forecasts are dependent on Johnson Matthey Plc not seeking repayment of the loan amounts currently due to the group, which at 31 March 2024 amounted to £479,964,000. Johnson Matthey Plc has indicated its intention to continue to make available such funds as are needed by the company through a letter of support, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for a period of at least 12 months from the date the financial statements are approved and signed. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Donations

The company contributed £nil (2023: £nil) to charitable organisations in the UK. No political contributions were made (2023: £nil).

### Research and Development

The company invested £24,179,000 (2023: £17,605,000) R&D activities in the UK. The increase in R&D spend is predominantly due to the annualisation of increased headcount as reported in note 5. Our ongoing R&D activities are improving our process technologies and driving improvements in the next generation of products. A key way we do that is through optimisation of PGM content in our products to drive real value for commercial applications. Iridium can be deployed in fuel cell anodes as an effective key ingredient to improve durability and has properties that can handle fluctuations in the hydrogen supply. In 2023, we developed a new low iridium anode for fuel cells that required 90% less iridium than previous technologies. Not only does it translate to less iridium required for the product, but it also delivers three times the improvement in mitigating hydrogen supply instability.

### Business relationships

The directors have considered the need to foster the Company's business relationships with suppliers, customers and others. These are included within the Section 172 statement section of the Strategic Report.

### Employees

The company aims to keep employees informed on matters relevant to them as employees through regular communications and meetings.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. Should a member of staff become disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

The group strives to be a truly inclusive organisation that fosters employee engagement and development within a diverse and global workforce. Throughout the year the group has engaged with the workforce through several formal and informal

# Johnson Matthey Hydrogen Technologies Limited

## Directors' report

channels. The group's people strategy continues to develop our cultural environment and future capabilities which are key in the successful delivery of our strategy. The group seeks to ensure that we maintain high standards of business conduct, supported by our values and our culture, and the group's policies and procedures. The company implements and adheres to the same process and policy as the JM group.

Further information on the group's policies and employee engagement practices can be found on page 72 of the Johnson Matthey Plc 2024 Annual Report and Accounts, available on [www.matthey.com](http://www.matthey.com).

### Directors

The directors of the company who were in office during the year and up to the date of signing the accounts were G Andrews, S P Jones (resigned 31 July 2024), M Wilson and B Miller (appointed 31 July 2024).

### Directors' indemnity

Under a Deed Poll dated 31 January 2017, the ultimate parent company has granted indemnities in favour of each director of its subsidiaries in respect of any liability that he or she may incur to a third party in relation to the affairs of any group member. Such indemnities were in force during the year ended 31 March 2024 for the benefit of all persons who were directors of the subsidiaries at any time during the year ended 31 March 2024 and remain in force for the benefit of all persons who are directors of the subsidiaries at the date when this report was approved.

### Financial instruments

The company's activities expose it to certain financial risks including credit, liquidity, foreign currency fluctuation, price and interest rate risk.

#### *Credit risk*

The company's principal financial assets are trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. Counterparties are assessed against the appropriate credit ratings, trading experience and market position. Credit limits are then determined, and exposures monitored against these limits. To further mitigate the risk, some major customers have agreed to sign agreements with terms of business requiring a partial prepayment for the goods.

#### *Liquidity risk*

To maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments the company uses short-term loans from group companies. Johnson Matthey Plc has indicated its intention to continue making further funding available by increasing its group loan facility when required. Working capital requirements are continuously monitored by the company and upfront payments are requested from customers.

#### *Foreign currency fluctuation risk*

Risk from transactions in a foreign currency results from selling goods in a foreign currency mainly USD, which creates accounts receivable, and buying goods and services in the foreign currency mainly EUR and USD, which creates accounts payable. The company revalues receivables and payables denominated in the foreign currency at each balance sheet date with the change impacting current earnings.

#### *Price risk exposure*

The company faces a direct price risk exposure, from the prices paid for raw materials transformed into products sold to customers, and indirectly, from higher energy and transportation costs. Management takes strategic steps to identify, assess, and mitigate risks within its end-to-end supply chain.

#### *Interest rate risk*

Interest rate risk is the potential that a change in overall SONIA interest rates may impact on the inter-company loan value due to the unpaid interest element being added to the loan. In case of unfavorable movement, higher repayments would be due to the group.

# Johnson Matthey Hydrogen Technologies Limited

## Directors' report

### Post balance sheet events

Since year end, £2,928,000 costs were incurred through planned redundancies. This was fully covered by the £4,400,000 provision made during the financial year. The remaining provision will be used for further transformation activities.

On 1 August 2024 the business sold the small facility at Runcorn for £900,000, reflective of the value held for sale at 31 March 2024.

### Independent auditors

In accordance with sections 485 and 487 of the Companies Act 2006, PricewaterhouseCoopers LLP are re-appointed as auditors of the company.

### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

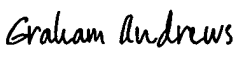
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

DocuSigned by:  
  
3F2A180BE29A491...  
G Andrews  
Director  
16 October 2024

# Independent auditors' report to the members of Johnson Matthey Hydrogen Technologies Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Johnson Matthey Hydrogen Technologies Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2024; the Income statement, Statement of comprehensive income and the Statement of changes in equity for the year then ended; the Accounting policies; and the notes to the financial statements.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 (UK) will always detect a material misstatement when it exists. Misstatements can 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 users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and tax regulations, and we considered the extent to which non-compliance might have

a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Obtained an understanding of the legal and regulatory framework applicable to the company and how the company is complying with that framework;
- Reviewed board minutes and management's summary of known and potential legal claims;
- Enquiries of the entity's staff in tax and compliance functions to identify any instance of non compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Identified and tested unusual journal entries, specifically those with unusual account combinations impacting revenue and working capital; and
- Challenging assumptions and judgments made by management in the significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

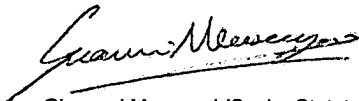
## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Giovanni Mascagni (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
16 October 2024

# Johnson Matthey Hydrogen Technologies Limited

## Income statement

For the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
<b>Revenue</b>	1	72,766	43,635
Cost of sales		<u>(77,501)</u>	<u>(46,438)</u>
<b>Gross loss</b>		(4,735)	(2,803)
Distribution costs		(5,702)	(3,026)
Research and development costs	2	(24,179)	(17,605)
Administrative expenses		(19,114)	(23,234)
Other income		4,160	1,567
Major impairment and restructuring charges	3	(10,706)	-
Profit on disposal of investments		<u>-</u>	<u>10,948</u>
<b>Operating loss</b>	2	(60,276)	(34,153)
Finance costs	4	<u>(21,528)</u>	<u>(8,434)</u>
<b>Loss before taxation</b>		(81,804)	(42,587)
Tax on loss	7	<u>16,393</u>	<u>14,284</u>
<b>Loss for the financial year</b>		<u><u>(65,411)</u></u>	<u><u>(28,303)</u></u>

## Statement of comprehensive income

For the year ended 31 March 2024

	2024 £'000	2023 £'000
<b>Loss for the financial year</b>	<u>(65,411)</u>	<u>(28,303)</u>
<b>Other comprehensive income:</b>		
Items that may be reclassified subsequently to profit or loss:		
Amounts credited to hedging reserve	<u>91</u>	<u>154</u>
<b>Total other comprehensive income for the year</b>	<u>91</u>	<u>154</u>
<b>Total comprehensive expense for the year</b>	<u><u>(65,320)</u></u>	<u><u>(28,149)</u></u>

The accompanying notes set out on pages 14 to 31 are an integral part of the accounts.


# Johnson Matthey Hydrogen Technologies Limited

## Balance sheet

As at 31 March 2024

	Note	2024 £'000	2023 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	8	12,677	2,200
Property, plant and equipment	9	131,707	69,617
Right-of-use assets		89	594
Deferred tax asset	15	12,432	15,398
<b>Total non-current assets</b>		<b>156,905</b>	<b>87,809</b>
<b>Current assets</b>			
Inventories	11	52,345	20,719
Trade and other receivables	12	43,560	17,548
Cash and cash equivalents		28	-
Assets classified as held for sale	17	900	-
<b>Total current assets</b>		<b>96,833</b>	<b>38,267</b>
<b>Total assets</b>		<b>253,738</b>	<b>126,076</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	(509,861)	(316,772)
Lease liabilities		(134)	(398)
<b>Total current liabilities</b>		<b>(509,995)</b>	<b>(317,170)</b>
<b>Non-current liabilities</b>			
Lease liabilities		-	(240)
Preference shares	14	(8,038)	(7,641)
<b>Total non-current liabilities</b>		<b>(8,038)</b>	<b>(7,881)</b>
<b>Net liabilities</b>		<b>(264,295)</b>	<b>(198,975)</b>
<b>Equity</b>			
Called up share capital	16	-	-
Share premium account		20,600	20,600
Other reserves		3,456	3,365
Accumulated losses		(288,351)	(222,940)
<b>Total shareholders' deficit</b>		<b>(264,295)</b>	<b>(198,975)</b>

The accounts on pages 11 to 31 were approved by the board of Directors on 16 October 2024 and signed on its behalf by:

DocuSigned by:  
  
 3F2A190BE29A491...  
 G Andrews  
 Director

Company registration number: 04393161

The accompanying notes set out on pages 14 to 31 are an integral part of the accounts.

# Johnson Matthey Hydrogen Technologies Limited

## Statement of changes in equity

For the year ended 31 March 2024

	Called up share capital £'000	Share premium account £'000	Other reserves £'000	Accumulated losses £'000	Total shareholders' deficit £'000
At 1 April 2022	-	20,600	-	(194,637)	(174,037)
Loss for the financial year	-	-	-	(28,303)	(28,303)
Amounts credited to hedging reserve	-	-	154	-	154
Capital contribution <sup>1</sup>	-	-	3,211	-	3,211
At 31 March 2023	-	20,600	3,365	(222,940)	(198,975)
Loss for the financial year	-	-	-	(65,411)	(65,411)
Amounts credited to hedging reserve	-	-	91	-	91
<b>At 31 March 2024</b>	<b>-</b>	<b>20,600</b>	<b>3,456</b>	<b>(288,351)</b>	<b>(264,295)</b>

<sup>1</sup>On 1 April 2022, the ultimate parent Johnson Matthey Plc transferred fixed assets to Johnson Matthey Hydrogen Technologies Limited.

The accompanying notes set out on pages 14 to 31 are an integral part of the accounts.

# Johnson Matthey Hydrogen Technologies Limited

## Accounting policies

### For the year ended 31 March 2024

Johnson Matthey Hydrogen Technologies Limited is a private company limited by shares, incorporated, domiciled and registered in England in the United Kingdom. The address of its registered office is 5<sup>th</sup> Floor, 25 Farringdon Street, London, EC4A 4AB.

#### Basis of preparation

The accounts are prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 under the historical cost convention. The accounts apply the recognition, measurement and presentation requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but make amendments where necessary in order to comply with the Act and take advantage of the FRS 101 disclosure exemptions.

Notwithstanding net liabilities of £264,295,000 as at 31 March 2024 and a loss for the year then ended of £65,411,000, the accounts have been prepared on a going concern basis which the directors consider to be appropriate.

The directors have prepared a cash flow forecast for a period of 12 months from the date of approval of these accounts which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through its overdraft facility and funding from its ultimate parent company, Johnson Matthey Plc, to meet its liabilities as they fall due for that period. Those forecasts are dependent on Johnson Matthey Plc not seeking repayment of the loan amounts currently due to the group, which at 31 March 2024 amounted to £479,964,000. Johnson Matthey Plc has indicated its intention to continue to make available such funds as are needed by the company through a letter of support, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period of at least 12 months from the date the financial statements are approved and signed. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

During the current and prior year, other than where new policies have been adopted (see below), the accounting policies have been applied consistently. The following exemptions from the requirements of IFRS have been applied in the preparation of these accounts, in accordance with FRS 101:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, *Share-based Payment*;
- the requirements of IFRS 7, *Financial Instruments: Disclosures*;
- the requirements of paragraphs 91 to 99 of IFRS 13, *Fair Value Measurement*;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, *Revenue from Contracts with Customers*;
- the requirement in paragraph 38 of IAS 1, *Presentation of Financial Statements*, to present comparative information in respect of: paragraph 73(e) of IAS 16, *Property, Plant and Equipment*; and paragraph 118(e) of IAS 38, *Intangible Assets*;
- the requirements of paragraphs 10(d), 38A, 38B-D, 40A-D, 111 and 134 to 136 of IAS 1, *Presentation of Financial Statements*;
- the requirements of IAS 7, *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraph 17 of IAS 24, *Related Party Disclosures*; and
- the requirements in IAS 24, *Related Party Disclosures*, to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

# Johnson Matthey Hydrogen Technologies Limited

## Accounting policies

For the year ended 31 March 2024

### Changes in accounting policies

#### *Amendments to accounting standards*

The International Accounting Standards Board (IASB) has issued the following amendments, which have been endorsed by the UK Endorsement Board, for annual periods beginning on or after 1st January 2023:

- Amendments to IFRS 17, *Insurance Contracts*;
- Amendments to IAS 1 and IFRS Practice Statement 2;
- Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*; and
- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

These changes have not had a material impact on the company.

On the 19<sup>th</sup> July 2023, the UK endorsed the amendments to IAS 12 *Income Taxes*, issued by the International Accounting Standards Board on 23<sup>rd</sup> May 2023, which grants companies a temporary exemption from applying IAS 12 to the International Tax Reform: Pillar Two Model Rules. The company has adopted the amendments to IAS 12 and applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

### Exemption from preparing consolidated accounts

The accounts contain information about Johnson Matthey Hydrogen Technologies Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated accounts as it and its subsidiary undertakings are included by full consolidation in the consolidated accounts of its ultimate parent, Johnson Matthey Plc.

### Functional and presentation currency

Items included in the accounts of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The accounts are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

### Foreign currencies

Foreign currency transactions are recorded at the rate of exchange at the date of the transaction. Foreign currency monetary assets and liabilities are retranslated into Pounds Sterling at the exchange rate at the balance sheet date. Foreign exchange differences arising on translation are recognised in operating loss.

### Revenue

Revenue comprises all sales of goods at the fair value of consideration received or receivable after the deduction of any trade discounts and excluding sales taxes. Depending on the nature of performance obligation under the sales contract and the payment terms specified in the customer agreements, the company either recognises revenue at a point in time or over time.

#### *Point in time revenue recognition*

The company enters into short-term contracts to deliver its products to customers supported by a purchase order and generic sales terms and conditions. Within the existing contracts, the company has a clause that states that the company may invoice any associated costs incurred at any point in the process if customers cancel. This is not legally enforceable. There are no 'timed' or scheduled performance obligations embedded within such contracts.

Revenue is recognised as performance obligations are satisfied as control of the goods is transferred to the customer, which is usually when legal title passes to the customer and the business has the right to payment, for example, when the goods are despatched or delivered in line with the International Chamber of Commerce's International Commercial Terms (Incoterms®) as detailed in the relevant contract or on notification that the goods have been used when they are consignment products located at customers' premises.

# **Johnson Matthey Hydrogen Technologies Limited**

## **Accounting policies**

### **For the year ended 31 March 2024**

#### **Finance costs**

Finance costs are recognised in the income statement in the year incurred.

#### **Leases**

The company enters into leases as part of its business operations. Leases are recognised as a right-of-use asset, together with a corresponding lease liability, at the date at which the leased asset is available for use.

The right-of-use asset is initially measured at cost, which comprises the initial value of the lease liability, lease payments made (net of any incentives received from the lessor) before the commencement of the lease, initial direct costs and restoration costs. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term in operating profit.

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, where this rate is not determinable, the company's incremental borrowing rate, which is the interest rate the company would have to pay to borrow the amount necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Interest is charged to finance costs at a constant rate of interest on the outstanding lease liability over the lease term.

Payments in respect of short-term leases, low-value leases and precious metal leases are charged to the income statement on a straight-line basis over the lease term in operating profit.

#### **Grants**

Grants relating to assets have been deducted from the carrying amount of the asset upon initial recognition to give the net carrying amount.

For all other Grants the income is netted against the corresponding expenditure for the grant. For grant income received in advance of incurring the expenditure the income is held in Trade and other payables.

#### **Research and development**

Research expenditure is charged to the income statement in the year incurred.

Development expenditure is charged to the income statement in the year incurred unless it meets the IFRS recognition criteria for capitalisation. When the recognition criteria have been met, any further development expenditure is capitalised as an intangible asset.

For a development activity to give rise to an intangible asset, it must meet all of the following criteria:

- technically feasible to complete the intangible asset for use or sale;
- intended to complete the intangible asset and use or sell it;
- able to use or sell the intangible asset;
- able to demonstrate how future economic benefits (income or cost savings) will be generated;
- have available adequate technical, financial and other resources to complete the asset; and
- able to reliably measure the directly attributable development expenditure.

# Johnson Matthey Hydrogen Technologies Limited

## Accounting policies

### For the year ended 31 March 2024

#### Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any provisions for impairment. All other intangible assets are amortised by using the straight-line method over the useful lives from the time they are first available for use. The estimated useful lives vary according to the specific asset but are typically 3 to 8 years for capitalised computer software.

Intangible assets which are not yet being amortised are subject to annual impairment reviews.

#### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provisions for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its useful life.

Assets under construction include costs incurred on partially completed assets or capital projects. Costs recognised as under construction until the asset or project is complete and available for use.

With the exception of certain plant and machinery, all other assets are depreciated using the straight-line method. Some plant and machinery are depreciated using the units of production method, as this more closely reflects their expected consumption. The useful lives vary according to the class of asset but are typically:

- freehold buildings not exceeding 30 years;
- plant and machinery 4 to 10 years; and
- fixtures, fittings and equipment 4 to 10 years.

For certain plant and machinery a units of production depreciation method is applied.

Freehold land is not depreciated.

#### Investments

Investments in subsidiaries are stated at cost less any provisions for impairment.

#### Impairment of non-financial assets

The company reviews the carrying amounts of its non-financial assets regularly to determine whether there is any indication of impairment. If any such indication of impairment exists, the recoverable amount of the non-financial asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value-in-use. In estimating value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU) for which the estimates of future cash flows have not been adjusted.

An impairment loss is recognised as an expense immediately whenever the carrying amount of a non-financial asset or the CGU to which it belongs exceeds its recoverable amount. Where an impairment loss subsequently reverses for a finite lived non-financial asset, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income when identified.

#### Inventories

Inventories are stated at the lower of cost, including attributable overheads, and net realisable value. Except where costs are specifically identified, inventory is stated at weighted average cost.

# Johnson Matthey Hydrogen Technologies Limited

## Accounting policies

For the year ended 31 March 2024

### Taxation

Current and deferred tax are recognised in the income statement, except when they relate to items recognised directly in equity when the related tax is also recognised in equity.

Current tax is the amount of income tax expected to be paid in respect of taxable profits using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the balance sheet. It is provided using the tax rates that are expected to apply in the period when the asset or liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The deferred tax asset recognised on the balance sheet is in relation to the amount which will be group relieved to Johnson Matthey Plc and subsequently paid for.

### Share-based payments

The fair value of outstanding shares allocated to employees under the ultimate parent company's long term incentive plans is calculated by adjusting the share price on the date of allocation for the present value of the expected dividends that will not be received. The resulting cost is charged to the income statement over the relevant vesting periods, adjusted to reflect actual and expected levels of vesting where appropriate.

### Cash and cash equivalents

Cash and deposits comprise cash at bank and in hand and short-term deposits with a maturity date of three months or less from the date of acquisition. The company routinely uses short-term bank overdraft facilities, which are repayable on demand, as an integral part of its cash management policies and, therefore, cash and cash equivalents include cash and deposits and bank overdrafts.

### Financial assets

The company classifies its financial assets in the following measurement categories:

- those to be measured at fair value either through other comprehensive income or through profit or loss; and
- those measured at amortised cost.

At initial recognition, the company measures financial assets at fair value plus, in the case of financial assets not measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition.

The company subsequently measures equity investments at fair value and have elected to present fair value gains and losses on equity investments in other comprehensive income. There is, therefore, no subsequent reclassification of cumulative fair value gains and losses to profit or loss following disposal of the investments.

The company subsequently measures trade and other receivables at amortised cost, with the exception of trade receivables that have been designated as at fair value through other comprehensive income because the group has certain operations with business models to hold trade receivables for collection or sale. For trade receivables, the company apply the simplified approach permitted by IFRS 9, *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition. All other financial assets, including short-term receivables, are measured at amortised cost less any impairment provision.

### Financial liabilities

Borrowings are measured at amortised cost. All other financial liabilities, including short-term payables, are measured at amortised cost.

# Johnson Matthey Hydrogen Technologies Limited

## Accounting policies

### For the year ended 31 March 2024

#### Trade and other payables

These amounts represent liabilities for services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are measured at amortised cost.

#### Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Preference shares

Preference shares, which are mandatorily redeemable on a specific date or at the option of the shareholder, or which carry non-discretionary dividend obligations, are classified as liabilities. The dividends on these preference shares are taken to the income statement as finance expense.

#### Post-employment benefits

The company is included in the Johnson Matthey Employees' Pension Scheme which includes both defined benefit and defined contribution schemes. The centrally administered schemes includes employees of several companies in the Johnson Matthey group. There is no contractual agreement or stated policy for charging the net defined benefit cost for the scheme to the individual group entities. The cost of the company's contributions to the defined contributions scheme is charged to the income statement as incurred. Information about the scheme is disclosed in the ultimate parent company's consolidated accounts (note 24).

#### Business Combinations

Assets and liabilities acquired upon common control business combinations are stated at the predecessor carrying value. No goodwill is recognised upon acquisition. Any difference between the consideration given and aggregate carrying value received is included within equity or other reserves.

#### Assets held for sale

Non-current assets and disposal groups are classified as held for sale, if available for sale in its present condition and a sale is considered highly probable within 12 months. They are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately on the Balance Sheet. The assets are not depreciated or amortised while they are classified as held for sale.

An impairment loss is recognised in the Income Statement for any initial or subsequent write-down of the asset or disposal group to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset or disposal group, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

# Johnson Matthey Hydrogen Technologies Limited

## Accounting policies

For the year ended 31 March 2024

### Critical accounting estimates and judgements

#### *Deferred tax assets*

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available, against which the deductible temporary difference can be utilised, based on management's assumptions relating to future taxable profits.

Determination of future taxable profits requires application of judgement and estimates, including: market share, expected changes to selling prices, product profitability, precious metal prices and other direct input costs, based on management's expectations of future changes in the markets using external sources of information where appropriate. The estimates take account of the inherent uncertainties, constraining the expected level of profit as appropriate. Changes in these estimates will affect future profits and therefore the recoverability of the deferred tax assets.

#### *Impairment*

Management have performed an impairment review of the company's carrying value given the slower pace of hydrogen and fuel cell market development. The impairment reviews require the use of estimates of future profit and cash generation based on financial budgets and plans approved by management, generally covering a three-year period and then extrapolated using long term growth rates, and the pre-tax discount rates used in discounting projected cash flow. The Directors have determined that there is significant accounting judgement with respect to the estimated cash flows. Refer to note 3.

#### *Restructuring costs*

Restructuring costs are recognised when there is a constructive obligation resulting from transformation activities, which can include costs associated with the sale or termination of a line of business, closure of business locations, changes in management structure, strategic changes or fundamental reorganisations. Only incremental costs that are directly associated with the restructuring are included in a provision. Judgement is required to determine if an outflow of economic resources is probable. A provision has been recognised in the financial statements as criteria under IAS 19 has been met.

# Johnson Matthey Hydrogen Technologies Limited

## Notes to the accounts

For the year ended 31 March 2024

### 1. Revenue

The company has a single class of business, supplying products to customers in:

	2024 £'000	2023 £'000
China	14,126	2,046
North and South America	37,099	12,477
Continental Europe	11,031	10,890
Rest of World	10,510	18,222
<b>Revenue</b>	<b>72,766</b>	<b>43,635</b>

### 2. Operating loss

	2024 £'000	2023 £'000
Operating loss is arrived after charging / (crediting):		
Depreciation of property, plant and equipment	2,787	2,116
Depreciation of right-of-use assets	399	334
Amortisation of intangible fixed assets	58	7
Inventories recognised as an expense	50,505	24,176
Write-down of inventories recognised as an expense	1,080	2,162
Reversal of write-down of inventories from increases in net realisable value	-	(652)
Research and development costs	24,179	17,605
Government grants receivable	(439)	(561)
Net (gain) / loss on foreign exchange	(1,701)	345
Fees payable to the company's auditors for the audit of the annual accounts	75	60

The increase in R&D spend is predominantly due to the annualisation of increased headcount as reported in note 5.

# Johnson Matthey Hydrogen Technologies Limited

## Notes to the accounts

For the year ended 31 March 2024

### 3. Major impairment and restructuring charges

	2024 £'000	2023 £'000
Property, plant and equipment	5,738	-
<b>Impairment losses</b>	<u>5,738</u>	<u>-</u>
<b>Restructuring charges</b>	4,968	-
<b>Total major impairment and restructuring charges</b>	<u>10,706</u>	<u>-</u>

Impairment losses and restructuring charges are shown separately on the face of the income statement.

**Impairment losses** – due to the new plant being built in Royston the company no longer required a smaller operating facility in Runcorn. An impairment of £5,738,000 was recognised during the year to reflect the fair value less costs to sell of the assets at 31 March 2024. In August 2024, the facility in Runcorn was sold for £900,000 resulting in £nil loss on disposal.

The company has performed an assessment of the recoverability of the assets held following an indicator that the recent slower pace of hydrogen and fuel cell market development required a formal review for possible impairment. The recoverability of the carrying amount has been assessed against its estimated value in use at the reporting period end date by the Group. Following this review, management has determined that no further impairment is required.

**Restructuring charges** – due to the short-term reduction in demand profiles of customers the company has reduced headcount to reflect current market conditions, incurring redundancy costs of £4,968,000.

### 4. Finance costs

	2024 £'000	2023 £'000
Interest payable to other Johnson Matthey companies	21,111	8,198
Preference share dividends	397	211
Leases interest expense	<u>20</u>	<u>25</u>
<b>Total interest payable</b>	<u>21,528</u>	<u>8,434</u>

Financing costs on the loan payable to the shareholder Johnson Matthey Plc increased in the year by 158% to £21,111,000 reflective of the increase in loan balances and higher interest rates during the year.

# Johnson Matthey Hydrogen Technologies Limited

## Notes to the accounts

### For the year ended 31 March 2024

#### 5. Employee costs and numbers

	2024 £'000	2023 £'000
Aggregate remuneration comprised:		
Wages and salaries	30,573	26,573
Social security costs	2,900	2,547
Post-employment costs	3,564	2,603
Share-based payments (note 18)	1,154	479
	<u>38,191</u>	<u>32,202</u>

The cost of the company's contributions to the Johnson Matthey Employee Pension Scheme amounted to £2,819,000 (2023: £176,000). The amount recognised as an expense for defined contribution schemes amounted to £726,000 (2023: £2,427,000).

	2024 Number	2023 Number
Average monthly number of employees:		
Production	260	289
Research and development	191	102
Other	84	50
	<u>535</u>	<u>441</u>

The employee numbers and costs above include all employees who work for and are paid by the company, including employees whose contracts of services are with the parent company (note 21).

#### 6. Directors' remuneration

In the year ended 31 March 2024, G Andrews, S P Jones (resigned 31 July 2024) and M Wilson were remunerated by the company and their remuneration was:

	2024 £'000	2023 £'000
Aggregate amounts of emoluments of directors (including the estimated money value of benefits in kind) in respect of managing the affairs of the company	1,425	2,448
Company contributions to defined benefit pension scheme	9	2
Number of directors who were members of the defined benefit pension scheme	<u>1</u>	<u>1</u>

The highest paid director was paid emoluments of £749,091 (2023: £982,861), had annual accrued pension entitlements under the defined benefit pension scheme of £nil (2023: £nil), had £nil share options exercised (2023: £nil) and had received shares under the ultimate parent company long term incentive plan in 2024 and 2023.

During the year two of the directors (2023: two) exercised share options in the ultimate parent company and all three directors (2023: five) received shares under the ultimate parent company long term incentive plan.

# Johnson Matthey Hydrogen Technologies Limited

## Notes to the accounts

For the year ended 31 March 2024

### 7. Tax on loss

	2024 £'000	2023 £'000
<b>Current tax</b>		
Corporation tax credit on losses for the year	(11,684)	-
Adjustment for prior years	(6,430)	(4,044)
Total current tax credit	<u>(18,114)</u>	<u>(4,044)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(6,508)	(10,001)
Adjustment for prior years	8,229	2,926
Impact of changes in tax rates and laws	-	(3,165)
Total deferred tax	<u>1,721</u>	<u>(10,240)</u>
<b>Tax credit</b>	<u>(16,393)</u>	<u>(14,284)</u>

The tax for the year can be reconciled to the loss per the income statement as follows:

	2024 £'000	2023 £'000
Loss before taxation	<u>(81,804)</u>	<u>(42,587)</u>
Tax credit at UK corporation tax rate of 25% (2023: 19%)	(20,451)	(8,092)
Effects of:		
Expenses not deductible for tax purposes	928	(1,913)
Share-based payments	132	4
Adjustments for prior years	1,799	1,834
Tax rate adjustments	-	(3,165)
Movement in deferred tax not recognised	1,199	(2,952)
Tax credit	<u>(16,393)</u>	<u>(14,284)</u>

# Johnson Matthey Hydrogen Technologies Limited

## Notes to the accounts

For the year ended 31 March 2024

### 8. Intangible assets

	Computer software £'000	Construction in progress £'000	Total £'000
<b>Cost</b>			
At 1 April 2023	455	2,804	3,259
Adjustment to opening balance	-	(628)	(628)
Additions	-	10,535	10,535
Transfers from construction in progress	668	(668)	-
At 31 March 2024	<u>1,123</u>	<u>12,043</u>	<u>13,166</u>
<b>Accumulated amortisation and impairment</b>			
At 1 April 2023	431	628	1,059
Adjustment to opening balance	-	(628)	(628)
Charge for the year	58	-	58
At 31 March 2024	<u>489</u>	<u>-</u>	<u>489</u>
<b>Net book value at 31 March 2024</b>	<u><b>634</b></u>	<u><b>12,043</b></u>	<u><b>12,677</b></u>
Net book value at 31 March 2023	<u>24</u>	<u>2,176</u>	<u>2,200</u>

# Johnson Matthey Hydrogen Technologies Limited

## Notes to the accounts

For the year ended 31 March 2024

### 9. Property, plant and equipment

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Construction in progress £'000	Total £'000
<b>Cost</b>					
At 1 April 2023	21,662	42,672	3,063	41,141	108,538
Adjustment to opening balance	-	601	6	-	607
Additions	-	106	77	71,559	71,742
Disposals	(1,049)	(2,023)	(611)	(231)	(3,914)
Transferred to assets classified as held for sale (note 17)	-	-	-	(896)	(896)
Transfers from construction in progress	10	10,017	861	(10,888)	-
At 31 March 2024	<u>20,623</u>	<u>51,373</u>	<u>3,396</u>	<u>100,685</u>	<u>176,077</u>
<b>Accumulated depreciation and impairment</b>					
At 1 April 2023	12,514	25,296	1,111	-	38,921
Adjustment to opening balance	-	601	6	-	607
Charge for the year	260	2,221	306	-	2,787
Impairment losses	-	-	-	5,738	5,738
Disposals	(1,049)	(2,023)	(611)	-	(3,683)
At 31 March 2024	<u>11,725</u>	<u>26,095</u>	<u>812</u>	<u>5,738</u>	<u>44,370</u>
<b>Net book value at 31 March 2024</b>	<u><b>8,898</b></u>	<u><b>25,278</b></u>	<u><b>2,584</b></u>	<u><b>94,947</b></u>	<u><b>131,707</b></u>
Net book value at 31 March 2023	<u>9,148</u>	<u>17,376</u>	<u>1,952</u>	<u>41,141</u>	<u>69,617</u>

Construction in progress has been reduced for Grants £12,058,125 received in the year relating to assets (2023: £7,340,511). The grant was awarded to the company by the Automotive Transformation Fund and Advanced Propulsion Centre (APC) to support with the build of the gigafactory. The company also benefited from a number of smaller grants totalling £439,000 for R&D projects.

Impairment losses includes £5,738,000 impairment on Runcorn assets as described in Note 3.

# Johnson Matthey Hydrogen Technologies Limited

## Notes to the accounts

For the year ended 31 March 2024

### 10. Investments in subsidiaries

The company's wholly owned subsidiary undertaking is Johnson Matthey Fuel Cells Japan Limited, a company incorporated in Japan with its registered office address at 5123-3 Kitsuregawa, Sakura-shi, Tochigi, 329-1412, Japan. The investment in the subsidiary cost of £5,026,000 is fully impaired.

### 11. Inventories

	2024 £'000	2023 £'000
Raw materials and consumables	48,365	17,190
Work in progress	345	82
Finished goods	<u>3,635</u>	<u>3,447</u>
	<u>52,345</u>	<u>20,719</u>

A provision of £1,568,000 (2023: £1,972,000) has been recognised within the inventory balances. The inventory balances are shown net of any provisions.

### 12. Trade and other receivables

	2024 £'000	2023 £'000
<b>Current</b>		
Trade receivables	13,960	7,894
Amounts owed by other Johnson Matthey companies	1,795	1,323
Amounts owed by ultimate parent company	17,682	2,663
VAT receivable	4,330	3,308
Prepayments	736	539
Other receivables	<u>5,057</u>	<u>1,821</u>
	<u>43,560</u>	<u>17,548</u>

The expected credit losses recognised in the year on the closing trade receivables balance amounted to £133,000 (2023: £81,000).

# Johnson Matthey Hydrogen Technologies Limited

## Notes to the accounts

For the year ended 31 March 2024

### 13. Trade and other payables

	2024	2023
	£'000	£'000
<b>Current</b>		
Trade payables	5,048	10,557
Amounts owed to subsidiary undertakings	-	4
Amounts owed to other Johnson Matthey companies	1,286	2,517
Loan from ultimate parent company	479,964	286,361
Accruals	23,563	17,179
Government grants received but not recognised as revenue	-	154
	<u>509,861</u>	<u>316,772</u>

The loan from ultimate parent company is repayable on demand and interest is accrued daily ranging from one-month SONIA + 0.86% to SONIA + 0.88% (2023: one-month SONIA + 0.86%).

Amounts owed to subsidiary undertaking and amounts owed to other group companies are not subject to a contractual arrangement and therefore no interest is charged. As per the company policy any such payments payable or receivable should be settled on 20 days end of month terms.

The accruals balance includes £15,437,000 (2023: £12,416,000) for assets under construction where construction milestones have been reached.

### 14. Preference shares

	2024	2023
	£'000	£'000
Nominal value	7,000	7,000
Accrued interest	<u>1,038</u>	<u>641</u>
<b>Preference shares</b>	<u>8,038</u>	<u>7,641</u>

The preference shares of £1 each are cumulative and entitle the holder Johnson Matthey Plc to dividends accruing at a rate based on one month SONIA plus 0.86% (2023: one month SONIA plus 0.86%). Such dividends may only be paid when the directors determine that the company has sufficient resources to settle the amounts due. The preference shares may only be redeemed by the company when amounts owed to shareholders start to be repaid. There were 7,000,000 shares in issue at the balance sheet date (2023: 7,000,000).

# Johnson Matthey Hydrogen Technologies Limited

## Notes to the accounts

For the year ended 31 March 2024

### 15. Deferred income tax asset

	Property, plant and equipment £'000	Losses £'000	Other £'000	Total £'000
At 1 April 2022	(163)	5,321	-	5,158
(Charge) / credit to income statement	(25)	10,265	-	10,240
As at 31 March 2023	(188)	15,586	-	15,398
Credit / (charge) to income statement	1,885	(3,597)	(9)	(1,721)
Tax on items taken directly to or transferred from equity	-	-	(85)	(85)
Amounts transferred to intercompany	-	(2,358)	1,198	(1,160)
<b>As at 31 March 2024</b>	<b>1,697</b>	<b>9,631</b>	<b>1,104</b>	<b>12,432</b>

Deferred tax has not been recognised in respect of tax losses of £nil (2023: £nil) and other temporary differences of £1,768,000 (2023: £573,000).

### 16. Called up share capital

#### Issued and fully paid shares

	Number	£'000
Ordinary shares of £1 each - at 1 April 2023 and 31 March 2024	200	-
Total share capital - at beginning and end of year	200	-

### 17. Assets and liabilities classified as held for sale

	2024 £'000	2023 £'000
Property, plant and equipment	896	-
Right-of-use-assets	4	-
<b>Net assets of disposal group</b>	<b>900</b>	<b>-</b>

The assets transferred to held for sale relate to the Runcorn facility. During the year, due to the short-term challenges in market conditions and delays to customer demand growth, the company decided to close the Runcorn facility. At year end the business had received an offer to buy the assets and lease for £900,000. The assets were impaired by £5,738,000 to £900,000 to reflect the fair value less costs to sell upon classification as "held for sale". On 1 August 2024 the sale was completed with £900,000 proceeds paid to the company.

# Johnson Matthey Hydrogen Technologies Limited

## Notes to the accounts

### For the year ended 31 March 2024

#### 18. Share-based payments

The ultimate parent company currently operates various equity-settled share-based payment schemes; a Performance share plan (PSP), a Restricted share plan (RSP), a Deferred bonus scheme and a Share Incentive Plan (SIP).

##### **Performance Share Plan (PSP)**

From 2017, shares in the ultimate parent company are awarded to certain of the company's directors and senior managers under the PSP based on a percentage of salary and are subject to performance targets over a three-year period. The performance targets are based on underlying EPS growth and Total Shareholder Return. At 31 March 2024, 69,546 shares awarded in 2021, 2022 and 2023 were outstanding (31 March 2023: 65,893 shares awarded in 2020, 2021 and 2022).

From 2017, shares are awarded to certain of the group's executive directors and senior managers under the PSP based on a percentage of salary and are subject to performance targets over a three-year period. The performance targets are based on underlying EPS growth and Total Shareholder Return.

Awards to the executive directors are also subject to a deferred release whereby a third is released on the third anniversary of the award date and the remaining vested shares are released in equal instalments on the fourth and fifth anniversaries of the award date. The Remuneration Committee is entitled to claw back the awards to the executive directors in cases of misstatement or misconduct.

##### **Restricted Share Plan (RSP)**

From 2017, shares in the ultimate parent company are awarded to certain of the company's directors and senior managers under the RSP based on a percentage of salary. Awards under the RSP are not subject to performance targets. The shares are subject only to the condition that the employee remains employed by the group on the vesting date (three years after the award date). At 31 March 2024, 6,623 shares awarded in 2021 and 2022 were outstanding (31 March 2023: 13,884 shares awarded in 2021 and 2022 were outstanding).

##### **All employee share incentive plan (SIP)**

Under the SIP, all employees with at least one year of service within the Johnson Matthey Plc group and who are employed by a participating group company are entitled to contribute up to 2.5% of base pay each month, subject to a £125 per month limit. The SIP trustees buy shares (partnership shares) at market value each month with the employees' contributions. For each partnership share purchased, the group purchases two shares (matching shares) which are allocated to the employee. If the employee sells or transfers partnership shares within three years from the date of award, the linked matching shares are forfeited.

# Johnson Matthey Hydrogen Technologies Limited

## Notes to the accounts

### For the year ended 31 March 2024

#### 19. Related party transactions

There were no related party transactions during the year other than between the company and other wholly owned group companies.

#### 20. Commitments

	2024	2023
	£'000	£'000
<b>Capital commitments - future capital expenditure contracted but not provided</b>		
Property, plant and equipment	<u>9,427</u>	<u>34,732</u>

At 31 March 2024, precious metal leases were £27,934,000 (2023: £22,102,000) at year-end prices.

#### 21. Ultimate parent company

The company's immediate and ultimate parent company is Johnson Matthey Plc. The largest and only group in which the results of the company are consolidated is Johnson Matthey Plc. The consolidated accounts of Johnson Matthey Plc are available to the public and may be obtained from 5<sup>th</sup> Floor, 25 Farringdon Street, London EC4A 4AB or [www.matthey.com](http://www.matthey.com).

#### 22. Events after balance sheet date

Since year end, £2,928,000 costs were incurred through planned redundancies. This was fully covered by the £4,400,000 provision made during the financial year. The remaining provision will be used for further transformation activities.

On 1 August 2024 the business sold the small facility at Runcorn for £900,000, reflective of the value held for sale at 31 March 2024.