Copenhagen Hydrogen Network A/S

Annual Report 2018

CVR 33 64 13 89

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31 of May 2019

Laurent Ferenczi, Chairman

Copenhagen Hydrogen Network A/S, Høje Taastrupvej 42, DK-2630 Taastrup

CONTENT

Company information

Company	Copenhagen Hydrogen Network A/S Høje Taastrupvej 42 2630 Taastrup	
	Telephone Homepage	+45 7625 2525 www.airliquideadvancedbusiness.com
	CVR.No.:	33 64 13 89
	Date of inauguration:	2 May 2011
	Municipality of registered Office:	Høje Taastrup
	Financial period:	1 January - 31 December
Board of Directors	Laurent Ferenczi Erwin Penfornis Caroline Fustier le Mer	(Chairman)
Management	Caroline Fustier le Mer	
Auditor	Ernst & Young Godkendt Revisionspartnerselskab Postboks 250 2000 Frederiksberg	

STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

The Executive Board and Board of Directors have adopted the annual report for the year ended 31 December 2018.

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 position at 31 December 2018 of the comapny and of the results of the company operations for 2018.

In our opinion Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the annual report is adopted by the company in general meeting.

Taastrup, 31 of May 2019

Management:

Caroline Fustier le Mer

Board of Directors:

Laurent Ferenczi (Chairman)	Caroline Fustier le Mer	Erwin Penfornis

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report
To the shareholders of Copenhagen Hydrogen Network A/S

Opinion
We have audited the financial statements of Copenhagen Hydrogen Network A/S for the financial year 1 January – 31 December 2018, which comprise 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 financial position of the Company at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018 in in accordance with the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management's responsibilities 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 as 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 additional requirements applicable in Denmark 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review
Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 31 May 2019
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Alex Petersen
State Authorised
Public Accountant
mne28604

Main activity

The activities of the Company is to establish and operate a network of hydrogen refueling stations (HRS) and a hydrogen production and compression plant, in Denmark.

Development in the year

The Profit and Loss Account for the year 2018 shows a loss of DKK 3 304 040, and the Balance Sheet of the Company shows an equity of DKK 31 547 034.

In 2018, Hybalance electrolyser plant has been successfully started-up and inaugurated. The first trailers for industrial clients were filled in February. A piece of land and a hydrogen pipe connecting to the client Sintex have been bought from a local player, and an additional portion of pipe has been built to connect to the plant. Supply of hydrogen to Sintex through the pipe started in November. Volumes have been gradually increasing throughout the year 2019.

The network of 5 stations have been in operation throughout 2018. Volumes stayed at a low level (5t) due to the limited cars in Denmark. In 2019, rationalisation of the network is expected with the potential closing of some stations with very low demand.

COMPANY PROFIT AND LOSS ACCOUNT

	Note	2018	2017
GROSS LOSS		-5 433 496	-1 335 433
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	1	-1 316 060	-29 843
Loss before financial income and expenses		-6 749 556	-1 365 276
Financial income	2	26 439	33 189
Financial expenses	3	-93 236	-22 767
Loss before tax		-6 816 353	-1 354 854
Tax on loss for the year	4	3 512 313	527 388
NET LOSS FOR THE YEAR		-3 304 040	-827 466

DISTRIBUTION OF LOSS

Proposed by the board to be disposed as follows:

Retained earnings		-3 304 040	-827 466

COMPANY BALANCE SHEET ON 31 DECEMBER 2018

NON CURRENT ASSETS	Note	2018	2017
TANGIBLE FIXED ASSETS			
Land and building		14 982 400	655 800
Fixtures and fittings, plant and equipment		44 854 321	0
Property, plant and equipment in progress		0	53 453 151
	5	59 836 721	54 108 951
FINANCIAL ASSETS			
Deposit		52 000	52 000
TOTAL NON CURRENT ASSETS		**59 888 721**	**54 160 951**
CURRENT ASSETS			
Trade receivables		73 652	54 882
Trade receivables from affiliated companies		909 229	0
Other receivables		2 228 850	1 088 685
Tax receivable	8	1 770 965	908 590
Dererred tax	9	1 498 000	0
Prepayments and accrued income		438 812	217 537
RECEIVABLES		6 919 508	2 269 694
CASH AT BANK AND IN HAND		422 998	102 205
TOTAL CURRENT ASSETS		**7 342 506**	**2 371 899**
TOTAL ASSETS		**67 231 227**	**56 532 850**

COMPANY BALANCE SHEET ON 31 DECEMBER 2018

EQUITY AND LIABILITIES	Note	2018	2017
EQUITY			
Share capital		45 200 000	45 200 000
Retained earnings		-13 652 966	-10 348 927
TOTAL EQUITY	6	**31 547 034**	**34 851 073**
NON CURRENT LIABILITIES			
Payables to affiliated companies	7	15 000 000	0
TOTAL NON CURRENT LIABILITIES		**15 000 000**	**0**
CURRENT LIABILITIES			
Current portion of payables to affiliated companies	7	12 104 101	19 276 359
Prepayed subsidies		6 360 508	1 075 513
Trade payables		1 020 959	301 755
Deferred tax	9	0	472 672
Provision dismanteling cost		110 000	0
Other payables		1 088 625	555 478
TOTAL CURRENT LIABILITIES		**20 684 193**	**21 681 777**
TOTAL LIABILITIES		**35 684 193**	**21 681 777**
TOTAL LIABILITIES AND EQUITY		**67 231 227**	**56 532 850**
CONTINGENT ASSETS, LIABILITIES AND OTHER OBLIGATIONS	10		

NOTES TO THE COMPANY ANNUAL ACCOUNTS

		2018	2017
1	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Depreciation of tangeble assets	1 316 060	29 843
		1 316 060	29 843
2	**Financial income**		
	Financial income group enterprises	0	33 078
	Financial income others	26 439	110
		26 439	33 189
3	**Financial expenses**		
	Financial expences group enterprises	-60 902	-8 381
	Financial expences others	-32 333	-14 386
		-93 236	-22 767
4	**Tax on profit/loss for the year**		
	Current tax for the year	-3 140 742	-908 590
	Deferred tax for the year	1 616 506	610 527
	Adjustment to current tax previous years	1 599 101	-229 325
	Adjustment to dereffed tax previous years	-3 587 178	0
		-3 512 313	-527 388

5 **Tangible Fixed Assets**

	Land and building	Fixtures and fittings, plant, pipeline and equipment	Property, plant and equipment in progress
Cost 1 January	655 800	34 411 062	53 453 151
Acquisitions	1 348 225	5 695 605	0
Transfer	13 292 503	40 160 648	-53 453 151
Cost at 31 December	15 296 528	80 267 315	0
Impairment losses and depreciation at 1 January	0	34 411 062	0
Impairment losses for the year	314 128	1 001 932	0
Impairment losses and depreciation at 31 December	314 128	35 412 994	0
Net book value at 31 December	14 982 400	44 854 321	0

6 Equity

	Share capital	Retained	Total
Equity at 1 january	45 200 000	-10 348 927	34 851 073
Loss for the year	0	-3 304 040	-3 304 040
Equity at 31 December	45 200 000	-13 652 966	31 547 034

The share capital consists of 45.200.000 shares of a nominal value of DKK 1. No shares carry any special rights.The shared capital in 2011 was DKK 500.000 and this was increased to DKK 5.000.000 in 2014 and to DKK 45.200.000 in 2016.

7 PAYABLES TO AFFILIATED COMPANIES

	2018	2017
0-1 Year	12 104 101	19 276 359
1-5 Years	15 000 000	0
>5 Years	0	0
	27 104 101	19 276 359

8 Current tax

Current tax at 1 Jannuary	-908 590	-2 292 518
Ajustment to current tax at 1 January	1 369 776	0
Paid current tax during the year	908 591	2 292 518
Current tax for the year	-3 140 742	-908 590
	-1 770 965	-908 590

9 Deferred tax

Deferred tax at 1 January	472 672	-137 885
Ajustment to deferred tax at 1 January	-3 587 178	30
Deferred tax for the year	1 616 506	610 527
	-1 498 000	472 672

Deferred tax relates to:

Buildings	55 000	0
Machinery, equipment etc.	97 000	-2 925 000
Grant and subsidies	-1 400 000	-236 000
Goodwill	-334 000	0
Dismantal	-24 000	0
Michellaneous	108 000	47 000
	-1 498 000	-3 114 000

10 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Danish Air Liquide Group companies are jointly and severally liable for tax on the Group's jointly taxed income.

The Company has received funding for the construction and testing of tangible fixed assets. Grants in the accumulated amount of DKK 37,1 million are recognized as Other income, in line with the deprecatiion and write down of the tangible fixed asset. The subsidies are granted and received in accordance with agreed terms. The agreements have different terms and conditions involving compliance with terms including fixed future deadlines. If the agreed terms are not complied with fully or partially, there are clauses that make partially, there are clauses that make that contributors may demand full or partial repayment of the granted subsidies.

Rental commitments on land and buildings are kDKK 321 (2017: kDKK 415). Amount due within 12 months.

ACCOUNTING POLICIES

Basis of preparation

The annual report of Selskab Copenhagen Hydrogen A/S for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies are consistent with those of last year.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised.Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amotisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future exconomic benefits will out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the date of payment are recognised in the financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue is recognized according to IAS 18.

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk has been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw metrials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the the entreprise, including gains and losses on the sale of intangible assets and property, plant and equipment.

Also included are revenues from grants for research and development where cost are expensed.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

The Company is jointly taxed with other Danish companies wholly owned subsidiaries of the Air Liquide Group. The tax effect of the joint taxation is allocated to Danish entreprises in proportion to their taxable incomes.

Balance Sheet

Property, plant and equipment

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

Costs comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the assets is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant in Hobro	
Building	15 years
Land	0 year
Fixtures and fittings, plant, pipeline and equipment	10-20 years

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the assets is written down to its lower recoverable amount.

Receivables

Receivables is recognized according to IAS 39.

Receivables are measured at amortised cost, which is nomally equal to the nominal value.
An impairment loss is recognised if there is objective evidence that a receivable is impaired.
Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received.

Prepayments

Prepayments is recorded as assets and reposted as cost in the period it concerns.

Cash

Cash comprise cash, which are subject to only minor risks of changes in value.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the assets is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost. Financial liabilities also include the capitalised residual lease liability in respect of finance leases. Other liabilities are measured at net realisable value.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Prepaid subsidies

Grants received prior to the incurrence of costs are recognized as a prepayment under liabilities. Grants will be recognised as other income when deprecations are recognised in income statement.