

Copenhagen Hydrogen Network A/S

Annual Report 2020

CVR 33 64 13 89

Approved at the Company's annual general meeting 16 July 2021,
Chairman:

Laurent Ferenczi, Chairman

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Company information

Company	Copenhagen Hydrogen Network A/S Høje Taastrupvej 42 2630 Taastrup	
	Telephone	+45 7625 2525
	Homepage	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 Christian Tomsen Diederick Luijten	(Chairman)
Management	Diederick Luijten	
Auditor	EY Godkendt Revisionspartnerselskab c/o Postboks 250 Dirch Passers Allé 36 2000 Frederiksberg	

STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Copenhagen Hydrogen Network A/S for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements gives a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Taastrup, 16 July 2021

Management:

Diederick Luijten

Board of Directors:

Laurent Ferenczi
(Chairman)

Diederick Luijten

Christian Tomsen

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 2020, which comprise income statement, balance sheet, statement of changes in equity, notes and 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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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.

INDEPENDENT AUDITOR'S REPORT (continued)

- ▶ 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.

Report on other legal and regulatory requirements

The Company has lost more than half of its share capital. Management has not ensured that a general meeting was held within the deadlines stipulated by the Danish Companies Act where the shareholders were given an account of the Company's financial position and any measures to address the situation were proposed. Management may incur liability in this respect.

Copenhagen, 16 July 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Alex Petersen
State Authorised
Public Accountant
mne28604

MANAGEMENT'S REVIEW 2020

Main activity

Copenhagen Hydrogen Network A/S focuses its activity on low carbon hydrogen production and compression. The main activity is producing and delivering low carbon hydrogen to customers.

Development in the year

The Profit and Loss Account for the year 2020 shows a loss of DKK 18 949 111, and the Balance Sheet of the Company shows an equity of DKK 3 755 983.

The factory in Hobro has been written down with DKK 17 714 506 during the year, after performing an impairment test.

At 31 December 2020, the Company has lost more than half of its subscribed share capital. On the annual general meeting of the shareholders in 2021, the Executive board and the Board of Directors will, in accordance with section 119 of the Danish Companies Act, give an account of the Company's financial position, and if necessary, measures to be taken.

The production has been irregular during the year. The compressor in the production has been the root cause of this, and has been progressively replaced towards the end of 2020. Full production has been resumed in the spring of 2021. After replacing the compressor, it is expected that the load of the plant will be back at initially expected levels. Maintenance and technical interventions have been strongly influenced by the COVID crisis as foreign technical experts could not travel.

Concerning the HRS network, Vejle HRS was stopped in March due to the end of the land lease agreement and due to the low demand not justifying to move the station.

A deal was found with Everfuel at the end of 2019 (with effect in January 2020) by which Everfuel has been taking over the 3 HRS in Copenhagen (Koge, Herlev, Sydhavnen). Aalborg station will be stopped at the beginning of 2020 (very low demand, no perspectives for passenger FCEV in the next few years).

The executive management has taken relevant precautions related to the global Covid19 pandemic. E.g. to secure cashflow, safety and to minimize the overall financial impact. In 2020 we have simplified the operational lay-out of the plant, and have been improving the IT system. The plant management has been changed and is now outsourced to Air Liquide Denmark.

Subsequent events

No events have occurred that could be considered to have a material influence on the financial position of the company.

COMPANY PROFIT AND LOSS ACCOUNT

	<u>Note</u>	<u>2020</u>	<u>2019</u>
GROSS LOSS		-2.569.202	-6.654.394
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	1	<u>-21.557.031</u>	<u>-4.105.571</u>
LOSS BEFORE FINANCIAL INCOME AND EXPENSES		-24.126.233	-10.759.965
Financial income	2	0	2.514
Financial expenses	3	-185.087	-491.469
LOSS BEFORE TAX		-24.311.320	-11.248.920
Tax on loss for the year	4	<u>5.362.210</u>	<u>2.406.980</u>
NET LOSS FOR THE YEAR		<u>-18.949.110</u>	<u>-8.841.940</u>
DISTRIBUTION OF LOSS			
Proposed by the board to be disposed as follows:			
Retained earnings		<u>-18.949.110</u>	<u>-8.841.940</u>

COMPANY BALANCE SHEET ON 31 DECEMBER 2020

NON CURRENT ASSETS	<u>Note</u>	<u>2020</u>	<u>2019</u>
TANGIBLE FIXED ASSETS			
Land and building		13.097.633	14.040.017
Fixtures and fittings, plant and equipment		<u>21.076.487</u>	<u>41.691.133</u>
	5	<u>34.174.120</u>	<u>55.731.150</u>
FINANCIAL ASSETS			
Deposit		<u>0</u>	<u>52.000</u>
TOTAL NON CURRENT ASSETS		<u>34.174.120</u>	<u>55.783.150</u>
CURRENT ASSETS			
Trade receivables		0	141.653
Trade receivables from affiliated companies		10.320.855	1.136.478
Other receivables		2.406.937	13.642.412
Tax receivable	6	1.117.331	3.609.973
Deferred tax	7	4.539.856	295.000
Prepaid cost		<u>0</u>	<u>31.200</u>
RECEIVABLES		<u>18.384.979</u>	<u>18.856.716</u>
CASH AT BANK AND IN HAND		<u>3.777</u>	<u>775.737</u>
TOTAL CURRENT ASSETS		<u>18.388.756</u>	<u>19.632.453</u>
TOTAL ASSETS		<u>52.562.876</u>	<u>75.415.603</u>

COMPANY BALANCE SHEET ON 31 DECEMBER 2020

EQUITY AND LIABILITIES	Note	<u>2020</u>	<u>2019</u>
EQUITY			
Share capital		45.200.000	45.200.000,00
Retained earnings		-41.444.017	-22.494.905,70
TOTAL EQUITY	8	<u>3.755.983</u>	<u>22.705.094,30</u>
NON CURRENT LIABILITIES			
Payables to affiliated companies	9	24.166.666	15.000.000
Prepaid subsidies, non current		13.519.160	14.696.550
TOTAL NON CURRENT LIABILITIES		<u>37.685.826</u>	<u>29.696.550</u>
CURRENT LIABILITIES			
Current portion of payables to affiliated companies	9	8.103.826	16.969.305
Prepaid subsidies, current		1.210.550	1.354.619
Trade payables		1.806.691	4.690.035
TOTAL CURRENT LIABILITIES		<u>11.121.067</u>	<u>23.013.959</u>
TOTAL LIABILITIES		<u>48.806.893</u>	<u>52.710.509</u>
TOTAL LIABILITIES AND EQUITY		<u>52.562.876</u>	<u>75.415.603</u>
CONTINGENT ASSETS, LIABILITIES AND OTHER OBLIGATIONS	10		

STATEMENT OF CHANGES IN EQUITY

Movements in equity can be specified as follows:

2020	Share capital	Retained earnings	Total
Equity at 1 January	45.200.000	-22.494.906	22.705.094
Loss for the year	0	-18.949.110	-18.949.110
Equity at 31 December	<u>45.200.000</u>	<u>-41.444.017</u>	<u>3.755.983</u>

At 31 December 2020, the Company has lost more than half of its subscribed share capital. On the annual general meeting of the shareholders in 2021, the Executive board and the Board of Directors will, in accordance with section 119 of the Danish Companies Act, give an account of the Company's financial position, and if necessary, measures to be taken.

NOTES TO THE COMPANY ANNUAL ACCOUNTS

1 Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities, e.g. expenses incurred for extensive structuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise one-off items.

As disclosed in the Management's review, the loss for the year is affected by an impairment of the Company's Tangible Fixed Assets. As Management does not consider this matter part of the operating activities, it has been included in this note. Special items for the year are specified below, including the line items in which they are recognized in the income statement.

DKK	2020	2019
Costs related to divestment of activities recognized in gross loss	0	3.960.000
Impairment of Tangible Fixed Assets, recognized in depreciation, amortisation and impairment of intangible assets and property, plant and equipment	17.714.506	0
	<u>17.714.506</u>	<u>3.960.000</u>

2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation of tangible assets	3.842.525	4.105.571
Impairment	17.714.506	0
	<u>21.557.031</u>	<u>4.105.571</u>

3 Financial income

Financial income others	0	2.514
	<u>0</u>	<u>2.514</u>

4 Financial expenses

Financial expenses group enterprises	-184.099	-78.636
Financial expenses others	-988	-412.833
	<u>-185.087</u>	<u>-491.469</u>

5 Tax on profit/loss for the year

Current tax for the year	-1.117.331	-3.609.980
Deferred tax for the year	-4.244.856	1.203.000
Adjustment to current tax previous years	-23	0
	<u>-5.362.210</u>	<u>-2.406.980</u>

NOTES TO THE COMPANY ANNUAL ACCOUNTS

6 Tangible Fixed Assets

	Land and building	Fixtures and fittings, plant, pipeline and equipment
Cost 1 January	15.296.528	80.267.315
Disposals	0	-34.411.061
Cost at 31 December	15.296.528	45.856.254
Impairment losses and depreciation at 1 January	1.256.510	38.576.182
Depreciation	942.385	2.900.140
Depreciation and impairment in disposals	0	-34.411.061
Impairment	0	17.714.506
Impairment losses and depreciation at 31 December	2.198.895	24.779.767
Net book value at 31 December	13.097.633	21.076.487

7 Current tax

	<u>2020</u>	<u>2019</u>
Current tax at 1 January	-3.609.973	-1.770.965
Adjustment to current tax at 1 January	-23	0
Paid current tax during the year	3.609.996	1.770.972
Current tax for the year	-1.117.331	-3.609.980
	-1.117.331	-3.609.973

8 Deferred tax

Deferred tax at 1 January	-295.000	-1.498.000
Adjustment to deferred tax at 1 January	0	0
Deferred tax for the year	-4.244.856	1.203.000
	-4.539.856	-295.000
Deferred tax relates to:		
<i>Buildings</i>	-110.574	-28.000
<i>Machinery, equipment etc.</i>	-853.507	1.852.000
<i>Grant and subsidies</i>	-3.240.537	-928.000
Goodwill	-222.200	-278.000
Dismantle and reorganization	-113.038	-920.000
<i>Miscellaneous</i>	0	7.000
	-4.539.856	-295.000

NOTES TO THE COMPANY ANNUAL ACCOUNTS

9 PAYABLES TO AFFILIATED COMPANIES

0-1 Year	8.103.826	16.969.305
1-5 Years	7.333.332	15.000.000
>5 Years	16.833.334	0
	<u>32.270.492</u>	<u>31.969.305</u>

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 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 where the contributors may demand full or partial repayment of the granted subsidies.

ACCOUNTING POLICIES

Basis of preparation

The annual report 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.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed new and amended presentation and disclosure requirements.

The accounting policies are consistent with those of last year.

Group Financial Statements

In accordance with The Danish Company Accounts Act section 112, subsection 1, consolidated accounts have not been prepared. The annual accounts for Copenhagen Hydrogen Network A/S are included in the consolidated accounts for L'Air Liquide S.A., Paris.

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 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.

ACCOUNTING POLICIES

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.

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 comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is covered by the Danish rules on compulsory joint taxation of the Air Liquide Danish entities. Subsidiaries and other Danish Air Liquide entities are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

On payment of joint taxation contributions, the Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises current income tax, joint taxation contribution and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

ACCOUNTING POLICIES

Balance Sheet

Property, plant and equipment

Property, plant and equipment 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 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 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.

ACCOUNTING POLICIES

Income tax and deferred tax

Provisions for deferred tax is correspond to the current tax rate of the difference between accounting value and tax value of tangible fixed assets, current assets and provisions. Payment of tax on account is deducted in taxes payable at year-end.

Deferred tax assets are included at the value which they are expected to be utilized at, either through deduction in future income or offset in deferred tax payable.

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior year taxable income and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as corporation tax receivable or corporation tax payable.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction. Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

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 incurrance of costs are recognized as a prepayment under liabilities. Grants will be recognised as other income when depreciations are recognised in income statement.