

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON**Enheten**

Organisasjonsnummer: 984 238 126
Organisasjonsform: Aksjeselskap
Foretaksnavn: AIR LIQUIDE SKAGERAK AS
Forretningsadresse: Porselensvegen 14
3920 PORSGRUNN

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Frode Halvorsen
Dato for fastsettelse av årsregnskapet: 13.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 19.06.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
revenue	2, 3, 4	424 384 000	288 248 000
Sum inntekter		424 384 000	288 248 000
Kostnader			
cost of goods sold	3, 4	319 524 000	217 473 000
payroll and related cost	5	19 888 000	15 322 000
Depreciation and impairments of fixed assets	6	16 620 000	16 831 000
other operating expenses	3	14 581 000	24 305 000
Sum kostnader		370 613 000	273 931 000
Driftsresultat		53 771 000	14 317 000
Finansinntekter og finanskostnader			
other financial income	7	7 617 000	1 419 000
Sum finansinntekter		7 617 000	1 419 000
other financial expenses	7,3	4 847 000	2 977 000
Sum finanskostnader		4 847 000	2 977 000
Netto finans		2 770 000	-1 558 000
Ordinært resultat før skattekostnad		56 541 000	12 759 000
income tax	8	12 565 000	2 816 000
Ordinært resultat etter skattekostnad		43 976 000	9 943 000
Årsresultat		43 976 000	9 943 000
Overføringer og disponeringer			
transferred to other equity	9	43 976 000	9 943 000
Sum overføringer og disponeringer		43 976 000	9 943 000



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
deferred tax assets	8	2 460 000	3 432 000
Sum immaterielle eiendeler		2 460 000	3 432 000
Varige driftsmidler			
gasinstallations and related assets	6	211 616 000	121 088 000
assets under construction	6	36 834 000	98 956 000
cars and equipments	6	832 000	632 000
Sum varige driftsmidler		249 282 000	220 676 000
Finansielle anleggsmidler			
Investering i datterselskap	10	136 995 000	128 000
Lån til foretak i samme konsern	10	10 149 000	
Sum finansielle anleggsmidler		147 144 000	128 000
Sum anleggsmidler		398 886 000	224 236 000
Omløpsmidler			
Varer			
inventory	11	5 686 000	3 179 000
Sum varer		5 686 000	3 179 000
Fordringer			
accounts recxeivable	12	71 388 000	44 795 000
other receivables	13	42 341 000	31 799 000
Sum fordringer		113 729 000	76 594 000
Bankinnskudd, kontanter og lignende			
cash and cash equivalents	14	2 450 000	3 425 000
Sum bankinnskudd, kontanter og lignende		2 450 000	3 425 000
Sum omløpsmidler		121 865 000	83 198 000
SUM EIENDELER		520 751 000	307 434 000



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
share capital	15, 9	20 400 000	20 400 000
Overkurs	9	84 597 000	84 597 000
Annen innskutt egenkapital	9	3 338 000	3 338 000
Sum innskutt egenkapital		108 335 000	108 335 000
Opptjent egenkapital			
retained earnings	9	89 994 000	46 072 000
Sum opptjent egenkapital		89 994 000	46 072 000
Sum egenkapital		198 329 000	154 407 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	16	1 141 000	1 874 000
other non-current provisions	16	2 750 000	2 750 000
Sum avsetninger for forpliktelser		3 891 000	4 624 000
Annen langsiktig gjeld			
Langsiktig konserngjeld	12	72 000 000	90 000 000
Sum annen langsiktig gjeld		72 000 000	90 000 000
Sum langsiktig gjeld		75 891 000	94 624 000
Kortsiktig gjeld			
Leverandørgjeld	12	19 392 000	9 524 000
current income taxes payables	8	11 578 000	5 443 000
other taxes and withholdings		9 293 000	5 302 000
other current liabilities	12, 17	206 270 000	38 134 000
Sum kortsiktig gjeld		246 533 000	58 403 000
Sum gjeld		322 424 000	153 027 000
SUM EGENKAPITAL OG GJELD		520 753 000	307 434 000



Balanse

Beløp i: NOK	Note	2022	2021
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Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 680943

Enheten

Organisasjonsnummer: 984 238 126
Organisasjonsform: Aksjeselskap
Foretaksnavn: AIR LIQUIDE SKAGERAK AS
Forretningsadresse: Porselensvegen 14
3920 PORSGRUNN

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Benyttet ved utarbeidelsen av
årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Frode Halvorsen
Dato for fastsettelse av årsregnskapet: 13.06.2023

Revisjon

Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet: Ja

Grunnlag for avgivelse

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År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022.

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Brønnøysundregistrene, 16.08.2023

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673



Organisasjonsnr: 984 238 126
AIR LIQUIDE SKAGERAK AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
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Organisasjonsnr: 984 238 126
AIR LIQUIDE SKAGERAK AS

BALANSE

Beløp i: NOK Note 2022 2021

BALANSE - EIENDELER

Anleggsmidler

Immaterielle eiendeler

deferred tax assets 8 2 460 000 3 432 000
Sum immaterielle eiendeler 2 460 000 3 432 000

Varige driftsmidler

gasinstallations and related assets 6 211 616 000 121 088 000
assets under construction 6 36 834 000 98 956 000
cars and equipments 6 832 000 632 000
Sum varige driftsmidler 249 282 000 220 676 000

Finansielle anleggsmidler

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Lån til foretak i samme konsern 10 10 149 000
Sum finansielle anleggsmidler 147 144 000 128 000

Sum anleggsmidler 398 886 000 224 236 000

Omløpsmidler

Varer

inventory 11 5 686 000 3 179 000
Sum varer 5 686 000 3 179 000

Fordringer

accounts receivable 12 71 388 000 44 795 000
other receivables 13 42 341 000 31 799 000
Sum fordringer 113 729 000 76 594 000

Bankinnskudd, kontanter og lignende

cash and cash equivalents 14 2 450 000 3 425 000
Sum bankinnskudd, kontanter og lignende 2 450 000 3 425 000

Sum omløpsmidler 121 865 000 83 198 000

SUM EIENDELER 520 751 000 307 434 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital
share capital 15, 9 20 400 000 20 400 000



Overkurs	9	84 597 000	84 597 000
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Organisasjonsnr: 984 238 126
AIR LIQUIDE SKAGERAK AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

1

Regnskapsprinsipper

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway. All numbers are in NOK. Valuation and classification of assets and liabilities Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria. Current assets are valued at the lower of historical cost and fair value. Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule. Other long-term liabilities, as well as short-term liabilities, are valued at nominal value. Inventories Inventories are recognised at the lower of cost in accordance with the FIFO method and net realisable value. Revenue Revenue is recognised when it is earned, i.e. when both the risk and control have been mainly transferred to the customer. This will normally be the case when the goods are delivered to the customer. The revenue is recognised with the value of the remuneration at the time of transaction. Receivables Trade receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable. Cash and cash equivalents Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase. Post-employment benefits Defined contribution plans are accounted for according to the matching principle. Contributions to the pension plan are recorded as expenses. Defined benefit plans are post-employment benefit plans other than defined contribution plans. In accounting for defined benefit plans, the obligation is expensed over the service life according to the plan benefit formula. The method of allocation corresponds to the plan benefit formula, unless the bulk of the service costs accrue towards the end of the service life. In such instances, the service cost is allocated on a straight-line basis. A straight-line allocation is therefore applied for post-employment benefit plans operated in accordance with the occupational pension legislation. Experience adjustments and the effect of changes in assumptions are recognised directly in other equity. The net post-employment benefit obligation is the difference between the present value of the pension obligations and the value of plan assets that are invested for the purpose of paying the post-employment benefits. Plan assets are recognised at fair value. A valuation of post-employment benefit obligations and plan assets is carried out as of the balance sheet date. An accrual for social security costs is included in the figures, calculated based on the net actual post-employment benefit deficit. Cost of sales and other expenses In principle, cost of sales and other expenses are recognised in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated. Other exceptions to the matching criteria are disclosed where appropriate. Income taxes Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity. Tax expense consists of current income tax expense and change in net deferred



tax. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet. Cash flow statement The cash flow statement is presented in accordance with the indirect method.

Note
5

Antall årsverk i regnskapsåret
16.00

Note
5

Spesifisering av resultatregnskapet

Lønnskostnader

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	14991000.00	13285000.00
<u>Folketrygdavgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	2802000.00	2197000.00
<u>Pensjonskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	1737000.00	1488000.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	2728000.00	1486000.00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	19888000.00	15322000.00

Note

Ekstraordinære inntekter og kostnader

<u>Sum</u>	<u>Beløp</u>
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<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
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Konsernregnskap

Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

Morselskapet sitt navn

Air Liquide Biogas Solution Europe

Forretningskontor for morselskapet

2, rue de Clémencière - B.P.15; 38360 SASSENAGE, France

Datterselskap er utelatt fra konsolideringen: Ja

Begrunnelse for at datterselskap er utelatt fra konsolideringen



Selskapet eies av morselskap i Frankrike og er konsolidert inn i dette konsernregnskapet

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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Annen langsiktig gjeld

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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Kortsiktig gjeld

<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
		0.00

<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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Note

Fordringer

Fordringer som forfaller senere enn ett år etter regnskapsårets slutt

Mer om fordringer

Note

Virkelig verdi og resultatført verdiendr. i perioden, finansielle instrumenter

Mer om finansielle instrumenter

Beskrivelse av finansielle derivater

<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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Note

Lån og sikkerhetsstillelse til medlemmer

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Opplysninger om:

Medlemmer av:

Mer om lån og sikkerhetsstillelse



Air Liquide and Skagerak Energi has established an insurance for their representatives in the board and the general manager to cover the personal liability they may incur in their function in the company in accordance with the applicable law.



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Minutes from Board of Directors meeting

IN: Air Liquide Skagerak AS
TIME: 13.06.2023 at 14.00
PLACE: Porsgrunn - Videoconference

Directors attendent :
Frode Halvorsen (CEO)
Olivier Louedin
Kjetil Dahl
Inger Anne Tho Bjørvik
Jeremie Lallemand
Charles-Henri Des Villettes

Also present :
Sarah Daprini
Anders Pederstad
Andrea Schreib
Jean-Philippe Ducros

Chairman of the Board

Charles-Henri Des Villettes is elected Chairman of the Board.

Approval of call for meeting

The chairman opened the meeting. There were no remarks to the call for the meeting.

Introduction to the meeting by the CEO

Frode HALVORSEN introduces the meeting and presents the main information regarding business portfolio (current, prospective and renegotiations), the self assessment of the company in terms of Health and Safety as Operations reliability, while Andrea SCHREIB introduces the financial results up to date. A discussion occurs regarding the financing of projects in AL Skagerak and in LBAB as well as regarding the fiscal consequences for AL Skagerak's and LBAB's in case of distribution of future dividends from LBAB to AL Skagerak. The administration is requested to dig into the topic and to revert to the Board of Directors when the most efficient financial strategy for the Nordics will have been identified.

Approval of the Financial Statement for 2022 (Decision Topic 04-23)

Annual Statement and Financial Statement for 2022 were presented to the Board of Directors and unanimously approved.

Approval of the Call for General Meeting (Decision Topic 04bis-23)

The Board of Directors approved the call for the general meeting meant to approve the topics listed in Appendix 1.

Swedish CBG Sourcing (Decision Topic 05-23)



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Frode HALVORSEN presents, further to recurrent topics of long term supply contracts in order to ensure deliveries of Bio-LNG to Verbio and GasCom, the opportunities identified by the Company as of today.

Frode HALVORSEN requests the board of directors approval:

- To sign tariff agreement with VEAS Marked AS for processing of Swedish CBG (Annex 1 to Topic 05/23)
- To sign supply contract CBG with Biogas Brålanda AB (Annex 2 to Topic 05/23)
- To order up to 3 new CBG containers of type COMP 350-55 from Processkontroll AB within a CAPEX envelope of 0.9 MEUR
- To negotiate and sign additional sourcing contracts for CBG in Sweden from Vårgårda and Sävsjö subject to the following:
 - Duration of contractual commitments less than 3 years (excl. options)
 - Economics aligned and signed off by energy management team (OIR 28%)
 - No capital investments required
 - Legal approval of sourcing agreements by Air Liquide Biogas Solutions legal and, if necessary according to Air Liquide governance rules, energy risk management approval

The Directors request Biogas CFO Europe to review the canonicals of the contracts in order to clearly identify risks and upsides linked to it. The Board of Directors unanimously approve the purchasing of three containers and the signature of the contracts as long as it is within the mandate above granted.

Amendment to GSPA with GasCom (Decision Topic 06-23)

The following topic is postponed to an adhoc Board to be scheduled later.

Closure of agreement related to start-up of Kjørbekk filling station (Information Topic 07-23)

Frode HALVORSEN presents to the board the results of the discussions with Den Magiske Fabrikken (DMF) in Tønsberg consecutively to the long term loan of the biomethane supplied to Kjørbekk filling station.

As per 1st June 2023, DMF has a net negative balance of 595 tons of biomethane borrowed from Air Liquide Skagerak (8 150 076 kWh (NCV)). The parties have agreed to settle the loan through the payment of 8.3 MNOK by DMF to Air Liquide Skagerak AS by 30.06.2023.

The Board takes note of the information.

Transparency Act (Information Topic 07-23)

Frode HALVORSEN informs the Board that the Company is currently working on the documentation to be uploaded by the end of June 2023 on the official website of Air Liquide Skagerak AS with the support of an external and Skagerak's representatives.

Frode HALVORSEN informed that the Board will need to sign the official documentation by end of June before it is uploaded to the webpage.

Business Update - for information (Topic 08-23)

Frode HALVORSEN shares with the board of directors a snapshot of last business discussions.

Nothing else being discussed, the meeting ended.



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Signatures:

Frode Halvorsen

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Frode Halvorsen
A613D627E12E43E...

Olivier Louedin

DocuSigned by:
Olivier LOUEDIN
DCF4089556A3249A...

Kjetil Dahl

DocuSigned by:
Kjetil Dahl
5493C77E9B4A48A...

Charles Henri Des Villettes

DocuSigned by:
Charles-Henri des Villettes
BF33E21248B4471

Jeremie Lallemand

DocuSigned by:
Jeremie Lallemand
F8A28A72698E7432

Inger Anne Tho Bjørvik

DocuSigned by:
Inger Anne Tho Bjørvik
9DF32BC773FD435...



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**APPENDIX 1 - CALL FOR GENERAL MEETING AIR LIQUIDE SKAGERAK
13 JUNE 2023 - 14.15**

Topic list:

1. Approval of the calling and the agenda of the meeting
2. Election of the leader of the meeting
3. Election of persons to sign the protocol
4. Approval of the Financial statements and the annual report for Air Liquide Skagerak 2022
5. Approval of the audit fee 2022
6. Approval of the dividend policy 2022
7. Nomination of a deputy board member amongst each Shareholder



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Financial Statements

Air Liquide Skagerak AS

2022



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Air Liquide Skagerak AS Profit and loss statement

NOTE	OPERATING REVENUE AND OPERATING EXPENSES	2 022	2 021
2,3,4	Revenue	<u>424 383 777</u>	<u>288 248 206</u>
	Total operating revenue	<u>424 383 777</u>	<u>288 248 206</u>
3,4	Costs of goods sold	319 523 514	217 472 937
5	Payroll and related costs	19 887 632	15 321 927
6	Depreciation and impairments of fixed assets	16 619 751	16 831 392
3	Other operating expenses	<u>14 581 700</u>	<u>24 304 511</u>
	Total operating expenses	<u>370 612 597</u>	<u>273 930 767</u>
	Operating profit	<u>53 771 180</u>	<u>14 317 440</u>
	FINANCIAL INCOME AND FINANCIAL EXPENSES		
7	Other financial income	7 617 061	1 419 363
7,3	Other financial expenses	<u>-4 847 276</u>	<u>-2 977 308</u>
	Financial items, net	<u>2 769 785</u>	<u>-1 557 945</u>
	Profit before tax	<u>56 540 965</u>	<u>12 759 495</u>
8	Income tax	<u>12 565 146</u>	<u>2 816 311</u>
	PROFIT FOR THE FINANCIAL YEAR	<u>43 975 819</u>	<u>9 943 184</u>
	ALLOCATION OF NET PROFIT AND EQUITY TRANSFERS		
9	Transferred to other equity	<u>43 975 819</u>	<u>9 943 184</u>
	Total allocations and equity transfers	<u>43 975 819</u>	<u>9 943 184</u>



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Air Liquide Skagerak AS Balance sheet at 31 December

NOTE	ASSETS	2 022	2 021
	Non-current assets		
	Intangible assets		
8	Deferred tax assets	<u>2 460 152</u>	<u>3 432 327</u>
	Total intangible assets	<u>2 460 152</u>	<u>3 432 327</u>
	Tangible fixed assets		
6	Assets under construction	36 833 317	98 955 801
6	Gasinstallations and related assets	211 616 097	121 087 928
6	Cars and equipments	<u>832 266</u>	<u>632 549</u>
	Total tangible fixed assets	<u>249 281 680</u>	<u>220 676 278</u>
	Financial non-current assets		
10	Investments in other group companies	136 994 658	127 500
10	Loans to group companies	<u>10 148 942</u>	<u>0</u>
	Total financial non-current assets	<u>147 143 600</u>	<u>127 500</u>
	Total non-current assets	<u>398 885 431</u>	<u>224 236 105</u>
	Current assets		
11	Inventories	<u>5 685 670</u>	<u>3 178 946</u>
	Receivables		
12	Accounts receivable	71 387 946	44 795 418
13	Other receivables	<u>42 341 318</u>	<u>31 799 132</u>
	Total receivables	<u>113 729 264</u>	<u>76 594 550</u>
14	Cash and cash equivalents	<u>2 451 065</u>	<u>3 424 572</u>
	Total current assets	<u>121 866 000</u>	<u>83 198 068</u>
	TOTAL ASSETS	<u>520 751 431</u>	<u>307 434 173</u>



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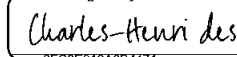
Air Liquide Skagerak AS Balance sheet at 31 December

NOTE	SHAREHOLDERS EQUITY AND LIABILITIES	2 022	2 021
	Shareholders equity		
	Paid-in capital		
15,9	Share capital (400 shares at NOK 51 000)	20 400 000	20 400 000
9	Share premium account	84 597 162	84 597 162
9	Other paid-in capital	<u>3 337 974</u>	<u>3 337 974</u>
	Total paid-in capital	<u>108 335 136</u>	<u>108 335 136</u>
	Retained earnings		
9	Retained earnings	<u>89 993 447</u>	<u>46 071 576</u>
	Total retained earnings	<u>89 993 447</u>	<u>46 071 576</u>
	Total shareholders equity	<u>198 328 583</u>	<u>154 406 712</u>
	Liabilities		
	Provisions for liabilities and charges		
16	Pension obligations	1 141 000	1 874 000
16	Other non-current provisions	<u>2 750 000</u>	<u>2 750 000</u>
	Total provisions for liabilities and charges	<u>3 891 000</u>	<u>4 624 000</u>
	Other non-current liabilities		
12	Other non-current liabilities	<u>72 000 000</u>	<u>90 000 000</u>
	Total non-current liabilities	<u>72 000 000</u>	<u>90 000 000</u>
	Current liabilities		
12	Accounts payable	19 391 855	9 523 558
8	Current income taxes payable	11 577 755	5 443 314
	Other taxes and withholdings	9 292 601	7 904 883
12,17	Other current liabilities	<u>206 269 636</u>	<u>35 531 706</u>
	Total current liabilities	<u>246 531 848</u>	<u>58 403 461</u>
	Total liabilities	<u>322 422 848</u>	<u>153 027 461</u>
	TOTAL SHAREHOLDERS EQUITY AND LIABILITIES	<u>520 751 431</u>	<u>307 434 173</u>

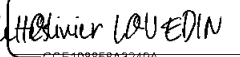
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Board of Air Liquide Skagerak AS

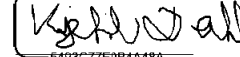
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Charles-Henri Des Villetes
chairman of the board

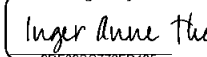
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Olivier Alain Paul Louedin
member of the board

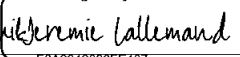
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Kjetil Dahl
member of the board

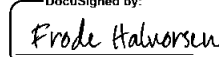
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Inger Anne Tho Bjørvik
member of the board

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Jeremie Lallemand
member of the board

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Frode Halvorsen
managing director



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Air Liquide Skagerak AS

Notes to the accounts, year ended 31 December 2022

Note 1 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles in Norway. All numbers are in NOK.

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than the carrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated on a systematic basis in accordance with a reasonable depreciation schedule.

Other long-term liabilities, as well as short-term liabilities, are valued at nominal value.

Inventories

Inventories are recognised at the lower of cost in accordance with the FIFO method and net realisable value.

Revenue

Revenue is recognised when it is earned, i.e. when both the risk and control have been mainly transferred to the customer. This will normally be the case when the goods are delivered to the customer. The revenue is recognised with the value of the remuneration at the time of transaction.

Receivables

Trade receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Post-employment benefits

Defined contribution plans are accounted for according to the matching principle. Contributions to the pension plan are recorded as expenses.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. In accounting for defined benefit plans, the obligation is expensed over the service life according to the plan benefit formula. The method of allocation corresponds to the plan benefit formula, unless the bulk of the service costs accrue towards the end of the service life. In such instances, the service cost is allocated on a straight-line basis. A straight-line allocation is therefore applied for post-employment benefit plans operated in accordance with the occupational pension legislation.

Experience adjustments and the effect of changes in assumptions are recognised directly in other equity.

The net post-employment benefit obligation is the difference between the present value of the pension obligations and the value of plan assets that are invested for the purpose of paying the post-employment benefits. Plan assets are recognised at fair value. A valuation of post-employment benefit obligations and plan assets is carried out as of the balance sheet date. An accrual for social security costs is included in the figures, calculated based on the net actual post-employment benefit deficit.

Cost of sales and other expenses

In principle, cost of sales and other expenses are recognised in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated. Other exceptions to the matching criteria are disclosed where appropriate.

Income taxes

Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

Tax expense consists of current income tax expense and change in net deferred tax. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Cash flow statement

The cash flow statement is presented in accordance with the indirect method.



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Note 2 Sales revenue

Per area of operation:	2022	2021
Natural gas	197 848 296	112 792 282
Biomethane	220 648 427	162 428 985
District heating	-	-
Other	5 887 054	13 026 939
Total	424 383 777	288 248 206

Main sales revenues are related to the norwegian market.

Note 3 Transactions with related companies

Transactions with companies related to Air Liquide Skagerak AS:

Transactions	Opponent	2022	2021
Revenue	Skagerak Varme AS	1 384 724	899 015
Revenue	L'Air Liquide, Campus Innovation Paris	100 000	0
Revenue	Air Liquide Advanced Technologies	10 169 727	0
Revenue	Air Liquide Offshore AS	0	237 375
Revenue	Air Liquide Biogas Solutions Europe	1 596 964	1 226 043
Revenue	Air Liquide Norway AS	1 125 000	0
Total revenue		14 376 415	2 362 433
Costs of goods sold	Lede AS	466 528	2 399 584
Costs of goods sold	Skagerak Kraft AS	7 226 944	896 528
Costs of goods sold	Fordonsgas AB	0	311 644
Costs of goods sold	Air Liquide Norway AS	510 104	0
Costs of goods sold	Lidköping Biogas AB	5 830 096	0
Other operating expenses	Fordonsgas AB	57 537	0
Other operating expenses	Skagerak Energi AS	1 692 430	1 107 862
Other operating expenses	Air Liquide Biogas Solutions Europe	7 393 602	6 000 894
Other operating expenses	Air Liquide Dept Siege	15 068	319 519
Total operating expenses		23 192 310	11 036 031
Other financial expenses	Skagerak Energi AS	891 593	525 419
Other financial expenses	Air Liquide Finance SA	912 288	607 495
Financial items, net		-1 803 881	-1 132 914
Total		-10 619 776	-9 806 512

Transactions correspond to the same line in the income statement.

Outstandings with related companies are specified in note 12.

Skagerak Varme AS, Skagerak Kraft AS and Lede AS is owned by Skagerak Energi AS, who through Skagerak Energipartner AS owns 49% of the shares in Air Liquide Skagerak AS.

Air Liquide Advanced Technologies, Fordonsgas AB and Air Liquide Norway AS are owned by Air Liquide SA. Campus Innovation Paris is a department within L'Air Liquide S.A.

Air Liquide Biogas Solutions Europe used to be the former shareholder of Air Liquide Skagerak AS and was, up to 31.12.2022, a subsidiary of L'Air Liquide S.A.

Air Liquide Biogas International is the shareholder of Air Liquide Skagerak AS and is owned 100% by L'Air Liquide S.A. It itself owns 51% of the shares in Air Liquide Skagerak AS.

Lidköping Biogas AB is fully owned by Air Liquide Skagerak AS.

Note 4 Derivative Instruments

The company uses derivative instruments to hedge future expected currency and commodity price cash flows arising in operating and investment activities. Unrealized gain/loss on financial instruments, which hedge the value of future cash flows, are not booked in P&L as long as the hedge is expected to be efficient.

The fair value is based on the market price at the balance sheet date.

NOK million	Fair value as of 31.12.2022	Cash flow < 1 year	Cash flow ≥1 and ≤2 years
Commodity derivative contracts	-1,357	-1,357	-

In 2022, commodity derivative contracts loss of 25,053 MNOK is booked in revenue, while gain of 3,362 MNOK is booked in cost of goods sold.

Note 5 Payroll costs, number of employees, benefits, loans to employees etc.

Payroll costs	2022	2021
Wages and salaries	14 990 970	13 285 116
Social security tax	2 801 509	2 197 078
Pension costs	1 736 857	1 488 343
Other benefits	2 727 991	1 485 695
Capitalized personell expenses	-2 369 694	-3 134 305
Total	19 887 632	15 321 927

Average number of employees during the year

16

Directors' remuneration	Salaries	Pension	Other benefits
Managing Director	2 125 594	143 569	191 851
Board of Directors	-	-	-

Managing Director has in addition a bonus, for 2022 it would be NOK 400 000 by 100% realization of his goals.

Auditor

Remuneration to Deloitte AS and their associates is as follows:

	2022	2021
Statutory audit	90 607	88 855
Other attestations	-	22 485
Tax counselling	14 900	-
Other services	20 100	-



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Note 6 Property, plant and equipment

	Plant and machinery	Cars and equipments	Assets under construction	Total
Cost at 1. January	244 184 037	2 839 317	98 955 801	345 979 154
Additions, purchased	107 010 086	337 550	-62 122 484	45 225 152
disposal	-	-	-	-
Cost at 31. December	351 194 123	3 176 867	36 833 317	391 204 306
Acc. depreciation at 31. December	139 578 025	2 344 602	-	141 922 628
Accumulated depreciation and impairment at 31. December	139 578 025	2 344 602	-	141 922 628
Balance at 31. December	211 616 098	832 265	36 833 317	249 281 680
Current year amortisation charge	16 481 917	137 834	-	16 619 751
Economic life	5 - 25 years	3 - 7 years		
Depreciation method	straight-line	straight-line		

Air Liquide Skagerak AS leases cars, property and infrastructure. Total cost for 2022 amounts to NOK 4 024 702. The expiration of the leases is in the period between 1-10 years. As security for debt the equipment of the company is guaranteed until 15 mnok.

Note 7 Financial income and expenses

	2022	2021
Other interests	9 631	177
Other financial income	7 607 431	1 419 186
Total financial income	7 617 061	1 419 363

	2022	2021
Other interests	336 395	1 227 867
Other financial costs	4 510 881	1 749 441
Total financial costs	4 847 276	2 977 308

Note 8 Income tax expenses

Specification of income tax expenses	2022	2021
Current income tax payable	11 577 755	5 443 314
Changes in deferred tax	972 175	-2 292 331
Effect of changes in temporary differences related to items recorded directly to equity	15 216	-334 672
Tax on profit/(loss)	12 565 146	2 816 311

Reconciliation from nominal to real income tax rate	2022	2021
Profit/(loss) before taxation	56 540 965	12 759 495
Estimated income tax according to nominal tax rate (22%)	12 439 012	2 807 089
The tax effect of the following items:		
Other non-deductible expenses	126 134	19 471
Effect of changes in tax rules and rates	-	-10 249
Income tax expense	12 565 146	2 816 311
Effective income tax rate	22 %	22 %



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Specification of the tax effect of temporary differences and losses carried forward	31.12.22	31.12.21
Fixed assets	-1 487 457	-7 111 864
Receivables	-80 000	-80 000
Accrued expenses	-9 016 219	-7 166 740
Pension	-1 141 000	-1 874 000
Losses carried forward	542 167	631 119
Total	-11 182 509	-15 601 485
Deferred tax asset (-)	-2 460 182	-3 432 327

Deferred tax assets is recognized based on future expected positive taxable income.

Note 9 Equity

Paid in equity	Share capital	Share premium	Additional paid in equity
Equity at 1. January	20 400 000	84 697 162	3 337 974
This year's change in equity:			
Capital increase			0
Equity at 31. December	20 400 000	84 697 162	3 337 974

Earned equity	Other equity	Total earned equity
Equity at 1. January	46 071 576	46 071 576
This year's change in equity:		
Profit of the year	43 975 819	43 975 819
Actuarial gain/loss directly against equity	-53 948	-53 948
Equity at 31. December	89 993 447	89 993 447

Other equity consist of prior years profit/loss and actuarial gain loss recognised directly against equity.

Note 10 Group companies

	shares 2022 i %	Value 2022	Equity 2022	Profit 2022
Lidköping Biogas AB	100	135 337 158	48 151 691	22 759 383
Den Magiske Fabrikken Jæren AS	51	127 500	224 336	-21 316
Bio Jæren AS	51	1 530 000	3 000 000	-

Den Magiske Fabrikken Jæren AS shall be closed in 2023, the new company Bio Jæren AS will take over the project.

Lidköping Biogas AB was bought 31.7.2022, the loan from the former owner was taken over in the transaction (value 2022 10.148.942 NOK) and will be paid back in 2023. Air Liquide Skagerak AS and group companies is consolidated into the group financial statement of Air Liquide Biogas International SA.

Note 11 Inventories

The inventory consists of goods for resale, and it is valued to purchase cost.

Note 12 Outstandings with related companies

	31.12.22	31.12.21
Non-current liabilities		
Skagerak Energi AS	35 280 000	44 100 000
Air Liquide	36 720 000	45 900 000
Sum	72 000 000	90 000 000

Repayment of the shareholder loan started in 2022 with a yearly repayment. 20% of total drawdowns was due on 15th of September.

The loan is given on market interest.

The company has also issued guaranties of 3,6 MNOK.

	31.12.22	31.12.21
Accounts payables		
Air Liquide Norway AS	19 045	12 113
Fordorsgas AB	0	376 264
Lidköping Biogas AB	4 938 731	0
Air Liquide Biogas Solutions Europe	2 895 332	1 547 368
Skagerak Energi AS	96 781	0
Sum	7 949 889	1 935 745

	31.12.22	31.12.21
Accounts receivables		
L'Air Liquide, Campus Innovation Paris	100 000	0
Air Liquide Biogas Solutions Europe / Air Liquide Biogas International	490 524	0
Air Liquide Advanced Technologies	10 169 727	0
Sum	10 760 251	0

	31.12.22	31.12.21
Other current liability		
Air Liquide Biogas Solutions Europe/Air Liquide Biogas International	73 686 690	0
Skagerak Energipartner AS	76 694 310	0
Sum	150 381 000	0

The other current liability against Air Liquide Advanced Business SA and Skagerak Energipartner AS is converted to equity in 2023.



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Note 13 Other short-term receivables

	31.12.22	31.12.21
Accrued income	42 341 318	31 696 201
Prepaid costs	0	102 931
Total	42 341 318	31 799 137

Note 14 Bank deposits

Bank deposits include restricted tax deduction funds with NOK 1 451 332.

Note 15 Share capital and shareholder information

The share capital in the company at 31. December consists of the following classes:

	Number	Nominal amount	Carrying value
Shares	400	51 000	20 400 000
Total	400		20 400 000

Ownership structure

Shareholders as of 31. December:

	Shares	Total	Ownership share	Voting share
<i>Air Liquide Biogas International</i>	204	204	51 %	51 %
<i>Skagerak Energipartner AS</i>	196	196	49 %	49 %
Total number of shares	400	400	100 %	100 %

Note 16 Pension costs, assets and liabilities (numbers in 1 000 NOK)

Pension obligations

The company is required to have an occupational pension plan in accordance with Norwegian legislation on occupational pensions ("lov om obligatorisk tjenestepensjon"). The company's pension plan must meet the requirements of this legislation.

The entity's defined contribution plan is organized in accordance with Norwegian legislation on defined contribution pensions ("lov om innskuddspensjon").

The entity's defined benefit plan provides the right to defined future benefits. These are mainly dependent on the number of years of service, the level of salary at the retirement age and the level of the government funded pension benefits. The obligations are funded through an insurance company. Executive officers of the entity are included in a separate pension plan in addition to the general pension plan. This plan is unfunded.

Numbers i 1000 NOK	2022	2021
Present value of current year service cost	290	444
Interest cost on projected benefit obligations	279	198
Return on plan assets	-231	-152
Accrued social security tax	89	66
Curtailement	456	-
Contribution from employees	-	772
Pension cost defined contribution plan	852	772
Net pension costs	1 736	1 327

Number of people covered by the plan	31.12.22	31.12.21
Defined contribution plan:		
Current employees	14	14
Total	14	14
Defined benefit plan:		
Current employees	3	3
Retirees	4	4
Total	7	7



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	31.12.22	31.12.21
Financial assumptions (defined benefit plans)		
Discount rate	3,3 %	1,9 %
Expected increase in salaries	3,3 %	1,9 %
Expected increase in pensions	3,8 %	2,5 %
Expected increase in the base amount (G-amount)	3,5 %	2,3 %
Expected return on pension plan assets	2,8 %	1,5 %
Actuarial assumptions (defined benefit plans)		
Applied mortality table	K2073	K2073
Expected withdrawal rate AFP	25 %	25 %
Expected voluntary retirement (up to 45 years)	3,5 %	3,5 %
Expected voluntary retirement (between 45-60 years)	0,5 %	0,5 %
Expected voluntary retirement (over 60 years))	0,0 %	0,0 %
	31.12.22	31.12.21
Accrued post-employment benefit obligations	13 773	13 608
Plan assets (market value)	-12 773	-11 966
Accrued social security tax	141	232
Net post-employment benefit obligations	1 141	3 294
Accumulated actuarial gain/loss in other equity		
Accumulated actuarial gain/loss in other equity 01. January	821	2 343
Accumulated actuarial gain/loss in other equity in the period	69	-1 522
Accumulated actuarial gain/loss in other equity 31. December before tax	891	821
Deffered tax related to accumulated gain/loss in other equity	-196	-181
Accumulated actuarial gain/loss in other equity 31. December after tax	695	641
Combination of pension assets for the funded scheme		
	31.12.22	
Equity instruments	5 748	45 %
Bonds	4 854	38 %
Other	2 171	17 %
Total	12 773	100 %

Other non-current provisions

Abandonment cost related to plants LNG and Biogas NOK 2 750 000.

Note 17 Other current liabilities

	31.12.22	31.12.21
Other current liabilities		
Holiday pay	1 611 095	1 130 207
Other current liabilities	54 277 541	34 401 499
Intercompany current liability*	150 381 000	-
Total other non-current liabilities	206 269 636	35 531 706



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Air Liquide Skagerak AS Cash flow statement

	2 022	2 021
CASH FLOW FROM OPERATIONS:		
Profit/(loss) before taxation	56 540 965	12 759 495
Taxes paid for the period	-5 443 314	-2 894 648
Depreciation and amortisation	16 619 751	16 831 392
Pension expenses without cash effect	-802 164	101 238
Gain/(loss) on sale of fixed assets and intangibles	0	287 079
Change in inventory	-2 506 724	-2 060 066
Change in trade receivables	-26 592 528	-15 813 283
Change in trade payables	9 868 297	8 089 067
Changes in other current assets and other liabilities	11 202 462	616 449
Net cash flow from operations	58 886 745	17 916 723
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Outflows due to purchases of fixed assets	-45 225 152	-61 811 673
Outflows due to investments in financial non-current assets	-147 016 100	-127 500
Net cash flow from investment activities	-192 241 252	-61 939 173
CASH FLOW FROM FINANCING ACTIVITIES:		
Inflow due to new non-current liabilities/current liabilities related to financing activities	150 381 000	30 000 000
Outflow due to downpayment of non-current liabilities	-18 000 000	0
Net cash flow from financing activities	132 381 000	30 000 000
Net change in bank deposits, cash and equivalents	-973 507	-14 022 450
Bank deposits, cash and equivalents at 1. January	3 424 572	17 447 022
Bank deposits, cash and equivalents at 31. December	2 451 065	3 424 572



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Annual Report Air Liquide Skagerak AS 2022

The company is owned 51% by Air Liquide Biogas International SA and 49% by Skagerak Energipartner and has offices in Porsgrunn, Tønsberg and Lysaker. At 31. December 2022 the company employs eleven males and five females.

The purpose of the company is to produce/ and or purchase, market, distribute and sell gas, coupled with development and design of gas production, liquefaction and distribution networks as well as ownership and operation of the network with associated facilities. The company is developing the market for biogas and natural gas in Norway.

In June 2022, the company acquired 100% of the Swedish company Lidköping Biogas AB (LBAB) from Air Liquide Skagerak majority owner Air Liquide. The company mainly consists of a liquefaction plant in Lidköping and other compressed sites with corresponding equipment and contracts. The company employs 3 males by the end of 2022.

With a customer base of roughly 100, the revenue for 2022 is 424 MNOK. That is an increase compared to 2021 of 136 MNOK mainly due to increase of price in addition to slightly higher sales. Revenue in 2022 is 48% related to natural gas/other and 52% to biogas.

The EBIT increased by 39 MNOK in 2022 to 53,8 MNOK. The cash flow deviates from operating activities is positive and deviates slightly from the operating result, mainly due to high accruals based on December 22. During 2022 the company invested about 45 MNOK with main investments linked to a liquefaction plant in Tønsberg.

The company does necessary mitigation efforts to minimize currency exposure related to its purchase and sale of natural gas and deliveries outside of the country for clean transport solutions.

The biogas value chain development continues as the key focus for the company, where the company has established itself as one of the leading players in the Norwegian segment. With the acquisition of LBAB and full integration of the entity, the ambition as a key Nordic player is established and strongly anchored by robust ownership players. The Scandinavian countries continue to be a leading force wrt. cut in GHG emissions, with even more tougher targets are put in-place, amplified by the Russian invasion of Ukraine, resulting in very volatile energy markets. Regionally as well as locally transport (land & water) and industry sector continue to focus on converting away from fossil alternatives, where biogas is truly a product in storing demand.

Recent and still, ongoing volatility in the energy market has also affected the biogas segment, where some changes in the regulatory framework have emerged. Harmonization across the Nordic boundaries is a key focus area to monitor as well as close dialogue with the end customers where it is not straightforward to decide energy solutions and or supplies. In particular in Norway, the lack of a well-developed transparent and long-term stable regime for award of subsidy needs to be monitored., where the company spend most of its energy via Biogas Norge organization.

The company's business activities as a distributor of energy products have a limited direct environmental impact. The company is minimizing emissions to air through use of biogas driven vehicles (>80% of its own vehicle fleet) and operational measures to improve energy efficiency and minimize direct emissions from its own assets. Indirect emissions are managed through supply contracts, where e.g. emissions associated with purchased transport services are



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reduced through use of heavy-duty biogas trucks. Air Liquide Skagerak sold 194 GWh of biogas, with 28 GWh to customers replacing natural gas, with the remaining share replacing the use of diesel for transport needs. Thereby enabling reductions of GHG emissions of more than 35 ktCO₂e amongst the company's customers.

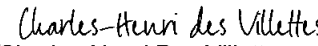
The Board considers the work environment within the company to be very good with a sick leave of 1,13 % compared to 0,52 % in 2021. There have been no accidents or injuries in 2022 that affected people for neither the company nor its customers.

The Board consists of one woman and four men.

The Board confirms that the annual report gives a true picture of the company's assets, liabilities, financial position and profit as well as that the premise to continue has been used in the preparation of the annual accounts. We confirm that the financial statements have been prepared based on the going concern assumption and that it is appropriate to make that assumption.

Air Liquide and Skagerak Energi has established an insurance for their representatives in the board and the general manager to cover the personal liability they may incur in their function in the company in accordance with the applicable law.

13.06.2023

DocuSigned by:

Charles-Henri Des Villettes
Chairman of the board

DocuSigned by:

A613D627E12E43E...
Frode Halvorsen
Managing Director

DocuSigned by:

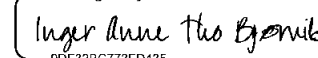
OCE108858A3249A
Olivier Louedin
Board Member

DocuSigned by:

5493C77E9B4A48A...
Kjetil Dahl
Board Member

DocuSigned by:

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Jeremie Lallemand
Board Member

DocuSigned by:

9DE32BC773ED435...
Inger Anne Tho Bjørvik
Board Member



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Protocol from general meeting/ protokoll fra general forsamling

IN: Air Liquide Skagerak AS
TIME: 13.06.2023
PLACE: google meeting

PRESENT: 100 % of the shareholders were present:
Air Liquide Biogas International SAS (org nr. 844
431 387 RCS Paris) – 51 % of the shares
Skagerak Energipartner AS (org nr. 923 993 150) –
49 % of the shares

POSTADRESSE
Air Liquide Skagerak AS
Postboks 80
3901 Porsgrunn

Floeditokka 1
3915 Porsgrunn

SENTRALBORD
94 13 13 00

TELEFAKS

INTERNETT
www.skagerakbiogas.no

E-POST
firmapost@skagerak.no

ORG. NR.: 064 238 126 MVA

1. Approval of the calling and agenda for the general meeting/godkjenning av innkalling og dagsorden generalforsamling

The shareholders had no objections to the deviation from the requirements of the Companies Act §5-10 (2). The general meeting was therefore pronounced lawfully constituted.

Aksjeeierne hadde ingen bemerkninger til møteinnkallingen og dagsorden og således avvik til §5-10 (2) i Aksjeloven. Generalforsamlingen ble derfor erklært for lovlig satt.

2. Selection of the leader of the meeting/valg av møteleder

Charles-Henri Des Villettes was elected leader of the meeting.

Charles-Henri Des Villettes ble valgt som møteleder.

3. Election of persons to sign the protocol/valg av personer til å signere protokollen

Charles-Henri Des Villettes and Inger Anne Tho Bjørvik were elected to sign the protocol.

Charles-Henri Des Villettes og Inger Anne Tho Bjørvik ble valgt til å signere protokollen.

4. Approval of the financial statements and the annual report 2022/godkjenning av årsregnskapet og årsberetningen for 2022

CFO presented the financial statements and annual report 2022. Financial statements and annual report were unanimously approved.

CFO la fram årsregnskapet og årsberetningen for 2022. Årsregnskap og årsberetning ble enstemmig godkjent.



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5. Approval of the audit fee 2022/fastsetting av honorar til revisjon 2022

Fees related to audit 2022 90 607 NOK was approved.

Revisjonskostnadene for revisjon 2022 på 90 607 NOK ble godkjent.

6. Approval of the dividend policy 2022/fastsetting av utbetaling av dividende 2022

According to SHA Article 2.2 a minimum of 75% of the annual net operating result after taxes based on its audited annual accounts shall be distributed to the shareholders to the extent legally possible. Based on the 2022 result a prorata share 75% of 43 975 819 NOK.

I henhold til Aksjonæravtalen artikkel 2.2 skal et minimum på 75% av revidert årsresultat etter skatt bli distribuert til aksjeeierne så lenge dette er juridisk mulig. Basert på 2022 resultatet vil det bety en pro rata utbetaling basert på 75% av 43 975 819 NOK.

However according to same Article (b) the Company shall reserve and allocate the required amount of free cash flows to enable the Company at any time to fund its development as set out in the Business Plan and to maintain its assets (without requiring any further equity funding from its shareholders). The company shall during 2023 invest according to the latest forecast.

Basert på samme Artikkel punkt (b) skal selskapet imidlertid reservere og allokere nødvendig mengde fri kontantstrøm slik at selskapet til enhver tid klarer å finansiere utviklingen som planlagt i business planen og vedlikeholde sine eiendeler (uten å innkreve noe ytterligere egenkapital fra sine aksjeeiere). Selskapet skal allerede i løpet av resten av 2023 investere basert på siste estimat.

It was decided *not* to distribute any of the results to the shareholders for 2022 based on the company's investment plan for 2023.

Styret besluttet derfor å *ikke* utbetale noe av resultatet for 2022 til aksjonærene basert på selskapets investeringsplan for 2023.

7. Nomination of a deputy board member/ innstilling av vara styremedlem

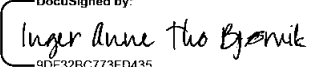
Skagerak Energipartner nominates Ole Martin Lunde as deputy board member. Air Liquide Biogas International nominates Jean-Philippe Ducros as deputy board member.

Skagerak Energipartner innstiller Ole Martin Lunde som varamedlem. Air Liquide Biogas International innstiller Jean-Philippe Ducros som varamedlem.

13. June 2023,

DocuSigned by:

REC3FE212A8B4474
Charles-Henri Des Villettes

DocuSigned by:

9DF32BC773FD435...
Inger Anne Tho Bjørvik



Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jeanette Munkvold Skovholt	31.01.2018	13.02.2018
Telefon	Deres referanse	Vår referanse
90076012	Frode Halvorsen	2018/303413

SKAGERAK NATURGASS AS
Postboks 80
3901 PORSGRUNN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Skagerak Naturgass AS, org.nr. 984 238 126

Vi viser til deres brev av 31. januar 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Skagerak Naturgass AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Skagerak Naturgass AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Selskapet er eid av to aksjeselskaper, hvorav det ene er et fransk selskap med en eierandel på 51%. Tre av fem styremedlemmer er utenlandske. Selskapets regnskap konsolideres inn i konsernregnskapet til det franske selskapet, hvor engelsk er regnskapsspråket. Virksomheten driver i natur- og biogassbransjen, hvor arbeidsspråket er engelsk.

En norsk oversettelse vil kun ha til formål å tilfredsstille regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post:	22 17 08 60
	skatteetaten.no/sendepost	



vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapets majoritetsaksjonær er et utenlandsk selskap, og at flere av styremedlemmene er utenlandske. Eierkretsen er begrenset. Selskapet driver virksomhet i en internasjonal bransje hvor arbeidsspråket normalt er engelsk. Videre er det vektlagt at alle sentrale brukere av regnskapet behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Jeanette Munkvold Skovholt

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



Deloitte.

Deloitte AS
Leirvollen 23
NO-3736 Skien
Norway

Tel: +47 23 27 90 00
www.deloitte.no

Til generalforsamlingen i Air Liquide Skagerak AS

UAVHENGIG REVISORS BERETNING

Konklusjon

Vi har revidert årsregnskapet for Air Liquide Skagerak AS som består av balanse per 31. desember 2022, resultatregnskap og kontantstrømpstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav, og
- gir årsregnskapet et rettviseende bilde av selskapets finansielle stilling per 31. desember 2022, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet i samsvar med kravene i relevante lover og forskrifter i Norge og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker ikke informasjonen i årsberetningen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

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Organisasjonsnummer: 980 211 282

Penneo Dokumentnøkkel: ANE7N-7ZTLK-5Z1DS-E158N-ENB15-2221E



Deloitte.

side 2
Uavhengig revisors beretning -
Air Liquide Skagerak AS

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon er å anse som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke de økonomiske beslutningene som brukerne foretar på grunnlag av årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.
- opparbeider vi oss en forståelse av intern kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på om ledelsens bruk av fortsatt drift-forutsetningen er hensiktsmessig, og, basert på innhentede revisjonsbevis, hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon. Våre konklusjoner er basert på revisjonsbevis innhentet frem til datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke kan fortsette driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.

Vi kommuniserer med styret blant annet om det planlagte innholdet i og tidspunkt for revisjonsarbeidet og eventuelle vesentlige funn i revisjonen, herunder vesentlige svakheter i intern kontroll som vi avdekker gjennom revisjonen.

Skien, 5. juli 2023
Deloitte AS

Hilde B. Knudsen
statsautorisert revisor

Perneo Dokumentnøkkel: ANE7N-7ZTLK-5Z1DS-E158N-ENB15-2221E



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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Hilde Synnøve Bruseth Knudsen

Statsautorisert revisor

Serienummer: 9578-5997-4-390477

IP: 51.174.xxx.xxx

2023-07-05 19:11:13 UTC



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Uttalelse fra ledelsen

Deloitte AS
Att.: Hilde Bruseth Knudsen
Leirvollen 23
3736 Skien

4.07.2023

Dette brevet sendes i forbindelse med Deres revisjon av regnskapet for Air Liquide Skagerak AS for året som ble avsluttet den 31. desember 2022, med det formål å kunne konkludere om hvorvidt regnskapet i det alt vesentlige gir et rettviseende bilde i samsvar med regnskapsloven god regnskapsskikk i Norge.

Vi bekrefter etter beste evne og overbevisning, og etter å ha foretatt de forespørslene vi har ansett som nødvendige for å innhente de nødvendige opplysninger at:

Regnskap

- Vi har oppfylt vårt ansvar som fastsatt i vilkårene for revisjonsoppdraget datert 25.05.2022, vedrørende utarbeidelsen av regnskapet i samsvar med lov og forskrifter, og bekrefter at regnskapet gir et rettviseende bilde i samsvar med Regnskapsloven og God regnskapsskikk i Norge.
- Metode, de viktigste forutsetningene og data som er brukt av oss ved utarbeidelsen av regnskapsestimater og tilhørende noteopplysninger, er fullstendige og hensiktsmessige for å oppfylle innregnings-, målings- og notekravene i samsvar med Regnskapsloven og God regnskapsskikk i Norge og at all relevant informasjon tilgjengelig på 4.07.2023 knyttet til virkelig verdi vurdering og vesentlige estimater er tatt hensyn til, herunder:
 - Sentrale forutsetninger vedtatt av styret
 - Relevante tilleggsopplysninger i regnskapet
 - At det ikke er noen hendelser etter balansedagen som vil kreve justeringer i regnskapsestimatene eller noteinformasjonen
 - At forutsetningene reflekterer ledelsens intensjon og evne til å gjennomføre eventuelle planlagte handlinger som er relevante for regnskapsestimat og noteinformasjon.
- Det er tatt tilstrekkelig hensyn til og opplyst om forhold til nærtstående parter og transaksjoner med disse i overensstemmelse med kravene i Regnskapsloven og god regnskapsskikk i Norge.
- Hendelser og transaksjoner som ledelsen er blitt oppmerksom på og som har funnet sted frem til 13.06.2023 og som i henhold til regnskapsloven og god regnskapsskikk i Norge medfører korrigerende eller omtale, er korrigerende eller omtalt.
- Regnskapet ikke inneholder vesentlig feilinformasjon eller mangler. Virkningen av ikke-korrigerende feilinformasjon er uvesentlig, både enkeltvis og samlet for regnskapet sett som helhet.
- Vi har påsett at selskapets regnskap og formuesforvaltning av betydning for regnskapet er gjenstand for betryggende kontroll, herunder slik intern kontroll som vi finner nødvendig for å muliggjøre utarbeidelsen av et regnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.
- Vi erkjenner vårt ansvar for og bekrefter at vi har oppfylt vår plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av enhetens regnskapsopplysninger i samsvar med lov og forskrifter. Dette inkluderer gjengivelse av elektronisk bokførte opplysninger i standardisert form som fastsatt av Skattedirektoratet i bokføringsforskriften § 7-8. (SAF-T).
- Alle kjente faktiske eller mulige rettsvister og krav som kan ha slik betydning at de må tas hensyn til ved utarbeidelsen av regnskapet, er gjort kjent for revisor og er redegjort for og gitt tilleggsopplysninger om i samsvar med regnskapsloven og god regnskapsskikk i Norge.
- Ledelsen erkjenner sitt ansvar for utformingen, iverksettelsen og vedlikeholdet av intern kontroll for å forhindre og avdekke misligheter.

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- Alle transaksjoner er registrert i regnskapsposter og reflektert i regnskapet.
- Regnskapet og eventuell «øvrige informasjon» gitt revisor før datoen på revisjonsberetningen er i overensstemmelse med hverandre, og at øvrige informasjon ikke inneholder vesentlig feilinformasjon.
- At vi er kjent med at Air Liquide Skagerak AS er ansvarlig for å fastsette og opprettholde tilstrekkelig avsetning for tvilsomme lån og kundefordringer, samt estimerer benyttet for å bestemme slike beløp. Vi mener at avsetningene er tilstrekkelig i forhold til foreløpig estimert tap i kontosaldoene.
- At valg og anvendelse av regnskapspolicyer er hensiktsmessig
- At det er foretatt nedskrivninger for å redusere varelagerværdien til estimert netto salgsværdi, når denne værdien er lavere enn anskaffelseskost.
- At alle varebeholdninger tilhører selskapet og inneholder ikke kommisjonsvarer eller produkter fakturert til kunder.
- At kundefordringer og utlån er vurdert for tap. Vi mener at avsetning til tap er tilstrekkelig i forhold til foreløpig estimert tap i kontosaldoene.
- At vi ikke har indikasjoner på at det foreligger et ikke forbigående verdifall i selskapets investeringer
- At alle investeringer er regnskapsført i henhold til regnskapsloven og god regnskapsskikk i Norge.
- At varige driftsmidler og immaterielle eiendeler med bestemt utnyttbar levetid er vurdert for indikasjoner på tap ved verdifall og hvis slike indikatorer foreligger, testet for tap ved verdifall. Videre bekrefter vi at goodwill og immaterielle eiendeler med ubestemt utnyttbar levetid er testet for tap ved verdifall årlig, eller oftere hvis indikatorutslag, i henhold til Regnskapsloven og God regnskapsskikk i Norge.
- At vi har vurdert tilgjengelig dokumentasjon om framtidig skattepliktig inntekt og andre mulige kilder til realisering av utsatt skattefordel. Etter vårt beste estimat er beløpene, knyttet til alle fradragsberettigede midlertidige forskjeller, tap til fremføring og framtidig reduksjon av skattepliktig inntekt, begrenset til det beløp som det er sannsynlighetsovervekt for at vil bli realisert.
- At vi har vurdert kravene i regnskapsloven og god regnskapsskikk i Norge ved vurderingen av nedskrivning av eiendeler, for å sikre at ingen eiendeler er oppgitt til en høyere verdi enn gjenvinnbart beløp. Vi har informert revisor om alle indikatorer på verdifall. Hvor slike indikatorer foreligger, har vi gjennomført hensiktsmessig testing av verdifall på den aktuelle eiendelen.
- At Air Liquide Skagerak AS har tilfredsstillende hjemmel til alle eiendeler og det er ingen pantsettelse av eller heftelser på selskapets eiendeler
- At all handel i derivater er i samsvar med våre retningslinjer for risikostyring, og har blitt riktig registrert i regnskapene. Ingen derivattransaksjoner har blitt endret av noen sideliggende avtale, og ingen dokumentasjon knyttet til derivater og andre finansielle instrumenter har blitt tilbakeholdt
- I forhold til virkelig verddivurderinger og noteopplysninger knyttet til eiendeler, forpliktelser og deler av egenkapitalen, mener vi at:
 - Målemetode, inkludert relevante forutsetninger, er fornuftig og konsistent anvendt.
 - Noteopplysningene knyttet til virkelig verddivurderinger er fullstendige og tilstrekkelige, i henhold til forenklet anvendelse av Regnskapsloven og God regnskapsskikk i Norge.
 - Det har ikke foretruffet hendelser etter balansedagen som medfører behov for justering av virkelig verdi vurderinger eller tilhørende noteopplysninger.
 - Virkelig verdi vurderinger og tilhørende noteopplysninger reflekterer ledelsens intensjon og evne til gjennomføring.
- At alle pensjonsordninger er identifisert og regnskapsført i samsvar med regnskapsloven og god regnskapsskikk i Norge. Aktuar er informert om alle hendelser som påvirker pensjonsordningene.
- At Air Liquide Skagerak AS har overholdt alle sider av kontraktmessige avtaler som kan ha vesentlig effekt på regnskapet i tilfelle manglende overholdelse



- At det ikke er noen formelle eller uformelle begrensninger for anvendelse, knyttet til noen av våre kontant-, bank- og verdipapirbeholdninger.
- At vi ikke er kjent med noen hendelser eller forhold som indikerer usikkerhet ved forutsetningen om fortsatt drift.
- At sikkerhet stillet for garantier og andre krav, er riktig regnskapsført og opplyst om i regnskapet.
- At det ikke foreligger vesentlige forpliktelser for oppføring eller kjøp av driftsmidler, eller til å kjøpe andre anleggsmidler, slik som investeringer eller immaterielle eiendeler.
- At fullstendigheten av opplysningene som er gitt knyttet til covenants (lånebetingelser) og opplysninger om rentesats, løpetid og sikkerhetsstillelse på gjeld gitt i note til regnskapet.
- At alle vesentlige avtaler vedrørende finansielle eiendeler og forpliktelser er vurdert, riktig regnskapsført og opplyst om i årsregnskapet.
- At hensiktsmessigheten av prosessen knyttet til vurdering av estimater, inklusive fastsettelse av tilhørende forutsetninger og bruk av modeller.
- At forutsetningene reflekterer ledelsens intensjon og evne til å gjennomføre spesifikke handlinger som er relevante for regnskapsestimat og noteinformasjon.
- At noteinformasjon tilknyttet regnskapsestimat, er fullstendige og hensiktsmessige.
- At det ikke er noen hendelser etter balansedag som vil kreve justeringer i regnskapsestimatene eller noteinformasjon.
- At ledelsen erkjenner sitt ansvar for å ha hensiktsmessige prosesser for å forhindre og eventuelle identifisere brudd på datasikkerheten (cyber-security).
- At vi har vurdert vår innvirkning på miljøet og Air Liquide Skagerak AS har gitt opplysninger til revisor om alle forpliktelser og betingede forpliktelser, knyttet til miljømessige forhold. Alle forpliktelser og betingede forpliktelser knyttet til miljømessige forhold er korrekt målt, opplyst om og reflektert i regnskapsførte verdier av relevante eiendeler i regnskapet, i henhold til regnskapsloven og god regnskapspraksis i Norge.

Informasjon som er gitt

- Vi har gitt revisor:
 - tilgang til all informasjon som vi er kjent med, og som er relevant for utarbeidelsen av regnskapet, som for eksempel regnskapsregistreringer, dokumentasjon og øvrige forhold,
 - ytterligere informasjon som revisor har bedt om fra oss for revisjonsformål, og
 - ubegrenset tilgang til personer i Air Liquide Skagerak AS som det etter revisors vurdering er nødvendig å innhente revisjonsbevis fra.
- Vi har gitt revisor informasjon om resultatene av vår vurdering av risikoen for at regnskapet kan inneholde vesentlig feilinformasjon som følge av misligheter.
- Vi har gitt revisor all informasjon om eventuelle misligheter eller mistanker om misligheter som vi er kjent med og som kan ha påvirket Air Liquide Skagerak AS, og som involverer:
 - Ledelsen,
 - ansatte som har en betydningsfull rolle i forhold til intern kontroll, eller
 - andre hvor misligheten kunne hatt en vesentlig virkning på regnskapet.
- Vi har gitt revisor informasjon om alle eventuelle påstander eller mistanker om misligheter som kan ha påvirket Air Liquide Skagerak ASs regnskap og som er kommunisert av ansatte, tidligere ansatte, analytikere, tilsynsmyndigheter eller andre.
- Vi har gitt revisor informasjon om alle kjente tilfeller av manglende overholdelse eller mistanke om manglende overholdelse av lover og forskrifter, og som kan ha vesentlig virkning på regnskapet.
- Vi har gitt revisor informasjon om identiteten til Air Liquide Skagerak ASs nærstående parter og alle forhold til nærstående parter og transaksjoner med disse som vi er kjent med.



- Vi har gitt revisor informasjon om alle dokumenter som ledelsen forventer å utstede som kan inneholde «øvrige informasjon», og har gitt revisor alle dokumenter som inneholder «øvrige informasjon» og som foreligger før dato for revisjonsberetningen.
- Med hensyn til «øvrige informasjon» som ikke er gitt til revisor før datoen for revisjonsberetningen, har vi gitt revisor informasjon om vi har til hensikt å utarbeide og utstede slik «øvrige informasjon» og det forventede tidspunktet for denne utstedelsen. Vi bekrefter at dokumenter som inneholder «øvrige informasjon» og som ikke er tilgjengelige for revisor før dato for revisjonsberetningen vil bli gjort tilgjengelig for revisor før utstedelse av informasjonen.
- Vi har gitt revisor informasjon om eventuelle brudd på datasikkerheten (cyber-security) som ledelsen er blitt oppmerksom på, og som har potensiale for å legge til, endre eller slette data eller transaksjoner knyttet til årsregnskapet.
- Vi har gitt revisor informasjon om planer eller intensjoner som kan påvirke den balanseførte verdien eller klassifiseringen av eiendeler og gjeld.
- Vi har kommunisert til revisor alle mangler i den interne kontrollen som ledelsen kjenner til.
- Vi har identifisert og informert revisor om alle kjente innebygde derivater.
- Vi har ikke holdt tilbake noe informasjon eller dokumentasjon knyttet til ikke regnskapsførte forpliktelser eller avtaler. Det foreligger ingen sideliggende avtaler til disse, som vi ikke har opplyst om til revisor. Det er heller ingen forhold til nærstående parter som vi ikke har informert om, og som vil kunne påvirke hvordan disse transaksjonene og strukturene skal regnskapsføres

Daglig leder

Økonomisjef

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Andrea Schreib

Økonomsjef

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IP: 213.160.xxx.xxx

2023-07-05 07:13:42 UTC



Frode Halvorsen

Daglig leder

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Financial Statements

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FINANCIAL STATEMENTS
Consolidated Financial Statements



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

For the year ended December 31

<i>(in millions of euros)</i>	Notes	2021	2022
Revenue	(3)	23,334.8	29,934.0
Other income	(4)	226.8	244.3
Purchases	(4)	(9,388.7)	(13,813.0)
Personnel expenses	(4)	(4,362.9)	(4,963.4)
Other expenses	(4)	(3,477.2)	(4,074.2)
Operating income recurring before depreciation and amortization		6,332.8	7,327.7
Depreciation and amortization expense	(4)	(2,172.5)	(2,465.9)
Operating income recurring		4,160.3	4,861.8
Other non-recurring operating income	(5)	8.3	262.4
Other non-recurring operating expenses	(5)	(159.0)	(833.1)
Operating income		4,009.6	4,291.1
Net finance costs	(6)	(280.0)	(288.4)
Other financial income	(6)	3.6	32.4
Other financial expenses	(6)	(131.9)	(130.0)
Income taxes	(7)	(914.8)	(1,002.3)
Share of profit of equity affiliates	(14)	5.4	1.1
PROFIT FOR THE PERIOD		2,691.9	2,903.9
■ Minority interests		119.7	145.1
■ Net profit (Group share)		2,572.2	2,758.8
Basic earnings per share (in euros)	(8)	4.94	5.28
Diluted earnings per share (in euros)	(8)	4.92	5.27

Accounting principles and notes to the Financial Statements begin on page 257.



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FINANCIAL STATEMENTS

Consolidated Financial Statements

Statement of net income and gains and losses recognized directly in equity

For the year ended December 31

<i>(in millions of euros)</i>	2021	2022
Profit for the period	2,691.9	2,903.9
Items recognized in equity		
Change in fair value of financial instruments	62.8	39.8
Change in foreign currency translation reserve	1,251.3	648.4
Items that may be subsequently reclassified to profit	1,314.1	688.2
Actuarial gains/ (losses)	157.5	222.8
Items that may not be subsequently reclassified to profit	157.5	222.8
Items recognized in equity, net of taxes	1,471.6	911.0
Net income and gains and losses recognized directly in equity	4,163.5	3,814.9
■ Attributable to minority interests	153.7	147.4
■ Attributable to equity holders of the parent	4,009.8	3,667.5



Consolidated balance sheet

For the year ended December 31

ASSETS (in millions of euros)	Notes	December 31, 2021	December 31, 2022
Goodwill	(10)	13,992.3	14,587.2
Other intangible assets	(11)	1,452.6	1,811.4
Property, plant and equipment	(12)	22,531.5	23,646.9
Non-current assets		37,976.4	40,045.5
Non-current financial assets	(13)	745.4	775.5
Investments in equity affiliates	(14)	158.0	185.7
Deferred tax assets	(15)	239.3	232.3
Fair value of non-current derivatives (assets)	(25)	73.4	40.8
Other non-current assets		1,216.1	1,234.3
TOTAL NON-CURRENT ASSETS		39,192.5	41,279.8
Inventories and work-in progress	(16)	1,585.1	1,961.0
Trade receivables	(17)	2,694.1	3,034.8
Other current assets	(19)	810.5	985.4
Current tax assets		106.5	196.3
Fair value of current derivatives (assets)	(25)	63.9	107.6
Cash and cash equivalents	(20)	2,246.6	1,911.4
TOTAL CURRENT ASSETS		7,506.7	8,196.5
ASSETS HELD FOR SALE		83.9	41.7
TOTAL ASSETS		46,783.1	49,518.0

EQUITY AND LIABILITIES (in millions of euros)	Notes	December 31, 2021	December 31, 2022
Share capital		2,614.1	2,879.0
Additional paid-in capital		2,749.2	2,349.0
Retained earnings		13,645.1	15,868.0
Treasury shares		(118.3)	(118.4)
Net profit (Group share)		2,572.2	2,758.8
Shareholders' equity		21,462.3	23,736.4
Minority interests		536.5	835.6
TOTAL EQUITY ^(a)	(21)	21,998.8	24,572.0
Provisions, pensions and other employee benefits	(22, 23)	2,291.9	1,991.1
Deferred tax liabilities	(15)	2,126.8	2,465.4
Non-current borrowings	(24)	10,506.3	10,168.8
Non-current lease liabilities	(12)	1,032.8	1,052.2
Other non-current liabilities	(26)	343.0	317.8
Fair value of non-current derivatives (liabilities)	(25)	39.0	54.5
TOTAL NON-CURRENT LIABILITIES		16,339.8	16,049.8
Provisions, pensions and other employee benefits	(22, 23)	309.4	282.4
Trade payables	(27)	3,333.2	3,782.6
Other current liabilities	(26)	2,002.9	2,215.6
Current tax payables		277.8	260.1
Current borrowings	(24)	2,188.6	2,003.9
Current lease liabilities	(12)	228.0	227.6
Fair value of current derivatives (liabilities)	(25)	67.5	108.6
TOTAL CURRENT LIABILITIES		8,407.4	8,880.8
Liabilities held for sale		37.1	15.4
TOTAL EQUITY AND LIABILITIES		46,783.1	49,518.0

(a) A breakdown of changes in shareholders' equity and minority interests is presented on pages 255 and 256.

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FINANCIAL STATEMENTS

Consolidated Financial Statements

Consolidated cash flow statement

For the year ended December 31

<i>(in millions of euros)</i>	Notes	2021	2022
Operating activities			
Net profit (Group share)		2,572.2	2,758.8
Minority interests		119.7	145.1
Adjustments:			
■ Depreciation and amortization expense	(4)	2,172.5	2,465.9
■ Changes in deferred taxes ^(a)		106.2	92.6
■ Changes in provisions		(36.0)	565.9
■ Share of profit of equity affiliates	(14)	(5.4)	(1.1)
■ Profit/loss on disposal of assets		27.5	(129.9)
■ Net finance costs		203.1	215.4
■ Other non cash items		132.3	142.5
Cash flows from operating activities before changes in working capital ^(b)		5,292.1	6,255.2
Changes in working capital	(18)	377.3	(396.8)
Other cash items		(98.7)	(48.3)
Net cash flows from operating activities		5,570.7	5,810.1
Investing activities			
Purchase of property, plant and equipment and intangible assets	(11,12)	(2,916.8)	(3,273.0)
Acquisition of consolidated companies and financial assets		(659.8)	(135.8)
Proceeds from sale of property, plant and equipment and intangible assets		88.7	92.0
Proceeds from the sale of subsidiaries, net of net debt sold and from the sale of financial assets		130.9	61.1
Dividends received from equity affiliates		5.5	13.8
Net cash flows used in investing activities		(3,351.5)	(3,241.9)
Financing activities			
Dividends paid ^(c)			
■ L'Air Liquide S.A.		(1,334.8)	(1,410.5)
■ Minority interests		(82.9)	(76.3)
Proceeds from issues of share capital ^(c)		175.4	37.7
Purchase of treasury shares ^(c)		(40.1)	(191.5)
Net financial interests paid		(204.9)	(236.1)
Increase (decrease) in borrowings		(17.2)	(617.7)
Lease liabilities repayments		(241.4)	(249.0)
Net interests paid on lease liabilities		(33.0)	(33.6)
Transactions with minority shareholders		(36.8)	(4.0)
Net cash flows from (used in) financing activities		(1,815.7)	(2,781.0)
Effect of exchange rate changes and change in scope of consolidation		16.8	(165.2)
Net increase (decrease) in net cash and cash equivalents		420.3	(378.0)
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1,718.6	2,138.9
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2,138.9	1,760.9

(a) Changes in deferred taxes reported in the consolidated cash flow statement do not include changes in deferred taxes relating to disposals of assets and capitalized finance costs.

(b) The cash flows from operating activities before changes in net working capital are presented before payment of interests on net debt net of taxes and of interests paid on lease liabilities.

(c) A breakdown of dividends paid, share capital increases and treasury share purchases is provided on pages 255 and 256.

The analysis of net cash and cash equivalents at the end of the period is as follows:

<i>(in millions of euros)</i>	Notes	December 31, 2021	December 31, 2022
Cash and cash equivalents	(20)	2,246.6	1,911.4
Bank overdrafts (included in current borrowings)		(107.7)	(150.5)
NET CASH AND CASH EQUIVALENTS		2,138.9	1,760.9



Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2022
TO DECEMBER 31, 2022

(in millions of euros)	Notes	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Fair value of financial instruments	Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2022		2,614.1	2,749.2	17,128.4	(209.2)	(701.9)	(118.3)	21,462.3	536.5	21,998.8
Profit for the period				2,758.8				2,758.8	145.1	2,903.9
Items recognized directly in equity				223.0	39.8	645.9		908.7	2.3	911.0
Net income and gains and losses recognized directly in equity ^(a)				2,981.8	39.8	645.9		3,667.5	147.4	3,814.9
Increase (decrease) in share capital		1.9	21.6					23.5	14.2	37.7
Free shares attribution ^{(b)(c)}		269.0	(269.0)							
Distribution ⁽⁹⁾				(1,412.4)				(1,412.4)	(76.3)	(1,488.7)
Cancellation of treasury shares ^(c)		(6.0)	(152.8)				158.8			
Purchase/Sale of treasury shares ^(c)							(191.1)	(191.1)		(191.1)
Share-based payments				4.7			32.2	36.9		36.9
Transactions with minority shareholders recognized directly in equity				(7.8)				(7.8)	213.8	206.0
Others ^(d)				163.3		(5.8)		157.5		157.5
EQUITY AND MINORITY INTERESTS AS OF DECEMBER 31, 2022		2,879.0 ^(b)	2,349.0	18,858.0	(169.4)	(61.8)	(118.4) ^(c)	23,736.4	835.6	24,572.0

(a) The statement of net income and gains and losses recognized directly in equity is presented on page 252.

(b) Share capital as of December 31, 2022 was made up of 523,450,271 shares at a par value of 5.50 euros. During the fiscal year, movements affecting share capital were as follows:

- on June 8, 2022, share capital increase by capitalizing share premiums, and attribution of 48,905,499 free shares at an exchange rate of one new share for 10 existing shares and one new share for 100 existing registered shares held continuously from December 31, 2019 to June 7, 2022 inclusive;
- creation of 179,795 shares in cash with a par value of 5.50 euros resulting from the exercise of options before the attribution of free shares;
- creation of 172,840 shares in cash with a par value of 5.50 euros resulting from the exercise of options after the attribution of free shares;
- share capital decrease by canceling 1,098,900 shares bought under the approval of the Combined Shareholders' Meeting on May 4, 2022 before the attribution of free shares.

(c) The number of treasury shares as of December 31, 2022 totaled 1,223,450 (including 962,333 held by L'Air Liquide S.A.). During the fiscal year, movements affecting treasury shares were as follows:

- acquisitions, net of disposals, of 1,198,600 shares before the attribution of free shares;
- acquisitions, net of disposals, of 4,195 shares after the attribution of free shares;
- allocation of 357,039 shares as part of performance shares;
- cancellation of 1,098,900 shares by capital decrease;
- creation of 249,409 shares related to the attribution of free shares.

(d) Including the effects of hyperinflation in Argentina and Türkiye.



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2021 TO DECEMBER 31, 2021

<i>(in millions of euros)</i>	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Fair value of financial instruments	Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2021	2,605.1	2,608.1	15,643.9	(272.0)	(1,903.0)	(139.8)	18,542.3	462.3	19,004.6
Profit for the period			2,572.2				2,572.2	119.7	2,691.9
Items recognized directly in equity			157.5	62.8	1,217.3		1,437.6	34.0	1,471.6
Net income and gains and losses recognized directly in equity ^(a)			2,729.7	62.8	1,217.3		4,009.8	153.7	4,163.5
Increase (decrease) in share capital	9.9	162.4					172.3	3.1	175.4
Distribution			(1,335.6)				(1,335.6)	(82.9)	(1,418.5)
Cancelation of treasury shares	(0.9)	(21.3)				22.2			
Purchase/Sale of treasury shares						(40.1)	(40.1)		(40.1)
Share-based payments			1.1			39.4	40.5		40.5
Transactions with minority shareholders recognized directly in equity			(4.0)				(4.0)	0.6	(3.4)
Others ^(b)			93.3		(16.2)		77.1	(0.3)	76.8
EQUITY AND MINORITY INTERESTS AS OF DECEMBER 31, 2021	2,614.1	2,749.2	17,128.4	(209.2)	(701.9)	(118.3)	21,462.3	536.5	21,998.8

(a) The statement of net income and gains and losses recognized directly in equity is presented on page 252.

(b) Including the effects of hyperinflation in Argentina and the non significant impact of the IFRS IC agenda decision regarding the calculation of pension obligations (IAS 19).



Accounting principles

BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Due to its listing on the Paris Stock Exchange and pursuant to EC Regulation No. 1606/2002 of July 19, 2002, the Consolidated Financial Statements of the Air Liquide Group for the year ended December 31, 2022 have been prepared in accordance with IFRS (International Financial Reporting Standards), as endorsed by the European Union as of December 31, 2022, and with IFRS as published by the IASB (International Accounting Standards Board). The IFRS standards and interpretations as adopted by the European Union are available at the following website:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

The Group has not anticipated any new standards, amendments to existing standards or new interpretations published by the IASB but not yet approved or not yet mandatory in the European Union, as of December 31, 2022.

The Financial Statements are presented in millions of euros. They were approved by the Board of Directors on February 15, 2023. They will be submitted for approval to the Shareholders' Meeting on May 3, 2023.

NEW IFRS AND INTERPRETATIONS

1. Standards, interpretations and amendments endorsed by the European Union whose application is mandatory as of January 1, 2022

The following texts have no significant impact for the Group:

- amendments to IFRS 3 "Business Combinations", to IAS 16 "Property, Plant and Equipment", to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and the annual improvements 2018-2020, issued on May 14, 2020.

2. Standards, interpretations and amendments endorsed by the European Union whose application is optional in 2022

The Group Financial Statements for the year ended December 31, 2022 do not include any potential impacts from the standards, interpretations and amendments endorsed by the European Union as of December 31, 2022, for which adoption is only mandatory as of fiscal years beginning after January 1, 2022. These texts are as follows:

- amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction", issued on May 7, 2021;
- amendments to IAS 1 "Presentation of Financial Statements", issued on February 12, 2021;
- amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates", issued on February 12, 2021.

The Group did not apply the amendment to IFRS 16 "Covid-19 – Related Rent Concessions beyond 30 June 2021", issued on March 31, 2021 and of which the implementation is optional.

Finally, the following texts are not applicable to the Group:

- IFRS 17 "Insurance Contracts", issued on May 18, 2017;
- amendments to IFRS 17 "First application of IFRS 17 and IFRS 9 – Comparative Information" issued on December 9, 2021.

3. Standards, interpretations and amendments not yet endorsed by the European Union

The impacts on the Financial Statements of texts published by the IASB as of December 31, 2022 and not yet endorsed by the European Union are currently being analyzed. These texts are as follows:

- amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current", "Classification of Liabilities as Current or Non-current – Deferral of Effective Date" and "Non-current Liabilities with Covenants", issued on January 23, 2020, July 15, 2020 and October 31, 2022 respectively;
- amendments to IFRS 16 "Lease Liability in a Sale and Leaseback" issued on September 22, 2022.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements requires Group or subsidiary management to make estimates and use certain assumptions which have a significant impact on the carrying amounts of assets and liabilities recorded in the consolidated balance sheet, the notes related to these assets and liabilities, the profit and expense items in the income statement and the commitments relating to the period-end. Balance sheet, income statement and cash flow statement line items could differ should the subsequent actual results differ from the estimates. The most significant estimates and assumptions concern namely:

- the estimated useful life of property, plant and equipment used for calculation of depreciation and amortization: these estimates are described in section 5.e of the accounting policies;
- the assumptions used to determine provisions for employee retirement benefit obligations: the actuarial assumptions used (employee turnover, mortality, retirement age, salary increase, etc.), and the discount rates used to determine the present value of obligations, as described in section 11.b of the accounting policies and in note 23.3;
- the estimates and assumptions concerning assets' impairment tests, as described in section 5.f. of the accounting policies and in note 10.2;
- the methods used to recover deferred tax assets on the balance sheet;
- the risk assessment to determine the amount of provisions for contingencies and losses;
- the accounting methods for the margin of the Engineering & Construction contracts that are set out in section 3.b of the accounting policies.
- the assumptions retained to evaluate the lease liability (IFRS 16): lease term and discount rate. They are described in section 5.g of the accounting principles.

In addition, the Group considers that climate risks are material, even though their quantified impact on the Consolidated Financial Statements of the Group is not material. The Group takes into account these risks in its closing assumptions and incorporates their potential impact in its Financial Statements. In particular, climate risks are taken into account when carrying out closing procedures, in particular the analysis of the useful lives of property, plant and equipment used for calculation of depreciation and amortization, the review of the estimates and assumptions concerning assets' impairment tests, and the risk assessment to determine the amount of provisions for contingencies and losses. The consideration of climate risks by the Group is described in particular in note 31.



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ACCOUNTING POLICIES

The Consolidated Financial Statements were prepared under the historical cost convention, except for financial assets and liabilities measured at fair value through profit or loss or through other comprehensive income in accordance with IAS 32/IFRS 9. The carrying amount of other assets and liabilities hedged against fair value risk is adjusted to take into account the changes in fair value attributable to the hedged risks. In addition, the principles of fairness, going concern, and consistency were applied.

1. CONSOLIDATION METHODS

The consolidation methods used are:

- full consolidation method for subsidiaries;
- assets, liabilities, expenses and revenue of joint operations are recognized in relation to the Group's interest in these entities;
- equity method for joint ventures and associates.

α. Subsidiaries

All the subsidiaries or companies in which the Air Liquide Group exercises exclusive control are fully consolidated. Control exists when all the following conditions are met:

- the Group has existing rights that give it the current ability to direct the relevant activities;
- the Group is exposed, or has rights, to variable returns from its involvement with the entity;
- the Group has the ability to use its power over the entity so that it affects the amount of the returns.

Companies are fully consolidated from the date on which the Group obtains control and until the date on which control is transferred outside the Group.

b. Joint operations

Joint operations are joint arrangements whereby the Air Liquide Group has joint control with one or several parties through a contractual agreement, which gives it rights to the assets and obligations for the liabilities of the entity.

Assets, liabilities, expenses and revenue of joint operations are recognized in relation to the Group's interest in these entities. These amounts are recorded on each relevant line of the Financial Statements as for the consolidated entities.

c. Joint ventures

Joint ventures are joint arrangements whereby the Air Liquide Group has joint control with one or several parties through a contractual agreement, which gives it rights to the net assets of the entity.

Joint ventures are consolidated using the equity method. Under this one, the net assets and net profit of a company are recognized pro rata to the interest held by the Group in the share capital.

On acquisition of an investment in a joint venture, goodwill relating to the joint venture is included in the carrying amount of the investment.

d. Associates

Associates are investments over which the Air Liquide Group has significant influence (generally when the Group has more than a 20% interest), but no control.

Associates are consolidated using the equity method. Under this one, the net assets and net profit of a company are recognized pro rata to the interest held by the Group in the share capital.

On acquisition of an investment in an associate, the goodwill relating to the associate is included in the carrying amount of the investment.

The financial statements of subsidiaries, joint arrangements and associates are prepared as of December 31.

e. Inter-company transactions

All inter-company receivables and payables, income and expenses and profits or losses are eliminated.

2. TRANSLATION OF THE FINANCIAL STATEMENTS OF COMPANIES WHOSE FUNCTIONAL CURRENCY IS NOT THE EURO

The functional currency of an entity is the currency of the primary economic environment in which it carries out its operations. In the majority of cases, the functional currency corresponds to the local currency. However, a functional currency other than the local currency can be retained for certain entities, provided that it represents the currency of the main transactions carried out by the entity and that it ensures faithful representation of its economic environment.

The presentation currency of the Group's Consolidated Financial Statements is the euro. At the balance sheet date, the financial statements of companies whose functional currency is not the euro are translated into euros as follows:

- balance sheet items, at the official year-end exchange rates;
- income statement and cash flow statement items, using the average exchange rate over the period for each currency.

Exchange differences are recognized under a separate item "Translation reserves" in gains and losses recognized directly in equity.

Cumulative foreign exchange gains and losses as of January 1, 2004 arising from the translation into euros of the financial statements of subsidiaries whose functional currency is not the euro have been maintained as a separate component of equity.

On removal from the scope of consolidation, the cumulative exchange differences of a company whose functional currency is not the euro are recognized in the income statement.

3. REVENUE RECOGNITION

The analysis of revenue recognition is based on the Group's activities, as follows:

α. Gas & Services

The supply of gas involves local production in order to limit transport costs. Therefore, Air Liquide gas production units are located throughout the world and can supply several types of customers and industries, with the relevant volumes and services required:



Large Industries

This business is characterized by the supply of large quantities of gas contracted for a period of 15 years or longer with a limited number of customers. The Group guarantees a high level of reliability and availability of gas supply with continued service, over the long-term. In return, these contracts include guaranteed minimum volumes through firm purchase clauses (take-or-pay). Due to the volume of gas to be supplied, Air Liquide supplies its Large Industries customers directly by pipelines, from a dedicated plant or different plants connected by a network.

These plants represent significant investments that are generally made in a way to share the production assets with the other business lines of the Group, particularly the Industrial Merchant business, or intended to serve the customers in an industrial basin that is connected on a pipeline network. In these cases, the assets are not identified under the meaning of IFRS 16 "Leases" and no lease contract is contained in the contracts with customers. When the customer's gas supply comes from a dedicated plant, the Group may decide on the use of these plants under the meaning of IFRS 16 "Leases". Consequently, the gas supply contracts for the Large Industries business do not contain leases.

Customers of the Large Industries business simultaneously receive and consume the benefits granted by the gas supply service or its availability. As a result, the revenue recognition related to these contracts occurs when the gas is supplied or when the reserved capacity is made available.

Industrial Merchant, Healthcare and Electronics

The Industrial Merchant business relies mainly on the gas production capacity of Large Industries and thereafter develops its own distribution logistics. This business is characterized by a wide range of customers and markets. The contract terms can be up to five years for cylinders and liquid gas supply and up to 15 years for small on-site gas generators.

Healthcare business supplies medical gases, hygiene products, services as well as medical devices to hospitals and patients in their homes. It also produces and distributes healthcare specialty ingredients for the cosmetics, pharmaceutical and vaccine markets.

The Electronics business supplies its customers with (i) carrier gases with a business model based on long-term contracts and on guaranteed minimum volumes with take-or-pay type clauses, (ii) electronics specialty materials in the form of pure or mixed gases, (iii) advanced materials, (iv) equipment and installations and (v) services notably on-site quality control and fluid management services.

For safety and quality reasons, Air Liquide supplies gas with its own equipment (small generators, storage tank, cylinders). Customers have no right of control on the identified assets under the meaning of IFRS 16 "Leases".

Consequently, the gas supply contracts for these businesses do not contain leases and the revenue recognition occurs as follows:

- gas supply: the revenue recognition occurs when the gas is supplied or when the reserved capacity is made available;
- sale of standard equipment and materials: the revenue recognition occurs when the control of these equipment and materials is transferred, which generally takes place at their delivery;

- specific equipment and installations: the transfer of control occurs over the time, together with their construction. Consequently, the revenue recognition occurs based on the stage of completion of the contracts at the balance sheet date;
- service: the revenue recognition occurs when the service is provided.

b. Engineering & Construction

Air Liquide enters into contracts to design and build production units worldwide for the Group's own account and for third-party customers.

The control of installations is transferred progressively with their design/construction. Consequently, the revenue recognition is based on the stage of completion of the contracts at the balance sheet date. The costs associated are recognized as an expense in the period when incurred. The stage of completion is assessed by using the ratio of contract costs incurred at the balance sheet date versus total estimated contract costs.

The margin realized at the stage of completion is recognized only when it can be reliably measured. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized as a provision for onerous contracts.

c. Global Markets & Technologies

The Global Markets & Technologies business focuses on new markets requiring a global approach. This business is growing mainly within the following markets:

- new markets relating to the energy transition, as well as space, aerospace, and extreme cryogenics markets. As a consequence of its nature, the analysis of the revenue recognition on this market is done on a case-by-case basis depending on the nature of performance obligations;
- gas usages by the actors in the maritime sector, namely offshore oil and gas platforms, offshore wind turbines, or cryogenic transportation by sea. The analysis carried out for Industrial Merchant is applicable to this market.

4. TAXES

α. Income tax expense

The tax rate is calculated on the basis of the fiscal regulations enacted or substantively enacted at the fiscal year closing date in each of the countries where the Group's companies carry out their business.

The Group's applicable tax rate corresponds to the average of the theoretical tax rates in force in each of the countries, weighted according to profit obtained in each of these countries.

The average effective tax rate is calculated as follows: (current and deferred income tax expense)/(net profit before tax less share of profit of equity affiliates, dividends received and net profit from discontinued operations).

b. Deferred taxes

Deferred taxes are recognized for all temporary differences between the carrying amount of assets and liabilities and their tax base (excluding non-deductible goodwill and the other exceptions provided in IAS 12), the tax loss carryforwards and the unused tax credits. Deferred tax assets are recognized on all deductible temporary differences provided that it is highly probable that the tax benefits will be realized in future years.

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Deferred taxes are calculated at the tax rate applicable when the temporary difference is reversed and allowed under local regulations at the period-end date. The liability method is applied and any changes to the tax rates are recognized in the income statement, except those related to items directly recognized in equity.

Deferred tax assets and liabilities are offset if the entities have a legally enforceable right to offset and if they relate to income tax levied by the same taxation authority. Deferred taxes are not discounted.

Deferred taxes are mainly due to temporary differences between the tax and economic depreciation of assets, the carryforward of tax losses and provisions not immediately deductible for tax purposes, such as employee benefit provisions.

When the Group decides not to distribute profits retained by the subsidiary within the foreseeable future, no deferred tax liability is recognized.

5. NON-CURRENT ASSETS

a. Goodwill and business combinations

Business combinations as of January 1, 2010

The Group has prospectively applied IFRS 3 revised and IAS 27 revised since January 1, 2010.

When the Group obtains control of an acquiree, the business combination is accounted for by applying the acquisition method on the acquisition date, in accordance with IFRS 3 revised:

- the identifiable assets acquired and the liabilities and contingent liabilities assumed are measured at fair value;
- any minority interests in an acquiree are measured as the minority interest's proportionate share of the acquiree's net identifiable assets or at fair value. This option is applied on a case-by-case basis;
- the consideration transferred and any contingent consideration are measured at fair value;
- acquisition-related costs are recorded as other operating expenses in the periods in which they are incurred.

For a business combination achieved in stages, any previously held equity interests in the acquiree are measured at the acquisition-date fair value. Any resulting gains or losses are recognized in profit or loss.

The measurement period of a business combination shall not exceed 12 months as of the acquisition date. Any adjustments, after the measurement period, of the consideration transferred and the fair values of acquired assets and assumed liabilities are recorded in the income statement.

On the acquisition date, goodwill is recognized in the consolidated balance sheet as the difference between:

- the consideration transferred plus the amount of minority interests in the acquiree and the fair value of the previously held equity interest; and,
- the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

Negative goodwill is recognized immediately through profit or loss.

Goodwill is allocated to cash-generating units (CGUs) or groups of cash-generating units that benefit from business combination synergies. Subsequently, goodwill is not amortized but is tested for impairment annually or more frequently if there are any indications of impairment, in accordance with the method described in section 5.f.

Business combinations prior to January 1, 2010

Business combinations achieved prior to January 1, 2010 have been accounted for in accordance with the former versions of IFRS 3 and IAS 27. These standards had already adopted the acquisition method in the version published by the IASB in March 2004. The main provisions that differed from the revised standards are as follows:

- minority interests were measured based on their share of the net identifiable assets of the acquiree and the fair value measurement option did not exist;
- earn-outs were included in the acquisition cost, without time limits, when the payment was deemed probable and the amount could be reliably measured;
- acquisition-related costs were recorded in the cost of the business combination.

For an acquisition achieved in stages, the fair value remeasurement of any previously held net asset was recognized in equity.

For an acquisition of minority interests in a previously held company, the difference between the acquisition cost and the net carrying amount of the minority interests was recorded in goodwill.

At the time of the transition to IFRS and in accordance with the exemption offered by IFRS 1, the Group decided not to apply IFRS 3 "Business combinations" retrospectively for acquisitions that took place prior to January 1, 2004.

b. Research and Development expenditures

Research and Development expenditures include all costs related to the scientific and technical activities, patent work, education and training necessary to ensure the development, manufacturing, start-up, and commercialization of new or improved products or processes.

According to IAS 38, development costs shall be capitalized if, and only if, the Group can meet all of the following criteria:

- the project is clearly identified and the related costs are itemized and reliably monitored;
- the technical and industrial feasibility of completing the project is demonstrated;
- there is a clear intention to complete the project and to use or sell the intangible asset arising from it;
- the Group has the ability to use or sell the intangible asset arising from the project;
- the Group can demonstrate how the intangible asset will generate probable future economic benefits;
- the Group has adequate technical, financial and other resources to complete the project and to use or sell the intangible asset.

When these conditions are not satisfied, development costs generated by the Group are recognized as an expense when incurred.

Research expenditure is recognized as an expense when incurred.



c. Internally generated intangible assets

Internally generated intangible assets primarily include the development costs of information management systems. These costs are capitalized only if they satisfy the criteria as defined by IAS 38 and described above.

Internal and external development costs on management information systems arising from the development phase are capitalized. Significant maintenance and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Internally generated intangible assets are amortized over their useful lives.

d. Other intangible assets

Other intangible assets include separately acquired intangible assets such as software, licenses, and intellectual property rights. They also include the technology, brands and customer contracts valued upon the acquisition of companies in accordance with IFRS 3 "Business Combinations".

With the exception of certain brands, intangible assets are amortized using the straight-line method over their useful lives. Information management systems are generally amortized over a period comprised between five and eight years and customer contracts over a maximum period of 25 years, considering the probabilities of renewal.

e. Property, plant and equipment

Land, buildings and equipment are carried at their acquisition cost less any accumulated depreciation and impairment losses.

In the event of mandatory dismantling or asset removals, related costs are added to the initial cost of the relevant assets and provisions are recognized to cover these costs.

Interest costs on borrowings to finance the construction of property, plant, and equipment are capitalized during the period of construction when they relate to the financing of industrial projects over a twelve-month construction period, or longer.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted separately and depreciated over their own useful lives.

Repair and maintenance costs are recognized as expenses when incurred. The costs of major inspections and overhauls are recognized as a separate component of the asset and are depreciated over the period between two major overhauls.

Depreciation is calculated according to the straight-line method over the estimated useful lives as follows:

- buildings: 20 to 30 years;
- cylinders: 10 to 40 years;
- production units: 15 to 20 years;
- pipelines: 15 to 35 years;
- other equipment: 5 to 30 years.

The estimated useful lives are reviewed regularly and changes in the estimates are recorded prospectively from the date of change.

Land is not depreciated.

f. Impairment of assets

The Group regularly assesses whether there are any indications of asset impairment. If such indications exist, an impairment test is performed to assess whether the carrying amount of the asset is greater than its recoverable amount, defined as the higher of the fair value less costs to sell (net fair value) and the value in use.

Impairment tests are performed systematically once a year for goodwill and intangible assets with indefinite useful lives.

Assets that do not generate largely independent cash flows are grouped according to the cash-generating units (CGUs) to which they belong. A cash-generating unit is an identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. They are mainly determined on a geographical basis and by reference to the markets in which the Group operates.

In practice, the Group performs impairment tests at various levels pursuant to these principles:

- dedicated and on-site plants are tested individually;
- pipelines and plants that provide these pipelines are tested at the network level;
- liquid gas and hydrogen/CO plants are grouped together according to the plants' customer market;
- other assets are allocated to cash-generating units or groups of cash-generating units.

The cash-generating units of the Gas & Services activities are determined on a geographical basis. The other activities are managed at a worldwide level (Engineering & Construction and Global Markets & Technologies).

Goodwill is allocated to cash-generating units or groups of cash-generating units that benefit from business combination synergies and which represent the levels at which goodwill is monitored by the Group.

When performing impairment tests on cash-generating units or groups of cash-generating units comprising goodwill, the Group uses the market multiples approach. Insofar as the fair value is not significantly greater than the net carrying amount of the cash-generating unit or group of cash-generating units, the Group confirms the recoverable amount of the cash-generating unit or group of cash-generating units using the estimated cash flow approach (value in use).

For other cash-generating units or groups of cash-generating units, and assets whose value is tested on an individual basis, the Group determines the recoverable amount using the estimated cash flow approach (value in use).

The market multiples used are determined based on the market value of the Air Liquide Group. The differences between the resulting multiples and those of comparable companies are not material.

The growth rates, taken into account with respect to the cash flow estimates for cash-generating units or groups of cash-generating units, are determined based on the activity and geographical location of the CGU considered.

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In assessing value in use for property, plant and equipment, the estimated future cash flows are discounted to their present value. Cash flows are measured over the asset's estimated period of use, taking into account customer contract terms and technical obsolescence.

The discount rate depends on the nature, the location of the asset and the customer market. It is determined according to the minimum level of profitability expected from the investment considering industrial and commercial risks and credit terms.

When the recoverable amount of an asset, a cash-generating unit or a group of cash-generating units is lower than its carrying amount, an impairment loss is recognized immediately through profit and loss. An impairment loss of a cash-generating unit is first allocated to goodwill.

When the recoverable amount exceeds the carrying amount again, the previously recognized impairment loss is reversed to the income statement, with the exception of impairment losses on goodwill, which cannot be reversed.

g. Leases

In the course of its activity, the Group enters as a lessee in contracts mainly for the following types of assets:

- land, buildings and offices;
- transportation equipment, in particular for Industrial Merchant and Healthcare business lines;
- other equipment.

According to IFRS 16, any contract (apart from exceptions mentioned below) containing a lease leads to recognition on the lessee's balance sheet of a right-of-use of the leased asset and a lease liability related to the present value of the commitments for future lease payments (lease liability).

A contract is, or contains, a lease if it conveys to the Group the right to control the use of an identified asset for a period of time in exchange of consideration. In particular, the Group has concluded that transportation contracts which confer to the supplier the substantive right to substitute the vehicle throughout the period of use and/or the control on the choice of the route, the driver and maintenance policy, are service contracts and do not meet the definition of a lease under IFRS 16.

In addition, the Group has chosen to use the following exemptions and not to apply IFRS 16:

- to the lease contracts having a lease terms of 12 months or less;
- to the lease contracts for which the underlying asset is of low value, in particular, office and telephony equipment, computers and small IT equipment. Lease contracts for data centers are analyzed on a case-by-case basis.

The main assumptions used to measure the right-of-use and the lease liability are:

- lease term. It corresponds to the non-cancellable period for which a lessee has the right to use an underlying asset, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise (for options to extend) or not to exercise (for options to terminate) such options. The probability to exercise or not an option is determined by type of contracts or on a case-by-case basis according to contractual terms, regulatory environment and the nature of the underlying asset (in particular, its technical specificity and strategic location);

- the discount rate used for evaluation of the lease liability. The discount rate retained is the lessee's incremental borrowing rate. Due to the centralized financing in the Group, it corresponds for each subsidiary to the interest rate for intragroup borrowings determined according to the currency of the lease contract, the country and the lease term taking into account the repayment profile (linear amortization of the lease liability).

Deferred taxes relating to the right of use asset and lease liability arising from a single transaction are recognized on a net basis.

6. FINANCIAL INSTRUMENTS

a. Non-current financial instruments

Non-consolidated investments

Investments in non-consolidated companies that are not accounted for using the equity method are classified as assets measured at fair value. These investments are not held for trading, consequently, at initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. In this case, changes in fair value are not reclassified to net result upon disposal of these investments.

Dividends from these investments are recognized in other financial income.

Loans and other financial assets

Loans and other financial assets are initially recognized at their fair value and subsequently carried at amortized cost. Impairment tests are performed at each closing date. Any impairment losses are recognized immediately in the income statement.

b. Trade and other-receivables

Trade and other receivables are measured at their transaction price upon initial recognition and then at amortized cost less any impairment losses based on expected credit losses model.

Expected credit losses are estimated on the basis of a matrix consisting in using historical loss rates adjusted depending on actual observable conditions. Expected credit losses are estimated at each closing date in the following manner:

- segregating trade receivables into appropriate groups, in particular depending on the activities of the Group, type and size of client and its market segment;
- within each group of trade receivables, determining of age-bands;
- for each age-band identification of losses realized in previous financial year;
- adjusting if necessary historical loss rate depending on actual observable conditions in order to take into account, in particular, current market conditions, type of client, credit management practices of the Group as well as specific information concerning individual customers;
- application of loss rates estimated in this way to each age-band of trade receivables.

For all construction contracts in progress at the year-end, the gross amounts payable by and to customers represent the sum of costs incurred plus profits recognized using the percentage of completion method, equivalent to total revenue recorded using the percentage of completion method, less the amount of advances received.



Amounts payable by customers are presented in trade receivables. Amounts due to customers are presented in other current liabilities.

Assignments of trade receivables

Assignments of trade receivables are derecognized from the balance sheet when:

- the Group transfers the contractual rights to receive the cash flows related to these receivables to the assignee; or
- the Group retains the contractual rights to receive the cash flows related to these receivables, but assumes a contractual obligation to pay the cash flows to the assignee in an arrangement that cumulatively meets the following three conditions:
 - the Group has no obligation to pay to the assignee unless it collects the equivalent amount,
 - the Group is prohibited from selling or pledging the receivables other than as security for the obligation to pay cash flows to the assignee,
 - the Group has an obligation to remit any cash flows it collects on behalf of the assignee without material delay;
- and the Group transfers substantially all the risks and awards of ownership of the receivables, in particular credit risk and risk of late payment.

c. Cash and cash equivalents

Cash and cash equivalents include cash balances, current bank accounts, and short-term highly liquid investments that are readily convertible into cash and which are exposed to a negligible risk of change in value.

Short-term investments include temporary cash investments maturing in less than three months (commercial paper, certificates of deposit and money market funds) whose minimum long-term rating is A (S&P) or A2 (Moody's).

As cash investments maturing in less than three months are exposed to a negligible risk of a change in value, they are recognized at historical cost (including accrued interest) which is considered to approximate fair value.

d. Trade payables

The Group sets up supplier paying services agreements with partner banks to facilitate the processing of supplier invoices payments. The Group analyzes the main contract features that enable to keep the trade payables qualification. In particular, the Group ensures that the following characteristics are met:

- no deviation of the payment terms of the underlying payable between the financing party and the original supplier. In other words, the Group must pay to the bank no later than the payment term of invoice;
- payment terms negotiations between Air Liquide and supplier must be conducted independently of any negotiation on paying service agreement. In particular, payment terms shall not be subject to the supplier's success in selling invoices to the bank;
- the terms of contract with the supplier shall not be explicitly linked to any payment term extension. Payment term with a particular supplier must be homogenous, independently of the participation of a particular invoice in the program or not;

- payment terms should stay within the ordinary industry/sector norms and local regulation, and should not be tied to the participation in the paying services agreement;
- program structures should avoid debt-like features such as interest and fees paid by Air Liquide to the bank or supplier;
- tri-party agreements between Air Liquide, the supplier and the bank that pre-arrange the financing of the invoices owed by Air Liquide to the supplier shall be avoided.

e. Current and non-current borrowings

Borrowings include bonds and other bank borrowings (including the put options granted to minority shareholders).

At inception, borrowings are recognized at fair value corresponding to the net proceeds collected. At each balance sheet date, except for put options granted to minority shareholders (see section 10 "Minority Interests"), they are measured at amortized cost using the effective interest rate (EIR) method. Under this method, the borrowing cost includes the redemption premiums and issuance costs initially deducted from the nominal amount of the borrowing in liabilities.

Borrowings maturing in less than one year are classified as current borrowings.

Borrowings hedged by interest rate swaps are recognized on a hedge accounting basis.

f. Derivative assets and liabilities

Derivative financial instruments are used to manage exposures to foreign exchange, interest rate and commodity risks relating to the Group's financial and operating activities. For all these transactions, the Group applies hedge accounting and documents, at the inception of the transaction, the type of hedging relationship, the hedging instruments, and the nature and term of the hedged item.

Applying hedge accounting has the following consequences:

- fair value hedges for existing assets and liabilities: the hedged portion of the item is carried at fair value in the balance sheet. Any changes in fair value are recognized in the income statement, where they are offset by the corresponding changes in fair value of the hedging instruments (except for the impact of premiums/discounts);
- future cash flow hedges: the effective portion of the change in fair value of the hedging instrument is recorded directly in equity (items that may be subsequently reclassified to income statement), while the change in the fair value of the hedged item is not recognized in the balance sheet. The change in fair value of the ineffective portion is recognized in other financial income or expenses. When the hedged transactions occur and are recorded, amounts recorded in other comprehensive income are reclassified in the income statement;

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- hedges of net investments in a foreign entity: the effective portion of the changes in fair value of the derivative instrument is recognized in gains and losses recognized directly in equity under "Translation reserves". The ineffective portion of changes in fair value is recognized in "Other financial income and expenses". Once the foreign entity subject to the net investment hedge is sold, the loss or profit initially recognized in translation reserves is recognized in profit or loss, within the gain or loss generated.

However, in limited circumstances, certain types of derivatives do not qualify for hedge accounting; they are carried at fair value through "Other financial income and expenses" with an offsetting entry in financial assets and financial liabilities.

The fair value of assets, liabilities and derivatives is based on the market price at the balance sheet date.

7. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS
a. Assets classified as held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This classification occurs when the Group takes the decision to sell them and that the sale is considered highly probable.

The assets and liabilities held for sale are presented on different lines of the balance sheet. They are measured at the lower of their carrying amount or fair value less costs to sell. Assets classified as held for sale are no longer depreciated (amortized) as of the date they are classified as assets or disposal groups held for sale.

When a sale involving the loss of control of the subsidiary is considered highly probable, all the assets and liabilities of this subsidiary are classified as being held for sale, independently of whether or not the Group retains a residual interest in the entity after its sale.

b. Discontinued operations

A discontinued operation is a clearly identifiable component that the Group either has abandoned or that is classified as held for sale:

- representing a separate major line of business or geographical area of operations;
- being part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or,
- being a subsidiary acquired exclusively with a view to resale.

Once the criteria are met, the profit and loss and the cash flow from discontinued operations are presented separately in the income statement and the consolidated cash flow statement for each period.

8. INVENTORIES AND WORK-IN-PROGRESS

Inventories are measured at the lower of cost or net realizable value. Cost includes raw materials, direct and indirect labor costs and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

9. SHARE CAPITAL, RESERVES AND TREASURY SHARES

Air Liquide's share capital is composed of ordinary shares.

Retained earnings include the following items:

- translation reserves: exchange differences arising from the translation into euros of financial statements prepared by foreign subsidiaries whose functional currency is not the euro are recorded in translation reserves. Fair value changes in net investment hedges of these foreign subsidiaries are also recorded in this reserve;
- fair value of financial instruments: this item records accumulated fair value changes in the effective portion of cash flow hedge derivatives (transactions not yet recognized in the accounts);
- actuarial gains and losses: all actuarial gains and losses and adjustments arising from the asset ceiling, net of deferred taxes, are recognized in consolidated reserves in the period in which they occur.

When the Group buys back its own shares, they are classified as treasury shares at the purchase price and presented as a deduction from equity for the consideration paid. The profit or loss from the sale of treasury shares is recognized directly in equity, net of tax.

Furthermore, acquisitions or disposals of minority interests, without change in control, are considered as transactions with the Group's shareholders. Thus, the difference between the price paid to increase the percentage of interest in entities that are already controlled and the additional share of equity thus acquired is recognized in Shareholders' equity. Similarly, a decrease in the Group's percentage interest in a controlled entity is accounted for as an equity transaction with no impact on profit or loss.

Disposals of shares with loss of control give rise to the recognition in disposal gains or losses of the change in fair value calculated for the total investment at the date of disposal. Any investments retained, where applicable, will be measured at fair value at the date when control is lost.

10. MINORITY INTERESTS

Transactions with minority interests, without impact on the control, are considered as transactions with the Group's shareholders and are registered in shareholders' equity.

In accordance with IAS 32, put options granted to minority shareholders are recorded as borrowings at the option's estimated strike price.

The share in the net assets of subsidiaries is reclassified from "Minority interests" to "Borrowings".

Due to the absence of any specific IFRS guidance, the Group has elected to recognize the consideration for the difference between the strike price of the option granted and the value of the minority interests reclassified as borrowings in shareholders' equity – Group share.

Minority interests in profit and loss do not change and still reflect present ownership interests.



11. PROVISIONS

a. Provisions

Provisions are recognized when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

Restructuring provisions include only the direct costs arising from the restructuring and are recognized in the period in which the Group has approved a detailed and formal restructuring plan and the restructuring has either begun or been announced. When these plans involve termination benefits, the resulting provisions are recognized at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits;
- when the provision of the related restructuring is recognized.

A provision for losses on contracts is recognized when the expected benefits from the contract are lower than the cost of satisfying the obligations under the contract.

b. Pensions and employee benefits

The Group provides its employees with various pension plans, termination benefits, jubilees and other post-employment benefits for both active and retired employees. The characteristics of each plan vary according to the laws and regulations applicable in each country as well as each subsidiary policy.

These benefits are covered by two types of plan:

- defined contribution plans;
- defined benefit plans.

The Group grants both defined benefit and defined contribution plans.

Defined contribution plans are plans under which the employer's sole obligation is to pay regular contributions. The employer's obligation is limited to payment of the planned contributions. The employer does not grant any guarantees on the future level of benefits paid to the employee or retiree (means-based obligation). The annual pension expense is equal to the contribution paid during the fiscal year which relieves the employer from any further obligation. It is recognized in "Personnel expenses".

Defined benefit plans are those by which the employer guarantees the future level of benefits defined in the agreement, most often depending on the employee's salary and seniority ("result-based obligation"). Defined benefit plans can be:

- either financed by contributions to a fund specialized in managing the amounts received;
- or managed internally.

In the case of defined benefit plans, retirement and similar obligations are measured by independent actuaries, according to the projected unit credit method. The actuarial calculations mainly take into account the following assumptions: salary increases, employee turnover, retirement date, life expectancy, inflation and appropriate discount rates for each country.

Defined benefit plans are covered by external pension funds in certain cases. The assets of these plans are mostly invested in bonds or equities carried at their fair value.

All actuarial gains and losses as well as any adjustment arising from the asset ceiling are recognized in the period in which they occur.

Actuarial assumptions used vary according to the demographic and economic conditions prevailing in each country where the Group has pension plans.

Discount rates used to measure the present value of the Company's obligations and the net interest cost are determined by reference to market yields on High-Quality corporate bonds. Where there is no deep market in such bonds, the market yields on government bonds with the same maturity at the valuation date shall be used. In the Euro zone, the United States, the United Kingdom and Canada, discount rates were determined using tools designed by independent actuaries. Their database uses several hundred different corporate bonds with a minimum AA-rating and maturities ranging from one to 30 years. Cash flows of expected benefits are subsequently discounted using rates associated to each maturity.

Valuations are carried out annually by independent actuaries for significant plans and every three years for other plans unless there are material changes in assumptions or major events that necessitate a new calculation. Impacts related to defined benefit plans are registered as follows:

- the service cost, the gain relating to curtailments and settlements, and the actuarial gains and losses from other long-term benefits and recognized in "Personnel expenses". In addition, the service cost of defined benefit plans which are capped, linked to length of service and require the presence of the beneficiary in the company at the time of retirement is spread over the period between the date on which the services rendered began to generate rights and the date on which the additional services cease to generate rights;
- net interest cost for defined benefits is registered in "Other financial income and expenses";
- past service cost is recorded in profit or loss according to the nature of the change to the plan that generated it (i.e. either in "Personnel expenses" or in "Other operating income and expenses");
- actuarial gains and losses from defined benefit plans, retirement termination payments, and medical plans are recorded in "Gains and losses recognized directly in equity".

12. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are recognized according to the following principles:

- foreign currency transactions are translated by each company into its functional currency at the exchange rate prevailing on the date of the transaction;
- at year-end, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate.

Exchange differences relating to commercial transactions are recognized in operating profit. For financial transactions, exchange differences are recognized in financial income and expenses except for differences resulting from the hedge of a net investment in a foreign entity that are directly recognized in equity until the net investment is removed from the consolidation scope.

13. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities arise from past events, the outcome of which depends on future uncertain events.

Contingent liabilities represent:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the entity; or,
- present obligations that arise from past events, but that are not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and liabilities that are material are disclosed in the notes to the Consolidated Financial Statements, except for contingent liabilities assumed in a business combination, which are recognized in accordance with IFRS 3 revised.

14. GOVERNMENT GRANTS

Government grants received are initially recognized in "Other non-current liabilities". They are then recognized as income in the income statement for the period:

- on the same basis as the subsidized assets are depreciated in the case of government grants related to assets;
- deducted from the costs intended to be compensated in the case of government grants other than those related to assets.

The Group analyzes the substance of government incentives delivered through the tax system and selects an accounting treatment consistent with such substance.

15. SHARE-BASED PAYMENTS

The Group grants stock options and performance shares to Executive Officers and some employees.

Stock options and performance shares are measured at fair value on the grant date. Their fair value is recognized as a "Personnel expense" in the income statement with a corresponding increase in equity, and amortized on a straight-line basis over the vesting period.

The valuation is performed by an independent expert, using mathematical models appropriate to the characteristics of each plan. It takes into account the market vesting conditions associated to each one. The fair value measured at the grant date is not subject to re-evaluation due to changes in market conditions.

Vesting conditions, other than market ones, have no impact on the fair value measurement of services received but adjust the expense that is recognized according to the number of equity instruments actually granted.

The dilution effect of non-vested stock option plans and performance share allocations is reflected in the calculation of diluted earnings per share.

Share subscription option plans

Options are valued using the following main underlying assumptions:

- volatility: implicit;
- risk-free interest rate: zero-coupon benchmark rate at the plan issue date and matching the various maturities retained;
- dividend growth rate: based on the historical average annual growth rate;
- employee resignation rate: that of individuals belonging to the same age group as the plan beneficiaries. The resignation rate is used to extrapolate the number of options which will not be exercised due to the resignation of beneficiaries;
- the probability of achieving the market vesting conditions.

Performance shares allocation plans

Performance shares are measured at fair value, taking into account a discount on non-transferable shares. The cost of non-transferability is measured as the cost of a two-step strategy consisting in the forward sale of shares being non-transferable for four years (or five years depending on the plan) and the purchase on the spot market of the same number of shares funded by an amortizable loan with an in fine capital repayment.

Valuation is based upon the following main underlying assumptions:

- risk-free interest rate: four-year zero-coupon benchmark rate (or five-year depending on the plan) at the plan issue date plus a credit margin that would be proposed to employees;
- dividend growth rate: based on the historical average annual growth rate;
- employee resignation rate: that of individuals belonging to the same age group as the plan beneficiaries. This resignation rate is used to extrapolate the shares which will not be allocated due to the resignation of beneficiaries;
- the probability of achieving the market vesting conditions.

16. GREENHOUSE GAS EMISSION QUOTAS

In certain countries, the Group is subject to greenhouse gas emission quota systems.

In the absence of any specific IFRS guidance, the Group has elected to apply the ANC Regulation No. 2014-03. The Group does not buy CO₂ quotas for the purpose of generating profits from fluctuations in price; therefore, at each closing date:

- a liability is recognized if the greenhouse gas emissions are higher than the CO₂ quotas held by the Group. It corresponds to the cost of CO₂ quotas in shortfall to cover the greenhouse gas already emitted; or,
- an asset is recognized if the greenhouse gas emissions are lower than the CO₂ quotas held by the entity. It corresponds to the CO₂ quotas available to cover the future greenhouse gas emissions, valued at historical cost.



Basis for presentation of financial information

1. SEGMENT INFORMATION

The Group is structured according to the following activities: Gas & Services, Engineering & Construction and Global Markets & Technologies.

The Group's main operational decision-making body is the Executive Management assisted by the Executive Committee.

The Gas & Services activities are organized by geographical area, which is the responsible level for operations management and performance monitoring. These geographical areas are as follows:

- Europe;
- Americas;
- Asia Pacific;
- Middle East & Africa.

Within the Gas & Services segment, the geographical areas determine sales policies and development projects in liaison with the four business lines (Large Industries, Industrial Merchant, Healthcare and Electronics).

The Engineering & Construction segment is managed separately on a worldwide scale. The segment designs, develops and builds industrial gas production plants for the Group and third parties. It also designs and manufactures plants in the traditional, renewable and alternative energy sectors.

The Global Markets & Technologies segment is also managed separately on a worldwide scale. It focuses on new markets which require a global approach, drawing on science, technologies, development models, and usages related to digital transformation.

Research and Development and corporate activities do not meet the operating segments definition and are thus presented within reconciliation.

The information communicated in the tables covering segment information is presented according to the same accounting principles as those used for the Group Consolidated Financial Statements.

Revenue is analyzed by geographical area of production (country of origin).

Inter-segment revenue between Gas & Services, Engineering & Construction and Global Markets & Technologies activities corresponds to the sales between these operating segments.

The Group operating performance is assessed on the basis of each segment's Operating income recurring.

Segment assets include non-current assets, with the exception of "Deferred tax assets", "Investments in associates", "Fair value of non-current derivatives (assets)", as well as "Inventories and work-in-progress", "Trade receivables" and "Other current assets".

Segment liabilities correspond to "Provisions, pensions and other employee benefits", "Trade payables", "Other current liabilities" and "Other non-current liabilities".

Segment profits, assets and liabilities consist of amounts directly attributable to each segment, provided they can be allocated to the segment on a reasonable basis.

2. NET DEBT

The net debt includes:

- current and non-current borrowings, as defined in section 6.e of accounting policies, minus the fair value of hedging derivative assets to cover borrowings;

reduced by:

- cash and cash equivalents, as defined in section 6.c of accounting policies, minus the fair value of hedging derivative instruments recorded in liabilities to cover loans.

The net debt does not include the lease liabilities as defined in section 5.g of accounting policies.

3. INFORMATION ON INTERESTS IN JOINT ARRANGEMENTS OR ASSOCIATES

The materiality of the interests in joint arrangements or associates is assessed according to the following criteria:

- contribution of the entity to the Group's Operating income recurring;
- share of these interests in the Group's net assets;
- dividends paid to these interests.

4. INFORMATION ON MINORITY INTERESTS

The materiality of the minority interests is assessed according to an analysis of:

- the minority interests' share in the Group's net assets;
- the contribution to the Group's Operating income recurring of the subsidiary having minority interests;
- dividends paid to minority interests.

5. OPERATING INCOME RECURRING

The Group's operating performance is measured based on Operating income or loss recurring determined in accordance with ANC recommendation No. 2020-01.

6. OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

Material non-recurring operations that could affect operating performance readability are classified under "Other non-recurring operating income" and "Other non-recurring operating expenses". They may include:

- gains or losses on the disposal of activities or groups of assets;
- acquisition-related and integration-related costs relating to business combinations;
- restructuring costs resulting from plans whose unusual and material nature distort the readability of the Operating income recurring;
- significant provisions and impairment losses for property, plant and equipment and intangible assets;
- incurred or estimated costs relating to significant political risks or litigations.



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7. NET EARNINGS PER SHARE

a. Basic earnings per share

Basic earnings per share is calculated by dividing net profit (Group share) attributable to ordinary shareholders of Air Liquide by the weighted average number of shares outstanding during the year, excluding ordinary shares purchased by Air Liquide and recognized in equity.

b. Diluted earnings per share

Diluted earnings per share take into account share subscription options and performance shares allocated to employees and Executive Officers if:

- the issue price, adjusted for unrecognized expenses at the year-end pursuant to IFRS 2, is lower than the Air Liquide annual average share price;
- the performance requirements meet the criteria set out in IAS 33 § 52.



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Note 1 Significant events

A military conflict between Russia and Ukraine broke out on February 24, 2022. Air Liquide's presence in Ukraine was limited to a commercial office and engineering services office for the Engineering & Construction activity. In Russia, the Group mainly operated in the Large Industries, Industrial Merchant and Healthcare business lines. The revenue realized in Russia represented less than 1% of the Group's consolidated revenue in 2021.

As of June 30, 2022, in view of the very uncertain geopolitical context, the series of successive sanctions and counter-sanctions and restrictions in terms of cash movements between Russia and Europe, the Group determined that indications of impairment existed for the assets held in Russia that required to carry out an impairment test. As a result, a provision of 404 million euros on these assets was recognized in Other non-recurring operating expenses, with no impact on cash, as well as the costs of unwinding hedges and mothballing certain projects in the amount of 15 million euros.

On September 2, 2022, Air Liquide confirmed its intention to withdraw from Russia. Taking a responsible and orderly approach, the Group signed a Memorandum of Understanding with the local management team with the objective to transfer its activities in

Russia in a framework of an MBO (Management Buy Out). This project is notably subject to Russian regulatory approvals.

Furthermore, as a consequence of the evolution of the geopolitical context and increased sanctions and counter-sanctions, the Group updated its analysis of the control it holds over activities in Russia and considered that it no longer satisfied the conditions of control as defined by IFRS 10 "Consolidated Financial Statements" and described in section 1.a of the accounting principles and methods in the appendix to the Consolidated Financial Statements. As a result, the Group's activities in Russia are no more consolidated since September 1, 2022. The corresponding shares are now recognized as non-consolidated investments, with an estimated fair value of zero given the specific context.

The total impact for the Group amounts to 586 million euros over the 2022 financial year, recognized in Other non-recurring operating expenses, and corresponds mainly to the provision for impairment, the impairment of non-consolidated investments and financial receivables that the Group holds with these Russian entities.



Note 2 Segment information

2.1. INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

(in millions of euros)	Gas & Services					Engineering & Construction	Global Markets & Technologies		Reconciliation	Total
	Europe	Americas	Asia Pacific	Middle East and Africa	Sub-total					
Revenue	11,390.4	10,680.0	5,608.1	894.5	28,573.0	474.0	887.0		29,934.0	
Inter-segment revenue						600.8	650.2	(1,251.0)		
Operating income recurring	1,576.6	2,084.2	1,189.8	211.0	5,061.6	43.8	111.9	(355.5)	4,861.8	
incl. depreciation and amortization	(745.3)	(956.8)	(508.1)	(112.7)	(2,322.9)	(24.9)	(74.1)	(44.0)	(2,465.9)	
Other non-recurring operating income									262.4	
Other non-recurring operating expenses									(833.1)	
Net finance costs									(288.4)	
Other financial income									32.4	
Other financial expenses									(130.0)	
Income taxes									(1,002.3)	
Share of profit of equity affiliates									1.1	
Profit for the period									2,903.9	
Purchase of property, plant and equipment and intangible assets	(996.0)	(978.0)	(866.4)	(158.6)	(2,999.0)	(34.5)	(181.8)	(57.7)	(3,273.0)	

The Research and Development and Holdings activities (corporate) are presented in the "Reconciliation" column.

2.2. INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

(in millions of euros)	Gas & Services					Engineering & Construction	Global Markets & Technologies		Reconciliation	Total
	Europe	Americas	Asia Pacific	Middle East and Africa	Sub-total					
Revenue	8,314.8	8,444.8	4,790.7	717.0	22,267.3	386.7	680.8		23,334.8	
Inter-segment revenue						426.4	537.8	(964.2)		
Operating income recurring	1,444.0	1,694.0	1,065.8	158.3	4,362.1	42.4	96.5	(340.6)	4,160.3	
incl. depreciation and amortization	(690.6)	(832.7)	(440.0)	(87.2)	(2,050.5)	(23.2)	(59.0)	(39.8)	(2,172.5)	
Other non-recurring operating income									8.3	
Other non-recurring operating expenses									(159.0)	
Net finance costs									(280.0)	
Other financial income									3.6	
Other financial expenses									(131.9)	
Income taxes									(914.8)	
Share of profit of equity affiliates									5.4	
Profit for the period									2,691.9	
Purchase of property, plant and equipment and intangible assets	(899.5)	(908.4)	(755.3)	(59.8)	(2,623.0)	(19.6)	(247.3)	(26.9)	(2,916.8)	

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2.3. BALANCE SHEET AS OF DECEMBER 31, 2022

<i>(in millions of euros)</i>	Gas & Services					Engineering & Construction	Global Markets & Technologies		Reconciliation	Total
	Europe	Americas	Asia Pacific	Middle East and Africa	Sub-total					
Segment assets	11,271.3	21,754.7	8,536.4	1,847.4	43,409.8	738.5	2,220.0	434.0	46,802.3	
Goodwill	3,142.9	9,476.4	1,421.5	158.3	14,199.1	251.3	136.8		14,587.2	
Intangible assets and property, plant and equipment, net	5,937.3	10,736.6	5,715.1	1,424.6	23,813.6	217.1	1,060.4	367.2	25,458.3	
Other segment assets	2,191.1	1,541.7	1,399.8	264.5	5,397.1	270.1	1,022.8	66.8	6,756.8	
Non-segment assets									2,674.0	
Assets held for sale									41.7	
Total assets									49,518.0	
Segment liabilities	3,120.6	1,844.1	1,115.0	313.3	6,393.0	1,118.7	629.6	448.2	8,589.5	
Non-segment liabilities									16,341.1	
Equity including minority interests									24,572.0	
Liabilities held for sale									15.4	
Total equity and liabilities									49,518.0	

2.4. BALANCE SHEET AS OF DECEMBER 31, 2021

<i>(in millions of euros)</i>	Gas & services					Engineering & Construction	Global Markets & Technologies		Reconciliation	Total
	Europe	Americas	Asia Pacific	Middle East and Africa	Sub-total					
Segment assets	11,285.6	20,220.9	7,552.6	1,787.4	40,846.5	671.1	1,963.7	330.2	43,811.5	
Goodwill	3,133.9	8,937.4	1,388.6	151.0	13,610.9	243.1	138.3		13,992.3	
Intangible assets and property, plant and equipment, net	6,104.4	9,996.3	5,004.2	1,391.9	22,496.8	211.7	1,001.1	274.5	23,984.1	
Other segment assets	2,047.3	1,287.2	1,159.8	244.5	4,738.8	216.3	824.3	55.7	5,835.1	
Non-segment assets									2,887.7	
Assets held for sale									83.9	
Total assets									46,783.1	
Segment liabilities	3,144.2	1,697.3	1,055.2	260.0	6,156.7	1,088.3	561.7	473.7	8,280.4	
Non-segment liabilities									16,466.8	
Equity including minority interests									21,998.8	
Liabilities held for sale									37.1	
Total equity and liabilities									46,783.1	



2.5. OTHER INFORMATION ON GEOGRAPHICAL AREAS

2022 (in millions of euros)	France	Europe excl. France	United States	Americas excl. United States	Asia Pacific	Middle East and Africa	Total
Revenue	3,601.9	8,834.0	9,235.4	1,652.4	5,713.7	896.6	29,934.0
Non-current assets ^(a) incl. Investments in equity affiliates	3,146.0	7,135.1	19,102.9	1,783.6	7,322.3	1,741.3	40,231.2
	28.7	23.1	3.5		30.9	99.5	185.7

(a) Excluding non-current financial assets, deferred taxes and non-current derivative assets.

2021 (in millions of euros)	France	Europe excl. France	United States	Americas excl. United States	Asia Pacific	Middle East and Africa	Total
Revenue	3,044.5	6,062.1	7,224.6	1,358.4	4,924.9	720.3	23,334.8
Non-current assets ^(a) incl. Investments in equity affiliates	2,878.9	7,477.0	17,736.9	1,785.8	6,552.9	1,702.9	38,134.4
	3.4	26.5	3.3		29.4	95.4	158.0

(a) Excluding non-current financial assets, deferred taxes and non-current derivative assets.

Due to the substantial number of customers served by the Group (more than two million worldwide), to their significant diversity in multiple sectors and to their wide geographical dispersion, the Group's main customer represents only 2.2% of Air Liquide's revenue.

Note 3 Revenue

In 2022, consolidated revenue amounted to 29,934.0 million euros, up 28.3% compared to 2021.

3.1. REVENUE BY GEOGRAPHY AND BUSINESS LINE FOR THE YEAR ENDED DECEMBER 31, 2022

(in millions of euros)	Europe	Americas	Asia Pacific	Middle East and Africa	Total
Industrial Merchant	2,832.2	6,939.3	1,521.6	275.0	11,568.1
Large Industries	5,715.3	2,221.3	2,021.1	566.7	10,524.4
Healthcare	2,654.4	1,024.6	191.7	52.8	3,923.5
Electronics	188.5	494.8	1,873.7	—	2,557.0
Gas & Services Revenue	11,390.4	10,680.0	5,608.1	894.5	28,573.0
Engineering & Construction					474.0
Global Markets & Technologies					887.0
TOTAL REVENUE					29,934.0

3.2. REVENUE BY GEOGRAPHY AND BUSINESS LINE FOR THE YEAR ENDED DECEMBER 31, 2021

(in millions of euros)	Europe	Americas	Asia Pacific	Middle East and Africa	Total
Industrial Merchant	2,321.5	5,482.3	1,403.8	279.6	9,487.2
Large Industries	3,303.9	1,637.2	1,658.5	378.3	6,977.9
Healthcare	2,544.6	909.6	192.3	59.1	3,705.6
Electronics	144.8	415.7	1,536.1	—	2,096.6
Gas & Services Revenue	8,314.8	8,444.8	4,790.7	717.0	22,267.3
Engineering & Construction					386.7
Global Markets & Technologies					680.8
TOTAL REVENUE					23,334.8

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Note 4 Operating income recurring and expenses

Operating income recurring and expenses include purchases, personnel expenses, depreciation and amortization, other recurring income and other recurring expenses.

The Group purchases mainly consist of electricity, natural gas as well as industrial and medical products.

4.1. OTHER INCOME

Other income is primarily made up of net proceeds from the sale of property, plant, and equipment and intangible assets and various indemnities.

4.2. PERSONNEL EXPENSES

<i>(en millions d'euros)</i>	2021	2022
Wages and social security charges	(4,192.6)	(4,790.0)
Defined contribution pension plans	(88.5)	(105.4)
Defined benefit plans	(41.3)	(31.1)
Share-based payments	(40.5)	(36.9)
TOTAL	(4,362.9)	(4,963.4)

Fully consolidated companies employed 67,109 individuals as of December 31, 2022 (66,436 individuals as of December 31, 2021).

4.3. OTHER OPERATING EXPENSES

Other operating expenses primarily include transport, maintenance, distribution costs and sub-contracting costs.

The operating leases costs included in other operating expenses are not significant and correspond to the contracts that do not fall within the scope of IFRS 16 (cf. paragraph 5.g. of the Accounting principles).

4.4. RESEARCH AND DEVELOPMENT EXPENDITURES

In 2022, innovation costs amounted to 308 million euros (304 million euros in 2021) including Research and Development costs of 199 million euros (183 million euros in 2021).

4.5. DEPRECIATION AND AMORTIZATION EXPENSES

<i>(in millions of euros)</i>	2021	2022
Intangible assets	(172.6)	(203.8)
Property, plant and equipment ^(a)	(1,999.9)	(2,262.1)
TOTAL	(2,172.5)	(2,465.9)

(a) Including the depreciation expense after deduction of investment grants released to profit.

Note 5 Other non-recurring operating income and expenses

<i>(in millions of euros)</i>	2021	2022
Income		
Impact of financial transactions related to the scope of consolidation	8.3	206.5
Political risks and legal procedures	—	55.9
TOTAL OTHER NON-RECURRING OPERATING INCOME	8.3	262.4
Expenses		
Reorganization, restructuring and realignment programs costs	(62.2)	(71.8)
Acquisition costs	(9.6)	(7.9)
Political risks and legal procedures	(49.3)	(51.2)
Net loss on the disposals of activities or group of assets and impairments of assets	(26.0)	(83.4)
Impact of military conflict between Russia and Ukraine	—	(586.4)
Others	(11.9)	(32.4)
TOTAL OTHER NON-RECURRING OPERATING EXPENSES	(159.0)	(833.1)
TOTAL	(150.7)	(570.7)

In 2022, the Group recognized:

- an impact on financial transactions amounting to 206.5 million euros mainly corresponding to Air Liquide taking control of an existing 50/50 Joint Venture in Asia Pacific on January 11, 2022, and reevaluated at fair market value for 205.5 million euros;
- restructuring costs corresponding to realignment programs primarily in Gas & Services activities;
- Incomes and expenses related to political risks and legal procedures, including a 47.7 million euros provision for risk in Engineering & Construction and a 31.9 million euros reversal of reserve initially set up to cover the risk of being requested to refund the equalization charge reimbursed to L'Air Liquide S.A in 2020. This reversal follows favorable conclusions released by the European Court of Justice on May 12, 2022;
- an impact of 586 million euros regarding the military conflict between Russia and Ukraine corresponding mainly to the provision for impairment, the impairment of non-consolidated investments and financial receivables that the Group holds with these Russian entities.

In 2021, the Group recognized:

- capital gains on disposal amounting to +8.3 million euros mainly linked to the disposal of its activities in Greece in the first half of 2021 for a capital gain on disposal of +15.4 million euros;
- restructuring costs corresponding to realignment programs mainly within the activities Gas & Services;
- acquisition costs mainly related to the purchase of oxygen production units of Sasol;
- legal procedure costs including a 31.9 million euros reserve to cover the risk of being requested to refund the equalization charge reimbursed to L'Air Liquide S.A. in July 2020. This reserve follows unfavorable conclusions released by the Advocate General on October 14th 2021 regarding a legal question referred to the European Court of Justice in October 2020.

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Note 6 Net finance costs and other financial income and expenses

6.1. NET FINANCE COSTS

<i>(in millions of euros)</i>	2021	2022
Gross finance costs	(292.2)	(321.4)
Financial income from short-term investments and loans	12.2	33.0
TOTAL	(280.0)	(288.4)

The average net finance cost, excluding capitalized finance costs of +49.4 million euros (+36.4 million euros in 2021) and excluding the non-recurring cost (note 24), stood at 3.0% in 2022 slightly increasing compared to 2021.

6.2. OTHER FINANCIAL INCOME AND EXPENSES

<i>(in millions of euros)</i>	2021	2022
Other financial income	3.6	32.4
TOTAL OTHER FINANCIAL INCOME	3.6	32.4
Other financial expenses	(90.2)	(85.2)
Interest expense on the net defined benefit liability	(6.2)	(9.2)
Interest on lease liabilities	(35.5)	(35.6)
TOTAL OTHER FINANCIAL EXPENSES	(131.9)	(130.0)

The increase in other financial income is mainly due to interest on arrears provision reversal regarding the risk on the equalization charge refund for +€24.9 million euros. As a reminder, 2021 included an interest on arrears allowance related to the risk on the equalization charge refund for -€24.9 million euros (Note 5).

Note 7 Income taxes

7.1. INCOME TAX EXPENSE

<i>(in millions of euros)</i>	2021	2022
Income tax expense payable	(801.4)	(899.8)
TOTAL CURRENT TAX	(801.4)	(899.8)
Temporary differences	(110.9)	(102.5)
Impact of tax rate changes	(2.5)	0.0
TOTAL DEFERRED TAX	(113.4)	(102.5)
TOTAL	(914.8)	(1,002.3)

7.2. RECONCILIATION BETWEEN THE STANDARD TAX RATE AND THE GROUP EFFECTIVE TAX RATE

<i>(in %)</i>	2021	2022
Standard tax rate	25.3	25.0
Impact of transactions taxed at reduced rates	(2.4)	(2.5)
Impact of tax rate changes	0.1	—
Impact of tax exemptions and others	2.4	3.2
Average effective tax rate	25.4	25.7

The increase in average effective tax rate compared to 2021 is mainly due to the non-deductible provision booked on Russian assets (Note 1), partially compensated by the non taxable income following the control taken by the Group on an existing Joint Venture in Asia Pacific (Note 5).

In France, L'Air Liquide S.A. has elected to determine French income taxes on a consolidated basis. This scheme applies to all French subsidiaries complying with the legal requirements.

Foreign subsidiaries have elected to apply for similar rules wherever this is allowed under local regulations.



Note 8 Net earnings per share

8.1. BASIC EARNINGS PER SHARE

	2021	2022
Net profit (Group share) attributable to ordinary shareholders of the parent <i>(in millions of euros)</i>	2,572.2	2,758.8
Weighted average number of ordinary shares outstanding	520,828,581	522,069,020
BASIC EARNINGS PER SHARE <i>(in euros)</i>	4.94	5.28

The average number of outstanding ordinary shares and net earnings per share for December 31, 2021 include the impact of the free share attribution performed by L' Air Liquide S.A. on June 8, 2022.

8.2. DILUTED EARNINGS PER SHARE

	2021	2022
Net profit used to calculate diluted earnings per share <i>(in millions of euros)</i>	2,572.2	2,758.8
Weighted average number of ordinary shares outstanding	520,828,581	522,069,020
Adjustment for dilutive impact of share subscription options	1,085,422	689,503
Adjustment for dilutive impact of performance shares	1,198,193	1,166,620
Adjusted weighted average number of shares outstanding used to calculate diluted earnings per share	523,112,196	523,925,143
DILUTED EARNINGS PER SHARE <i>(in euros)</i>	4.92	5.27

All instruments that could dilute net profit – Group share, are included in the calculation of diluted earnings per share.

The Group has not issued any other financial instruments that may result in further dilution of net earnings per share.

Note 9 Dividend per share

The 2021 dividend on ordinary shares declared and paid on May 16, 2022 to the Group Shareholders was 1,412.0 million euros (including fidelity premium) and amounted to 2.90 euros per share and a fidelity premium of 0.29 euro per share.

A dividend payment of 2.95 euros per ordinary share and a fidelity premium of 0.29 euros per share amounting to 1,587.4 million euros (estimated amount taking into account share buybacks and cancellations) will be proposed to the Annual General Meeting in respect of the financial year ended December 31, 2022.

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Note 10 Goodwill

10.1. MOVEMENTS DURING THE PERIOD

(in millions of euros)	As of January 1	Goodwill recognized during the period	Goodwill removed during the period	Foreign exchange differences	Other movements	As of December 31
2021	13,087.4	196.2	(24.0)	732.7		13,992.3
2022	13,992.3	128.3	(54.5)	521.7	(0.6)	14,587.2

10.2. SIGNIFICANT GOODWILL

	2021	2022		Net carrying amount
	Net carrying amount	Gross carrying amount	Impairment losses	
Gas & Services	13,610.9	14,199.1		14,199.1
Europe	3,133.9	3,142.9		3,142.9
Americas ^(a)	8,937.4	9,476.4		9,476.4
Asia-Pacific	1,388.6	1,421.5		1,421.5
Middle East and Africa	151.0	158.3		158.3
Engineering & Construction	243.1	251.3		251.3
Global Markets & Technologies	138.3	138.2	(1.4)	136.8
TOTAL GOODWILL	13,992.3	14,588.6	(1.4)	14,587.2

(a) Goodwill recognized within Gas & Services Americas mainly comes from the United States contributing up to 9,286.8 million euros as of December 31, 2022.

In the last two fiscal years, the Group has not recorded any goodwill impairment losses.

Impairment tests were carried out using the methods detailed in note 5.f of the accounting policies. The key model assumptions used, such as market multiples and the discount rate, took into account the stock market and world economic context.

The market multiples used were determined using the Air Liquide Group market value as of December 31, 2022. Multiples obtained do not materially differ from those of companies whose activity is similar to that of the Group.

If need be, the growth rates used for estimating the cash flows of cash-generating units or groups of cash-generating units were significantly lower than the Group's historical average growth rates. Growth rates are comprised between 1% and 3% in mature markets, and up to 5.5% in emerging markets. The weighted average cost of capital used was 5.6% as of December 31, 2022 (4.1% as of December 31, 2021). The weighted average cost of

capital is adjusted for the activity and the geographical location of the cash-generating units being tested.

As of December 31, 2022 and December 31, 2021, the recoverable amounts of each cash-generating unit or groups of cash-generating units significantly exceeded their net carrying amounts.

Considering the activity of the Air Liquide Group, no reasonably possible change in key assumptions would result in an impairment. The Gas & Services activities favor synergies between the different business lines by pooling assets for a given geographical area. The geographical development of the activity is generally based on local industrial investments and external growth operations throughout the Large Industries business line. The supply of gas to clients of the Large Industries business is contracted for a minimum duration of 15 years. These customer contracts provide a good visibility and guarantee of future income.

Note 11 Other intangible assets

11.1. GROSS CARRYING AMOUNTS

2022 (in millions of euros)	As of January 1	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements ^(a)	As of December 31
Internally generated intangible assets	740.6	59.9	(1.3)	11.3	—	3.5	814.0
Other intangible assets	2,522.9	75.0	(16.5)	69.6	392.6	(6.4)	3,037.2
TOTAL GROSS INTANGIBLE ASSETS	3,263.5	134.9	(17.8)	80.9	392.6	(2.9)	3,851.2

(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.

2021 (in millions of euros)	As of January 1	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements ^(a)	As of December 31
Internally generated intangible assets	677.5	49.3	(16.5)	17.5	—	12.8	740.6
Other intangible assets	2,359.4	75.0	(46.1)	116.1	1.4	17.1	2,522.9
TOTAL GROSS INTANGIBLE ASSETS	3,036.9	124.3	(62.6)	133.6	1.4	29.9	3,263.5

(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.

In first half 2022, the Group has finalized its analysis of the IFRS IC agenda decision relating to the configuration and customization costs of software operated by the Group under cloud computing (SaaS) contracts. On the basis of this analysis, in regards of the contractual and technical characteristics of the projects and definition and recognition criteria for intangible assets defined by IAS 38, no material impact on the Group's Consolidated Financial Statements has been identified.

11.2. AMORTIZATION AND IMPAIRMENT LOSSES

2022 (in millions of euros)	As of January 1	Charge for the period	Impairment losses	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements ^(a)	As of December 31
Internally generated intangible assets	(509.9)	(53.3)	(6.3)	0.6	(6.5)	—	(2.2)	(577.6)
Other intangible assets	(1,301.0)	(150.5)	(3.5)	13.8	(25.9)	—	4.9	(1,462.2)
TOTAL INTANGIBLE ASSET AMORTIZATION	(1,810.9)	(203.8)	(9.8)	14.4	(32.4)	—	2.7	(2,039.8)
TOTAL NET INTANGIBLE ASSETS ^(b)	1,452.6	(68.9) ^(c)	(9.8)	(3.4)	48.5	392.6	(0.2)	1,811.4

(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.

(b) Other intangible assets mainly include trademarks and customer relationship valuation as part of business combination.

(c) This amount is the net of additions and charges for the period.

2021 (in millions of euros)	As of January 1	Charge for the period	Impairment losses	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements ^(a)	As of December 31
Internally generated intangible assets	(464.4)	(50.0)	4.6	9.4	(9.7)	—	0.2	(509.9)
Other intangible assets	(1,174.7)	(122.6)	(0.5)	38.2	(43.1)	—	1.7	(1,301.0)
TOTAL INTANGIBLE ASSET AMORTIZATION	(1,639.1)	(172.6)	4.1	47.6	(52.8)	—	1.9	(1,810.9)
TOTAL NET INTANGIBLE ASSETS ^(b)	1,397.8	(48.4) ^(c)	4.1	(14.9)	80.8	1.4	31.8	1,452.6

(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.

(b) Other intangible assets mainly include the Airgas trademark for 387.6 million euros as of December 31, 2021.

(c) This amount is the net of additions and charges for the period.

As of December 31, 2022, the Group had no material commitment to acquire intangible assets and was not subject to any restrictions over the use of existing intangible assets.

Note 12 Property, plant and equipment

12.1. GROSS CARRYING AMOUNTS

2022 (in millions of euros)	As of January 1	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements ^(a)	As of December 31
Land	471.5	6.0	(17.6)	5.1	0.3	8.7	474.0
Buildings	2,286.3	13.3	(20.4)	36.3	1.5	174.6	2,491.6
Equipment, cylinders, installations	40,110.3	430.4	(545.9)	711.2	127.5	1,304.7	42,138.2
Rights of use	1,795.0	147.6	(10.2)	54.3	0.4	(33.0)	1,954.1
TOTAL PROPERTY, PLANT AND EQUIPMENT IN SERVICE	44,663.1	597.3	(594.1)	806.9	129.7	1,455.0	47,057.9
Construction in progress	3,178.3	2,775.9		59.4	86.6	(2,704.7)	3,395.5
TOTAL PROPERTY, PLANT AND EQUIPMENT	47,841.4	3,373.2	(594.1)	866.3	216.3	(1,249.7)	50,453.4

(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.

2021 (in millions of euros)	As of January 1	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements ^(a)	As of December 31
Land	432.0	16.8	(3.9)	16.3	1.0	9.3	471.5
Buildings	2,127.8	7.8	(52.1)	95.0	10.1	97.7	2,286.3
Equipment, cylinders, installations	36,108.3	426.4	(506.4)	1,551.1	429.0	2,101.9	40,110.3
Rights of use	1,565.2	172.8	(21.9)	87.3	3.4	(11.8)	1,795.0
TOTAL PROPERTY, PLANT AND EQUIPMENT IN SERVICE	40,233.3	623.8	(584.3)	1,749.7	443.5	2,197.1	44,663.1
Construction in progress	2,896.6	2,396.7		179.3	10.5	(2,304.8)	3,178.3
TOTAL PROPERTY, PLANT AND EQUIPMENT	43,129.9	3,020.5	(584.3)	1,929.0	454.0	(107.7)	47,841.4

(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.

Purchases of property, plant and equipment and intangible assets presented in the consolidated statement of cash flows relate to the increase in property, plant and equipment and intangible assets adjusted for the change in the fixed asset suppliers' balance during the current year.

12.2. DEPRECIATION AND IMPAIRMENT LOSSES

2022 (in millions of euros)	As of January 1	Charge for the period	Impairment losses	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements ^(a)	As of December 31
Buildings	(1,189.7)	(92.1)		15.4	(10.4)	—	(3.4)	(1,280.2)
Equipment, cylinders, installations	(23,489.5)	(1,939.4)	(395.8)	429.9	(331.2)	—	969.3	(24,756.7)
Rights of use	(630.7)	(238.6)	9.5	8.8	(16.0)	—	97.4	(769.6)
TOTAL PROPERTY, PLANT AND EQUIPMENT DEPRECIATION	(25,309.9)	(2,270.1)	(386.3)	454.1	(357.6)	—	1,063.3	(26,806.5)
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	22,531.5	1,103.1 ^(b)	(386.3)	(140.0)	508.7	216.3	(186.4)	23,646.9

(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.

(b) This amount is the net of additions and charges for the period.

2021 (in millions of euros)	As of January 1	Charge for the period	Impairment losses	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements ^(a)	As of December 31
Buildings	(1,094.0)	(88.7)		24.6	(37.3)		5.7	(1,189.7)
Equipment, cylinders, installations	(21,569.6)	(1,689.2)	(2.3)	446.2	(814.0)		139.4	(23,489.5)
Rights of use	(463.4)	(229.0)	(2.8)	21.1	(27.0)		70.4	(630.7)
TOTAL PROPERTY, PLANT AND EQUIPMENT DEPRECIATION	(23,127.0)	(2,006.9)	(5.1)	491.9	(878.3)		215.5	(25,309.9)
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET	20,002.9	1,013.6 ^(b)	(5.1)	(92.4)	1,050.7	454.0	107.8	22,531.5

(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.

(b) This amount is the net of additions and charges for the period.

The charge for the period corresponds to the increase in depreciation, net of investment grants released to the income statement.

12.3. MATURITY OF LEASE LIABILITY

The maturity of the lease liabilities related to rights-of-use is as follows:

2022 (in millions of euros)	Carrying amount	< 1 year	Maturity							
			≥ 1 year and ≤ 5 years				> 5 years			
			2024	2025	2026	2027	2028	2029	2030	> 2030
Non-current lease liabilities	1,052.2		242.8	158.6	126.5	104.9	75.6	71.0	64.9	207.9
Current lease liabilities	227.6	227.6								
TOTAL LEASE LIABILITIES	1,279.8	227.6	242.8	158.6	126.5	104.9	75.6	71.0	64.9	207.9

2021 (in millions of euros)	Carrying amount	< 1 year	Maturity							
			≥ 1 year and ≤ 5 years				> 5 years			
			2023	2024	2025	2026	2027	2028	2029	> 2028
Non-current lease liabilities	1,032.8		201.9	161.6	132.7	100.9	83.0	72.7	68.0	212.0
Current lease liabilities	228.0	228.0								
TOTAL LEASE LIABILITIES	1,260.8	228.0	201.9	161.6	132.7	100.9	83.0	72.7	68.0	212.0



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Note 13 Non-current financial assets

<i>(in millions of euros)</i>	2021	2022
Non-consolidated investments	379.5	414.8
Loans	34.4	75.0
Other long-term receivables	273.2	224.9
Employee benefits	58.3	60.8
NON-CURRENT FINANCIAL ASSETS	745.4	775.5

Note 14 Investments in equity affiliates

14.1. FINANCIAL INFORMATION RELATED TO JOINT VENTURES AND ASSOCIATES

Group share of associates and joint ventures as of December 31, 2022 <i>(in millions of euros)</i>	Share of profit for the period	Share of equity ^(a)	Share of net income and gains and losses recognized directly in equity ^(b)
Joint ventures	9.9	135.7	16.9
Associates	(8.8)	50.0	12.2
TOTAL	1.1	185.7	29.1

(a) Including goodwill relating to associates and joint ventures.

(b) The share of net income and gains and losses recognized directly in equity primarily comprises the translation reserves.

Group share of associates and joint ventures as of December 31, 2021 <i>(in millions of euros)</i>	Share of profit for the period	Share of equity ^(a)	Share of net income and gains and losses recognized directly in equity ^(b)
Joint ventures	10.0	129.0	12.9
Associates	(4.6)	29.0	12.1
TOTAL	5.4	158.0	25.0

(a) Including goodwill relating to associates and joint ventures.

(b) The share of net income and gains and losses recognized directly in equity primarily comprises the translation reserves.

14.2. MOVEMENTS DURING THE YEAR

<i>(in millions of euros)</i>	As of January 1	Share of profit for the period	Dividend distribution	Foreign exchange differences	Other movements	As of December 31
2021	160.9	5.4	(5.5)	10.7	(13.5)	158.0
2022	158.0	1.1	(13.8)	4.1	36.3	185.7

None of the consolidated companies using the equity method of accounting is individually material.

Note 15 Deferred taxes

15.1. DEFERRED TAX ASSETS

The change in deferred tax assets over the fiscal year is as follows:

<i>(in millions of euros)</i>	2021	2022
AS OF JANUARY 1	268.4	239.3
Income (charge) to the income statement	15.6	40.3
Income (charge) to equity for the period ^(a)	(30.7)	(28.7)
Changes related to scope	6.1	0.3
Foreign exchange differences	0.8	(2.4)
Others ^(b)	(20.9)	(16.5)
AS OF DECEMBER 31	239.3	232.3

(a) Relates to deferred taxes recognized in other items in the statement of net income and gains and losses recognized directly in equity: +18.0 million euros relate to changes in the fair value of derivatives and non-consolidated investments and -46.7 million euros relate to actuarial gains and losses. In 2021, the respective effects amounted to -20.3 million euros relating to changes in the fair value of derivatives and non-consolidated investments and -10.4 million euros relating to actuarial gains and losses.

(b) Other movements primarily include account reclassifications between accounts.

As of December 31, 2022, unrecognized deferred tax assets amounted to 104.0 million euros (130.1 million euros as of December 31, 2021).

15.2. DEFERRED TAX LIABILITIES

The change in deferred tax liabilities over the fiscal year is as follows:

<i>(in millions of euros)</i>	2021	2022
AS OF JANUARY 1	1,871.5	2,126.8
Charge (income) to the income statement	129.0	142.8
Charge (income) to equity for the period ^(a)	35.7	43.1
Changes related to scope	1.9	94.9
Foreign exchange differences	115.2	82.4
Others ^(b)	(26.5)	(24.6)
AS OF DECEMBER 31	2,126.8	2,465.4

(a) Relates to deferred taxes recognized in other items in the statement of net income and gains and losses recognized directly in equity: -0.8 million euros relate to changes in the fair value of derivatives and non-consolidated investments and +43.9 million euros relate to actuarial gains and losses. In 2021, the respective effects amounted to +0.4 million euros relating to changes in the fair value of derivatives and non-consolidated investments and +35.3 million euros relating to actuarial gains and losses.

(b) Other movements primarily include account reclassifications between accounts.

15.3. DEFERRED TAX BY NATURE

The net deferred taxes are broken down as follows:

<i>(in millions of euros)</i>	2021	2022
Amortization/depreciation	(2,253.8)	(2,342.8)
Provisions, pensions and other employee benefits	313.1	145.2
Other provisions	249.2	302.0
Tax loss carryforwards	102.7	51.1
Other	(298.7)	(388.6)
TOTAL	(1,887.5)	(2,233.1)

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Note 16 Inventories and work-in-progress

<i>(in millions of euros)</i>	2021	2022
Raw materials and supplies	446.4	567.2
Finished and semi-finished goods	1,028.5	1,251.9
Work-in-progress	110.2	141.9
NET INVENTORIES	1,585.1	1,961.0

<i>(in millions of euros)</i>	2021	2022
Write-down of inventories	(23.2)	(30.8)
Reversals of write-down	17.4	17.7
NET WRITE-DOWN RECOGNIZED IN THE INCOME STATEMENT	(5.8)	(13.1)

Note 17 Trade receivables

<i>(in millions of euros)</i>	2021	2022
Trade and other operating receivables	2,891.7	3,258.5
Provisions for impairment	(197.6)	(223.7)
TRADE RECEIVABLES	2,694.1	3,034.8

Trade and other operating receivables include gross amounts relating to Engineering & Construction contracts for 112.9 million euros (97.1 million euros as of December 31, 2021).

As of December 31, 2022, cumulative revenue recognized using the percentage of completion method and cumulative cash in over the past years from the beginning of the projects in progress amounted respectively to 1,537.5 million euros (1,248.1 million euros as of December 31, 2021) and 1,575.9 million euros (1,294.9 million euros as of December 31, 2021).

17.1. BREAKDOWN OF TRADE AND OTHER OPERATING RECEIVABLES

<i>(in millions of euros)</i>	Gross carrying amount	Not yet due	Impaired and overdue	Not impaired and overdue
2021	2,891.7	2,210.5	193.3	487.9
2022	3,258.5	2,504.8	215.0	538.7

Trade receivables overdue and not impaired at the year-end mainly included receivables due within three months.

The accounting principles relating to trade receivables impairment (expected credit losses) are described in section 6.b of the accounting principles.

17.2. PROVISION FOR IMPAIRMENT

<i>(in millions of euros)</i>	As of January 1	Charges	Reversals	Foreign exchange differences	Other movements	As of December 31
2021	(204.0)	(32.4)	30.8	(5.2)	13.2	(197.6)
2022	(197.6)	(76.9)	39.0	(1.1)	12.9	(223.7)

17.3. INFORMATION RELATING TO NON-RECOURSE ASSIGNMENTS OF TRADE RECEIVABLES

Non-recourse factored receivables in Europe, in Asia and in the Americas, amounted to 1,567.4 million euros compared to 1,395.1 million euros at the end of 2021.

The European program, set up in 2015 and renewed in 2020 was amended on May 2022 to increase its coverage to 800 million euros (872 million euros including 9% of deferred purchase price). Its maturity is February 28, 2026. The assigned receivables, in the amount of 671.3 million euros, were derecognized as of December 31, 2022 (638.4 million euros as of December 31, 2021).

The American program held by Airgas and set up in December 2018, was renewed on December 2022 with a maturity on December 2025. As of December 31, 2022, the program covers 750 million US dollars (703 million euros) and 676.5 million US dollars (634.3 million euros) were derecognized.

Other non-recourse factoring programs exist in various countries and activities, mainly in Asia and Healthcare.

Almost all the risks and rewards were transferred to the assignees.



Note 18 Working capital requirement

The increase in working capital requirement by +396.8 million euros, presented in the consolidated cash flow statement, mainly comes from the increase in working capital requirement of Gas & Services activities for +301.4 million euros.

Note 19 Other current assets

<i>(in millions of euros)</i>	2021	2022
Advances and down-payments made	152.3	197.1
Prepaid expenses	134.2	156.2
Other sundry current assets	524.0	632.1
OTHER CURRENT ASSETS	810.5	985.4

Note 20 Cash and cash equivalents

<i>(in millions of euros)</i>	2021	2022
Short-term loans	66.0	35.3
Short-term marketable securities	187.1	267.0
Cash in bank	1,993.5	1,609.1
CASH AND CASH EQUIVALENTS	2,246.6	1,911.4

As of December 31, 2022, cash and cash equivalents include 155 million euros subject to restrictions (150 million euros as of December 31, 2021), mainly in four countries: in Luxembourg (regulatory restrictions relating to the Group's captive reinsurance company), in Argentina and Egypt (because of effective currency restrictions), and in Germany (joint venture companies).

Furthermore, 63 million euros of cash and cash equivalents are held in countries in which a prior authorization is necessary to transfer funds abroad. These liquidities are at the Group's disposal within a reasonable time period, if preliminary formalities are respected. This amount stood at 41 million euros as of December 31, 2021.

Note 21 Shareholders' equity

21.1. SHARES

Number of shares

	2021	2022
NUMBER OF SHARES AS OF JANUARY 1	473,660,724	475,291,037
Free share attribution	-	48,905,499
Capital increase reserved for employees	1,098,738	-
Options exercised during the period	696,575	352,635
Cancellation of treasury shares	(165,000)	(1,098,900)
NUMBER OF SHARES AS OF DECEMBER 31	475,291,037	523,450,271

Shares have a par value of 5.50 euros each and are all issued and fully paid-up.

In 2022, a total of 1,202,795 shares were repurchased (net of disposals), of which net repurchase for 1 198 600 shares before the free shares attribution and net repurchase for 4 195 shares after the free shares attribution.

21.2. FREE SHARES ATTRIBUTION

Benoît Potier as Chairman and Chief Executive Officer and under the authority conferred to him by the Board of Directors of May 4, 2022, decided, on May 31, 2022, to create 47,547,083 new shares at a par value of 5.50 euros and ranking for dividends as of January 1, 2022. These shares were freely attributed on June 8, 2022 to Shareholders by capitalization of premiums, at a rate of one new share for ten existing shares.

In addition, pursuant to article 21 of the articles of the association, 1,358,416 new shares were created at a par value of 5.50 euros and ranking for dividends as of January 1, 2022. These shares were granted on June 8, 2022 as free shares to Shareholders at the parity of one share for one hundred existing shares on June 7, 2022 by capitalization of premiums. The shares subject to this additional free share attribution are the shares held in registered form continuously from December 31, 2019 to June 7, 2022 inclusive.

21.3. CAPITAL DECREASE

Under the authority of the 18th resolution adopted by the Annual General Meeting held on May 4, 2022, the Board of Directors of July 27, 2022, carried out the capital decrease of 6,043,950 euros to bring the capital back from 2,884,069,820.50 euros to 2,878,025,870.50 euros by cancelling 1,098,900 shares.

21.4. COMPANY TREASURY SHARES

Treasury shares are Air Liquide shares held by the Group, including shares forming part of the liquidity contract in accordance with an Ethics Charter recognized by the French financial markets authority (Autorité des marchés financiers). As of December 31, 2022, the Group held 1,223,450 treasury shares (1,227,185 as of December 31, 2021) including 10,500 treasury shares under a liquidity contract (7,050 as of December 31, 2021). Changes in the number of treasury shares are explained in the consolidated statement of changes in equity.

21.5. SHARE-BASED PAYMENTS

Share subscription option plans

Pursuant to the decisions of the Board of Directors, following the approval by the Annual General Meeting and based on the recommendations of the Remuneration Committee, the Company had adopted share subscription plans for some of the senior

executives of the Company and its subsidiaries worldwide, as well as corporate officers.

The purpose of these options is to provide an incentive to key executives, by rewarding the loyalty of high-performing executives and their actions in exceptional situations, as well as associating them with the long-term interests of Shareholders.

Stock options are granted for a minimum price which cannot be lower than the average closing market price over the 20 trading days preceding the grant date. Options granted since October 14, 2011 must be exercised within 10 years.

A four-year vesting period applies to stock options granted.

As of December 31, 2022, the number of outstanding share options granted by the Board of Directors under the plans approved by Annual General Meetings amounted to 1,340,889 options after adjustment (average price of 72.38 euros), or 0.26% of share capital.

Out of the total number of options issued pursuant to the approval by the Annual General Meeting on May 4, 2022, 10,469,005 options were retained for possible grant by the Board of Directors as of December 31, 2022.

Performance shares plans

An additional compensation system involving performance shares was set up in 2008 as a way to reward best employees and associate their medium-term performance with the Company's objectives.

The 21st resolution adopted by the Extraordinary Annual General Meeting held on May 4, 2022 authorizes the Board of Directors to grant free shares to Group employees, up to a maximum of 0.5% of the Company's share capital over a 38-month period. As part of this maximum attribution, free shares representing up to 0.1% of the Group's share capital can be granted to corporate officers over the same period.

Under this authority, the Board of Directors adopted two different general regulations on September 29, 2022 ("France" Plan and "World" Plan) governing the attribution of performance shares to beneficiaries determined by the Board of Directors. The differences between the "France" and "World" Plans mainly refer to the number of years of service required – paragraph a) below, and to the correlative absence of any holding requirement for the "World" Plan – paragraph c) below.

The granted shares shall be either shares issued through a capital increase performed by the Company by no later than the definitive vesting date or shares bought back by the Company in the market prior to such date.

To date, performance shares granted are treasury shares bought back as part of the Company's shares buyback program.



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The granted shares shall be of the same nature and category as those making up the Company's share capital at the date on which the plans are approved by the Board of Directors.

On September 29, 2022, the Board of Directors decided to grant 460,415 performance shares to employees (2,575 beneficiaries).

Subscription options and performance shares are subject to:

a) a continued service requirement during the vesting period:

the shares granted to a beneficiary shall only finally vest if he or she has been an employee or corporate officer of a Group company during a vesting period, calculated as from the grant date, of three years for "France" Plan beneficiaries and four years for "World" Plan beneficiaries. In the event of retirement, the beneficiary retains his rights, being no longer required to satisfy the continued service requirement;

b) performance requirements for all performance shares allocated to all beneficiaries which are now identical to performance requirements applicable to stock-options;

c) a holding requirement for performance shares: as from the final grant date, the beneficiaries of the "France" Plan are required to hold their shares for two additional years during which such shares may not be transferred (except in the event of disability or death).

Options granted to the ten employees of the Company and its subsidiaries (excluding corporate officers) who were attributed the highest number of options

In 2022, no options have been granted.

Options exercised in 2022 by the ten employees of the Company and its subsidiaries (excluding corporate officers) with the highest number of options exercised

Grant date	Number of options exercised	Average price (in euros) ^(a)
09/27/2012	36,889	69.92
09/26/2013	31,538	68.71
09/22/2014	19,270	75.31
09/28/2015	3,747	81.46
11/29/2016	76	69.33
TOTAL	91,520	71.11

(a) Historical data.

Options exercised in 2021 by the ten employees of the Company and its subsidiaries (excluding corporate officers) with the highest number of options exercised

Grant date	Number of options exercised	Average price (in euros) ^(a)
10/14/2011	7,198	57.28
10/14/2011 Belgium	3,393	57.94
09/27/2012	68,004	70.14
09/26/2013	20,179	74.06
09/22/2014	9,605	77.67
09/28/2015	4,500	84.08
TOTAL	112,879	70.85

(a) Historical data.

Number of share subscription options and weighted average strike price

	2021		2022	
	Options ^(a)	Weighted average strike price (in euros)	Options	Weighted average strike price (in euros)
Total number of options outstanding as of January 1 (adjusted number and price)	2,475,317	69.72	1,700,972	71.39
Options exercised during the period (adjusted number and price)	759,959	65.93	352,635	71.14
Options canceled during the period (adjusted number and price)	14,386	72.57	7,448	72.43
Total number of options as of December 31 (adjusted number and price)	1,700,972	71.39	1,340,889	72.38
Of which total number of options eligible for exercise	1,616,414	70.52	1,340,889	72.38

(a) The total number of outstanding options at the beginning of the period was adjusted following the capital increase with free shares attribution in 2022.



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Information on the fair value of share subscription options and attribution of performance shares

Share subscription options

No options have been granted in 2021 and 2022.

Attribution of performance shares

The achievement of performance conditions limited with Group result together with the achievement of performance condition linked to the carbon intensity reduction are not considered as underlyings assumptions and were deemed to have been fully achieved at the valuation date.

	2021		2022	
	Plan 1 ^(c)		Plan 1 ^(c)	
	09/29/2021		09/29/2022	
Duration of performance shares	5 years ^(a)	4 years ^(b)	5 years ^(a)	4 years ^(b)
Fair value of performance shares <i>(in euros)</i>	119.66 ^(a)	115.38 ^(b)	98.26 ^(a)	94.72 ^(b)

(a) Performance share to employees for beneficiaries located in France for which the fair value depends for 50% on performance conditions linked to the Group's results, 40% on Shareholder's return and 10% on the reduction in Air Liquide's carbon intensity.

(b) Performance share to employees for beneficiaries located outside of France for which the fair value depends for 50% on performance conditions linked to the Group's results, 40% on Shareholder's return and 10% on the reduction in Air Liquide's carbon intensity.

(c) Fair value at the attribution date, not restated for the effect of the later share capital increase with preferential subscription rights in the market and attributions of free shares.

An expense of 36.9 million euros (excluding taxes) relating to share subscription options and the attribution of performance shares was recognized in the income statement in 2022 compared to 31.4 million euros in 2021. The corresponding entry is recorded in equity.

Note 22 Provisions, pensions and other employee benefits

2022 (in millions of euros)	As of January 1	Increase	Utilized	Other reversals	Discounting	Foreign exchange differences	Acquisitions related to business combination	Other movements ^(a)	As of December 31
Pensions and other employee benefits	1,437.0	41.2	(89.8)		(286.6)	3.2	0.2	(13.8)	1,091.4
Restructuring plans	24.2	14.0	(18.3)	(0.7)		(0.1)		(3.3)	15.8
Guarantees and other provisions related to engineering contracts	89.1	145.4	(41.0)	(8.3)		(0.7)		1.2	185.6
Dismantling	274.5		(3.8)	(5.5)	6.8	2.9		(15.0)	259.9
Provisions and contingent liabilities as part of a business combination	190.8	0.8	(16.5)	(25.4)	1.8	10.3	3.2		164.9
Other provisions	585.7	141.5	(83.9)	(65.1)	1.5	5.7	0.2	(29.6)	555.9
TOTAL PROVISIONS	2,601.3	342.9	(253.3)	(105.0)	(276.5)	21.3	3.6	(60.5)	2,273.5

(a) Other movements correspond to account reclassifications, disposals and provisions for dismantling, with no impact on the consolidated cash flow statement.

2021 (in millions of euros)	As of January 1	Increase	Utilized	Other reversals	Discounting	Foreign exchange differences	Acquisitions related to business combination	Other movements ^(a)	As of December 31
Pensions and other employee benefits	1,612.8	47.6	(93.1)		(166.9)	11.1		25.5	1,437.0
Restructuring plans	29.8	3.9	(9.8)	(1.8)		1.0	0.5	0.6	24.2
Guarantees and other provisions related to engineering contracts	98.4	115.0	(104.6)	(12.8)		1.2		(8.1)	89.1
Dismantling	238.8		(2.5)	(0.7)	5.5	5.3		28.1	274.5
Provisions and contingent liabilities as part of a business combination	181.4	0.8	(19.5)	(7.9)	1.7	13.5	20.7	0.1	190.8
Other provisions	573.2	210.0	(187.6)	(26.0)	2.1	10.6	0.1	3.3	585.7
TOTAL PROVISIONS	2,734.4	377.3	(417.1)	(49.2)	(157.6)	42.7	21.3	49.5	2,601.3

(a) Other movements correspond to account reclassifications, disposals and provisions for dismantling, with no impact on the consolidated cash flow statement.

In the normal course of its operations, the Group is party to arbitration, judicial or administrative proceedings. The potential costs of such proceedings are provided for, when they are probable, only if the amount can be quantified or estimated within a reasonable range. In the latter case, the amount provided for represents the best estimate of the Group's management. Provisions are determined based on a case-by-case risk assessment and events occurring during ongoing proceedings may result in a risk reappraisal at any time. These litigations are by nature diverse and involve various Group subsidiaries. Contingency provisions recorded with respect to all Group litigations amounted to 185.8 million euros as of December 31,

2022 (228.5 million euros as of December 31, 2021) and are presented in "Other provisions". They include provisions for industrial disputes and for tax risks, excluding income taxes, respectively for 127.0 and 58.8 million euros.

The Group does not provide the detail of these provisions, considering that disclosing the amount provided for each individual litigation could be prejudicial to the Group. Nevertheless, no single litigation is likely to have a material effect on the Group's financial position or its profitability.



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Note 23 Employee benefit obligations

23.1. PENSION PLANS

The most significant pension plans relate to France, Germany and the United States.

In France, Air Liquide provides an additional retirement benefit based on the final salary which is paid in addition to other normal pension plans. On December 31, 1995, this plan was closed to employees under age 45 or with less than 20 years of service as of January 1, 1996; the latter being covered by a defined contribution plan. These plans are unfunded. The annual amounts paid with regards to additional benefits cannot exceed a threshold set originally at 12% of total payroll or 12% of pre-tax profits of companies involved. This 12% threshold will be proportionately reduced by comparing the number of plan beneficiaries for the year to the number of plan beneficiaries for the previous year. In 2017, this additional benefit was funded subsequently to the Article 50 of the law of January 20, 2014 securing the future and fairness of pensions plans.

IAS 19 "Employee Benefits" provides a very restrictive definition of defined contribution plans; any plans not complying fully with the conditions required are defined benefit plans by default.

This restrictive definition of defined contribution plans requires Air Liquide to account for these additional benefits as a defined benefit plan in spite of the limited obligations for the Company and the nature of the obligations not being stable or continuous.

The qualification as a defined benefit plan results in the recognition of a provision with regards to the future obligations.

With the Company's obligations being limited, the valuation of what will actually be paid to retirees is uncertain. Since the effect of this threshold cannot be measured reliably, the provision recognized represents the actuarial value of the amounts to be paid out to retirees until the plan is closed, excluding any potential threshold effect. The additional retirement benefit paid by Air Liquide is aligned with the indexation of French statutory and supplementary pension plans up to a maximum annuity. Any additional annuity will not be subject to any indexation. The effects related to the revaluation cap and floor were accounted for in "Other financial expenses".

In Germany, there are two main Air Liquide pension plans.

The first plan provides the retirees of Lurgi (Engineering & Construction activity) with a lifetime annuity, based on the income and length of service vested in the plan at the time of retirement, the normal retirement age being 65. The plan also provides disability and widowhood pensions. This plan is now closed to new entrants, the latter benefiting from a defined contribution plan.

The second plan is an old plan covering employees of the Gas & Services activities. The plan provides a lifetime annuity, based on the average income earned over the employee's career and the length of service vested at the time of retirement, the normal retirement age being 65. The plan also provides disability, pre-retirement and widowhood pensions. It is now closed to new entrants, with new employees benefiting from another defined benefit plan. Providing a minimum length of service of ten years, the plan provides a lifetime annuity based on the average income earned over the employee's career and the length of service vested at the time of retirement, the normal retirement age being 65. The plan also provides disability, pre-retirement and widowhood pensions.

In accordance with common market practice in Germany, limited funding contributions are made to pension funds as both plans are mainly managed internally.

In the United States, Air Liquide grants retirees supplemental benefits in addition to the normal pension plans. The US plan provides a traditional final average pay benefit to those who continue to accrue benefits. A retiring employee may elect to receive their pension benefit as a lump sum or a lifetime annuity. This plan was closed to new participants in 2004 and was frozen in 2016. Therefore, employees who joined the Company before 2004 are no longer acquiring new rights on this defined benefit plan, but benefit from the defined contribution plan that has been opened since 2004 to new employees.

A new plan was implemented on January 1, 2017 (Supplemental Saving plan). This plan comes on top of the basic savings plan offering additional retirement benefits beyond the tax limit of the basic plan. It represents an annual cost of around 7 million US dollars.

**23.2. OBLIGATIONS**

Group obligations related to pension plans and similar benefits as of December 31, 2022 are shown below:

2022 (in millions of euros)	Defined benefit plans	Retirement termination payments	Other long term benefits	Medical Plans	Total
A. Change in net liabilities					
Net liabilities at the beginning of the period	(1,124.3)	(198.3)	(21.9)	(34.2)	(1,378.7)
(Acquisition) divestiture/transfer	(1.4)				(1.4)
(Expense) income recognized	(26.9)	(14.5)	2.0	(1.0)	(40.4)
Employer contributions	76.9	9.2	1.8	2.1	90.0
Gains (losses) for the period	241.4	56.9		6.2	304.5
Exchange rate movements	(5.5)	1.3	(0.1)	(0.2)	(4.5)
Net liabilities at the end of the period	(839.8)	(145.4)	(18.2)	(27.1)	(1,030.5)
B. Expense recorded in 2022					
Service cost	19.8	12.8	2.1	0.5	35.2
Interest expense on the net defined benefit liability	7.0	1.6	0.1	0.5	9.2
Past service cost	0.1	0.1	0.1		0.3 ^(a)
Actuarial (gains) losses			(4.3)		(4.3)
Expense (Income) recognized	26.9	14.5	(2.0)	1.0	40.4
C. Change in present value of obligations in 2022					
DBO at the beginning of the period	2,428.0	198.6	21.9	34.4	2,682.9
Acquisition (divestiture) / transfer	1.4				1.4
Service cost	19.8	12.8	2.1	0.5	35.2
Interest cost	30.8	1.6	0.1	0.5	33.0
Employee contributions	2.2				2.2
Plan amendments	0.1	0.1	0.1		0.3 ^(a)
Benefit payments	(178.4)	(9.2)	(1.3)	(2.1)	(191.0)
Actuarial (gains) losses	(526.5)	(57.1)	(4.3)	(6.2)	(594.1)
Exchange rate movements	47.1	(1.2)	0.1	0.1	46.1
Obligations at the end of the period	1,824.5	145.6	18.7	27.2	2,016.0
D. Change in plan assets in 2022					
Fair value of assets at the beginning of the period	1,303.7	0.3		0.2	1,304.2
Acquisition (divestiture) / transfer					
Actual return on plan assets	(215.1)	(0.2)			(215.3)
Employer contributions	7.8	0.1	0.4		8.3
Employee contributions	2.2				2.2
Benefit payments	(109.3)				(109.3)
Exchange rate movements	42.6				42.6
Fair value of assets at the end of the period	1,031.9	0.2	0.4	0.2	1,032.7
E. Funded status at the end of 2022					
Present value of obligations	(1,824.4)	(145.6)	(18.7)	(27.3)	(2,016.0)
Fair value of plan assets	1,031.9	0.2	0.4	0.2	1,032.7
Surplus management reserve	(47.3)		0.1		(47.2)
Net liabilities	(839.8)	(145.4)	(18.2)	(27.1)	(1,030.5)
F. Actuarial (gains) and losses recognized directly in equity					
(Gains) and losses at the beginning of the period	1,151.8	48.1		4.7	1,204.6
Acquisition (divestiture) / transfer	0.6	0.1			0.7
(Gains) and losses on obligations	(526.5)	(57.1)		(6.2)	(589.8)
(Gains) and losses on plan assets	237.5	0.2			237.7
Change in surplus management reserve	47.3				47.3
Exchange rate movements	23.9	(0.7)	0.1		23.3
(Gains) and losses at the end of the period ^(b)	934.6	(9.4)		(1.5)	923.8

(a) Past service costs and plan amendments mainly relate to pension plans and medical costs in France.

(b) Losses (gains), net of tax, recognized in equity, amounted to 687 million euros as of December 31, 2022.

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Group obligations related to pension plans and similar benefits as of December 31, 2021 are shown below:

2021 (in millions of euros)	Defined benefit plans	Retirement termination payments	Other long term benefits	Medical Plans	TOTAL
A. Change in net liabilities					
Net liabilities at the beginning of the period	(1,325.6)	(212.1)	(22.6)	(37.6)	(1,597.9)
(Acquisition) divestiture/transfer	(0.3)	0.7			0.4 ^(c)
(Expense) income recognized	(32.7)	(13.2)	(0.6)	(1.0)	(47.5)
Employer contributions	83.2	7.1	1.4	2.2	93.9
Gains (losses) for the period	159.3	19.4		2.7	181.4
Exchange rate movements	(8.2)	(0.2)	(0.1)	(0.5)	(9.0)
Net liabilities at the end of the period	(1,124.3)	(198.3)	(21.9)	(34.2)	(1,378.7)
B. Expense recorded in 2021					
Service cost	27.8	12.3	1.4	0.7	42.2
Interest expense on the net defined benefit liability	4.9	0.9	0.1	0.3	6.2
Past service cost			0.1		0.1 ^(a)
Actuarial (gains) losses			(1.0)		(1.0)
Expense (Income) recognized	32.7	13.2	0.6	1.0	47.5
C. Change in present value of obligations in 2021					
DBO at the beginning of the period	2,561.1	212.4	22.6	37.8	2,833.9
Acquisition (divestiture) / transfer	(0.2)	(0.7)			(0.9) ^(c)
Service cost	27.8	12.3	1.4	0.7	42.2
Interest cost	21.4	0.9	0.1	0.3	22.7
Employee contributions	2.1				2.1
Plan amendments			0.1		0.1 ^(a)
Benefit payments	(150.8)	(7.1)	(1.4)	(2.2)	(161.5)
Actuarial (gains) losses	(121.9)	(19.4)	(1.0)	(2.7)	(145.0)
Exchange rate movements	88.5	0.2	0.1	0.5	89.3
Obligations at the end of the period	2,428.0	198.6	21.9	34.4	2,682.9
D. Change in plan assets in 2021					
Fair value of assets at the beginning of the period	1,235.5	0.3		0.2	1,236.0
Acquisition (divestiture) / transfer	(0.5)				(0.5) ^(c)
Actual return on plan assets	53.9				53.9
Employer contributions	8.4	0.1			8.5
Employee contributions	2.1				2.1
Benefit payments	(76.0)	(0.1)			(76.1)
Exchange rate movements	80.3		0.1		80.3
Fair value of assets at the end of the period	1,303.7	0.3		0.2	1,304.2
E. Funded status at the end of 2021					
Present value of obligations	(2,428.0)	(198.6)	(21.9)	(34.4)	(2,682.9)
Fair value of plan assets	1,303.7	0.3		0.2	1,304.2
Net liabilities	(1,124.3)	(198.3)	(21.9)	(34.2)	(1,378.7)
F. Actuarial (gains) and losses recognized directly in equity					
(Gains) and losses at the beginning of the period	1,265.6	67.6		7.7	1,340.9
Acquisition (divestiture) / transfer	13.1				13.1 ^(c)
(Gains) and losses on obligations	(121.9)	(19.4)		(2.7)	(144.0)
(Gains) and losses on plan assets	(37.5)				(37.5)
Change in surplus management reserve	0.1				0.1
Exchange rate movements	32.4	(0.1)		(0.3)	32.0
(Gains) and losses at the end of the period ^(b)	1,151.8	48.1		4.7	1,204.6

(a) Past service costs and plan amendments mainly relate to pension plans and medical costs in France.

(b) Losses (gains), net of tax, recognized in equity, amounted to 883.0 million euros as of December 31, 2021.

(c) Acquisition (divestiture)/transfer mainly relates to the non significant impact of the IFRS IC agenda decision regarding the calculation of pension obligations (IAS 19).



The amounts mentioned above can be broken down as follows by geographical area as of December 31, 2022:

2022 (in millions of euros)	Obligations	Plan assets	Provisions in the balance sheet	Surplus management reserve
Europe / Africa	(1,252)	338	(962)	47
Americas	(714)	651	(63)	
Asia-Pacific	(50)	44	(6)	
TOTAL	(2,016)	1,033	(1,031)	47

The amounts mentioned above can be broken down as follows by geographical area as of December 31, 2021:

2021 (in millions of euros)	Obligations	Plan assets	Provisions in the balance sheet	Surplus management reserve
Europe / Africa	(1,693)	421	(1,272)	
Americas	(928)	832	(96)	
Asia-Pacific	(62)	51	(11)	
TOTAL	(2,683)	1,304	(1,379)	

23.3. MAIN ASSUMPTIONS

The main discount rates used are as follows:

	2021	2022
Euro zone	1.0%	3.8%
Canada	3.2%	5.0%
Japan	0.5%	1.4%
Switzerland	0.3%	2.2%
United States	2.8%	5.4%
United Kingdom	1.9%	4.8%

Differences between expected returns on plan assets and the main discount rates are as follows:

2022	Expected return on assets ^(a)	Discount rate 2021	Impact (in bp)
Euro zone	2.5%	1.0%	(150)
Canada	6.6%	3.2%	(340)
Japan	2.5%	0.5%	(200)
Switzerland	5.1%	0.3%	(480)
United States	5.4%	2.8%	(260)
United Kingdom	3.7%	1.9%	(180)

(a) The expected return on long-term assets was determined by taking into account, in each country, the asset allocation in the portfolio.

2021	Expected return on assets ^(a)	Discount rate 2020	Impact (in bp)
Euro zone	2.5%	0.6%	(190)
Canada	5.9%	2.6%	(330)
Japan	2.5%	0.6%	(190)
Switzerland	2.8%	0.1%	(270)
United States	3.1%	2.4%	(70)
United Kingdom	4.5%	1.3%	(320)

(a) The expected return on long-term assets was determined by taking into account, in each country, the asset allocation in the portfolio.

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23.4. BREAKDOWN OF GAINS AND LOSSES FOR THE PERIOD

<i>(in millions of euros)</i>	2021	2022
Experience gains and losses on present value of the obligation	(25)	(17)
Gains and losses on present value of the defined obligation related to changes in assumptions	(120)	611
Experience gains and losses on fair value of assets	38	(238)

Breakdown of experience gains and losses on financial assets

2022 <i>(in millions of euros)</i>	Interest income on financial assets	Actual return on assets	Gains and losses on assets
Europe / Africa	3.0	(57.6)	(60.6)
Americas	20.4	(158.2)	(178.5)
Asia-Pacific	0.3	0.6	1.4
TOTAL	24.0	(215.0)	(237.7)

2021 <i>(in millions of euros)</i>	Interest income on financial assets	Actual return on assets	Gains and losses on assets
Europe / Africa	1.8	26.2	24.4
Americas	14.3	26.0	11.7
Asia-Pacific	0.3	1.7	1.4
TOTAL	16.4	53.9	37.5

23.5. PENSION PLAN RISK ANALYSIS

Sensitivity to movements in discount rates and other variables

The present value of obligations related to defined benefit plans is measured by discounting future cash flows. Discount rates are determined based on Government bonds rates or, when the financial markets are sufficiently liquid, on "high-quality" corporate bond rates, which can vary from one period to another.

Changes in discount rates can materially change the present value of the Group's obligations and the expense recorded in the year.

The amount of obligations is affected to a lesser extent by revised wages and inflation indexes, as well as legal changes regarding retirement age or official mortality tables.

Impact of a -0.25% decrease in discount rates

	Impact on obligations as of December 31, 2022 <i>(in millions of euros)</i>	% of total obligations as of December 31, 2022
Europe / Africa	34	2.7%
Americas	17	2.4%
Asia-Pacific	1	1.9%
TOTAL	52	2.6%

	Impact on obligations as of December 31, 2021 <i>(in millions of euros)</i>	% of total obligations as of December 31, 2021
Europe / Africa	55	3.3%
Americas	28	3.0%
Asia-Pacific	1	1.0%
TOTAL	84	3.1%



Impact of a +0.25% increase in discount rates

	Impact on obligations as of December 31, 2022 (in millions of euros)	% of total obligations as of December 31, 2022
Europe / Africa	(32)	-2.5%
Americas	(16)	-2.3%
Asia-Pacific	(1)	-1.8%
TOTAL	(49)	-2.4%

	Impact on obligations as of December 31, 2021 (in millions of euros)	% of total obligations as of December 31, 2021
Europe / Africa	(53)	-3.1%
Americas	(27)	-2.9%
Asia-Pacific	(1)	-1.0%
TOTAL	(80)	-3.0%

Sensitivity of the value of plan assets to market conditions

For the Group's defined benefit plans subject to funding requirements, the fair value of plan assets is primarily dependent on interest rates, the performance of plan assets and amendments to local regulations. Any adverse movement in these variables would require additional Group contributions to the pension funds on a timely basis.

Plan assets consist of shares, bonds and other assets whose value is subject to market fluctuations. A downturn in the financial markets would increase the net liabilities of defined benefit plans. The plans' coverage ratios would decrease accordingly, requiring additional Group contributions on a timely basis.

2022 (in millions euros)	Shares		Bonds		Real estate		Cash		Others		TOTAL	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Europe / Africa	71	21.0%	48	14.0%	97	29.0%	30	9.0%	91	27.0%	337	100.0%
Americas	221	34.0%	388	60.0%	42	6.0%		0.0%		0.0%	651	100.0%
Asia-Pacific	5	11.0%	35	79.0%	1	1.0%	3	6.0%	1	3.0%	45	100.0%
TOTAL	297		471		140		33		92		1,033	

2021 (in millions euros)	Shares		Bonds		Real estate		Cash		Others		TOTAL	
	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Europe / Africa	87	20.7%	127	30.2%	112	26.7%	69	16.3%	26	6.1%	421	100.0%
Americas	192	23.1%	556	66.8%	62	7.5%	6	0.7%	16	2.0%	832	100.0%
Asia-Pacific	6	11.4%	40	79.6%	1	1.0%	2	4.9%	2	3.1%	51	100.0%
TOTAL	285		723		175		77		44		1,304	

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Note 24 Borrowings

This note provides information on the breakdown of the Group's borrowings by instrument. For further information on financial instruments and the exposure to foreign exchange and interest rate risks, please refer to note 25.

Net debt calculation

<i>(in millions of euros)</i>	December 31, 2021	December 31, 2022
Non-current borrowings	(10,506.3)	(10,168.8)
Current borrowings	(2,188.6)	(2,003.9)
TOTAL GROSS DEBT	(12,694.9)	(12,172.7)
Cash and cash equivalents	2,246.6	1,911.4
TOTAL NET DEBT AT THE END OF THE PERIOD	(10,448.3)	(10,261.3)

Statement of changes in net debt

<i>(en millions d'euros)</i>	2021	2022
Net debt at the beginning of the period	(10,609.3)	(10,448.3)
Net cash flows from operating activities	5,570.7	5,810.1
Net cash flows used in investing activities	(3,351.5)	(3,241.9)
Net cash flows from (used in) financing activities excluding changes in borrowings	(1,593.6)	(1,927.2)
Total net cash flows	625.6	641.0
Effect of exchange rate changes, opening net debt of newly acquired companies and others	(269.3)	(248.0)
Adjustment of net finance costs	(195.3)	(206.0)
Change in net debt	161.0	187.0
TOTAL NET DEBT AT THE END OF THE PERIOD	(10,448.3)	(10,261.3)

The Air Liquide Group net debt breaks down as follows:

<i>(in millions of euros)</i>	2021			2022		
	Carrying amount			Carrying amount		
	Non-current	Current	Total	Non-current	Current	Total
Bonds and private placements	9,660.0	1,446.7	11,106.7	9,332.8	1,206.9	10,539.7
Commercial paper programs		244.4	244.4		130.6	130.6
Bank debt and other financial debt	773.7	495.0	1,268.7	760.5	665.1	1,425.6
Put options granted to minority shareholders	72.6	2.5	75.1	75.5	1.3	76.8
TOTAL BORROWINGS (A)	10,506.3	2,188.6	12,694.9	10,168.8	2,003.9	12,172.7
Short-term loans		66.0	66.0		35.3	35.3
Short-term marketable securities		187.1	187.1		267.0	267.0
Cash in bank		1,993.5	1,993.5		1,609.1	1,609.1
TOTAL CASH AND CASH EQUIVALENTS (B)		2,246.6	2,246.6		1,911.4	1,911.4
NET DEBT (A) - (B)	10,506.3	(58.0)	10,448.3	10,168.8	92.5	10,261.3



In accordance with the Group's policy to diversify funding sources, long-term bonds and private placements are the primary sources of funding and represent 87% of gross debt as of December 31, 2022. Outstanding notes under these sources amounted to 10,5 billion euros at the end of 2022.

The carrying amount of commercial paper amounted to 0.1 billion euros as of December 31, 2022, in slight decrease compared to December 31, 2021.

Gross debt decreased by 0.5 billion euros. Bond debt decreased by 0.7 billion euros, despite an unfavorable currency effect of 0.2 billion euros. Indeed, bond issues matured in 2022 were only partially renewed. In addition, bank debt increased by 0.2 billion euros, mainly in China, Taiwan, Singapore and India.

In 2022, one bond was issued by Air Liquide Finance, guaranteed by L'Air Liquide S.A.: a public bond issue of 600 million euros on September 9, 2022, under the EMTN program, maturity

September 16, 2032, at a reorder yield of 2.982% (2.875% coupon).

In consideration thereof, Air Liquide Finance repaid:

- a 2015 bond issuance on the Taiwanese market ("Formosa bond") for an amount of 500 million Chinese renminbi (69 million euros) on January 23, 2022;
- a 2016 bond issue under the EMTN program of 300 million euros on April 18, 2022;
- a 2016 bond issue under the EMTN program of 500 million euros on June 13, 2022;
- a 2012 private placement of 400 million US dollar (353 million euros) on September 13, 2022;
- a 2014 private placement of 130 million Swiss francs (126 million euros) on September 19, 2022.

The carrying amount of borrowings in the balance sheet is as follows:

	2021	2022		
	Carrying amount	Amount issued ^(a)	Amortized cost adjustments ^(b)	Carrying amount ^{(a)+(b)}
<i>(in millions of euros)</i>				
Bonds in the EMTN program	6,893.9	6,600.0	22.5	6,622.5
Bonds not in the EMTN program	2,987.0	3,155.8	10.3	3,166.1
Private placements in the EMTN program	602.1	456.6	10.5	467.1
Private placements not in the EMTN program	623.7	281.3	2.7	284.0
TOTAL BONDS AND PRIVATE PLACEMENTS	11,106.7	10,493.7	46.0	10,539.7
Commercial paper programs	244.4	131.9	(1.2)	130.6
Bank debt and other financial debt	1,268.7	1,399.7	25.9	1,425.6
Put options granted to minority shareholders	75.1	76.8		76.8
LONG-TERM BORROWINGS	12,694.9	12,102.1	70.7	12,172.7

(a) Nominal amount.

(b) Amortized cost including accrued interest.

24.1. CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial assets or liabilities with a carrying amount differing from their fair value are unhedged fixed-rate borrowings.

	2021		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>(in millions of euros)</i>				
FINANCIAL LIABILITIES				
Non-current borrowings	10,506.3	10,706.2	10,168.8	11,345.5

The Group's financial instruments are measured at fair value to the extent that available financial market data enables a reliable estimate of their market value, assuming the absence of any intentions or needs to liquidate.

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24.2. MATURITY OF BORROWINGS

It is the Group policy to spread over time the maturity of long-term debt (bonds, private placements and bank credit facilities) in order to limit the annual refinancing needs.

2022 <i>(in millions of euros)</i>	Nominal amount	Carrying amount	On demand	< 1 year	Maturity							
					≥ 1 year and ≤ 5 years				> 5 years			
					2024	2025	2026	2027	2028	2029	2030	> 2030
Bonds and private placements	10,493.7	10,539.7		1,206.9	1,185.7	1,098.5	1,318.4	690.3	995.3	563.9	1,090.7	2,390.0
Commercial paper programs	131.9	130.6		130.6								
Bank debt, overdraft and other financial debt	1,399.7	1,425.6		665.1	208.8	182.1	133.1	145.9	50.3	31.3	1.5	7.4
Put options granted to minority shareholders	76.8	76.8	15.7	1.3	46.9	11.1	1.8					
TOTAL BORROWINGS	12,102.1	12,172.7	15.7	2,003.9	1,441.4	1,291.7	1,453.3	836.2	1,045.6	595.2	1,092.2	2,397.4

2021 <i>(in millions of euros)</i>	Nominal amount	Carrying amount	On demand	< 1 year	Maturity							
					≥ 1 year et ≤ 5 years				> 5 years			
					2023	2024	2025	2026	2027	2028	2029	>2029
Bonds and private placements	11,059.1	11,106.7		1,446.7	1,072.1	1,173.5	1,097.9	1,249.1	684.0	994.5	535.9	2,853.0
Commercial paper programs	244.4	244.4		244.4								
Bank debt, overdraft and other financial debt	1,257.2	1,268.7		495.0	172.8	199.9	132.7	104.1	84.2	22.5	12.9	44.6
Put options granted to minority shareholders	75.1	75.1	25.3	2.5	30.7	6.6	10.0					
TOTAL BORROWINGS	12,635.8	12,694.9	25.3	2,188.6	1,275.6	1,380.0	1,240.6	1,353.2	768.2	1,017.0	548.8	2,897.6

24.3. FIXED-RATE PORTION OF GROSS DEBT

Portion of fixed-rate gross debt <i>(as % of total debt)</i>	2021	2022
EUR debt	100%	100%
USD debt	75%	83%
CNY debt	100%	53%
JPY debt	100%	95%
TWD debt	nc.	90%
ZAR debt	100 %	100%
Total debt	94%	94%

As of December 31, 2022, fixed-rate debt represented 94% of the total debt.



24.4. DETAIL OF BOND DEBT

The table below details the main characteristics of the Group's bond issues in progress as of December 31, 2022. They represent 87% of the Group's debt (87% as of December 31, 2021).

Currency	Nominal value (in millions)	Issue date	Maturity	Issuer	Coupon
EUR	600	2022	2032	AL Finance	2.875%
EUR	500	2021	2033	AL Finance	0.375%
EUR	500	2021	2031	AL Finance	0.375%
EUR	500	2020	2030	AL Finance	1.375%
EUR	500	2020	2025	AL Finance	1.000%
EUR	100	2020	2025	AL Finance	1.081%
EUR	600	2019	2030	AL Finance	0.625%
EUR	600	2017	2027	AL Finance	1.000%
EUR	1,000	2016	2028	AL Finance	1.250%
EUR	500	2016	2024	AL Finance	0.750%
EUR	500	2015	2025	AL Finance	1.250%
EUR	100	2014	2029	AL Finance	3.000%
EUR	150	2014	2026	AL Finance	3.000%
EUR	500	2014	2024	AL Finance	1.875%
EUR	300	2013	2023	AL S.A.	2.375%
USD	500	2019	2029	AL Finance	2.250%
USD	750	2016	2046	AL Finance	3.500%
USD	1,250	2016	2026	AL Finance	2.500%
USD	750	2016	2023	AL Finance	2.250%
USD	100	2012	2027	AL Finance	3.460%
USD	200	2012	2024	AL Finance	3.260%
CNY	800	2018	2023	AL Finance	6.400%
JPY	15,000	2008	2038	AL Finance	3.160%

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24.5. NET DEBT BY CURRENCY

The Group ensures a natural hedge and reduces its exposure to currency fluctuations by raising debt mainly in the currency of the cash flows that are generated to repay the debt. In most countries, and especially outside the euro, US dollar, Japanese yen and Chinese renminbi zones, financing is raised in either local or foreign currency (EUR or USD) when sales contracts are indexed to foreign currency. Debt in other currencies is mainly denominated in Taiwan dollar, South African Rand, Singapore dollar, British pound sterling and in Canadian dollar.

As part of intra-group multi-currency financing, the Central Treasury Department converts the debt raised in financial markets into various currencies to finance subsidiaries in their functional currencies or their cash flow currencies. The breakdown of this hedging portfolio is shown in the table below.

Accordingly, a portion of the euro debt raised was converted (1,622.0 million euros) to other currencies to finance foreign subsidiaries. As an example, 3,543.5 million euros were raised initially in US dollar, and 537.3 million euros were raised in euros and converted in US dollar using currency swap contracts. 296.3 million euros were in cash or cash equivalent, leading to an adjusted net debt in US dollars of 3,784.5 million euros.

2022 (in millions of euros)	Gross debt – original issue	Interest rate and currency swaps	Cash and cash equivalents	Adjusted net debt
EUR	7,209.7	(1,622.0)	(892.7)	4,695.0
USD	3,543.5	537.3	(296.3)	3,784.5
JPY	108.8	218.2	(13.6)	313.4
CNY	314.6	(45.8)	(213.9)	54.9
TWD	387.9		(12.1)	375.8
ZAR	264.2		(41.4)	222.8
Other currencies	344.0	912.3	(441.4)	814.9
TOTAL	12,172.7		(1,911.4)	10,261.3

2021 (in millions of euros)	Gross debt – original issue	Interest rate and currency swaps	Cash and cash equivalents	Adjusted net debt
EUR	7,743.7	(2,061.9)	(1,340.1)	4,341.7
USD	3,671.4	1,052.1	(292.6)	4,430.9
JPY	117.7	82.9	(19.2)	181.4
CNY	230.8	(115.5)	(208.6)	(93.3)
ZAR	310.3		(27.6)	282.7
Other currencies	621.0	1,042.4	(358.5)	1,304.9
TOTAL	12,694.9		(2,246.6)	10,448.3

24.6. BREAKDOWN OF AVERAGE NET FINANCE COSTS

Net debt depends on the original gross debt raised on the financial markets, on the swap of this debt into foreign currencies to finance the subsidiaries, and on surplus cash positions. The average cost of net debt presented in the following table takes into account these various components, i.e. financing expenses, amortization and commission fees, income and expenses related to foreign currency translation and income or expenses related to cash surpluses.

(in millions of euros)	2021			2022		
	Average outstanding debt	Net interests	Average net finance costs	Average outstanding debt	Net interests	Average net finance costs
EUR	5,401.3	85.4	1.6%	4,854.3	87.2	1.8%
USD	4,125.5	122.3	3.0%	4,449.0	142.3	3.2%
JPY	377.0	6.0	1.6%	394.1	4.9	1.2%
CNY	(80.0)	11.4	N/A	76.2	13.7	-
TWD	nc	nc	nc	326.0	5.6	1.7%
Other currencies	1,401.9	84.0	6.0%	1,271.1	84.1	6.6%
TOTAL	11,225.7	309.1	2.8%	11,370.7	337.8	3.0%
Non-recurring costs		7.3				
Capitalized interests		(36.4)			(49.4)	
TOTAL COST OF DEBT		280.0			288.4	

The average net finance costs, excluding capitalized interests and non-recurring costs increased by 28.7 million euros. They stand at 3.0% of the average outstanding debt in 2022. The total cost of debt stands at 288.4 million euros, increasing by 8.4 million euros.



24.7. OTHER FINANCING INFORMATION

Three financial covenants are associated to bank debt facilities exceeding 50 million euros: they are long term loans used by Air Liquide Arabia (Saudi Arabia) and Air Liquide Large Industries South Africa (South Africa), for a total outstanding amount of 327 million euros as of December 31, 2022. Financial covenants were all met as of December 31, 2022.

The amount of bank credit facilities subject to financial covenants represents around 4.0% of the Group's gross debt as of December 31, 2022.

Bonds issued by L'Air Liquide S.A. and Air Liquide Finance, and making up the carrying amount of bonds as of December 31, 2022, include a change of control clause.

Note 25 Financial risk policy and management

25.1. FINANCIAL RISK MANAGEMENT

Risk management is a priority for the Group. Consequently, the Finance Department governance relies on Strategic Finance Committees and Operational Finance Committees.

The Finance Department centrally manages the main financial risks, in accordance with decisions taken by the Strategic Finance Committee to which it reports on a regular basis. The Finance Department also performs country and customer risks analyses associated with investment decisions and attends Investment Committee meetings.

The financial policy adopted by Air Liquide, the purpose of which is to minimize the risks incurred by the Group and its subsidiaries, enables the Group to ensure sustainable funding sources. To minimize the refinancing risk related to debt maturity schedules, the Group diversifies financing sources and spreads maturities over several years. In 2022, the average debt maturity was 5.9 years. As of December 31, 2022, the long-term debt (gross debt maturing in more than one year) represented 84% of the overall Group debt, compared to 83% as of December 31, 2021.

Interest rate, commodities and foreign currency hedging strategies validated by the Operational Finance Committee are set up depending on market opportunities, while complying with prudence and risk limitation principles.

The Group also pays continuous attention to its bank and customer counterparty risks by regularly monitoring ratings issued by main international rating agencies and the level of risk associated with these counterparties. An internal ratings system, set-up in 2018, is used for the most important clients when no leading credit ratings agency information is available.

α) Foreign exchange risk

Principles

Financial instruments are only used to hedge transaction-based foreign exchange risk. The risk is attached on the one hand to financial cash flows arising from royalties, dividends, intra-group loans and borrowings denominated in foreign currencies and on the other hand to foreign currency commercial cash flows from operating entities. Although in slight increase, commercial cash flows denominated in foreign currencies do not represent significant amounts compared to consolidated revenue.

Foreign exchange risk related to royalties, dividend flows and intra-group loans and borrowings in foreign currencies is hedged by the Central Treasury Department using currency forwards or options with an overall term of less than 18 months. Currency hedging of intra-group loans and borrowings uses currency forwards.

Foreign currency commercial cash flows from operating entities are hedged either as part of the annual budgetary process for subsidiaries with recurring flows in foreign currency or at the signing date of a sale or purchase contract for non-recurring flows for the Engineering & Construction business line. Around a hundred subsidiaries are exposed to foreign exchange risk. These subsidiaries mainly use currency forwards set up by Air Liquide Finance (internal counterparty for hedging transactions) except in countries where it is prohibited by local regulations. The majority of these contracts have short maturities (three to twelve months) and market transactions are regulated by master agreements of the French Banking Federation ("FBF") or by master agreements of the International Swaps and Derivative Association ("ISDA") for local hedging operations. These do not include collateralization commitments or margin calls.

When preparing their budget at the year-end, subsidiaries report their foreign exchange risk exposure to the Central Treasury Department in order to hedge the commercial cash flows expected in the following year. In each case, the Central Treasury Department monitors the adequacy of the hedges with the identified risks and performs a full revaluation of all hedges, every six months.

The foreign exchange translation risk (consolidation in euros of the assets and liabilities in currencies) is not subject to hedging. Indeed, investments are essentially funded in the currency in which the cash flows are generated, thus creating a natural currency hedging.

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Sensitivity of income statement and balance sheet items to foreign currency fluctuations

The table below sets out the effect of the translation of balance sheet items and the income statement of subsidiaries with a functional currency of USD, CNY, JPY, or CAD assuming a 10% appreciation against the euro (foreign exchange translation risk) on the following items:

<i>(in millions of euros)</i>	Revenue	% Total group	Operating income recurring	% Total group	Net profit	% Total group	Equity	% Total group
USD	951.0	3.18%	189.4	3.90%	135.9	4.93%	1,400.8	5.90%
CNY	250.8	0.84%	65.6	1.35%	68.3	2.48%	236.8	1.00%
JPY	90.0	0.30%	20.6	0.42%	12.2	0.44%	92.4	0.39%
CAD	82.5	0.28%	14.1	0.29%	9.7	0.35%	17.9	0.08%

The foreign currency risk sensitivity analysis shows that a 10% appreciation in the four major currencies as of December 31, 2022 would result in changes to revenue, operating income recurring, net profit and equity, as indicated above.

A 10% depreciation in the above currencies as of December 31, 2022, would have the equivalent but opposite effects as those presented above, assuming that all other variables remained constant.

Sensitivity of derivatives and their underlying hedged items to foreign currency fluctuations

The table below shows the effect of a 10% fluctuation in hedging currency exchange rates on the recognition of the foreign exchange derivatives portfolio in the Group's net profit and equity as of December 31, 2022. The sensitivity of net profit and equity primarily reflects the effect of foreign exchange swaps relating to

the intragroup financing activity of the subsidiary Air Liquide Finance, and currency forward hedging instruments contracted at head office level.

<i>(in millions of euros)</i>	Foreign exchange risk			
	+10%		-10%	
	P&L impact	Equity impact	P&L impact	Equity impact
Foreign exchange derivatives and their hedged underlying items	(0.4)	42.9	0.4	(42.9)

b) Interest rate risk

Principles

Air Liquide centrally manages interest rate risk on the main currencies: euro, US dollar, Chinese renminbi and Japanese yen which represented 84% of the Group's total net debt as of December 31, 2022. Regarding other currencies, the Finance Department provides subsidiaries with advice as to the different types of bank loans and/or hedging transactions to enter into according to the characteristics of local financial markets.

The Group policy is to maintain the major portion of total debt at fixed rates and to protect the residual balance using optional

hedging instruments. This approach enables the Group to limit the effect of interest rate fluctuations on financial expenses.

Consequently, at the 2022 year-end, 94% of the total debt was fixed-rate debt. The fixed-rate/floating-rate breakdown is reviewed on a regular basis by the Finance Committees, depending on interest rate fluctuations and the level of Group debt.

Sensitivity to interest rate fluctuations on floating-rate debt

The Group net debt exposed to interest rate fluctuations amounted to around 432 million equivalent euros as of December 31, 2022, for an average outstanding amount of 0.8 billion equivalent euros (total debt adjusted for interest rate hedging instruments and short-term securities) in slight increase compared to December 31, 2021 (0.7 billion equivalent euros).

An increase or decrease in interest rates by 100 basis points ($\pm 1\%$) on all yield curves would have an effect of approximately ± 8 million euros on the Group's annual cost of debt (accounted in financial charges) before tax, assuming outstanding floating debt remains constant.

Sensitivity to interest rate fluctuations on derivatives and their underlying hedged items

The table below shows the effect of a 1% fluctuation of interest rates in all foreign currencies on the interest rate derivatives portfolio in the Group's net profit and equity, as of December 31, 2022.

<i>(in millions of euros)</i>	Interest rate risk			
	+1.0%		-1.0%	
	P&L impact	Equity impact	P&L impact	Equity impact
Interest rate derivatives and their hedged underlying items	(0.3)	38.9	(0.2)	(39.1)



To protect the Group against the increase of variable rates applicable to short-term financing (commercial papers) and to other exposure to variable rates in 2023, the Group set up 6 firm hedges for 148 million euros and 200 million US dollar. They were completed by optional hedges for a total amount of 140 million euros and 200 million US dollar.

All hedging instruments used for interest rate or foreign exchange risk management purposes relate to identified risks and were set up to comply with the Group's financial policy. The effect on equity primarily stems from the fixed-rate hedging instruments contracted by the subsidiary Air Liquide Finance.

c) Counterparty risk

Counterparty risks for Air Liquide potentially include customers and bank counterparties.

The Group's subsidiaries serve a large number of customers (more than two million worldwide) located in extremely diverse markets: chemicals, steel, refining, food, pharmaceuticals, metals, automotive, manufacturing, healthcare, research laboratories, electronics, etc. In 2022, the Group's main customer represents around 2% of revenue, the Group's 10 main customers around 15% of sales, and the Group's 50 main customers around 35% of sales. The geographical risk is limited by the Group's sustainable coverage in 73 countries ⁽¹⁾ on all continents. This diversity reduces customer and market risk.

To better assess its exposure, the Group has implemented procedures to regularly monitor the financial situation of its major customers as well as a monthly reporting for the Group's 171 main transnational customers in order to monitor the related consolidated risk.

Moreover, customer risk assessment and in particular the quality of the customer's site is an important component of the investment decision process.

Bank counterparty risk relates to the outstanding amounts of deposits, current accounts, market values of derivatives and to the credit lines contracted with each bank. Pursuant to its financial policy, in the majority of cases, the Group requires a long-term

Standard & Poor's "A" credit rating or a Moody's "A2" rating from its counterparties to accept commitments on financial instruments. The Group's credit lines are also spread among several banks from various geographical areas to avoid the risk of concentration while complying with the same credit rating requirements. The Operational Finance Committee regularly reviews and approves the list of bank counterparties related to investments and the list of financial instruments. With regards to short-term investments, outstandings are subject to strict limits per counterparty and are monitored daily.

IFRS 13 Fair Value Measurement specifies that the valuation of currency, interest rate and commodity hedging instruments must take into account the counterparty credit risk attached to these transactions. Considering the aforementioned counterparty selection criteria, the effect on the periodic valuations, by applying the historical default probabilities method is immaterial.

d) Liquidity risk

It is Group financial policy to spread over time the maturity of long-term debt in order to avoid concentration of annual refinancing needs. Liquidity risk is also reduced by the stability of cash flows generated from operations as well as by having confirmed credit lines in place. The financial covenants attached to the current financing arrangements described in note 24.7 do not affect the Group's access to liquidity.

The carrying amount of short-term financing in the form of commercial paper amounted to 131 million euros as of December 31, 2022, a decrease by 113 million euros compared to the end of 2021. The average amount of commercial paper amounted to 756 million euros in 2022, compared to 516 million euros in 2021.

The Group policy requires that commercial paper in issue be backed by confirmed long-term credit lines. In 2022, this requirement was met, with an amount of confirmed credit lines of 3,600 million euros largely exceeding maximum outstanding commercial paper.

The table below presents the maturities of the bilateral and syndicated credit lines:

<i>(in millions of euros)</i>	2023	2024	2025	2026	2027	2028	Total
Bilateral lines and syndicated credit lines	—	500	2,500	400	200	—	3,600

When the Group makes short-term financial investments other than bank deposits, it systematically favors monetary instruments with a short-term maturity in order to limit the risk of non-liquidity or high volatility.

The following tables represent the future cash flows related to the main balance sheet items and to the derivative financial instruments recognized at the end of the last two periods. Interest flows are calculated in accordance with IFRS 7 and represent the

interest payable for each relevant period. Interest flows related to floating interest rate or foreign currency instruments were calculated using the closing interest and exchange rates as of December 31, 2021 and 2022. The flows related to debt repayment obligations differ from the amounts recognized in the Group's balance sheet due to the accounting treatment applied to borrowings and the exclusion of hedging instruments.

⁽¹⁾ Excluding Russia, where the entities are in the process of being divested. They are no more consolidated following the loss of control on September 1st, 2022.



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2022 (in millions of euros)	Book value as of December 31, 2022	Cash Flow < 1 year		Cash flow ≥ 1 year and ≤ 5 years		Cash Flow > 5 year	
		Interest	Capital refund	Interest	Capital refund	Interest	Capital refund
Derivative instruments							
Assets							
Fair value of derivatives (assets)	148.4	38.1	500.5	35.0	1,186.7	5.7	291.5
Liabilities							
Fair value of derivatives (liabilities)	(163.1)	(45.6)	(459.8)	(71.1)	(848.9)	(8.3)	(287.4)
SUB-TOTAL DERIVATIVE INSTRUMENTS		(7.5)	40.7	(36.1)	337.8	(2.6)	4.1
Assets							
Loans and other non-current receivables	299.9				299.9		
Trade receivables	3,034.8		3,034.8				
Cash and cash equivalents	1,911.4	2.5	1,908.9				
SUB-TOTAL ASSETS		2.5	4,943.7		299.9		
Liabilities							
Non-current borrowings	(10,168.8)	(192.6)		(550.5)	(4,995.9)	(647.0)	(5,086.3)
Other non-current liabilities	(317.8)				(317.8)		
Trade payables	(3,782.6)		(3,782.6)				
Current borrowings	(2,003.9)	(43.2)	(1,899.9)				
SUB-TOTAL LIABILITIES		(235.8)	(5,682.5)	(550.5)	(317.8)	(647.0)	(5,086.3)

2021 (in millions of euros)	Book value as of December 31, 2021	Cash Flow < 1 year		Cash flow ≥ 1 year and ≤ 5 years		Cash Flow > 5 year	
		Interest	Capital refund	Interest	Capital refund	Interest	Capital refund
Derivative instruments							
Assets							
Fair value of derivatives (assets)	137.3	22.5	525.5	42.0	841.9	9.3	265.7
Liabilities							
Fair value of derivatives (liabilities)	(106.5)	(41.3)	(505.8)	(74.2)	(802.7)	(12.3)	(267.5)
SUB-TOTAL DERIVATIVE INSTRUMENTS		(18.8)	19.7	(32.2)	39.2	(3.0)	(1.8)
Assets							
Loans and other non-current receivables	306.6				306.6		
Trade receivables	2,694.1		2,674.3		19.8		
Cash and cash equivalents	2,246.6	0.6	2,246.0				
SUB-TOTAL ASSETS		0.6	4,920.3		326.4		
Liabilities							
Non-current borrowings	(10,506.3)	(190.5)		(562.2)	(5,215.3)	(617.2)	(5,226.5)
Other non-current liabilities	(343.0)				(343.0)		
Trade payables	(3,333.2)		(3,290.4)		(42.8)		
Current borrowings	(2,188.6)	(21.0)	(2,083.4)				
SUB-TOTAL LIABILITIES		(211.5)	(5,373.8)	(562.2)	(343.1)	(617.2)	(5,226.5)

Cash and cash equivalents decreased at the end of 2022. The carrying amount of financial borrowings strongly decreased compared to 2021.



e) Hierarchy of financial instruments fair value

<i>(in millions of euros)</i>	2021	2022
Level 1	120.9	87.0
Non-consolidated shares (listed shares)	120.9	87.0
Level 2	30.8	311.5
Derivative instruments	30.8	311.5
Level 3	75.0	76.8
Put options granted to minority shareholders	75.0	76.8

f) Commodity risk (energy contracts)

A portion of Air Liquide's energy supplies, with limited volume commitments, is obtained through forward purchase contracts, at a fixed or indexed price.

IFRS 9 provides for the inclusion within its scope of forward purchases and sales of non-financial assets as soon as these transactions are deemed similar to derivative instruments.

However, IFRS 9 considers that forward contracts for non-financial assets should not be considered as derivatives when they have been entered into to meet the Company's "normal" business requirements, resulting in the delivery upon maturity of the underlying item for use in the Company's industrial process. As Air Liquide does not purchase electricity or natural gas for speculation or arbitrage on commodity price trends purposes, no forward contracts relating to energy meet the definition of a derivative instrument. The contracts enter into as part of the Company's normal business to be used in the industrial process and do not meet the definition of a derivative instrument.

Furthermore, in a global context of highly volatile electricity and natural gas market prices, Air Liquide continues to index long-term

customer contracts to hedge these risks. For natural gas and electricity prices, the opening of some markets led the Group, under these circumstances, to replace the regulated tariffs by local market indices.

Nonetheless, a few contracts remain for which price indexation alone cannot guarantee a total and effective hedge against the risk of energy prices fluctuations. These risks are therefore hedged by Air Liquide, particularly by Air Liquide Finance, using adequate commodity derivatives, which are mainly swaps with maturities of generally less than two years. For contracts for the supply of industrial gas produced from renewable energy, new risks to be taken into account (long-term commitment, fixed price, intermittency, management of environmental certificates, etc.) could lead the Group to make greater use of appropriate hedging instruments.

The fair value recognition of these derivative instruments had no material impact on Group equity or profits as of December 31, 2022.

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25.2. INFORMATION ON DERIVATIVE INSTRUMENTS

The Group policy consists in using financial derivatives only when hedging actual financial flows. As a result, the majority of derivative financial instruments used by the Group benefit from hedge accounting. Derivative instruments that do not benefit from hedge accounting are not used for speculative purposes.

Impact of the fair value recognition of derivative instruments on the balance sheet:

2022 (in millions of euros)	IFRS classification	Assets					Liabilities						
		Deferred tax assets	Trade receivables	Fair value of derivatives (assets)		Total	Net income recognized in equity	Profit for the period	Borrowings	Trade payables	Fair value of derivatives (liabilities)		
				Assets - non current	Assets - current						Assets - non current	Assets - current	TOTAL
Foreign exchange risk													
Forwards hedging future cash flows	CFH ^(a)	(0.1)		6.0	68.1	74.0	0.3				6.0	67.7	74.0
Currency forwards hedging transactions recorded in the accounts and Cross Currency Swaps													
	FVH ^(b)	0.9	3.0	32.6	39.0	75.5		(2.7)	34.6	6.6	23.3	13.7	75.5
Other derivatives ^(c)													
Interest rate risk													
Interest rate swaps	FVH ^(b)												
Swaps, options and Cross Currency Swaps													
	CFH ^(a) and NIH ^(d)	6.8		2.2	0.5	9.5	(19.4)				28.9	0.0	9.5
Commodity risk (Energy)													
Forwards hedging future cash flows	CFH ^(a)	6.9				6.9	(14.2)	(2.3)			(3.7)	27.1	6.9
TOTAL		14.5	3.0	40.8	107.6	165.9	(33.3)	(5.1)	34.6	6.6	54.5	108.6	165.9

(a) CFH: Cash Flow Hedge.

(b) FVH: Fair Value Hedge.

(c) Derivative instruments not benefiting from hedge accounting.

(d) NIH: Net Investment Hedge.

2021 (in millions of euros)	IFRS classification	Assets					Liabilities						
		Deferred tax assets	Trade receivables	Fair value of derivatives (assets)		TOTAL	Net income recognized in equity	Profit for the period	Borrowings	Trade payables	Fair value of derivatives (liabilities)		
				Assets - non current	Assets - current						Assets - non current	Assets - current	TOTAL
Foreign exchange risk													
Forwards hedging future cash flows	CFH ^(a)	(1.6)		3.1	36.7	38.2	3.6				4.9	29.7	38.2
Currency forwards hedging transactions recorded in the accounts and Cross Currency Swaps													
	FVH ^(b)	0.6	4.7	56.9	25.7	87.9		(1.5)	51.2	2.1	20.9	15.2	87.9
Other derivatives ^(c)													
Interest rate risk													
Interest rate swaps	FVH ^(b)							0.4					0.4
Swaps, options and Cross Currency Swaps													
	CFH ^(a) and NIH ^(d)	(1.5)		13.4	0.9	12.8	4.3				8.1	0.4	12.8
Commodity risk (Energy)													
Forwards hedging future cash flows	CFH ^(a)	8.1				8.1	(18.4)	(0.8)			5.1	22.2	8.1
TOTAL		5.4	4.7	73.4	63.9	147.4	(10.5)	(1.9)	51.2	2.1	39.0	67.5	147.4

(a) CFH: Cash Flow Hedge.

(b) FVH: Fair Value Hedge.

(c) Derivative instruments not benefiting from hedge accounting.

(d) NIH: Net Investment Hedge.



Note 26 Other liabilities (non-current/current)

26.1. OTHER NON-CURRENT LIABILITIES

<i>(in millions of euros)</i>	2021	2022
Investment grants	89.7	105.5
Advances and deposits received from customers	26.9	29.7
Other non-current liabilities	226.4	182.6
TOTAL OTHER NON-CURRENT LIABILITIES	343.0	317.8

26.2. OTHER CURRENT LIABILITIES

<i>(in millions of euros)</i>	2021	2022
Advances received	375.5	440.0
Deposits received from customers	88.5	81.4
Other payables	1,315.9	1,418.6
Accruals and deferred income	223.0	275.6
TOTAL OTHER CURRENT LIABILITIES	2,002.9	2,215.6

Amounts payable to customers under Engineering & Construction contracts and amounting to 151.3 million euros are included in other current liabilities as of December 31, 2022 (143.9 million euros in 2021).

Note 27 Trade payables

<i>(in millions of euros)</i>	2021	2022
Operating suppliers	2,934.5	3,325.3
Property, plant and equipment and intangible assets suppliers	398.7	457.3
TOTAL TRADE PAYABLES	3,333.2	3,782.6

A suppliers payment platform which aims at facilitating the payment process of suppliers trade payables has been set up in the United States in 2020. The Group has analyzed the main features of the contract according to the principles described in paragraph 6.d of the accounting principles and has concluded that the qualification of trade payables should not be challenged subject to the contract which does not constitute a reverse factoring contract.

Note 28 Related party disclosures

28.1. TRANSACTIONS WITH COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION

The Consolidated Financial Statements include the Financial Statements of L'Air Liquide S.A. and all the subsidiaries listed on pages 313 to 315. L'Air Liquide S.A. is the ultimate parent company.

related parties to the Group. Transactions performed between these individuals or these companies and Group subsidiaries are not material.

Due to the activities and legal organization of the Group, only executives, associates and joint ventures are considered to be

Information related to associates and joint ventures is disclosed in note 14.

28.2. REMUNERATION ALLOCATED TO MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT BODIES

The remuneration of Group executives includes the remuneration allocated to the Board of Directors and the Company's management bodies as compensation for their duties within the entire Group as employees and corporate officers for the respective fiscal years.

The Company's management bodies include all the members of Executive Management and the Executive Committee. The amounts expensed in this respect are as follows:

<i>(in thousands of euros)</i>	2021	2022
Short-term benefits	23,955	21,496
Post-employment benefits	2,135	2,151
Termination benefits		414
Share-based payments	9,959	10,376
TOTAL	36,049	34,437

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Short-term benefits

Short-term benefits include fixed remuneration, variable remuneration, benefits in kind and attendance fees. The entire variable remuneration portion due for any given year is paid the following year after the Financial Statements have been approved.

The remuneration policy for members of the executive team takes into account market practices. It includes a substantial variable portion depending on the achievement of earnings and individual performance objectives.

Post-employment benefits

Post-employment benefits include the contributions paid to external pension funds. Retirement commitments amounted to 5,063 thousand euros in 2022 and 34,811 thousand euros in 2021.

Share-based payments

Stock options and performance shares granted to Executive Management and to the Executive Committee have the following expiry dates and strike prices:

Year	Expiry date	Strike price ^(a) (in euros)	Number of rights 2021	Strike price ^(b) (in euros)	Number of rights 2022 ^(b)
2013 (September 26)	09/25/2023	74.06	90,687	67.15	85,084
2014 (September 22)	09/21/2024	77.67	194,646	70.42	102,349
2015 (September 28)	09/27/2025	84.08	125,965	76.23	59,362
2016 (November 29)	11/28/2026	76.47	68,210	69.33	5,561
2017 (September 20)	09/19/2027	85.52	28,092	77.54	1,075
2018 (September 25)	09/24/2028	97.02	26,127	87.97	902
2018 (September 25)			42,111		
2019 (September 30)			87,399		26,948
2020 (September 29)			75,090		62,417
2021 (September 29)			94,230		81,866
2022 (September 29)					98,140

(a) Adjusted for share capital increases by attributions of free shares (2019, 2017, 2014) and for the share capital increase in cash of October 11, 2016.

(b) 2022 data adjusted for the share capital increase by attribution of free shares in 2022.

The fair value of performance shares granted in 2022 is disclosed in note 21.

These amounts are expensed over the lock-in period of the option and performance shares. The amounts that will be recognized in future periods in respect of the granted stock options and performance shares totaled 18,690 thousand euros as of December 31, 2022 (20,515 thousand euros as of December 31, 2021).

The 2022 plan performance shares granted to corporate officers and Executive Committee members cannot be exercised unless certain performance conditions are achieved.

No stock options or performance shares were granted to other non-executive Directors under these plans.

Note 29 Commitments

Commitments are given in the normal course of the Group's business.

(in millions of euros)	2021	2022
Firm purchase orders for fixed assets	1,139.2	1,234.7
Other commitments related to operating activities	5,088.3	6,828.5
Commitments relating to operating activities	6,227.5	8,063.2
Commitments relating to financing operations and consolidation scope	220.3	315.4
TOTAL	6,447.8	8,378.6

Air Liquide owns a 13.7% stake in Exeltium S.A.S. amounting to 24.5 million euros.

On March 24, 2010, Exeltium and EDF entered into an industrial partnership agreement under which Exeltium can acquire rights to a portion of EDF's electronuclear production. In consideration, Exeltium and its shareholder clients signed long-term electricity supply contracts. The contract signed by Air Liquide has a 20-year term and can be suspended by Air Liquide after 10 years. This contract provides long-term visibility over the price of the electricity to be supplied. This project was approved by the European Commission.

The Group's energy purchase commitments amounted to 5,442.8 million euros as of December 31, 2022 (2,673.9 million euros as of December 31, 2021). In 2022, the Group has signed significant Power Purchase Agreements. The first one for 15 years duration with Vattenfall in the Netherlands amounting to 402 million euros, and two others with Enel Green Power in South Africa for 392 million euros. Those contracts will start in 2025 and are therefore not yet subject to mutual commitments received from clients in connection with long-term gas supply contracts.

Almost all of these commitments, except the ones mentioned above, are covered by mutual commitments received from clients in connection with long-term gas supply contracts. These commitments are not disclosed in the table above.

Commitments to purchases of molecules as part of take-or-pay contracts amounted to 4,934.1 million euros as of December 31, 2022 (4,158.5 as of December 31, 2021), and are reported in other commitments related to operating activities. These amounts include in particular Helium purchase commitments.

Confirmed credit lines are shown in note 25.

Commitments related to equity affiliates amounted to 368.0 million euros as of December 31, 2022.

Note 30 Contingent liabilities

To the best of the Group's knowledge, there is no exceptional event or litigation which has affected in the recent past or which is likely to materially affect its financial situation or profitability.

Note 31 Climate risks consideration

31.1. BUSINESS MODEL

Air Liquide supplies gas and energy solutions to customers in the metals, chemicals, refining and energy industries, which are essential for their own core businesses, to improve process efficiency and to make their plants more environmentally friendly.

Air Liquide's business model is based on the outsourcing of the industrial gas needs of its customers who often emit greenhouse gases themselves, in particular in the metals, chemicals and refining industries. This outsourcing is justified by Air Liquide's expertise which grants them access to state of the art technologies, optimized energy consumption of production tools, while ensuring the reliability of the supply in the long term. However, it leads to the transfer of a portion of the customer's greenhouse gas emissions to the Group.

Industrial gases are used in most industries today and they will be even more so during the energy transition because they are at the heart of industry decarbonization solutions. Demand will increasingly turn to low-carbon gases, in line with changing regulations.

For the Large Industries activity, which bears most of the assets described below, the supply of gas is contracted for 15 years or more. Such assets are depreciated over the term of the contract, which substantially reduces the risk of impairment. Within these contracts, the Group guarantees long-term service continuity and a high level of reliability with respect to the gas supply via a high-performing industrial solution. In return, long-term gas supply contracts include guaranteed minimum volumes through take-or-pay clauses, as well as the indexation to variable costs (mainly electricity and natural gas), including any CO₂ cost (for example ETS schema in Europe), and inflation.

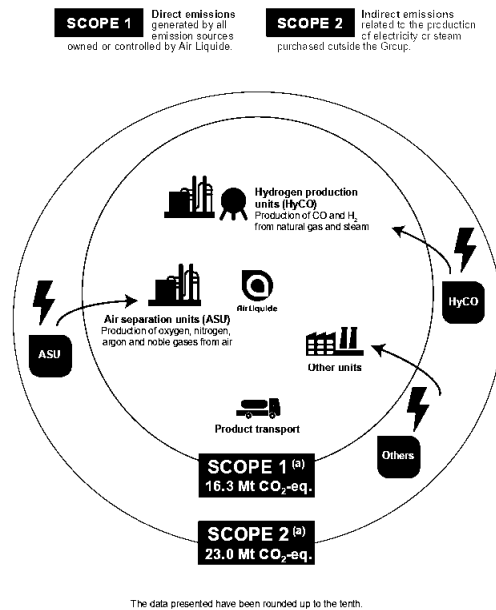
31.2. GROUP'S ASSETS AND CO₂ EMISSIONS

The main Group assets that impact the CO₂ balance are:

- 424 large Air Separation Units (ASU), oxygen and nitrogen in particular, which do not use any combustion processes and consume almost exclusively electrical energy, and therefore do not generate any CO₂ emissions. However, electricity used by the Group to power these units generate CO₂ emissions at electricity suppliers; such emissions are classified as indirect emissions (scope 2). The CO₂ emissions reductions can be in this case done mostly through renewable electricity purchases;

- 62 large hydrogen production units (SMR), which use combustion processes emitting CO₂ based on natural gas consumption; such emissions are classified as direct emissions (scope 1). The reduction of CO₂ emissions is done by using Group's proprietary technology of carbon capture and storage (CCS).

Air Liquide carries out a complete inventory of its greenhouse gas emissions, which are reported according to the different categories recommended by recognized standards such as the GreenHouse Gas (GHG) Protocol. The following schema represents the CO₂ emissions of the Group:



The data presented have been rounded up to the tenth.

(a) Emissions are reported in million tonnes of CO₂-equivalent using "market-based" methodology

Thus, in 2022, the Group's direct reported emissions (scope 1) and indirect reported emissions (scope 2) amount respectively to 16.3 million tonnes and 23 million tonnes in CO₂-equivalent.

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31.3. GROUP'S CLIMATE OBJECTIVES

Air Liquide acknowledges the importance and urgency of climate issues. The Group intends to play an active role in achieving the targets set out in the Paris Agreement, which defines a global framework to avoid dangerous climate change by limiting global warming to well below 2°C compared with the pre-industrial level, and by continuing efforts to limit it to 1.5°C.

In this regard, the Group has committed to achieve carbon neutrality by 2050. Two major intermediate milestones support this long-term objective:

- the start of reduction of absolute CO₂ emissions around 2025;
- followed by a -33% reduction in scope 1 and scope 2 emissions in 2035 compared with a 2020 baseline ⁽¹⁾.

Moreover, the Group has maintained the objective set in 2018 to reduce its carbon intensity by -30% by 2025 compared with 2015 ⁽²⁾.

31.4. TRANSITION RISK – GREENHOUSE GAS EMISSIONS

The main climate risk identified by the Group at the 2022 closing period relates to greenhouse gas emissions.

The climate transition risk (greenhouse gas emissions) is closely linked to the access to renewable electricity sources and implementation by public authorities of greenhouse gas emission reduction policies such as, for example, the introduction of a carbon price or more stringent product regulations, that may impact:

- either the Group's plants (direct impact on the operational scope), resulting in increased production costs, which by contract would be transferred to the customers, and the need for new investments;
- or those of its suppliers, resulting in suppliers price increases;
- or customers (indirect impact on the value chain), impacting for instance their market, processes and industrial gases needs.

The following governance and actions have been implemented to limit the risk on the Group's assets:

- For all its projects, for all geographies, even those without a current price for CO₂, Air Liquide includes in its investment decision process a carbon price of 50 euros per tonne, the local current price and a high value of 100 euros or more per tonne, chosen in function of the geography and context. The Group makes sure that with the price the project is still viable for the customer. As a reminder, any CO₂ cost is contractually passed through to the customer, significantly reducing any impairment risk on the related asset.
- In cases where the public carbon price exceeds a certain cap, contracts with some customers contemplate additional investment to decarbonize the facility (for example by using carbon capture and storage solutions - CCS) and the corresponding additional revenue for the Group.

- The Group's electricity procurement initiatives have been reinforced, in particular the procurement of renewable electricity, in order to reduce the scope 2 emissions figures.
- The trajectory of the climate objectives is centrally managed via a carbon budget allocated to the regions which is revisited every year, in line with intermediary objectives. This trajectory is monitored by the Environment and Society Committee of the Board of Directors, which also meets once a year, in joint sessions with the Audit and Accounts Committee. During this joint session, the two Committees may review the trajectory of climate objectives. The implementation of these climate objectives is part of the criteria for the Long Term Incentive plans for the CEO and for more than 2000 beneficiaries.

Air Liquide's actions to limit transition risk impacts include:

Scope 2 reduction:

- Related to the 424 large air gas production units or ASUs, (scope 2 emissions) mainly by using renewable electricity: the deployment of the Group's actions in the 10 countries with the greatest potential will significantly reduce scope 2 emissions. Since 2018, Air Liquide has already signed 13 renewable energy supply contracts for an estimated annual quantity of 1.724 GWh/y (in a full year after start-up of renewable production units). As the ASUs are almost all electrified, they do not require any specific investment for the transition, because emission reduction will be managed through renewable energy purchase.
- **Energy costs, including renewable energy costs do not represent any financial risk** as they are 100% passed-through to the customer according to the terms of the 15 years or more contracts.

Scope 1 reduction:

- Related to the 62 large hydrogen production units or SMRs, (scope 1 emissions), by capturing CO₂. Air Liquide masters a complete portfolio of proprietary technologies for capturing CO₂. Thus, advanced Cryocap™ CO₂ capture technology equipment has been in industrial operation since 2015 on a hydrogen production unit in France. The Group was recently selected for financing via European subventions for two carbon capture projects on SMRs. Thus, the decarbonization of the Group's 10 largest SMRs will reduce scope 1 emissions by more than 40%. **No dismantling of existing SMRs before the end of the contract is necessary to achieve the Group's climate objectives.**
- The innovation capacity and technological know-how of Air Liquide's teams enable the Group to offer cleaner and more sustainable solutions to reduce its own emissions and those of its industrial customers. The Group focuses on technologies for climate solutions and energy transition. In 2022, Air Liquide had more than 350 patent families on hydrogen. The Group's Innovation expenses amounted to 308 million euros in 2022, including more than 100 million dedicated to climate solutions.

⁽¹⁾ In tonnes of CO₂-equivalent for Scopes 1 and 2, in a "market-based" methodology, restated, from 2020 and each subsequent year, to include the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope having a significant impact on CO₂ emissions.

⁽²⁾ In kg CO₂-equivalent/euro of current operating income before depreciation and amortization and excluding IFRS 16 at 2015 exchange rates on Scopes 1 and 2 of greenhouse gas emissions in a "market-based" methodology.



- The demand for low-carbon industrial gas at a higher price is growing and makes it possible **to remunerate the investment necessary for the decarbonization of Air Liquide's assets**, in particular for the production of hydrogen, as well as any additional costs linked to the supply of renewable electricity. In addition, financing programs in the form of subsidies or tax credits are also implemented in Europe and more recently in the United States in order to support, during a transition period, the decarbonization of existing industrial assets and new units of production. **Therefore, there is no indication of impairment for the related assets.**
- **Costs related to CO₂ emissions (ex ETS scheme in Europe) are 100% passed-through to the customer** according to the terms of the 15 years or more contracts. The Group also applies this business model to the supply of low carbon industrial gas, therefore **Air Liquide does not bear the risk associated with energy and CO₂ costs.**

The potential impacts of transition risk have been analyzed in the context of the 2022 Group's Financial Statements closing, based on the above mentioned facts and assumptions. **No significant impact has been identified, either on the useful life or on the value of the assets, on the client portfolio or on the cash flows generated by existing activities or on provisions for risks and charges.**

31.5. PHYSICAL RISKS

Air Liquide operates in certain regions of the world exposed to changes (in amplitude or frequency) in exceptional meteorological phenomena due to climate change. These phenomena can slow down or interrupt the Group's operations or make them more expensive. Its suppliers and customers are also confronted with this same issue.

These can be broken down into:

- acute risks triggered by events such as natural disasters, the frequency and severity of which are increasing: storms, hurricanes, flooding, etc. These risks may relate to Air Liquide sites located near the coast for example, or in regions affected by hurricanes (the US Gulf Coast, South Asia, etc.);

- chronic risks related to more long-term changes in climate models and rising temperatures: rising sea levels, chronic heat waves in certain regions, changes in rainfall patterns and an increase in their variability, the disappearance of certain resources, etc.

Air Liquide's actions to limit physical impacts include:

- Physical risks (water availability, frequency of extreme events, etc.) are appraised during the review of investment requests, in the same way as financial criteria, to ensure that the associated risk management measures are adapted, for example in the design of equipment.
- Group operations which are regularly exposed to the acute risks described above have risk management systems in place aimed at adopting suitable preventive operational measures, and at managing these crises by, first and foremost, protecting individuals and the production facilities in close cooperation with customers. These systems are regularly updated and improved.
- Chronic risks are taken into account, in particular in the design of production units, in the same way and to the same extent as their energy efficiency and carbon footprint.
- Losses caused by natural disasters are covered by the Group property and business interruption program.
- The potential impacts on the 2022 Group's Financial Statements of the physical risks has been studied. No significant impact has been identified, either on the useful life or on the value of the assets, on the client portfolio or on the cash flows generated by existing activities or on provisions for risks and charges.

To be noted for both transition risks and physical risks, there is no impact on the dismantling provision, as this is an obligation already presented and provisioned from the date of the Large Industries contract signature.



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Note 32 Post-balance sheet events

There are no significant post-balance sheet events

Foreign exchange rates and main consolidated companies

FOREIGN EXCHANGE RATES

Main foreign exchange rates used

Average rates

Euros for 1 currency	2021	2022
USD	0.85	0.95
CNY	0.13	0.14
CAD	0.67	0.73
Yen (1,000)	7.70	7.26

Closing rates

Euros for 1 currency	2021	2022
USD	0.88	0.94
CNY	0.14	0.14
CAD	0.69	0.69
Yen (1,000)	7.67	7.11



MAIN CONSOLIDATED COMPANIES

Companies marked with JO are consolidated by joint operation and those marked with E by the equity method. Other companies are fully consolidated.

The total Group interest is given after the name of each company.

Main consolidated companies	Country	Integration	% interest
GAS AND SERVICES			
EUROPE			
Air Liquide Austria GmbH	AUT		100.00%
L'Air Liquide Belge S.A.	BEL		100.00%
Air Liquide Industries Belgium S.A.	BEL		100.00%
Air Liquide Large Industry S.A.	BEL		100.00%
Air Liquide Medical S.A.	BEL		100.00%
Air Liquide Bulgaria EOOD	BGR		100.00%
Carbagas S.A.	CHE		100.00%
Air Liquide Deutschland GmbH	DEU		100.00%
Air Liquide Electronics GmbH	DEU		100.00%
Air Liquide Industriegase GmbH & Co. KG	DEU		100.00%
Energieversorgungscener Dresden-Wilschdorf GmbH & Co. KG ^(*)	DEU		40.00%
VitalAire GmbH	DEU		100.00%
Zweite Energieversorgungscener Dresden-Wilschdorf GmbH & Co. KG	DEU		50.00%
Häusliche Intensiv Pflege Althoff GmbH	DEU		100.00%
Air Liquide Danmark A/S	DNK		100.00%
Air Liquide España S.A.	ESP		99.90%
Air Liquide Ibérica de Gases S.L.U.	ESP		100.00%
Air Liquide Healthcare España, S.L.U.	ESP		100.00%
Air Liquide Finland Oy.	FIN		100.00%
Air Liquide Eastern Europe S.A.	FRA		100.00%
Air Liquide France Industrie S.A.	FRA		100.00%
Air Liquide Medical Systems S.A.	FRA		100.00%
Air Liquide Réunion S.A.	FRA		97.35%
Air Liquide Santé (International) S.A.	FRA		100.00%
Air Liquide Santé France S.A.	FRA		100.00%
Air Liquide Spatial Guyane S.A.	FRA		98.79%
Air Liquide Ukraine S.A.	FRA		100.00%
Extraction Purification Innovation France	FRA		100.00%
LVL Médical Groupe S.A.	FRA		100.00%
Pharma Dom S.A.	FRA		100.00%
Société d'Exploitation de Produits pour les Industries Chimiques S.A.	FRA		99.98%
Air Liquide Antilles Guyane	FRA		96.76%
VitalAire S.A.	FRA		100.00%

Main consolidated companies	Country	Integration	% interest
Air Liquide Ltd	GBR		100.00%
Air Liquide (Homecare) Ltd	GBR		100.00%
Air Liquide UK Ltd	GBR		100.00%
Energas Ltd	GBR		100.00%
SPL Services Limited	GBR		98.02%
Air Liquide Italia S.p.A.	ITA		99.77%
Air Liquide Italia Service S.r.l	ITA		99.77%
Air Liquide Sanità Service S.p.A.	ITA		99.77%
Air Liquide Italia Produzione S.r.l	ITA		99.77%
Medicasa Italia S.p.A.	ITA		99.77%
VitalAire Italia S.p.A.	ITA		99.77%
Supra S.R.L	ITA		51.00%
Air Liquide Healthcare Ireland Limited	IRL		100.00%
Air Liquide Munay Tech Gases	KAZ		75.00%
L'Air Liquide Luxembourg S.A.	LUX		100.00%
Air Liquide Acetylene B.V.	NLD		100.00%
Air Liquide B.V.	NLD		100.00%
Air Liquide Industrie B.V.	NLD		100.00%
Air Liquide Nederland B.V.	NLD		100.00%
Scott Specialty Gases Netherlands B.V.	NLD		100.00%
Hatek Lastechnik NH B.V.	NLD		100.00%
Handelsonderneming Hatek B.V.	NLD		100.00%
Air Liquide Norway A.S.	NOR		100.00%
BetaMed S.A.	POL		80.00%
Air Liquide Katowice Sp.z.o.o.	POL		79.25%
Air Liquide Polska Sp.z.o.o.	POL		100.00%
Air Liquide Medicinal S.A.	PRT		99.85%
Sociedade Portuguesa do Ar Liquido Lda	PRT		99.93%
Air Liquide Romania S.r.l	ROM		100.00%
Air Liquide Gas A.B.	SWE		100.00%
NordicInfu Care A.B	SWE		100.00%
Air Liquide Gaz San. Ve Tic. A.S.	TUR		100.00%



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Main consolidated companies	Country	Integration	% interest	Main consolidated companies	Country	Integration	% interest
AMERICAS				Air Liquide Middle East S.A.	FRA		100.00%
Air Liquide Argentina S.A.	ARG		100.00%	Air Liquide Gabon S.A.	GAB		99.04%
Air Liquide Brasil Ltda	BRA		100.00%	Air Liquide Ghana Ltd	GHA		100.00%
Air Liquide Canada, Inc.	CAN		100.00%	Air Liquide India Holding Pvt. Ltd	IND		100.00%
Vitalaire Canada, Inc.	CAN		100.00%	Shuaiba Oxygen Company K.S.C.C. ^(a)	KWT		49.81%
Respiratory Homecare Solutions Canada Inc.	CAN		100.00%	Air Liquide Maroc S.A.	MAR		98.02%
Air Liquide Chile S.A.	CHL		100.00%	Air Liquide Madagascar S.A.	MDG		73.74%
Air Liquide Colombia S.A.S	COL		100.00%	Air Liquide Mali S.A.	MLI		99.97%
Air Liquide Dominicana S.A.S	DOM		100.00%	Air Liquide Namibia Proprietary Ltd	NAM		100.00%
Air Liquide Mexico, S. de RL de CV	MEX		100.00%	Air Liquide Nigeria Plc	NGA		87.31%
La Oxigena Paraguaya S.A.	PRY		87.96%	Air Liquide Sohar Industrial Gases LLC	OMN		50.10%
Air Liquide Trinidad and Tobago Ltd	TTO		100.00%	Gasal Q.S.C.	QAT	E	40.00%
Air Liquide Uruguay S.A.	URY		96.68%	Vitalaire Arabia LLC.	SAU		60.00%
Airgas USA, LLC	USA		100.00%	Air Liquide Arabia LLC	SAU		65.00%
Airgas Specialty Products	USA		100.00%	Air Liquide Sénégal S.A.	SEN		83.60%
Red-D-Arc, Inc.	USA		100.00%	Air Liquide Togo S.A.	TGO	MEQ	70.57%
Airgas Safety, Inc.	USA		100.00%	Air Liquide Tunisie S.A.	TUN		59.17%
Air Liquide Electronics U.S. LP	USA		100.00%	Air Liquide Large Industries (Pty) Ltd	ZAF		100.00%
Air Liquide Large Industries U.S. LP	USA		100.00%	Air Liquide Large Industries South Africa (Pty) Ltd	ZAF		100.00%
Air Liquide Advanced Materials, Inc.	USA		100.00%	Air Liquide Proprietary Ltd	ZAF		99.93%
MIDDLE-EAST AND AFRICA				ASIE-PACIFIQUE			
Air Liquide Afrique S.A.	FRA		100.00%	ASIA PACIFIC			
Air Liquide Middle East & North Africa FZCO	ARE		100.00%	Air Liquide Healthcare P/L	AUS		100.00%
Air Liquide Gulf FZE	ARE		100.00%	Air Liquide W.A. Pty Ltd	AUS		100.00%
Air Liquide Bénin S.A.	BEN	E	99.99%	Brunei Oxygen SDN	BHD		50.00%
Air Liquide Burkina Faso S.A.	BFA		64.87%	Air Liquide Cangzhou Co., Ltd	CHN		100.00%
Air Liquide Botswana Proprietary Ltd	BWA		99.93%	Air Liquide China Holding Co., Ltd	CHN		100.00%
Air Liquide Côte d'Ivoire S.A.	CIV		72.08%	Air Liquide Shanghai Co., Ltd	CHN		100.00%
Air Liquide Cameroun S.A.	CMR		100.00%	Air Liquide Shanghai International Trading Co. Ltd	CHN		100.00%
Air Liquide Congo S.A.	COG		100.00%	Air Liquide Tianjin Co., Ltd	CHN		100.00%
Société d'Installations et de Diffusion de Matériel Technique S.P.A.	DZA	E	100.00%	Air Liquide Yongli Tianjin Co., Ltd	CHN		55.00%
Air Liquide Alexandria for Medical & Industrial Gases S.A.E.	EGY		99.99%	Air Liquide Zhangjiagang Industrial Gases Co., Ltd	CHN		100.00%
Air Liquide El Soukhna for Industrial Gases S.A.E.	EGY		99.93%	Shanghai Chemical Industry Park Industrial Gases Co., Ltd	CHN		51.00%
Air Liquide Misr S.A.E.	EGY		100.00%	Société d'Oxygène et d'Acétylène d'Extrême-Orient S.A.	FRA		100.00%

(a) Consolidation method differs from percentage of shares due to a contractual agreement.



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Main consolidated companies	Country	Integration	% interest
Celki International Ltd	HKG		100.00%
P.T. Air Liquide Indonesia	IDN		100.00%
Air Liquide Japan Ltd	JPN		100.00%
Toshiba Nano Analysis K.K.	JPN		51.00%
Sohgo Industry Co., Ltd	JPN		90.23%
Vital Air Japan K.K.	JPN		100.00%
Air Liquide Korea Co., Ltd	KOR		100.00%
VitalAire Korea Inc.	KOR		100.00%
Southern Industrial Gas Sdn Bhd	MYS		100.00%
Air Liquide Malaysia Sdn Bhd	MYS		100.00%
Air Liquide New Zealand Ltd	NZL		100.00%
Air Liquide Phils Inc.	PHL		100.00%
Air Liquide Singapore Pte Ltd	SGP		100.00%
Air Liquide Thailand Ltd	THA		100.00%
Air Liquide Electronics Systems Asia Ltd	TWN		100.00%
Air Liquide Far Eastern Ltd	TWN		65.00%
Air Liquide Vietnam Co., Ltd	VNM		100.00%
ENGINEERING & CONSTRUCTION			
Air Liquide Global E&C Solutions Canada LP	CAN		100.00%
Air Liquide Hangzhou Co., Ltd	CHN		100.00%
Air Liquide Global E&C Solutions (Yantai) Co., Ltd.	CHN		100.00%
Air Liquide Global E&C Solutions Germany GmbH	DEU		100.00%
Air Liquide Global E&C Solutions France S.A.	FRA		100.00%
Air Liquide Global E&C Solutions Japan K.K.	JPN		100.00%
JJ-Lurgi Engineering Sdn. Bhd.	MYS	E	50.00%
Air Liquide Global E&C Solutions Singapore Pte. Ltd	SGP		100.00%
Air Liquide Global E&C Solutions US, Inc.	USA		100.00%

Main consolidated companies	Country	Integration	% interest
GLOBAL MARKETS & TECHNOLOGIES			
Air Liquide Advanced Technologies US LLC	USA		100.00%
Alizent France S.A.	FRA		100.00%
Air Liquide Advanced Technologies S.A.	FRA		100.00%
Cryolor S.A.	FRA		100.00%
GIE Cryospace	FRA		55.00%
Air Liquide Electronics Systems S.A.	FRA		100.00%
FordonsGas Sverige AB	FRA		100.00%
Air Liquide Maritime SAS	FRA		100.00%
The Hydrogen Company	FRA		100.00%
Oilfield Hire and Services	GBR		100.00%
HOLDING COMPANIES AND R&D ACTIVITIES			
Air Liquide Finance S.A.	FRA		100.00%
Air Liquide International S.A.	FRA		100.00%
Air Liquide Participations S.A.	FRA		100.00%
L'Air Liquide S.A.	FRA		100.00%
Orsay-Re S.A.	LUX		100.00%
Air Liquide International Corp.	USA		100.00%
American Air Liquide, Inc.	USA		100.00%
American Air Liquide Holdings, Inc	USA		100.00%

The extended list of consolidated companies is available on:

<https://www.airliquide.com/consolidation-scope-2022>



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Statutory auditors' offices and fees

STATUTORY AUDITORS' OFFICES

KPMG S.A.

Principal Statutory Auditor

KPMG S.A. is represented by
Valérie Besson and Laurent Genin
Tour Echo - 2, avenue Gambetta - CS60055
92066 Paris-La Défense

PricewaterhouseCoopers Audit

Principal Statutory Auditor

PricewaterhouseCoopers Audit is represented by
Olivier Lotz and Cédric Le Gal
63, rue de Villiers
92200 Neuilly-sur-Seine



STATUTORY AUDITORS' FEES

<i>(in thousands of euros)</i>	2022							
	KPMG S.A.		PricewaterhouseCoopers Audit		Others		Total	
Audit, certification, review of individual and consolidated financial statements	5,260	80.7%	7,017	87.5%	566	61.8%	12,843	83.1%
■ Issuer	627		764		—		1,391	
■ Fully consolidated subsidiaries	4,633		6,253		566		11,452	
<i>of which Airgas</i>	—		1,767		10		1,777	
Services required by law	30	0.5%	67	0.8%	11	1.2%	108	0.7%
Total of certification missions and services required by law	5,290	81.2%	7,084	88.3%	577	63.0%	12,951	83.8%
Services related to Corporate Social Responsibility (CSR)	—	—	142	1.8%	—	—	142	0.9%
Due-diligence services (sell-side and buy-side)	38	0.6%	247	3.1%	2	0.2%	287	1.9%
Other services	1,189	18.2%	551	6.9%	337	36.8%	2,077	13.4%
Total of non-audit services	1,227	18.8%	940	11.7%	339	37.0%	2,506	16.2%
TOTAL	6,517	100%	8,024	100%	916	100%	15,457	100%

<i>(in thousands of euros)</i>	2021							
	ERNST & YOUNG and others		PricewaterhouseCoopers Audit		Others		Total	
Audit, certification, review of individual and consolidated financial statements	5,232	91.5%	6,817	93.7%	652	63.1%	12,701	90.6%
■ Issuer	632		658		—		1,290	
■ Fully consolidated subsidiaries	4,600		6,159		652		11,411	
<i>of which Airgas</i>	11		1,410		63		1,484	
Services required by law	54	0.9%	78	1.1%	3	0.3%	135	1.0%
Total of certification missions and services required by law	5,286	92.4%	6,895	94.8%	655	63.3%	12,836	91.5%
Services related to Corporate Social Responsibility (CSR)	—	—	139	1.9%	—	—	139	1.0%
Due-diligence services (sell-side and buy-side)	—	—	—	—	48	4.6%	48	0.3%
Other services	432	7.6%	240	3.3%	331	32.0%	1,003	7.2%
Total of non-audit services	432	7.6%	379	5.2%	379	36.7%	1,190	8.5%
TOTAL	5,718	100%	7,274	100%	1,034	100%	14,026	100%

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Statutory Auditors' Report on the Consolidated Financial Statements

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the Management Report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of L'Air Liquide,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of L'Air Liquide ("the Group") for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Accounts Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors, for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Large Industries activity: qualification of the contracts and related revenue recognition method

Risk identified

The gas supply of the Large Industries activity is based on long term contracts with a limited number of customers and requires significant industrial investments.

As described in note "3.a. Revenue recognition – Gas & Services" of the accounting principles section of the consolidated financial statements, these investments are usually made to share production capacity with the other business lines of the Group, particularly the Industrial Merchant business or to serve customers connected to pipelines in an industrial region. In such cases, Group management considers that those assets are not identified as defined in the standard IFRS 16 "Leases".

When assets used for the long term supply agreements are dedicated to a customer, the Group considers that it retains the right to direct the use of these assets as defined in the standard IFRS 16. Accordingly, gas supply agreements linked to those assets are not considered as leases. These industrial investments continue to be controlled by the Group and are recorded as property, plant and equipment, the full amounts received for the contracts being, otherwise, recognized as revenue.

Customers of the Large Industries business simultaneously receive and consume the benefits granted by the gas supply service or its availability. As a result, the revenue recognition related to these contracts occurs when the gas is supplied or when the reserved capacity is made available.

As described in note 31 "Climate risk consideration" to the consolidated financial statements, long term gas supply contracts include guaranteed minimum volumes through take-or-pay clauses, as well as the indexation to variable costs (mainly electricity and natural gas), including any CO₂ cost, and inflation.

Due to the complexity of those contracts and the impact on the Group's consolidated financial statements of the judgments made when the contract is signed or in case of subsequent significant modifications, and of the execution of contractual clauses such as indexation

clauses to variable costs, we have considered the qualification of Large Industries long term contracts and related revenue recognition criteria as a key audit matter.

Our response

Our procedures consisted notably in:

- understanding the criteria to qualify the Large Industries long term contracts applied by the Group, considering in particular the specific nature of the underlying assets;
- understanding internal control procedures implemented by the Group to confirm the compliance of the accounting treatment applied to these contracts with IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases";
- verifying the compliance of the accounting treatment applied to Large Industries long term contracts with IFRS 15 and IFRS 16;
- assessing the application of existing contractual indexation clauses, through an understanding of the Revenue process, including relevant controls, and performing substantive testing on a sample of revenue transactions;
- assessing the appropriateness of the disclosure included in note "3.a. Revenue recognition – Gas Services" of the accounting principles section of the notes to the consolidated financial statements.

Large Industries activity: useful lives of production units and measurement of their recoverable amount

Risk identified

As at December 31, 2022, the net book value of property, plant and equipment amounts to 23, 647 million euros, or 47,8% of the Group total assets, that include the significant industrial investments to execute the customer agreements of the Large Industries activity. As disclosed in note "5.e. Property, plant and equipment" of the accounting principles section of the consolidated financial statements, Large Industries production units are depreciated on a straight-line basis over their estimated useful life, usually 15 to 20 years. The estimated useful lives are reassessed on a regular basis and the resulting change in estimates, if any, are recorded on a prospective basis.

In addition, the Group can be exposed to certain risks specific to industrial investments. Expected returns on investment and their recoverable value can, for example, be adversely impacted by events such as the economic context, overruns and construction delays, start-up conditions, technology changes, geographical location, counterparty risk or the need for new investments in order to meet an increasing demand for low-carbon industrial gases. New investments may also be required to meet the Group objectives and commitments to achieve carbon neutrality.

As disclosed in note "5.f. Impairment of assets" of the accounting principles section of the consolidated financial statements, Group management determines on a regular basis whether asset impairment indicators exist. If a triggering event is identified, an impairment test is performed to confirm whether the net book value of the asset exceeds its recoverable value. These principles lead the Group to test production assets (either individually or within the cash generating unit to which they are attached), in particular in case of significant start-up delays, project termination, significant decrease in expected business volumes, early termination or non-renewal of related customer contracts, obsolescence of assets in the context of the energy transition.

The measurement of the recoverable value of the equipment relies on significant estimates relating to the Group's capacity to generate future cash-flows, re-use certain equipment for other internal or external customers, to sell the assets, or to obtain indemnification, notably from customers, or subsidies

Due to the significant value of each production asset and the cumulative value of these assets, the key assumptions used to assess their useful life, their re-use or the compensation to be received, we have considered the useful life and measurement of the recoverable value of Large Industries production assets as a key audit matter.

Our response

Our procedures consisted notably in:

- understanding the procedures performed by the Group to assess and update the depreciation period of the equipment;
- assessing the consistency of their useful lives with contractual terms and available internal technical studies;
- analyzing the Group's process to identify impairment indicators;
- understanding the work carried out by the Group to determine the recoverable values of the plants, including key assumptions and estimates used to determine the future cash flows;
- assessing the accounting translation of impairment losses resulting from the determination of recoverable values;
- assessing, with the assistance of our experts in climate change and energy transition, the impact of climate change and energy transition on the financial statements, in order to corroborate the Group's assessment that its climate strategy has not resulted in any material impact, neither on the useful life nor on the recoverable value of Large Industries production assets;
- assessing the absence of obvious inconsistencies between the consolidated financial statements and the Group's other publications addressing the issues related to climate change (Management report, the Universal Registration Document);
- verifying the appropriateness of the disclosure included in note "5.e. Property, plant and equipment" and note "5.f. Impairment of assets" of the accounting principles section of the consolidated financial statements and note 31 "Climate risk consideration" to the consolidated financial statements.

Impairment test of goodwill

Risk identified

In connection with its external growth strategy, the Group monitors the related goodwill at the level of group of cash generating units. For the Gas & Services activity, goodwill are mostly allocated on a geographical basis. For the world business units Engineering & Construction and Global Markets & Technologies, goodwill is monitored at the business unit level. As at December 31, 2022, goodwill amounts to a net book value of 14,587 million euros (29,5% of the Group total assets).



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The Group performs annually, an impairment test, by reference to market values. Insofar as the fair value is not significantly greater than the net carrying amount of the cash-generating unit or group of cash-generating units, the Group confirms the recoverable amount of the cash-generating unit or group of cash-generating units using the estimated cash flow approach (value in use) as described in note "5.f. Impairment of assets" of the accounting principles section of the consolidated financial statements.

The determination of fair value and recoverable value, and the sensitivity to the fluctuation of market multiples and key data and assumptions used, require significant judgement and management estimates, in particular in the context of climate change and energy transition. We have therefore considered the impairment test of goodwill as a key audit matter.

Our response

Our procedures consisted notably in:

- understanding and assessing the principles used to determine the groups of cash generating units;
- analyzing, with the assistance of our valuation experts, principles and methods used to determine the market value and their measurement based on multiples of market capitalization;
- corroborate, on the basis of external data:
 - the results of the Group's impairment tests as of December 31, 2022, and
 - the consideration of both climate risk and challenges and opportunities relating to the energy transition;
- assessing the sensitivity of the result of the impairment tests performed by the Group as at December 31, 2022;
- assessing the appropriateness of the information included in note "10. Goodwill" to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the Group's Management report.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce) is included in the Group's information given in the Management report, being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and the information has to be subject to a report by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of the presentation of the Consolidated Financial Statements included in the Annual Financial Report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer (Directeur Général), complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of L'Air Liquide by the Annual General Meeting held on May 12, 2016 for PricewaterhouseCoopers Audit and on May 4, 2022 for KPMG S.A.

As at December 31, 2022, PricewaterhouseCoopers Audit was in its seventh year of uninterrupted engagement and KPMG S.A. in its first year.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 unless it is expected to liquidate the Company or to cease operations.

The Audit and Accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors



STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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 these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- obtains 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 internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and Accounts Committee

We submit a report to the Audit and Accounts Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Accounts Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Accounts Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit and Accounts Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, March 1st, 2023

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit
Olivier Lotz

Cédric Le Gal

KPMG S.A
Valérie Besson

Laurent Genin



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Statutory accounts on the parent company

STATUTORY ACCOUNTS ON THE PARENT COMPANY

Income statement

For the year ended December 31

<i>(in millions of euros)</i>	Notes	2021	2022
Revenue	(2)	96.7	97.5
Royalties and other operating income	(3)	650.8	892.1
Total operating income (I)		747.5	989.6
Purchases		(58.3)	(37.4)
Duties and taxes other than corporate income tax		(22.7)	(19.5)
Personnel expenses		(246.3)	(253.7)
Depreciation, amortization and provision expenses	(5)	(23.6)	(37.9)
Other operating expenses	(4)	(287.1)	(319.5)
Total operating expenses (II)		(638.0)	(668.0)
Net operating profit (loss) (I + II)		109.5	321.6
Financial income from equity affiliates	(6)	795.3	414.1
Interests, similar income and expenses	(6)	3.0	47.2
Other financial income and expenses	(6)	(30.8)	24.6
Financial income and expenses (III)		767.5	485.9
Net profit / (loss) from ordinary activities before tax (I + II + III)		877.0	807.5
Exceptional income and expenses	(7)	93.1	151.0
Statutory employee profit-sharing		(3.2)	(3.9)
Corporate income tax	(8)	(16.0)	(29.9)
NET PROFIT FOR THE YEAR		950.9	924.7



Balance sheet

For the year ended December 31

(in millions of euros)	December 31, 2021		December 31, 2022		
	Notes	Net	Gross carrying amounts	Amortization, depreciation and provisions	Net
ASSETS					
Intangible assets	(9) & (11)	34.1	306.8	(275.5)	31.3
Tangible assets	(9) & (11)	89.7	171.2	(90.5)	80.7
Financial assets	(10) & (11)	13,079.9	13,075.8	(8.2)	13,067.6
TOTAL NON-CURRENT ASSETS		13,203.7	13,553.8	(374.2)	13,179.6
Inventories and work-in-progress	(11)	0.3	1.0	—	1.0
Operating receivables	(11) & (14)	566.9	727.2	(13.0)	714.2
Current account loans with subsidiaries	(11) & (14)	430.0	268.2	—	268.2
Short-term financial investments	(12)	115.5	115.2	—	115.2
Cash and financial instruments		7.6	12.0	—	12.0
Prepaid expenses		3.6	4.7	—	4.7
TOTAL CURRENT ASSETS		1,123.9	1,128.3	(13.0)	1,115.3
Bond redemption premiums		0.1	—	—	—
Unrealized foreign exchange losses		1.4	1.9	—	1.9
TOTAL ASSETS		14,329.1	14,684.0	(387.2)	14,296.8
EQUITY AND LIABILITIES					
Share capital		2,614.1			2,879.0
Additional paid-in capital		2,749.2			2,349.0
Revaluation reserve		23.9			23.9
Legal reserve		260.4			261.3
Other reserves		388.5			388.5
Retained earnings		4,819.0			4,356.8
Net profit for the year		950.9			924.7
Tax-driven provisions		2.8			3.0
TOTAL SHAREHOLDERS' EQUITY	(13)	11,808.8			11,186.2
PROVISIONS	(11)	119.8			55.0
Other bonds	(14)	302.3			302.3
Bank borrowings	(14)	2.0			2.0
Other borrowings	(14)	252.3			251.9
Operating payables	(14)	593.1			630.8
Current account borrowings with subsidiaries	(14)	1,247.5			1,865.2
Deferred income		1.4			1.1
		2,398.6			3,053.3
Unrealized foreign exchange gains		1.9			2.3
TOTAL EQUITY AND LIABILITIES		14,329.1			14,296.8

Notes to the statutory accounts

ACCOUNTING POLICIES

1. General principles

The statutory accounts of the Company L'Air Liquide S.A. have been prepared in accordance with the accounting rules and principles generally accepted in France according to the provisions of the French Chart of Accounts (*Plan Comptable Général*).

The accounting policies for the establishment and presentation of the statutory accounts have been applied in accordance with the principle of prudence and with the following basic assumptions:

- Going concern;
- Consistency of accounting methods from one accounting period to another;
- Separation of each accounting periods.

The method used for the valuation of recorded items is the historical cost method.

Only material information is disclosed.

2. Non-current assets

A. Intangible assets

Internally generated intangible assets primarily include the development costs of information management systems. They are capitalized only if they generate probable future economic benefits and whether there is available appropriate resources (technical, financial and others) to complete the development and use or sell the intangible asset. Internal and external costs corresponding to detailed application design, programming, the performance of tests and the drafting of technical documentation intended for internal or external use are capitalized.

Significant upgrade and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Other intangible assets include separately acquired intangible assets such as software, licenses and intellectual property rights and are measured at acquisition cost.

Intangible assets are amortized according to the straight-line method over their estimated useful lives.

B. Tangible assets

Land, buildings and equipment are recognized at historical cost. Interim interest expense is not included in the cost.

Where components of a tangible asset have different useful lives, they are accounted separately and depreciated over their own useful lives.

Depreciation is computed according to the straight-line method over their estimated useful lives as follows:

- buildings: 10 to 30 years;
- equipment: 5 to 20 years.

Land is not depreciated.

C. Impairment of intangible and tangible assets

The Company assesses at each closing date whether there is any indication of impairment loss of intangible and tangible assets. If such indications exist, an impairment test is performed to assess whether the carrying amount of the asset exceeds its present value, which is defined as the greater of its market value and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value as this would be done for an investment decision.

When the present amount of an asset is lower than its net carrying amount, an impairment loss is recognized in the income statement. When the present value exceeds the carrying amount, the previously recognized impairment is reversed to the income statement.

D. Equity investments

Equity investments are recognized at their initial amount on the entry date, with the exception of those subject to a revaluation as provided by Law 76-1232 of December 29, 1976. Acquisition costs that are not representative of market value are expensed.

When the carrying amount, determined using the criteria normally adopted for the measurement of equity investments (market multiples method based on the Air Liquide Group market valuation, estimated cash flow approach, and net asset value remeasured at fair value), is lower than the book value, an impairment loss is recognized for the difference.

E. Treasury shares

When the Company purchases its own shares, they are recognized at cost as treasury shares in other long-term investment securities. The gains or losses on disposals of treasury shares contribute to the net profit for the year.

However, shares allocated for the purpose of implementing plans for free grants of shares are reclassified to a "Short-term financial investments – Company treasury shares" caption at the balance sheet value on the date of allotment.

A provision is recorded over the rights vesting period to cover the future charge of employees and members of Executive Management of the Company relating to the remittance of current shares when the performance criteria can be determined with reliability. Conversely, the amount corresponding to the maximum performance level is presented in off-balance sheet commitments.

When the purchase cost of shares is higher than their valuation based on the average share price during the last month of the fiscal year, treasury shares earmarked for cancellation or allocated for the purpose of implementing plans for free grants of shares are not impaired.

3. Inventories and work-in-progress

Raw materials, supplies and goods are primarily measured at weighted average cost.

An impairment loss is recognized for inventories and work-in-progress when the estimated realizable amount is lower than cost.

4. Trade receivables and other operating assets

Trade receivables and other operating assets are measured at historical cost.

An impairment loss for receivables is recognized when it becomes probable that the amount due will not be collected and the loss can be reasonably estimated.

5. Foreign currency transactions

Foreign currency transactions are translated at the exchange rate prevailing on the transaction date.

At year-end, the difference arising from the translation of receivables and payables denominated in a foreign currency, are recognized in suspense accounts in assets and liabilities ("Unrealized foreign currency gains or losses").

Where applicable, unrealized foreign exchange losses associated with non-hedged transactions are subject to a contingency provision.

6. Provisions

Provisions are recognized when:

- the Company has a present obligation towards a third party as a result of a past event or an ongoing one;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

7. Financial instruments

L'Air Liquide S.A. applies the ANC regulation n° 2015-05 of July 2, 2015 related to financial forward and hedging instruments.

In accordance with its risk management policy, L'Air Liquide S.A. enters into forward currency purchases or sales in order to hedge the exposure to foreign exchange risk associated with transactions carried out in foreign currencies.

By symmetry, the foreign exchange gains or losses on forward currency purchases or sales is presented at the same time and in the same income statement caption as the hedged item.

Likewise, the unrealized gain from the hedging is presented within the unrealized foreign currency gains or losses statement caption, to offset the exchange differentials related to the revaluation of underlying receivables and debts. When the forward currency purchases or sales, hedge future transactions not yet recorded on the balance sheet, the fair value of these instruments represents an off balance sheet commitment.

Where applicable, when the financial instruments used do not constitute hedging transactions ("isolated open position"), the losses resulting from their year-end market value are provided for in the income statement. In accordance with the principle of prudence, unrealized gains are not recognized in the income statement.

8. Post-employment benefits

The Company applies the ANC recommendation n° 2013-02 of November 7 2013 amended on November 5, 2021 (2nd method) related to the recognition and measurement of retirement benefits and similar obligations

The Company provides its employees with various pension plans, termination benefits, jubilees (awards based on years of service) and other post-employment benefits for both active employees and retirees. These benefits are covered in two ways:

- by so-called defined contribution plans;
- by so-called defined benefit plans.

The Company grants both defined benefit and defined contribution plans.

Defined contribution plans are plans under which the employer's sole obligation is to pay regular contributions. The employer does not grant any guarantee on the future level of benefits paid to the employee or retiree ("means-based obligation"). The annual

pension expense is equal to the contribution paid during the fiscal year which relieves the employer from any further obligation.

Defined benefit plans are those by which the employer guarantees the future level of benefits defined in the agreement, most often depending on the employee's salary and seniority ("result-based obligation"). Defined benefit plans can be:

- either financed by contributions to a fund specialized in managing the contributions paid;
- or managed internally.

In the case of defined benefit plans, retirement and similar obligations are measured by independent actuaries, according to the projected unit credit method. The actuarial calculations mainly take into account the following assumptions: salary increases, employee turnover, retirement date, mortality, inflation and appropriate discount rates.

Actuarial gains and losses exceeding the greater of 10% of the obligations or 10% of the fair value of plan assets at the beginning of the reporting period are amortized over the expected average working lives of the plan participants.

In accordance with article L.123-13 of the French Commercial Code (Code de Commerce), the Company maintained its previous practices: obligations related to retirement termination payments and jubilees are provided whereas other retirement obligations related to defined benefit plans are not provided but are disclosed in the notes.

9. Revenue recognition

Revenue from the sale of goods is recognized when the risks and rewards of ownership have been transferred to the buyer.

Revenue associated with delivery of services is booked when delivery is completed.

10. Tax consolidation

L'Air Liquide S.A. has set up a tax consolidation group with the French subsidiaries in which it holds a direct or indirect interest exceeding 95%, as defined by article 223-A of the French Tax Code.

Each company calculates its tax provision as if it was taxed separately. L'Air Liquide S.A., as head of the tax consolidation group, recognizes as an expense the tax corresponding to its own profits and recognizes in a balance sheet current tax account the impact of restatements and eliminations when determining taxable profit as a whole and the tax deferrals of subsidiaries with losses. It is booked in exceptional income and expenses according to the Opinion 2005-G of the Emergency Committee of the C.N.C.

11. Research and Development expenditures

Development costs shall be recognized as assets if and only if the Company can demonstrate all of the following:

- the project is clearly identified and the related costs are individualized and reliably monitored;
- the technical and industrial feasibility of the project is demonstrated;
- there is a clear intention to complete the project and use or sell the products arising from it;
- it is probable that the project will generate future economic benefits for the Company.

When these conditions are not satisfied, the work carried out does not systematically result in the completion of an intangible asset that will be available for use or sale, development costs generated are recognized as an expense when incurred.

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FINANCIAL STATEMENTS

Statutory accounts on the parent company

ADDITIONAL NOTES ON THE BALANCE SHEET AND INCOME STATEMENTS

1. Significant events

Following favorable conclusions released by the European Court of Justice on May 12, 2022, the reserve set up in 2021 to cover the risk of being requested to refund the equalization charge reimbursed to L'Air Liquide S.A. in July 2020 for 56.8 million euros, was reversed in 2022.

Following the dissolution without liquidation of its subsidiary Chemoxal into L'Air Liquide S.A. in accordance with article 1844-5 al. 3 of French Civil Code, the Company recognizes in financial income a 52.7 million euros net income.

2. Revenue breakdown by geographical area

<i>(in millions of euros)</i>	2021	2022
France	53.5	57.4
Abroad	43.2	40.1
REVENUE	96.7	97.5

By the nature of its activities, the revenue of L'Air Liquide S.A. mainly corresponds to services and pension expenses recharged to its subsidiaries (see note 16.A).

3. Royalties and other operating income

In 2022, royalties and other operating income record a sharp increase mainly coming from royalties received from subsidiaries (+230.7 million euros), due to the significant growth in their activities.

Other operating income mainly includes change in inventories of goods and services, production of assets capitalized, operating subsidies, operating expense reclassifications, as well as operating provisions and impairment reversals.

4. Other operating expenses

Other operating expenses primarily consist of research and development costs and other external expenses such as subcontracting and maintenance costs, fees, travel expenses, telecommunication costs and rental expenses.

5. Depreciation, amortization and provision expenses

Depreciation, amortization and provision expenses break down as follows:

<i>(in millions of euros)</i>	2021	2022
Depreciation and amortization expenses	(13.6)	(14.4)
Provision expenses	(10.0)	(23.5)
DEPRECIATION, AMORTIZATION AND PROVISION EXPENSES	(23.6)	(37.9)

6. Financial income and expenses

Financial income from equity affiliates amounts to 414.1 million euros in 2022 (795.3 million euros in 2021). The company Air Liquide Industriegase GmbH & Co. KG distributed in 2021 an exceptional dividend of 225.0 million euros versus 80.5 million euros in 2022.

Interests, similar income and expenses break down as follows:

<i>(in millions of euros)</i>	2021	2022
Revenues from long-term loans and other financial revenues ^(a)	15.3	69.5
Other interest and similar income	(12.3)	(22.3)
INTERESTS, SIMILAR INCOME AND EXPENSES	3.0	47.2

(a) In 2022, revenues from long-term loans and other financial revenues include a 52.7 million euros net income resulted from the dissolution without liquidation of its subsidiary Chemoxal in L'Air Liquide S.A.

Other financial income and expenses amount to 24.6 million euros in 2022 versus -30.8 million euros in 2021. It includes in 2022 the reversal of 24.9 million euros related to the 2021 provision booked for interests on arrears regarding the risk of equalization charge refund (see note 1).

7. Exceptional income and expenses

As part of the tax consolidation of L'Air Liquide S.A. and its consolidated French subsidiaries, an exceptional income of 108.1 million euros was booked in 2022 (128.3 million euros in 2021).

Exceptional income and expenses also include the impact of eliminations related to the tax consolidation regime in the amount of 13.4 million euros in 2022 and 13.8 million euros in 2021.

The 2022 exceptional income and expenses include the reversal of a provision of 31.9 million euros related to the risk of equalization charge refund (interest penalties excluded – see note 1).



8. Corporate income tax

The total tax expense amounts to 29.9 million euros, compared to 16.0 million euros in 2021.

After allocation of add-backs, deductions and tax credits, it breaks down as follows:

<i>(in millions of euros)</i>	2021	2022
Net profit from ordinary activities before tax	(14.6)	(27.8)
Additional contributions on earnings ^(a)	(1.4)	(2.1)
TOTAL	(16.0)	(29.9)

(a) Social security contribution on earnings of 3.3%.

9. Intangible and tangible assets

Changes in gross value break down as follows:

<i>(in millions of euros)</i>	Gross value as of January 1, 2022	Additions	Disposals	Gross value as of December 31, 2022
Concessions, patents, licenses	112.3	8.1	(0.3)	120.1
Other intangible assets	187.0	3.7	(4.0)	186.7
INTANGIBLE ASSETS	299.3	11.8	(4.3)	306.8
Land and buildings	101.2	1.4	(0.4)	102.2
Plant, machinery and equipment	41.3	15.1	(13.3)	43.1
Other tangible assets	17.4	0.4	(0.2)	17.6
Tangible assets under construction and payments on account – tangible assets	15.7	6.6	(14.0)	8.3
TANGIBLE ASSETS	175.6	23.5	(27.9)	171.2
TOTAL	474.9	35.3	(32.2)	478.0

Changes in amortization, depreciation and impairment losses break down as follows:

<i>(in millions of euros)</i>	Amortization, depreciation, and impairment losses as of January 1, 2022	Amortization and depreciation	Decreases, disposals, scrappings	Amortization, depreciation and impairment losses as of December 31, 2022
Intangible assets	(265.2)	(10.6)	0.3	(275.5)
Tangible assets	(85.9)	(5.5)	0.9	(90.5)
Tangible assets	(351.1)	(16.1)	1.2	(366.0)

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10. Financial assets

Changes in gross value break down as follows:

<i>(in millions of euros)</i>	Gross value as of January 1, 2022	Increases	Decreases	Gross value as of December 31, 2022
Equity investments	12,481.3	138.4 ^(a)	(200.4) ^(a)	12,419.3
Other long-term investment securities ^(b)	9.5	279.6	(279.3)	9.8 ^(d)
Long-term loans	629.0	60.5 ^(c)	(60.0) ^(c)	629.5
Other long-term financial assets	17.2	—	—	17.2 ^(e)
FINANCIAL ASSETS	13,137.0	478.5	(539.7)	13,075.8

(a) The increase and decrease in equity investments mainly correspond to:

- contributions made under Articles 210.A and B of the Code Général des Impôts (C.G.I.) by Air Liquide France Industrie (ALFI) to Air Liquide Maritime and by Air Liquide Biogas Solutions Europe (ALGBSE) to Air Liquide Biogas Solutions International (ALBGI). Pursuant to Article 115-2 of the C.G.I., the securities received by the companies providing the contributions were awarded free of charge to L'Air Liquide S.A. The book values of these securities on the Company's balance sheet were proportionately allocated in accordance with the doctrine of the tax administration (BOI-IS-FUS-20-40-40), which means an increase in the value of Air Liquide Maritime, securities of 4.7 million euros and ALBGI securities of 41.0 million euros offset by a decrease in the value of ALFI securities of -4.7 million euros and ALGBSE of -41.0 million euros.
- the entry of SEPPIC securities for 17.7 million euros and the cancellation of Chemoxal securities for 30.3 million euros following the dissolution without liquidation of its subsidiary Chemoxal into L'Air Liquide S.A. in accordance with article 1844-5 al. 3 of French Civil Code;
- the 75.0 million euros capital increase of the subsidiary Air Liquide Biogas Solutions International;
- the -15.9 million euros share capital reduction in Air Liquide Biogas Solutions Europe;
- the disposal of the investment Air Liquide Biogas Solutions Europe for 106.1 millions d'euros.

(b) The change in other long-term investment securities mainly corresponds to:

- the acquisition and sale of Company treasury shares under the liquidity contract for 120.8 million euros and -120.4 million euros respectively;
- the acquisition of 999,000 of the Company treasury shares (for the purpose of cancellation) for 158.8 million euros;
- the cancellation of 1,098,000 Company treasury shares (including free share attribution of 99,900 treasury shares - see note 13 (b)) and allocated for that for -158.8 million euros.

(c) "Long-term loans" movements mainly include a 60 million loan coming from Chemoxal financial statements in January 2022 and following its dissolution without liquidation into L'Air Liquide S.A. This loan was reimbursed in June 2022 to the company Air Liquide Finance.

At the 2022 year-end:

- (d) "Other long-term investment securities" includes 10,500 shares held under the liquidity contract in an amount of 1.4 million euros;
- (e) "Other long-term financial assets" mainly includes the receivable linked to the refund claim on the equalization charge paid for the years 2000 to 2004 for 9.5 million euros and the interest on arrears for 6.6 million euros.

11. Impairment, allowances and provisions

A. Impairment and allowances

Impairment and allowances are recognized when the asset's carrying amount is lower than its entry value.

They break down as follows:

<i>(in millions of euros)</i>	2021	Charges / Increase	Reversals / Decrease	2022
Intangible and tangible assets	(4.3)	(1.9)	—	(6.2)
Equity investments	(48.8)	—	48.8	—
Other long-term investment securities	(8.3)	—	0.1	(8.2)
Inventories and work-in-progress	(0.7)	—	0.7	—
Operating receivables	(5.9)	(7.1)	—	(13.0)
IMPAIRMENT AND ALLOWANCES	(68.0)	(9.0)	49.6	(27.4)
<i>Whose charges and reversals:</i>				
	<i>operating items</i>	(9.0)	0.7	
	<i>financial items</i>	—	47.4	
	<i>exceptional items</i>	—	—	

Charges and reversals mainly relate to impairment of equity investments.



B. Provisions

Provisions mainly include:

- foreign exchange provisions;
- third party or employee contingency and litigation provisions;
- jubilee awards and vested rights with regard to retirement benefits (30.0 million euros in 2022 and 29.8 million euros in 2021).

<i>(in millions of euros)</i>	2021	Charges	Reversals	2022
Provisions for contingencies	78.7	2.7	(71.3)	10.1
Provisions for losses	41.1	12.6	(8.8)	44.9
PROVISIONS	119.8	15.3	(80.1)	55.0
<i>Whose charges and reversals:</i>				
	<i>operating items</i>	14.5	(10.0)	
	<i>financial items</i>		(24.9)	
	<i>exceptional items</i>	0.8	(45.2)	

Charges mainly relate to provisions for jubilee awards and vested rights with regard to retirement termination payments for 2.3 million euros and provisions to cover the future charge of the remittance of performance shares for 10.3 million euros.

Reversals primarily consist in the release of the provision booked in 2021 to cover the risk of refund of the equalization charge, reimbursed to L'Air Liquide S.A. in July 2020 for 56.8 million euros. This reversal follows favourable conclusions on May, 12th 2022 from the Court of Justice of the European Union. The other reversals also include the utilization of -13 million euros provision relating to a R&D project with significantly reduced market potential and the utilization of -6.2 million euros of provisions to cover the future charge of the remittance of performance shares.

12. Short-term financial investments

The item breaks down as follows:

<i>(in millions of euros)</i>	Gross value as of December 31, 2021	Gross value as of December 31, 2022
Company treasury shares	115.5	115.2
Other short-term financial investments	—	—
SHORT-TERM FINANCIAL INVESTMENTS	115.5	115.2

At the end of 2022, "Company treasury shares" consisted in 951,833 shares (984,570 shares in 2021) allocated to the implementation of performance shares plans to employees.

During the year 2022, the Company bought 201,000 shares (for an amount of 32.0 million euros) allocated to the implementation of performance shares plans to employees and gave 357,059 performance shares, allocated to this objective, for - 32.3 million euros.

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13. Shareholders' equity

As of December 31, 2022, the share capital is made of 523,450,271 shares with a par value of 5.50 euros.

The portion of share capital arising from the special revaluation reserve amounts to 71.4 million euros.

<i>(in millions of euros)</i>	As of December 31, 2021 (before appropriation of earnings)	Appropriation of 2021 net profit	Capital increases	Capital decrease	Other changes	As of December 31, 2022 (before appropriation of earnings)
Share capital ^(b)	2,614.1	—	270.9	(6.0)	—	2,879.0
Additional paid-in capital ^(b)	2,749.2	—	(247.4)	(152.8)	—	2,349.0
Revaluation reserve	23.9	—	—	—	—	23.9
Reserves:						
■ Legal reserve	260.4	0.9	—	—	—	261.3
■ Tax-driven reserves	307.8	—	—	—	—	307.8
■ Translation reserve	7.7	—	—	—	—	7.7
■ Other reserves	73.0	—	—	—	—	73.0
Retained earnings ^(c)	4,819.0	(467.5)	5.8	—	(0.5)	4,356.8
Net profit for the year	950.9	(950.9)	—	—	924.7	924.7
Investment grants	0.3	—	—	—	—	0.2
Accelerated depreciation ^(d)	2.5	—	—	—	0.3	2.8
SHAREHOLDERS' EQUITY	11,808.8	(1,417.5) ^(a)	29.3	(158.8)	924.5	11,186.2

(a) Following the decision of the Combined Annual Shareholders' Meeting of May 4, 2022.

(b) The change in Share capital and Additional paid-in capital results from the following transactions:

- capital decrease in the amount of -6.0 million euros by cancelling 1,098,900 treasury shares, as decided by the Board of Directors on July 27, 2022. The Additional paid-in capital was reduced by the amount of premiums related to these shares, i.e. -152.8 million euros;
- capital increase of 269.0 million euros, noted by the Chairman and Chief Executive Officer, as delegated by the Board of Directors on May 4, 2022, resulting from the granting of one free share for 10 existing shares (creation of 47,547,083 new shares) and one free share for 100 existing shares as part of a 10% bonus allotment (creation of 1,358,416 new shares) by deducting -269.0 million euros from "Additional paid-in-capital";
- The Additional paid-in capital was reduced by the capital increase costs, i.e. -1.6 million euros;
- capital increases of 1.9 million euros resulting from the exercise of 179,795 subscription options before the free share attribution and 172,840 subscription options after the free share attribution. The Additional paid-in capital was increased by the premiums related to these share capital increases, i.e. 23.2 million euros.

(c) The change in Retained earnings also includes the difference between the estimated loyalty dividend and the loyalty dividend actually paid and the cancellation of the dividend pertaining to treasury shares.

(d) The change in the Accelerated depreciation results from the new accelerated depreciation in accordance with asset depreciation and amortization policies.

14. Debt maturity analysis

<i>(in millions of euros)</i>	December 31, 2022		
	Gross	≤ 1 year	> 1 year
Long-term loans	629.5	0.6	628.9
Other long-term investments	17.2	—	17.2
Operating receivables	727.2	645.4	81.8
Current account loans with subsidiaries ^(a)	268.2	268.2	—
ASSETS	1,642.1	914.2	727.9

(a) Current amount loans agreements are concluded for an indefinite period.

<i>(in millions of euros)</i>	December 31, 2022			
	Gross	≤ 1 year	> 1 to ≤ 5 years	> 5 years
Other bonds ^(a)	302.3	302.3	—	—
Bank borrowings	2.0	2.0	—	—
Other borrowings	251.9	1.9	250.0	—
Operating payables	630.8	549.0	81.8	—
Current account borrowings with subsidiaries ^(b)	1,865.2	1,865.2	—	—
DEBTS	3,052.2	2,720.4	331.8	—

(a) All new bond issues carried out by L'Air Liquide S.A., and constituting the outstanding bonds as of December 31, 2022, include a change of control clause.

(b) Current amount borrowings agreements are concluded for an indefinite period.



15. Financial instruments

Unsettled derivatives as of December 31, 2022 break down as follows:

<i>(in millions of euros)</i>	December 31, 2022	
	Carrying value	Fair value
Currency forwards		
■ Buy	86.9	(1.0)
■ Sell	250.2	4.5
TOTAL		3.5

The fair value of derivative instruments is based on the value of the contract on the market at the closing date.

All of these instruments are allocated to hedging. There is therefore no isolated open position whose change in fair value would have a direct impact on the income statement.

16. Retirement and similar plans

A. Group retirement benefit guarantee agreement

In France, Air Liquide grants additional benefits to retirees (3,206 retirees as of December 31, 2022). These benefits provide a supplemental retirement income based on final pay, which is paid in addition to other normal retirement benefits. This plan is closed to employees under the age 45, or with less than 20 years of service as of January 1, 1996. These plans are unfunded. The annual amount paid with regards to additional benefits cannot exceed originally 12% of total payroll or, in some case, 12% of pre-tax profits of companies involved. This 12% threshold will be proportionately reduced by comparing the number of plan beneficiaries for the year to the number of plan beneficiaries for the previous year. The additional benefit granted by Air Liquide is indexed to the pension revaluation rates of normal and supplemental retirement benefits up to a certain annuity threshold without any indexation beyond. This additional benefit was funded subsequently to the article 50 of the law of January 20, 2014 securing the future and fairness of pensions plans.

The contributions amounted to 19.2 million euros after re-invoicing subsidiaries (21.8 million euros in 2021). Excluding the impact of timelines, and until the plan ends, the actuarial value of obligations vis-à-vis retirees and those eligible as of December 31, 2022 amounts to 393.8 million euros.

Based on the assumptions used for the valuation of the retirement obligations, an estimated 199.9 million euros will be recharged to the subsidiaries of L'Air Liquide S.A. as and when benefits are paid to the retirees.

B. Externally funded plan

L'Air Liquide S.A. grants to employees not covered by the preceding plan (1,074 employees as of December 31, 2022) and with at least one half-year of service benefit from an externally funded defined contribution plan. Contributions to this plan are jointly paid by the employer and employee. For 2022, employer contributions amounted to 8.4 million euros (8.1 million euros in 2021).

C. Retirement termination payments and jubilees

The corresponding obligations are provided for in the amount of 29.0 million euros (net of tax) and 1.0 million euros, respectively.

D. Calculation of actuarial assumptions and methods

The calculations with respect to the Group's retirement benefit guarantee agreement, retirement termination payments and jubilees are performed by independent actuaries using the projected unit credit method.

Actuarial gains and losses exceeding the greater of 10% of the obligations related to retirement termination payments and unrecognized past service costs are amortized over the expected average working lives of the plan participants. As of December 31, 2022, the amounts stand at -5.7 million euros (15.8 million euros in 2021).

The actuarial assumptions (turnover, mortality, retirement age, salary increase) vary according to demographic and economic conditions.

The discount rates used to determine the present value of obligations are based on Government bonds or High-quality Corporate bonds, with the same duration as the obligations at the valuation date (3.75 % as of December 31, 2022).



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E. Change in retirement obligations and similar benefits

Company obligations with respect to pension plans and similar benefits break down as follows:

<i>(in millions of euros)</i>	Defined benefit plan	Retirement indemnities	Jubilees	Total
OBLIGATIONS AS OF JANUARY 1, 2022	549.4	59.2	1.0	609.6
Service cost	0.8	3.0		3.8
Interest cost	3.5	0.3		3.8
Plan amendments				—
Benefit payments	(55.3)	(1.3)		(56.6)
Actuarial (gains) / losses	(104.6)	(20.8)		(125.4)
OBLIGATIONS AS OF DECEMBER 31, 2022	393.8	40.4	1.0	435.2

17. Accrued income and accrued expenses

<i>(in millions of euros)</i>	December 31, 2022
Accrued income	
Other long-term financial assets	16.7
Operating receivables	193.4
ACCRUED INCOME	210.1
Accrued expenses	
Other bonds	2.3
Other borrowings	1.9
Operating payables	343.2
ACCRUED EXPENSES	347.4

18. Deferred taxes

Deferred taxes arise from timing differences between the tax regime and the accounting treatment of income and expenses. Depending on the nature of the timing differences, these deferred taxes will increase or decrease the future tax expense and are not recorded as per the French Chart of Accounts.

Deferred taxes are estimated as follows:

<i>(in millions of euros)</i>	December 31, 2021	December 31, 2022
Deferred tax assets (decrease in future tax expense)	21.2	5.3
Deferred tax liabilities (increase in future tax expense)	—	—

The deferred taxes were calculated taking into account the 3.3% social security contribution on earnings i.e. a general rate of 25.83% in 2022 and 28.41% in 2021.

OTHER INFORMATIONS

19. Items concerning related undertakings

The Company conducted related party transactions with its wholly owned subsidiaries or subsidiaries that were directly or indirectly controlled.

(in millions of euros)	December 31, 2022	
	Gross	Including related undertakings
Balance sheet		
Long-term loans	629.5	625.6
Other long-term financial assets	17.2	—
Operating receivables	727.2	655.5
Current account loans with subsidiaries	268.2	268.2
Other borrowings	251.9	251.9
Operating payables	630.8	204.2
Current account borrowings with subsidiaries	1,865.2	1,865.2
Income statement		
Financial income from equity affiliates	414.1	414.1
Interests, similar income and expenses	47.2	55.4
Other financial income and expenses	24.6	—

20. Off-balance sheet commitments

Off-balance sheet commitments break down as follows:

(in millions of euros)	December 31, 2021	December 31, 2022
Commitments given		
Endorsements, securities and guarantees given ^(a)	863.4	1,109.1
To Air Liquide Finance and Air Liquide US LLC on transactions performed ^(b)	11,293.3	10,635.6
Firm purchase orders for fixed assets	4.5	5.1
COMMITMENTS GIVEN	12,161.2	11,749.8

(a) Endorsements, securities and guarantees given mainly consist of the joint and several liability guarantee linked to the European program of non-recourse assignments of trade receivable in an amount of 608 million euros (638 million euros as of December 31, 2021) and the joint and several liability guarantee of the subsidiaries Société Européenne de Gestion de l'Energie and Air Liquide France Industrie in connection with the energy purchases.

(b) L'Air Liquide S.A. holds 100% of the French subsidiary Air Liquide Finance, which manages the Group's cash position and interest rate risk, as well as financing. In addition, Air Liquide Finance holds 100% of Air Liquide US LLC, in order to borrow on the US market. Insofar as the sole activity of Air Liquide Finance and Air Liquide US LLC is the Group's financing, L'Air Liquide S.A. is required to guarantee any issuances performed by these companies.

21. Remuneration paid to members of Executive Management and the Board of Directors

The remuneration (short-term benefits: fixed and variable portions, benefits in kind, retirement termination payments, Directors' fees) paid by the Company to members of Executive Management and the Board of Directors respectively, amounts to:

(in millions of euros)	2022
Remuneration of the Board of Directors	0.8
Remuneration of the Chairman of the Board from June, 1 st 2022	0.5
Remuneration of Executive Management	3.5
TOTAL	4.8

During the 2022 fiscal year, the Company also paid contributions to external organizations for the benefit of Mr Benoît Potier :

- for the year 2021 under the collective life insurance policy (222,134 euros) and the collective pension insurance contract (340,000 euros, divided between a payment to the insurer and a payment to Mr Benoît Potier to cover social security contributions and taxes due on payments made to the insurer), as well as
- relating to the period from January 1 to May 31, 2022 under the defined contribution pension plan (4,066 euros) and the collective death and disability benefits plan (4,237 euros), i.e. a total amount of 570,437 euros.

In 2023, the Company will also pay contributions for the period from January 1 to May 31, 2022 under the collective life insurance policy (91,897 euros) and, under the collective pension insurance contract, for an amount of 141,667 euros (split between a payment to the insurer and a payment to Mr Benoît Potier to cover social security contributions and taxes due on payments made to the insurer).

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During the 2022 fiscal year, the Company also paid contributions to external organizations for the benefit of Mr François Jackow for the period from June 1 to December 31, 2022 in respect of defined contribution pension plans (10,876 euros), the collective death and disability benefits plan (5,932 euros) and the collective healthcare plan (231 euros), i.e. a total of 17,039 euros.

In 2023, the Company will also pay contributions for the period from June 1 to December 31, 2022, under the collective pension insurance contract, for an amount of 202,274 euros (split between a payment to the insurer and a payment to Mr François Jackow to cover social security contributions and taxes due on payments made to the insurer).

22. Average number of employees

The average number of employees is:

	2021	2022
Engineers and executives	911	916
Supervisory staff	193	191
Employees	15	26
Laborers	2	1
TOTAL	1,121	1,134

23. Subsidiaries and affiliates information

(in thousands of euros)	Share capital as of December 31, 2022	Other equity as of December 31, 2022	% share holding	Carrying amount of shares held after the revaluations of 1976, 1978 and 1979		Loans and advances granted by the Company and not repaid	Guarantees and endorsements given by the Company	2021 net revenue ^(a)	Net profit (or loss) for 2021 ^(a)	Dividends collected by the Company during 2022
				Gross	Net					
A. Detailed information on affiliates whose carrying amounts exceed 1% of the capital of the Company required to publish its financial statements										
a) Companies operating in France										
Air Liquide International ^(b) - 75, quai d'Orsay - 75007 Paris	3,151,080	5,522,305	100.00%	9,122,262	9,122,262	20,706	30,172	387	749,834	—
Air Liquide France Industrie - 6, rue Cognacq-Jay - 75007 Paris	72,453	410,353	100.00%	292,872	292,872	—	—	1,223,050	123,426	110,129
Air Liquide Finance - 6, rue Cognacq-Jay - 75007 Paris	359,722	96,900	100.00%	284,562	284,562	480	684,192	10,588,697	—	46,141
Air Liquide Santé (International) - 75, quai d'Orsay - 75007 Paris	38,477	362,641	100.00%	331,728	331,728	6,301	—	—	103,264	105,000
Air Liquide Investissements d'Avenir et de Démonstration - 6, rue Cognacq-Jay - 75007 Paris	85,050	4,266	100.00%	85,050	85,050	—	—	—	18,778	—
Air Liquide Biogas International (ex Air Liquide International Participations) - 6, rue Cognacq-Jay - 75007 Paris	59,390	31,182	100.00%	116,011	116,011	—	—	—	(12)	—
b) Companies operating outside of France										
Air Liquide Industriegase GmbH & Co. KG - Hans-Günther-Sohl-Strasse 5 - 40235 Düsseldorf - Allemagne	10	2,779,395	100.00%	2,106,474	2,106,474	—	—	90,186	—	80,491
B. General information on other subsidiaries and affiliates										
a) French companies (together)				75,910	75,909	16,068	6,979	—	—	67,647
b) Foreign companies (together)				3,211	3,212	—	—	—	—	7,002

(a) Most recent year-end accounts approved by the competent decision-making bodies.

(b) Holding company.



Statutory auditors' report on the annual Financial Statements

This is a translation into English of the Statutory Auditors' report on the Financial Statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This Statutory Auditors' report includes information required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the Management Report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of L'Air Liquide,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying Financial Statements of L'Air Liquide for the year ended December 31, 2022.

In our opinion, the Financial Statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Accounts Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de Commissaire aux comptes) for the period from January 1st, 2022 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the Financial Statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the Financial Statements.

Equity investments measurement

Risk identified	Our response
<p>As at December 31, 2022, the net book value of the equity investments amounts to 12,419.3 million euros and represents 86,9% of the total balance sheet. Equity investments are recognized at their initial consideration, excluding acquisition costs and after considering legal reevaluation if any (as provided by Law 76-1232 of December 29, 1976).</p> <p>As disclosed in note "2.D. Accounting policies – Equity investments" to the statutory Financial Statements, when the carrying amount (determined applying the market multiples method based on the Group market capitalization or the estimated cash flows method or the method of net asset value re-measured at fair value) is lower than the net book value of the equity investment, an impairment loss is recognized for the difference</p> <p>The selection of the method used to determine the carrying amount requires significant judgement of the Company.</p> <p>Due to the significant equity investments balance and the impact of the method retained to determine the carrying amount, we have considered that the measurement of the equity investments as a key audit matter.</p>	<p>Our procedures mainly consisted in considering, based on information provided by the Company, the valuation methods applied by the Company, and assessing:</p> <ul style="list-style-type: none"> ■ the assumptions used to determine the re-measured net asset; ■ the methodology and the results of the tests performed based on the Group market capitalization; ■ the appropriateness of information included in notes "2.D. Accounting policies – Equity investments", "10. Financial assets" and "11. Impairment, allowances and provisions" to the Statutory Financial Statements.



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SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the Management Report and in the other documents with respect to the financial position and the Financial Statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the Financial Statements of the information given in the Board of Directors Management Report and in the other documents with respect to the financial position and the Financial Statements provided to the shareholders.

We attest the fair presentation and the consistency with the Financial Statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (Code de commerce).

Report on corporate governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (Code de commerce).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (Code de commerce) relating to the remuneration and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the Financial Statements, or with the underlying information used to prepare these Financial Statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (Code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of the presentation of the Financial Statements included in the Annual Financial Report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by Statutory Auditors regarding the annual and Consolidated Financial Statements prepared in the European single electronic format, that the preparation of the Financial Statements included in the Annual Financial Report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (Code monétaire et financier), prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the Financial Statements included in the annual financial report complies, in all material respects, with the European single electronic format.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of the Annual General Meeting held on May 12, 2016 for PricewaterhouseCoopers Audit and on May 4, 2022 for KPMG S.A..

As at December 31, 202, PricewaterhouseCoopers Audit was in its seventh year of uninterrupted engagement and KPMG S.A. in its first year.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with French accounting principles 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 unless it is expected to liquidate the Company or to cease operations.

The Audit and Accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The Financial Statements were approved by the Board of Directors.



STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the Financial Statements. Our objective is to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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 made on the basis of these Financial Statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the Financial Statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- obtains 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 internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the Financial Statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the Financial Statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the Financial Statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT TO THE AUDIT AND ACCOUNTS COMMITTEE

We submit to the Audit and Accounts Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Accounts Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the Financial Statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Accounts Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de Commissaire aux comptes). Where appropriate, we discuss with the Audit and Accounts Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine et Paris-La Défense, March 1st, 2023

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit

KPMG S.A.

Olivier Lotz

Cédric Le Gal

Valérie Besson

Laurent Genin



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FINANCIAL STATEMENTS

Statutory accounts on the parent company

Five-year summary of Company results

(Articles R. 225-83 and R. 225-102 of the French Commercial Code)

	2018	2019	2020	2021	
I - Share capital at the end of the year					
a) Share capital (in euros) ^(a) ^(b) ^(c)	2,361,828,887	2,602,080,327	2,605,133,982	2,614,100,704	2,878,976,491
b) Number of outstanding ordinary shares	429,423,434	473,105,514	473,660,724	475,291,037	523,450,271
c) Number of shares with loyalty dividend entitlement ^(d)	128,524,663	134,154,877	131,753,261	134,993,503	149,161,232
d) Convertible bonds					
II - Operations and results of the year <i>(in millions of euros)</i>					
a) Revenue	110.3	117.4	86.8	96.7	97.5
b) Net profit before tax, employee profit-sharing, depreciation, amortization and provisions	624.0	622.4	1,378.9	1,072.1	998.9
c) Corporate income tax	27.5	12.5	8.8	16.0	29.9
d) Employee profit-sharing for the year	2.6	2.7	2.8	3.2	3.9
e) Net profit after tax, employee profit-sharing, depreciation, amortization and provisions	544.8	567.7	1,333.8	950.9	924.7
f) Distributed profit	1,171.4	1,316.6	1,338.1	1,417.5	1,587.4
III - Per share data (in euros)					
a) Net profit after tax, employee profit-sharing, but before depreciation, amortization and provisions					
■ over the number of ordinary shares outstanding	1.38	1.28	2.89	2.22	1.84
■ over the adjusted number of shares ^(e)	1.14	1.17	2.63	2.02	1.85
b) Net profit after tax, employee profit-sharing, depreciation, amortization and provisions					
■ over the number of ordinary shares outstanding	1.27	1.20	2.82	2.00	1.77
■ over the adjusted number of shares ^(e)	1.05	1.09	2.56	1.82	1.77
c) Dividend allocated to each share					
■ over the number of ordinary shares outstanding	2.65	2.70	2.75	2.90	2.95
■ over the adjusted number of shares ^(f)	2.18	2.45	2.49	2.63	2.95
d) Loyalty dividend					
■ over the number of ordinary shares outstanding	0.26	0.27	0.27	0.29	0.29
■ over the adjusted number of shares ^(f)	0.21	0.24	0.24	0.26	0.29
IV - Employees working in France					
a) Average number of employees during the year	1,046	1,032	1,066	1,121	1,134
b) Total payroll for the year <i>(in millions of euros)</i>	160.4	156.6	155.3	162.9	171.0
c) Amounts paid with respect to employee benefits during the year (social security, staff benefits, etc.) <i>(in millions of euros)</i>	75.2	82.5	80.1	83.4	76.9



- (a) Using the authorization granted by the 15th resolution of the Combined Annual Shareholders' Meeting of May 16, 2018, the 14th resolution of the Combined Annual Shareholders' Meeting of May 4, 2021 and the 18th resolution of the Combined Annual Shareholders' Meeting of May 4, 2022, the Board of Directors made the following decisions:
- in its meeting of May 16, 2018, capital decrease by cancellation of 654,000 treasury shares;
 - in its meeting of May 7, 2019, capital decrease by cancellation of 953,000 treasury shares;
 - in its meeting of July 28, 2021, capital decrease by cancellation of 165,000 treasury shares;
 - in its meeting of July 27, 2022, capital decrease by cancellation of 1,098,900 treasury shares.
- (b) Using the authorization granted by the 16th resolution of the Combined Annual Shareholders' Meeting of May 16, 2018, the Board of Directors decided in its meeting of July 29, 2019, the granting of one free share for ten existing shares, and the granting of a 10% bonus for shares held in registered form from December 31, 2016 to October 8, 2019.
- Using the authorization granted by the 19th resolution of the Combined Annual Shareholders' Meeting of May 4, 2022, the Board of Directors decided in its meeting of May 4th 2022, the granting of one free share for ten existing shares, and the granting of a 10% bonus for shares held in registered form from December 31, 2019 to June 7, 2022.
- (c) Using the authorizations granted by the resolutions of Combined Annual Shareholders' Meetings of May 5, 2010, May 7, 2013, and May 12, 2016,
- the Board of Directors noted in its meeting of May 4, 2022 the issuance of 179,795 shares arising from:
 - the exercise of 77,102 options subscribed at the price of 70.14 euros;
 - the exercise of 35,709 options subscribed at the price of 74.06 euros;
 - the exercise of 9,375 options subscribed at the price of 76.47 euros;
 - the exercise of 38,699 options subscribed at the price of 77.67 euros;
 - the exercise of 13,899 options subscribed at the price of 84.08 euros;
 - the exercise of 5,021 options subscribed at the price of 85.52 euros.
 - the Board of Directors noted in its meeting of February 15, 2023 the issuance of 172,840 shares arising from:
 - the exercise of 70,127 options subscribed at the price of 63.59 euros;
 - the exercise of 53,194 options subscribed at the price of 67.15 euros;
 - the exercise of 2,654 options subscribed at the price of 69.33 euros;
 - the exercise of 24,920 options subscribed at the price of 70.42 euros;
 - the exercise of 12,876 options subscribed at the price of 76.23 euros;
 - the exercise of 3,235 options subscribed at the price of 77.54 euros;
 - the exercise of 5,834 options subscribed at the price of 87.97 euros.
- Using the authorization granted by the 15th resolution of the Combined Annual Shareholders' Meeting of May 3, 2017, pursuant to the delegation granted by the Board of Directors in its meeting of May 16, 2018 and confirmed on July 27, 2018, the Chairman and C.E.O. noted on December 7, 2018 the employee-reserved issuance of 1,049,529 new shares:
- 934,697 new shares subscribed in cash at a price of 87.09 euros per share, of which 2,413 shares were subscribed as part of the contribution paid by the Company (1 bonus share for 4 shares subscribed with a maximum of 3 bonus shares per employee);
 - 114,832 new shares subscribed in cash at a price of 92.53 euros per share.
- Using the authorization granted by the 17th resolution of the Combined Annual Shareholders' Meeting of May 4, 2021, the Chairman and Chief Executive Officer, pursuant to the delegation granted by the Board of Directors in its meeting of February 9, 2021 with the right to sub-delegate and confirmed on July 28, 2021, has delegated his authority during the Board of Directors meeting held in July, 28 2021 to the Executive Vice President who noted on December 9, 2021 the employee-reserved issuance of 1 098 738 new shares:
- 984,988 new shares subscribed in cash at a price of 113.23 euros per share, of which 2,760 shares were subscribed as part of the contribution paid by the Company (1 bonus share for 4 shares subscribed with a maximum of 3 bonus shares per employee);
 - 113,750 new shares subscribed in cash at a price of 120.31 euros per share.
- (d) Beginning December 31, 1995, shareholders holding their shares in registered form for at least two years at the period-end, and who will retain these shares in this form until the dividend payment date, will receive a dividend with a 10% bonus compared to the dividend paid to other shares. The difference between the loyalty dividend calculated on the number of shares outstanding as of the period-end and the loyalty dividend actually paid shall be allocated to retaining earnings.
- (e) Adjusted to take into account, in the weighted average, the capital increases performed via cash subscriptions and treasury shares.
- (f) Adjusted to account for share capital movements.

