

# Copenhagen Hydrogen Network A/S

## Annual Report 2017

CVR 33 64 13 89

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30 of May 2018



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Laurent Ferenczi, Chairman

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

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## Company information

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Company	Copenhagen Hydrogen Network A/S Høje Taastrupvej 42 2630 Taastrup	
	Telephone	+45 7625 2525
	Homepage	<a href="http://www.airliquideadvancedbusiness.com">www.airliquideadvancedbusiness.com</a>
	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 Jean-Francois Ducholet Xavier Pontone	(Chairman)
Management	Jean-Francois Ducholet	
Auditor	Ernst & Young P/S Osvald Helmuths Vej 4 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 2017.

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 2017 of the company and of the results of the company operations for 2017.

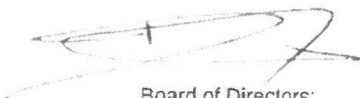
In our opinion Management's Review includes a true and fair account of the matters addressed in the Review.

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

Taastrup, 30 of May 2018

Management:

Jean-Francois Ducholet



Board of Directors:

Laurent Ferenczi  
(Chairman)



Jean-Francois Ducholet



Xavier Pontone

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Taastrup, 30 of May 2018

Management:

Jean-Francois Ducholet

Board of Directors:

Laurent Ferenczi  
(Chairman)

Jean-Francois Ducholet

Xavier Pontone



## **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 2017, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Copenhagen Hydrogen Network A/S for the financial year 1 January – 31 December 2017, which comprise income statement, balance sheet 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 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 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 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.

## Independent auditor's report

To the shareholders of Copenhagen Hydrogen Network A/S

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

Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including the 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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 30 May 2018  
Ernst & Young  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Alex Petersen  
State Authorised  
Public Accountant  
MNE no.: mne28604

## MANAGEMENT'S REVIEW

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### Main activity

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

### Development in the year

The Profit and Loss Account for the year 2017 shows a loss of DKK 827,466, and the Balance Sheet of the Company shows an equity of DKK 34.851.073.

The Company's strategy is to operate a network of HRS in Denmark, and to produce locally the hydrogen needed for this activity as well as for other industrial uses from renewable energy. Global automotive manufacturers have started to sale fuel cell electric vehicles (FCEV) in selected regions around the world, including Denmark and the Company's world, including Denmark and the Company's ambition is to position itself to be ready to serve this market with Hydrogen produced from renewable energy and be ready to capture its growth.

The market for operation of HRS is still at an early non profitable stage but to be able to capture the future growth in a profitable way the company as decided to invest in a new hydrogen production plant able to supply this market with high pressure Hydrogen suited for mobility applications. This production plant will be also able to supply Hydrogen to other industrial needs.



## COMPANY PROFIT AND LOSS ACCOUNT

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	Note	2017	2016
GROSS LOSS		-1 335 433	-3 449 696
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-29 843</u>	<u>-384 903</u>
Loss before financial income and expenses		-1 365 276	-3 834 599
Financial income	1	33 189	0
Financial expenses	2	-22 767	-53 481
Loss before tax		-1 354 854	-3 888 080
Tax on loss for the year	3	<u>527 388</u>	<u>855 378</u>
NET LOSS FOR THE YEAR		<u>-827 466</u>	<u>-3 032 702</u>
DISTRIBUTION OF LOSS			
Proposed by the board to be disposed as follows:			
Retained earnings		<u>-827 466</u>	<u>-3 032 702</u>

## COMPANY BALANCE SHEET ON 31 DECEMBER 2017

NON CURRENT ASSETS	<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>TANGIBLE FIXED ASSETS</b>			
Land and building	4	655 800	655 800
Fixtures and fittings, plant and equipment		0	0
Property, plant and equipment in progress		<u>53 453 151</u>	<u>16 321 820</u>
		<u>54 108 951</u>	<u>16 977 620</u>
<b>FINANCIAL ASSETS</b>			
Deposit		<u>52 000</u>	<u>52 000</u>
<b>TOTAL NON CURRENT ASSETS</b>		<u>54 160 951</u>	<u>17 029 620</u>
<b>CURRENT ASSETS</b>			
Trade receivables		54 882	46 676
Receivables from group companies		0	17 740 204
Other receivables		1 088 685	684 989
Tax receivable		908 590	137 855
Corporation tax		0	2 292 518
Prepayments and accrued income		<u>217 537</u>	<u>244 846</u>
<b>RECEIVABLES</b>		<u>2 269 694</u>	<u>21 147 088</u>
CASH AT BANK AND IN HAND		<u>102 205</u>	<u>226 232</u>
<b>TOTAL CURRENT ASSETS</b>		<u>2 371 899</u>	<u>21 373 320</u>
<b>TOTAL ASSETS</b>		<u>56 532 850</u>	<u>38 402 940</u>
EQUITY AND LIABILITIES	<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>EQUITY</b>			
Share capital		45 200 000	45 200 000
Retained earnings		<u>-10 348 927</u>	<u>-9 521 462</u>
<b>TOTAL EQUITY</b>	5	<u>34 851 073</u>	<u>35 678 538</u>
<b>CURRENT LIABILITIES</b>			
Prepaid subsidies		1 075 513	1 075 513
Trade payables		301 755	550 831
Payables to group enterprises		19 276 359	2 689
Deferred tax		472 672	229 325
Other payables		<u>555 478</u>	<u>866 044</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>21 681 777</u>	<u>2 724 402</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>56 532 850</u>	<u>38 402 940</u>
<b>CONTINGENT ASSETS, LIABILITIES AND OTHER OBLIGATIONS</b>	6		
<b>OWNERSHIP</b>	7		

## NOTES TO THE COMPANY ANNUAL ACCOUNTS

	<u>2017</u>	<u>2016</u>	
<b>1 Financial income</b>			
Financial income group enterprises	33 078	0	
Financial income others	110	0	
	33 189	0	
<b>2 Financial expenses</b>			
Financial expenses group enterprises	-8 381	-38 586	
Financial expenses others	-14 386	-14 895	
	-22 767	-53 481	
<b>3 Tax on profit/loss for the year</b>			
Current tax for the year	-908 590	-2 292 518	
Deferred tax for the year	610 527	1 437 140	
Adjustment previous years	-229 325	0	
	-527 388	-855 378	
<b>4 Tangible Fixed Assets</b>			
	Land and building	Fixtures and fittings, plant and equipment	Property, plant and equipment in progress
Cost 1 January	655 800	34 381 219	16 321 820
Acquisitions		29 843	37 131 331
Cost at 31 December	655 800	34 411 062	53 453 151
Impairment losses and depreciation at 1 January	0	34 381 219	
Impairment losses for the year	0	29 843	0
Impairment losses and depreciation at 31 December	0	34 411 062	0
Net book value at 31 December	655 800	0	53 453 151
<b>5 Equity</b>			
	Share capital	Retained earnings	Total
Equity at 1 January	45 200 000	-9 521 462	35 678 538
Loss for the year	0	-827 466	-827 466
Equity at 31 December	45 200 000	-10 348 927	34 851 073

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.

## NOTES TO THE COMPANY ANNUAL ACCOUNTS

### 6 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 31,4 million are recognized as Other income, in line with the depreciation 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.

### 7 Ownership

The following shareholders are holding at least 5% of the share capital:

Air Liquide Advanced Business S.A., France

The Company is consolidated with the ultimate parent company, Air Liquide S.A. The consolidated financial statements can be obtained by reference to the company at 75, quai d'Orsay, 75321 Paris Cedex 7, France

## **ACCOUNTING POLICIES**

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### **Basis of preparation**

The annual report of Selskab Copenhagen Hydrogen A/S for 2017 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, amortisation, 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 economic 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 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 materials 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.

## **ACCOUNTING POLICIES**

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### **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 enterprises 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:

Fixtures and fittings, plant and equipment	4 years
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### **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.

## **ACCOUNTING POLICIES**

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### **Receivables**

Receivables are measured at amortised cost, which is normally 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 depreciations are recognised in income statement.