

Copenhagen Hydrogen Network A/S

Annual Report 2019

CVR 33 64 13 89

The Annual Report was presented and adopted at the Annual General Meeting of the Company on the 29 of May 2020



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	Ernst & Young Godkendt Revisionspartnerselskab c/o Postboks 250 Dirch Passers Allé 36 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 2019.

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 2019 of the company and of the results of the company operations for 2019.

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, the 29 of May 2020

Management:

Diederick Luijten

Board of Directors:



Laurent Ferenczi
(Chairman)

Diederick Luijten

Christian Tomsen

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Taastrup, the 29 of May 2020

Management:



Diederick Luijten

Board of Directors:

Laurent Ferenczi
(Chairman)



Diederick Luijten



Christian Tomsen

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 2019, 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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 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.

INDEPENDENT AUDITOR'S REPORT

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 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.

INDEPENDENT AUDITOR'S REPORT

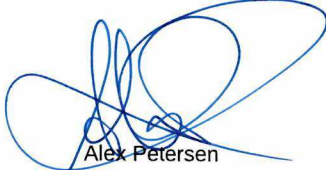
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, the 29 of May 2020

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Alex Petersen

State Authorised

Public Accountant

mne28604

MANAGEMENT'S REVIEW 2019

Main activity

In 2019, the decision was taken to refocus Copenhagen Hydrogen Network A/S activity on low carbon hydrogen production and compression.

Development in the year

The Profit and Loss Account for the year 2019 shows a loss of DKK 8 841 940, and the Balance Sheet of the Company shows an equity of DKK 22 705 094.

Rampup of Hobro plant and first feedback on operations took place throughout the year. A major breakdown of the compressor happened at the end of November 2019 and was solved beginning of 2020. After repair of the compressor it is expected that the load of the plant will be back at initial expected levels.

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 is 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 initial expectations could be impacted by the worldwide Covid19 pandemic spreading Spring 2020.

Subsequent events

No events have occurred that could be considered to have a material influence on the financial position of the company. The executive management has taken relevant precautions related to the global Covid19 pandemic. E.g. to secure cash flow, safety and to minimize the overall financial impact.

COMPANY PROFIT AND LOSS ACCOUNT

	<u>Note</u>	<u>2019</u>	<u>2018</u>
GROSS LOSS	1	-6 654 394	-5 433 496
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	<u>-4 105 571</u>	<u>-1 316 060</u>
Loss before financial income and expenses		-10 759 965	-6 749 556
Financial income	3	2 514	26 439
Financial expenses	4	-491 469	-93 236
Loss before tax		-11 248 920	-6 816 353
Tax on loss for the year	5	<u>2 406 980</u>	<u>3 512 313</u>
NET LOSS FOR THE YEAR		<u>-8 841 940</u>	<u>-3 304 040</u>
DISTRIBUTION OF LOSS			
Proposed by the board to be disposed as follows:			
Retained earnings		<u>-8 841 940</u>	<u>-3 304 040</u>

COMPANY BALANCE SHEET ON 31 DECEMBER 2019

NON CURRENT ASSETS	<u>Note</u>	<u>2019</u>	<u>2018</u>
TANGIBLE FIXED ASSETS			
Land and building		14 040 017	14 982 400
Fixtures and fittings, plant and equipment		<u>41 691 133</u>	<u>44 854 321</u>
	6	<u>55 731 150</u>	<u>59 836 721</u>
FINANCIAL ASSETS			
Deposit		<u>52 000</u>	<u>52 000</u>
TOTAL NON CURRENT ASSETS		<u>55 783 150</u>	<u>59 888 721</u>
CURRENT ASSETS			
Trade receivables		141 653	110 772
Trade receivables from affiliated companies		1 136 478	909 229
Other receivables		13 642 412	2 228 850
Tax receivable	7	3 609 973	1 770 965
Deferred tax	8	295 000	1 498 000
Prepaid cost		<u>31 200</u>	<u>47 560</u>
RECEIVABLES		<u>18 856 716</u>	<u>6 565 376</u>
CASH AT BANK AND IN HAND		<u>775 737</u>	<u>422 998</u>
TOTAL CURRENT ASSETS		<u>19 632 453</u>	<u>6 988 374</u>
TOTAL ASSETS		<u>75 415 603</u>	<u>66 877 095</u>

COMPANY BALANCE SHEET ON 31 DECEMBER 2019

EQUITY AND LIABILITIES	Note	2019	2018
EQUITY			
Share capital		45 200 000	45 200 000
Retained earnings		<u>-22 494 906</u>	<u>-13 652 966</u>
TOTAL EQUITY	9	<u>22 705 094</u>	<u>31 547 034</u>
NON CURRENT LIABILITIES			
Payables to affiliated companies	10	15 000 000	15 000 000
Prepaid subsidies noncurrent		<u>14 696 550</u>	<u>4 307 179</u>
TOTAL NON CURRENT LIABILITIES		<u>29 696 550</u>	<u>19 307 179</u>
CURRENT LIABILITIES			
Current portion of payables to affiliated companies	10	16 969 305	12 104 101
Prepaid subsidies current		1 354 619	1 699 197
Trade payables		<u>4 690 035</u>	<u>2 219 584</u>
TOTAL CURRENT LIABILITIES		<u>23 013 959</u>	<u>16 022 882</u>
TOTAL LIABILITIES		<u>52 710 509</u>	<u>35 330 061</u>
TOTAL LIABILITIES AND EQUITY		<u>75 415 603</u>	<u>66 877 095</u>
CONTINGENT ASSETS, LIABILITIES AND OTHER OB	11		
SUBSEQUENT EVENTS	12		

NOTES TO THE COMPANY ANNUAL ACCOUNTS

1 Special items

In gross loss 2019, other operating costs related to divestment of activities is included with 3 960 000 DKK.

	<u>2019</u>	<u>2018</u>
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of tangible assets	4 105 571	1 316 060
	<u>4 105 571</u>	<u>1 316 060</u>
3 Financial income		
Financial income others	2 514	26 439
	<u>2 514</u>	<u>26 439</u>
4 Financial expenses		
Financial expenses group enterprises	-78 636	-60 902
Financial expenses others	-412 833	-32 334
	<u>-491 469</u>	<u>-93 236</u>
5 Tax on profit/loss for the year		
Current tax for the year	-3 609 980	-3 140 742
Deferred tax for the year	1 203 000	1 616 506
Adjustment to current tax previous years	0	1 599 101
Adjustment to deferred tax previous years	0	-3 587 178
	<u>-2 406 980</u>	<u>-3 512 313</u>
6 Tangible Fixed Assets		
	Land and building	Fixtures and fittings, plant, pipeline and equipment
Cost 1 January	15 296 528	80 267 315
Acquisitions	0	0
Cost at 31 December	<u>15 296 528</u>	<u>80 267 315</u>
Impairment losses and depreciation at 1 January	314 128	35 412 994
Depreciation	942 383	3 163 188
Impairment losses and depreciation at 31 December	<u>1 256 511</u>	<u>38 576 182</u>
Net book value at 31 December	<u>14 040 017</u>	<u>41 691 133</u>

NOTES TO THE COMPANY ANNUAL ACCOUNTS

	<u>2019</u>	<u>2018</u>	
7 Current tax			
Current tax at 1 January	-1 770 965	-908 590	
Adjustment to current tax at 1 January	0	1 369 776	
Paid current tax during the year	1 770 972	908 591	
Current tax for the year	-3 609 980	-3 140 742	
	<u>-3 609 973</u>	<u>-1 770 965</u>	
8 Deferred tax			
Deferred tax at 1 January	-1 498 000	472 672	
Adjustment to deferred tax at 1 January	0	-3 587 178	
Deferred tax for the year	1 203 000	1 616 506	
	<u>-295 000</u>	<u>-1 498 000</u>	
Deferred tax relates to:			
<i>Buildings</i>	-28 000	55 000	
<i>Machinery, equipment etc.</i>	1 852 000	97 000	
<i>Grant and subsidies</i>	-928 000	-1 400 000	
Goodwill	-278 000	-334 000	
Dismantle and reorganization	-920 000	-24 000	
<i>Miscellaneous</i>	7 000	108 000	
	<u>-295 000</u>	<u>-1 498 000</u>	
9 Equity			
	Share capital	Retained earnings	Total
Equity at 1 January	45 200 000	-13 652 966	31 547 034
Loss for the year	0	-8 841 940	-8 841 940
Equity at 31 December	<u>45 200 000</u>	<u>-22 494 906</u>	<u>22 705 094</u>

The share capital consists of 45.200.000 shares of a nominal value of DKK 1. No shares carry any special rights. The share 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

	<u>2019</u>	<u>2018</u>
10 PAYABLES TO AFFILIATED COMPANIES		
0-1 Year	16 969 305	12 104 101
1-5 Years	15 000 000	15 000 000
>5 Years	0	0
	<hr/>	<hr/>
	31 969 305	27 104 101

11 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 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 284 (2018: kDKK 321). Amount due within 12 months.

12 Subsequent events

The global pandemic Covid-19 has cause increased focus on cash flow and forecast. The executive management has made excessive assessments to minimize the financial impact. The current analysis does not indicate a change in the overall view of the financial status of Copenhagen Hydrogen Network A/S.

ACCOUNTING POLICIES

Basis of preparation

The annual report of Selskab Copenhagen Hydrogen A/S for 2019 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.

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 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 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

ACCOUNTING POLICIES

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 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.

ACCOUNTING POLICIES

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.