

# Copenhagen Hydrogen Network A/S

## Annual Report 2022

CVR 33 64 13 89

Approved at the Company's annual general meeting 6 July 2023,  
Chairman:

DocuSigned by:  
  
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Laurent Ferenczi, Chairman

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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 (12th accounting year)
Board of Directors	Laurent Ferenczi Jeremy Leglise Diederick Luijten	(Chairman)
Executive Board	Diederick Luijten	(Managing director)
Auditor	KPMG P/S Dampfærgevej 28 2100 Copenhagen	

## 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 2022.

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

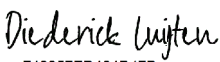
In our opinion, the financial statements gives a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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, 5 July 2023

Executive Board:

DocuSigned by:  
  
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Diederick Luyten  
(Managing director)

Board of Directors:

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Laurent FERENCZI  
(Chairman)

DocuSigned by:  
  
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Diederick Luyten

DocuSigned by:  
  
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Jeremy Leguise

## **INDEPENDENT AUDITOR'S REPORT**

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### **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 2022 comprising 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 Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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, that 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 the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the 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 company 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 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

### Statement on the Management's review

Management is responsible for the Management's review.

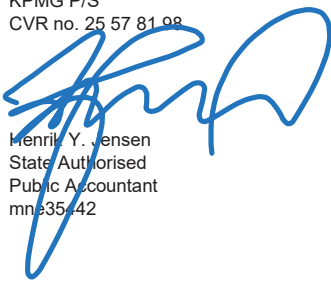
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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, 6 July 2023  
KPMG P/S  
CVR no. 25 57 81 98



Henrik Y. Jensen  
State Authorised  
Public Accountant  
no. 35.42

## **MANAGEMENT'S REVIEW 2022**

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### **Main activity**

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

### **Development in the year**

The Profit and Loss Account for the year 2022 shows a loss of DKK 3 393 337, and the Balance Sheet of the Company shows an equity of DKK 13 952 606.

The Company's share capital was restored by capital injection of DKK 27 400 000 in 2022.

The executive management has taken relevant precautions related to the geopolitical situation in Ukraine. E.g. to secure cashflow, safety and to minimize the overall financial impact. In 2022 we have simplified the operational lay-out of the plant. The plant management has been outsourced to Air Liquide Danmark A/S.

### **Uncertainty regarding recognition and measurement**

The valuation of the Hydrogen plant in Hobro is subject to uncertainties as several estimates are taken into consideration. The valuation is based on an internal assessment and impairment calculation performed in 2021. The assumptions are still applicable for 2022. The actual value of the assets may deviate from booked value.

### **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>2022</u>	<u>2021</u>
<b>GROSS PROFIT/LOSS</b>		<b>-4.044.260</b>	<b>11.975.775</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2,3	<u>0</u>	<u>29.474.570</u>
<b>LOSS BEFORE FINANCIAL INCOME AND EXPENSES</b>		<b>-4.044.260</b>	<b>-17.498.795</b>
Financial expenses	4	263.100	219.514
<b>LOSS BEFORE TAX</b>		<b>-4.307.360</b>	<b>-17.718.309</b>
Tax on loss for the year	5	<u>914.023</u>	<u>3.908.269</u>
<b>NET LOSS FOR THE YEAR</b>		<b><u>-3.393.337</u></b>	<b><u>-13.810.040</u></b>
DISTRIBUTION OF LOSS			
Proposed by the board to be disposed as follows:			
Retained earnings		<u>-3.393.337</u>	<u>-13.810.040</u>



**COMPANY BALANCE SHEET ON 31 DECEMBER 2022**

<b>NON CURRENT ASSETS</b>	<u>Note</u>	<u>2022</u>	<u>2021</u>
Land and building		1.160.800	1.160.800
Fixtures and fittings, plant and equipment		3.538.750	3.538.750
	6	<u>4.699.550</u>	<u>4.699.550</u>
<b>TOTAL NON CURRENT ASSETS</b>		<b><u>4.699.550</u></b>	<b><u>4.699.550</u></b>
<b>CURRENT ASSETS</b>			
Trade receivables from affiliated companies		21.957.343	2.101.467
Other receivables		962.694	813.300
Tax receivable	7	1.206.338	3.447.297
Deferred tax	8	<u>9.273.141</u>	<u>6.118.159</u>
RECEIVABLES		<u>33.399.516</u>	<u>12.480.223</u>
CASH AT BANK AND IN HAND		<u>0</u>	<u>473.131</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>33.399.516</u></b>	<b><u>12.953.354</u></b>
<b>TOTAL ASSETS</b>		<b><u>38.099.066</u></b>	<b><u>17.652.904</u></b>

**COMPANY BALANCE SHEET ON 31 DECEMBER 2022**

<b>EQUITY AND LIABILITIES</b>	<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>EQUITY</b>			
Share capital		1.000.000	45.200.000
Retained earnings		<u>12.952.606</u>	<u>-55.254.057</u>
<b>TOTAL EQUITY</b>		<b><u>13.952.606</u></b>	<b><u>-10.054.057</u></b>
<b>NON CURRENT LIABILITIES</b>			
Payables to affiliated companies	9	<u>20.499.698</u>	<u>22.333.332</u>
<b>TOTAL NON CURRENT LIABILITIES</b>		<b><u>20.499.698</u></b>	<b><u>22.333.332</u></b>
<b>CURRENT LIABILITIES</b>			
Current portion of payables to affiliated companies	9	2.539.747	5.025.597
Trade payables		<u>1.107.015</u>	<u>348.032</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>3.646.762</u></b>	<b><u>5.373.629</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>24.146.460</u></b>	<b><u>27.706.961</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>38.099.066</u></b>	<b><u>17.652.904</u></b>
<b>CONTINGENT ASSETS, LIABILITIES AND OTHER OBLIGATIONS</b>	10		
<b>RELATED PARTIES</b>	11		

## **STATEMENT OF CHANGES IN EQUITY**

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Movements in equity can be specified as follows:

<b>2022</b>	Share capital	Capital surplus	Retained earnings	Total
Equity at 1 January	45.200.000	0	-55.254.057	-10.054.057
Capital increase	1.000.000	26.400.000	0	27.400.000
Capital decrease	-45.200.000		45.200.000	0
Transfer between capital surplus and retained earnings	0	-26.400.000	26.400.000	0
Result for the year	0	0	-3.393.337	-3.393.337
Equity at 31 December	<u>1.000.000</u>	<u>0</u>	<u>12.952.606</u>	<u>13.952.606</u>

## **NOTES TO THE COMPANY ANNUAL ACCOUNTS**

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### 1 **Uncertainty regarding recognition and measurement**

The valuation of the Hydrogen plant in Hobro is subject to uncertainties as several estimates are taken into consideration. The valuation is based on an internal assessment and impairment calculation performed in 2021. The assumptions are still applicable for 2022. The actual value of the assets may deviate from booked value.

### 2 **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.

Special items are specified below, including the line items in which they are recognized in the income statement.

DKK	<u>2022</u>	<u>2021</u>
Impairment of Tangible Fixed Assets, recognized in depreciation, amortisation and impairment of intangible assets and property, plant and equipment	0	-26.947.286
Prepaid subsidies, recognized as income in gross profit/loss	0	14.191.749
	<u>0</u>	<u>-12.755.537</u>

### 3 **Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**

Depreciation of tangible assets	0	2.527.284
Impairment	0	26.947.286
	<u>0</u>	<u>29.474.570</u>

### 4 **Financial expenses**

Financial expenses group enterprises	-263.100	-213.796
Financial expenses others	0	-5.718
	<u>-263.100</u>	<u>-219.514</u>

### 5 **Tax on profit/loss for the year**

Current tax for the year	0	2.329.966
Change in deferred tax for the year	947.619	1.578.303
Adjustment to deferred tax previous years	2.207.363	0
Adjustment to current tax previous years	-2.240.959	0
	<u>914.023</u>	<u>3.908.269</u>

## **NOTES TO THE COMPANY ANNUAL ACCOUNTS**

<b>6 Tangible Fixed Assets</b>		
	Land and building	Fixtures and fittings, plant, pipeline and equipment
Cost 1 January	15.296.528	45.856.254
Disposals	0	0
Cost at 31 December	<u>15.296.528</u>	<u>45.856.254</u>
Impairment losses and depreciation at 1 January	14.135.728	42.317.504
Impairment losses and depreciation at 31 December	<u>14.135.728</u>	<u>42.317.504</u>
Net book value at 31 December	<u>1.160.800</u>	<u>3.538.750</u>
<b>7 Current tax</b>		
	<b><u>2022</u></b>	<b><u>2021</u></b>
Current tax at 1 January	3.447.297	1.117.331
Adjustment to current tax at 1 January	-2.240.959	0
Paid current tax during the year	0	0
Current tax for the year	0	2.329.966
	<u>1.206.338</u>	<u>3.447.297</u>
<b>8 Deferred tax</b>		
Deferred tax at 1 January	6.118.159	4.539.856
Change in deferred tax for prior year	2.207.363	
Change in deferred tax for the year	947.619	1.578.303
	<u>9.273.141</u>	<u>6.118.159</u>
<b>9 Payables to affiliated companies</b>		
0-1 Year	2.539.747	5.025.597
1-5 Years	20.499.698	7.333.332
>5 Years	0	15.000.000
	<u>23.039.445</u>	<u>27.358.929</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 administrative company is Air Liquide Danmark A/S.

### **11 Related parties**

Related parties comprise the Company's shareholders, Board of Directors, Executive Board, employees and subsidiaries of the ultimate parent company L'Air Liquide S.A., Paris

Copenhagen Hydrogen Network A/S is included in the consolidated financial statements of the ultimate parent company, L'Air Liquide S.A., Paris. The consolidated financial statements of the ultimate parent company can be obtained at <https://www.airliquide.com/group/publications>

## **ACCOUNTING POLICIES**

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### **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.

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 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 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.

### 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.

### 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**

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### **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.

Impairment tests are conducted on individual assets or cash-generating units when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount. The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets. Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

### **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.

### **Cash**

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

### **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.