

# Air Liquide Danmark A/S

## Annual report 2021

**CVR no. 15 03 61 17**

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

DocuSigned by:  
  
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Frederic Despreaux

Air Liquide Danmark A/S, Høje Taastrup Vej 42, DK-2630 Taastrup

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## INFORMATION ABOUT THE COMPANY

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Company	Air Liquide Danmark A/S Høje Taastrup vej 42 2630 Taastrup
Phone	76 25 25 25
Fax	76 25 25 35
Homepage	<a href="http://www.airliquide.dk">www.airliquide.dk</a>
E-mail	<a href="mailto:info.denmark@airliquide.com">info.denmark@airliquide.com</a>
CVR.no.	15 03 61 17
Established	23 November 1962 under the name Hede Nielsen Investment A/S. Name changed in 1996 to Hede Nielsen A/S after merger with Hede Nielsen A/S (founded 1906). Name change in 2003 to the present name.
Domicile	Høje Taastrup
Accounting year	1 January - 31 December (59th accounting year)
Board	Frederic Despreaux (chairman) Virginie Reynaud Mathilde Godard Claire Szulman Turgis Floris Mackor Jean-Baptiste Ripart Dorthe Kracht Ronnie Hjulmand
	Elected by the employees Elected by the employees
Executive Board	Christian Tomsen Tommi Heikkinen
Auditor	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg

## STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

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Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Air Liquide Danmark A/S for the financial year 1 January – 31 December 2021.

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

In our opinion, the financial statements gives a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.


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

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

Taastrup, 25 April 2022

Executive Board:

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Christian Tomsen

DocuSigned by:  
  
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Tommi Heikkilä

Board of Directors:

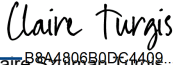
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Frederic Despreaux  
Chairman

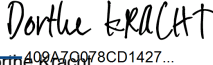
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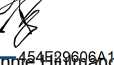
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Mathilde Godard

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Floris Macker

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Claire Turgis

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Dorte Krach  
Elected by the employees

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Romie Hjernand  
Elected by the employees

## INDEPENDENT AUDITOR'S REPORT

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### Independent auditor's report

To the shareholders of Air Liquide Danmark A/S

### Opinion

We have audited the financial statements of Air Liquide Danmark A/S for the financial year 1 January – 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT (continued)

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- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 25 April 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Mads Vinding  
State Authorised  
Public Accountant  
mne42792

## FINANCIAL HIGHLIGHTS

	2021 mill DKK	2020 mill DKK	2019 mill DKK	2018 mill DKK	2017 mill DKK
<b><u>Profit and loss account:</u></b>					
Revenue	437,7	425,0	453,7	444,8	446,5
Ordinary operating profit	-2,9	11,7	16,3	10,0	24,5
Financial items, net	33,2	-0,9	0,0	-1,0	-0,7
Profit for the year	34,0	11,7	16,1	10,8	11,4
<b><u>Balance sheet:</u></b>					
Total assets	492,9	472,1	464,1	400,2	437,4
Total equity	185,6	171,4	183,6	175,0	208,3
Investments in property, plant and equipment	56,2	39,0	99,7	65,5	31,7
<b><u>Employees:</u></b>					
Number of average full-time employees	185	181	180	173	173
<b><u>Ratios in %:</u></b>					
Gross margin	31,7	34,5	37,4	32,6	35,2
Profit margin	-0,7	2,7	3,6	2,3	5,5
Return on assets	-0,6	2,5	3,8	2,4	5,7
Equity share	37,7	36,3	39,6	43,7	47,6
Return on equity	19,0	6,6	9,0	5,6	5,6

### RATIOS

The ratios in financial highlights are calculated as follows:

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Ordinary operating profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Ordinary operating profit} \times 100}{\text{Average assets}}$
Equity share	$\frac{\text{Total equity, end of year} \times 100}{\text{Total assets, end of year}}$
Return on equity	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$

## MANAGEMENT REPORT

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### Main activities

The main activities of Air Liquide Danmark A/S (the Company) are development, and the production and sales of industrial and medical gases, related equipment and services.

The company is part of the Air Liquide Group, a world wide group within industrial and medical gases.

The parent company of the Group, L'Air Liquide S.A., is listed on the Euronext stock exchange in Paris. The consolidated Financial Statements are available online in which an even more detailed management report is available. Besides the annual report our corporate "Magazine" website holds various publications regarding our business.

### The fiscal year

Profit for the year amounted to 34 mDKK, an increase of 183 % compared to the result of last year, 11,7 mDKK. Profit for the year is significantly impacted by gain of 34 mDKK from the sale of the subsidiary Vejlevej 13, Horsens ApS. Compared to the expectation set forth in 2020 we have reached the expectations for revenue, but have a much higher increase in net result due to the sale of Vejlevej 13, Horsens ApS. The result is considered satisfying.

Net Sales increased to 437,7 mDKK equal to 3 %. The increase in sales is reflecting that we are increasing the volumes, which was negatively impacted by Covid-19 last year.

Gross margin decreased from 34,5 % to 31,7 % to total 138,6 mDKK compared to last year, 146,8 mDKK. The decrease in gross margin is impacted by the rapid increase in electricity prices.

The global pandemic Covid-19 has caused increased focus on cash flow and forecasts. The executive management has made excessive assessments to minimize the financial impact of Covid-19. However, costs has increased, especially electricity, but also transportation on purchase of gases which has negatively impacted the result for 2021.

### Expected development

We expect to see a slight increased level of activity during 2022 with an increase in sales due to demand and price increases due to increased costs of especially electricity and transportation. We have increased focus on how to handle the uncertain factors impacting at the moment. The revenue impact is expected to be in the range of DKK 5 - 10 million, compared to 2021. We expect a decrease in the net result in the range of DKK 20-25 million, compared to 2021 as the sale of Vejlevej 13 Horsens ApS have had a significant positive impact on the net result in 2021.

### Critical accounting estimates and judgments

Judgement is involved in determining Air Liquide Danmark's income taxes. Where the final tax outcome of these matters differs from the amounts that we initially recognized, such differences will impact the income tax and deferred tax, in the period in which such determination is made. During the financial year 2020 the Danish tax authorities has initiated a transfer pricing audit of Air Liquide. Judgement has been exercised in assessing whether additional amounts should be recognized when determining Air Liquide's past income tax and other provision. Management do not believe there is a probable obligation in relation to these matters and as a result a provision has not been recognized. However, a risk is naturally attached to the matter, and thus to Air Liquide Danmark's assessment and estimates made.

### Subsequent events

Subsequent to the balance sheet date we have experienced a changed geopolitical situation with the Russian invasion of Ukraine. This has no direct impact on sales and purchase for Air Liquide Danmark A/S, as we have no transactions with companies in either of the two countries. However we see an increase in fuel and gas prices, which also effects electricity prices. All three elements impacts the costs of the company.

### Research and development

Research and development activities mainly take place at group level in R&D centers in Germany and France.

### Impact on the environment

Annually, there is an assessment of our most significant environmental aspects. The areas that have been identified with the most impact are Fire / Explosion, Emissions to air and Energy consumption. As an environmental priority, we work with local actions to decrease our environmental impact of these areas.

### Corporate Social Responsibility (CSR)

Air Liquide Danmark A/S is a subsidiary of the Air Liquide Group, listed on the Euronext stock exchange in Paris. The Company is therefore covered by the same policies that apply for all other subsidiaries. These policies are included in a document referred to as the "Bluebook" which describes the general principles, rules and processes that the Group is governed by in the same responsible way throughout the world. Since the Company is covered by these policies local country policies are not made and therefore this is not reported separately for the Company.

### Business model

The main activities of Air Liquide Danmark A/S (the Company) are development, and the production and sales of industrial and medical gases, related equipment and services.

The company is part of the Air Liquide Group, a world wide group within industrial and medical gases.



## MANAGEMENT REPORT (continued)

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### Human rights

In line with our Principles of Action, we are committed to complying with all laws and regulations in force, and in particular the rules of fair trade and we do not tolerate corruption in any form. Our behavior and actions are driven by the principles of integrity and transparency.

Specific codes of conduct are intended to illustrate certain key concepts in the code of conduct. They are shared and provided throughout the Group and are enrolling ongoing and follow up for new suppliers, employees etc:

- 1) An Anti-Corruption Code of Conduct
- 2) Competition Law Codes of Conduct by broad geographic area
- 3) A Digital Protection Code of Conduct
- 4) A Suppliers Code of Conduct (translated into 13 languages)

Risks related to subcontractors are covered by mandatory "Suppliers Code of Conduct". In the work with subcontractors, there is a risk of human rights violations.

The Company ensures that all new subcontractors and suppliers sign the mandatory Supplier Code of Conduct, which includes human rights. In 2021, there were no human rights violations reported or identified.

Air Liquide is dedicated to the highest standards for the conduct of its business. Air Liquide, through its group Chairman and Chief Executive Officer, has signed the United Nations Global Compact, an initiative in which the 10 founding principles relate to Human Rights, international labor standards, the environment and the fight against corruption.

Available online on our group website is our "2018 Integrated Management report and Environmental & Society reporting". A paper consisting of 125 pages describing the subject.

### Employees

The Company offers its employees a safe work place, with respect for the individual whilst dealing with any form of discrimination. Salaries are competitive and are set in relation to results. The Company promotes a culture of diversity, openness and transparency.

The Company carries out regular employee surveys, where employees can express their level of satisfaction with their workplace. The results of these surveys are followed by the management, and initiatives are set in motion to deal with any weak points.

Besides the yearly performance appraisal review discussions we have also conducted personal interviews with a fifth of all employees letting them express their wishes for their future development.

The employees are the most important asset for Air Liquide, and the most material risk in regard to our employees is considered to be their safety in the workplace.

### Safety first

The no. 1 key value for Air Liquide is "safety first". Generally we see employees and external staff as one when it comes to safety. All must apply to our high standards and follow all instructions and guidelines.

The safety work is focusing on three main areas:

- 1) Safety for individuals - a pro active approach which engages Air Liquide employees and those of its subcontractors
- 2) Process safety - safety related to our industrial plants and our IMS (Industrial Management System)
- 3) Road Safety - safety related to transportation of gas. Air Liquide is working on the rapid deployment of new onboard technologies in trucks and vehicles of the fleet. For instance, cameras can detect driver fatigue and distraction, help change driving habits when necessary, and provide visibility of the vehicle's surroundings.

All incidents and accidents are reported and monitored, root cause analysis and corrective actions are made to learn and to continuously improve our safety.

During 2021 focus has been continuing on Safety Culture, including behaviour based Safety. A leadership program "Gear Up Safety", dedicated for site and logistics managers, was introduced in 2020. Health and Safety of our employees has also been the highest priority in all measures taken related to Covid-19.

Air Liquide's employees lost-time accident frequency rate was 0.0 at the end of 2021. This is a remarkable result and the best ever safety performance. Our ambition for 2022, will be to confirm this performance.

### Environment

Air Liquide Group can contribute to a more sustainable world. This is why local initiatives are encouraged as part of Air Liquide's Corporate Sustainability Program. The Air Liquide Foundation also contributes to these through its own projects.

Air Liquide Danmark A/S has decided to focus their policies within climate and environment on climate, as Air Liquide Denmark has evaluated that this is the area on which the company's operations has the largest impact.

The Company strives as far as possible to protect natural resources and works towards sustainable development both within the Company and its customers. The Company respects environmental demands coming from the law, regulations and international agreements.

The use of energy and other limited resources on Company owned installations is being limited via continuous technical

## MANAGEMENT REPORT (continued)

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### Environment (continued)

developments. Eventually emissions and refuse must be controlled and handled in accordance with applicable rules. Annually, there is an assessment of our most significant environmental aspects. The areas that have been identified with most impact are Fire / Explosion, Emissions to air and Energy consumption. As an environmental priority, we work with local actions to decrease our environmental impact of these areas.

The continuous focus on limiting the use of energy and limited resources also in 2021 lead to a decrease in emissions and use of resources in the Company owned installations.

All employees have a responsibility to support the Company's environmental commitment by following applicable rules, routines and best practices. It is the individual employee's responsibility to inform his or her line manager of any situation where the relevant rules and routines are not being complied with or where there may be any form of environmental risk.

The Company has also invested in solutions for producing sustainably generated hydrogen as a fuel in the transport sector.

### Energy efficiency

Air Liquide takes the climate challenge very seriously and strives to contribute to a more sustainable world.

As the first gas supplier in the Nordic countries, we therefore introduced Green Origin, climate smart gas, for liquid oxygen, nitrogen, argon and carbon dioxide as of 1 January 2018. The gases complies with ISO 14021.

Green Origin labeled gas was from that date the new standard liquid gas offer within Air Liquide in the Nordics. Green Origin is produced exclusively from wind and hydro power in the Nordic region, and the CO<sub>2</sub> emissions from our transports are 100% climate compensated. This is guaranteed by purchasing "Guarantees of origin" from the power companies, and by purchasing climate compensation projects that are included in the UN's CDM system and also fulfill the requirements from Gold Standard Foundation.

Air Liquide Denmark has an energy efficiency agreement with the Energy Authority and maintained it during 2021.

### Anti corruption

Air Liquide comply with "Sapin II", the French legislation in regards to anti corruption. The Danish entity is therefore a part of this. The group performs an yearly internal audit which is approved by the management. The internal audit is ex. random tests of contracts with agents and commission. In general the Nordic division is classified as low risk in terms of anti corruption.

Further all employees within Air Liquide may not- either directly or indirectly- offer, promise, request, demand or accept bribes or any other inappropriate advantages or gifts in order to obtain a favourable position for the Company or for his or her own personal situation, or in order to influence the result of a negotiation. If there is the slightest doubt about these questions, the employee should consult his or her line manager.

During 2021 the completion rate of Anti-Bribery E-learning reached 95,5 % (2020: 93 %). The target is 100 % which is on a continuous basis followed up.

### Gender representation in the management

The organization treats employees equally and employees are therefore offered equal opportunities to pursue their career, independent of their origin, sexual orientation, gender, age, belief, disability or any other characteristic which is protected by law.

The board has set an objective for the under-represented gender to be 40% which was met in 2021.

Several new initiatives have been taken both on a local and a global level in the last years to increase the diversity and inclusion at Air Liquide. The main focus in Denmark has been attracting more females to Air Liquide and increasing the number of female job applicants, which will further lead to an increase in the amount of hired women.

Several initiatives have been taken;

- HR is actively using more gender neutral wording in job advertisements as well as co-writing critical job advertisements with females in the business in order to make sure that the job adverts are attractive to all genders.
- Employer Branding - Making sure that we are portraying a diverse workforce on our webpage, in job adverts and social media, in order to attract a wide range of applicants. Also to use diverse initiatives to brand ourselves to a wider candidate pool, such as video interviews, podcasts, organising events etc.

In 2021, 40 % of the share among external hires in Air Liquide Denmark was women, an increase of 13.3 percentage points compared to 2020.

### Data-ethics

The Company has chosen not to have a policy regarding data-ethics. The reason not to have a policy is that it has up until now not been deemed necessary, due to the type of business, the Company operates in which does not entail collecting and processing large quantities of personal data.. However to stay ahead of things er are now in the process of developing a new data-ethics policy We are committed to ensuring compliance with applicable data privacy laws and have a strong focus on the principles of self-determination, human dignity, responsibility, equality and fairness, progressiveness, and diversity in general. We always keep people in focus and when developing new products and services, we focus on privacy by design and default. To stay ahead of things we therefor are in process of developing a new data-ethics policy to implement during 2022

## ACCOUNTING POLICIES

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The annual report has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large reporting class C entities.

Accounting policies are the same as last year.

### Group Financial Statements

In accordance with The Danish Company Accounts Act section 112, subsection 1, consolidated accounts have not been prepared. The annual accounts for Air Liquide Danmark A/S and affiliated undertakings are included in the consolidated Financial Statements for L'Air Liquide S.A., Paris

### Cash flow

In accordance with section 86, subsection 4, of the Danish Financial Statements Act no cash-flow statement has been prepared, whereas this is included in a cash flow statement for L'Air Liquide S.A.

### Auditors fee

Referring to the Danish Financial Statement Act section 96, subsection 3, information on fees to auditors decided on general meeting has been omitted. Reference is made to the consolidated financial statements of L'Air Liquide S.A.

### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustment of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity must be transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement.

### Leased assets recognize in accordance with IAS17

Leasing contracts, which are not giving the company full ownership, right to use and risk related to this, are recognized as operational leases. Payments on operational leases are recognised in the income statement over the duration of the lease contracts. Liabilities in terms of these leases are disclosed in note Contingent liabilities.

## **ACCOUNTING POLICIES (continued)**

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### **Revenue**

Revenue is recognized according to IAS 18.

On the conclusion of sales contracts which consist of several, separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods and services are met.

A contract is split up into individual transactions when the fair value of each individual sales transaction can be calculated reliably and when each individual sales transaction has a separate value for the purchaser. Sales transactions are deemed to have a separate value for the purchaser when the transaction is individually identifiable and is usually sold separately.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

### ***Revenue from the sale of goods***

Income from the sale of goods for resale and finished goods, gas and related equipment, is recognised in revenue when the most significant rewards and risks have been passed on to the buyer and provided the income can be measured reliably and payment is expected to be received. The date at which the most significant rewards and risks are passed on is based on standardised terms of delivery based on Incoterms® 2020.

Income from the sale of goods where installation is a prerequisite for considering major risks to have been transferred to the purchaser is recognised in revenue when the installation is complete.

### ***Revenue from the sale of services***

Income from the sale of services, which include service contracts, is recognised in revenue on a straight-line basis as the services are rendered, as the services are provided in the form of an indefinite number of actions over a specified period of time.

### **Cost of goods sold**

Cost of goods sold are indirectly and directly costs for raw material and assisting materials.

### **Other external costs**

Other external costs includes costs for distribution, sales, marketing, facilities and loss on debtors.

### **Personnel cost**

Personnel cost includes, salaries, vacation debt and other social security costs for the personnel in the company.

## ACCOUNTING POLICIES (continued)

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### Depreciation

Depreciation is computed on a straight line basis and is based on the expected financial useful lifetime of the assets and in accordance with the following rules:

Buildings	20-30 years	(5 - 3,3% p.a.)
Technical plant and machinery	10-20 years	(10 - 5% p.a.)
- Production plants	40 years	(2.5% p.a.)
Cylinders	10-40 years	(10 - 2.5% p.a.)
Equipment	5 - 10 years	(20 - 10% p.a.)
Acquired Software	5 years	(20% p.a.)
Completed development projects	5 years	(20% p.a.)

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

### Financial items

Financial income and expenses comprise interest income and expenses, gains and losses on securities and investments, payables and transactions denominated in foreign currencies, as well as surcharges and refunds under the on-account tax scheme, etc.

### Tax on current year result

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

The Company is covered by the Danish rules on compulsory joint taxation of the Air Liquide Danish entities. Subsidiaries and other Danish Air Liquide entities are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation. The Company is the administration company in respect of the joint taxation arrangement and accordingly settles all corporation taxes to the tax authorities.

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

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

### Intangible assets

On initial recognition, intangible assets are measured at cost.

Development costs comprise expenses, salaries and amortisation charges directly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and where the technical feasibility, sufficient resources and a potential future market or development potential are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

Acquired software are measured at cost less accumulated amortisation and impairment losses.

Acquired software are amortised on a straight-line basis.

## **ACCOUNTING POLICIES (continued)**

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### **Property, plant and equipment**

Property, plant and equipment includes land and buildings, leasehold improvements, technical plant and machinery, equipment and cylinders. Tangible fixed assets are valued at cost less accumulated depreciation.

Land and buildings, technical plant and machinery, equipment and cylinders are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

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

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

### **Investments in subsidiaries**

Investments in subsidiaries are recognized according to the equity method.

Investments in subsidiaries are recognized and measured at their proportionate share of net asset value under the equity method, the value being determined on the basis of the accounting policies of the Company less unrealised intra-group profits and losses.

To the extent the carrying amount exceeds the acquisition value, the net revaluation of investments in subsidiaries is transferred to the net revaluation reserve under the equity method.

Gains or losses on disposal of investments in subsidiaries are made up as the difference between the net selling price and the carrying amount of net assets at the date of disposal plus non-amortised goodwill. The gains and losses are recognised in the income statement as financial income or financial expenses.

### **Inventories**

Raw materials and finished goods are measured in accordance with FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development is expected selling price.

Work in progress and finished goods manufactured by the company are valued at cost price, direct wages and production overheads. Production overhead include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management.

### **Receivables**

Receivables are recognized according to IAS 39 and are measured at amortised cost, which is normally equal to the nominal value.

An impairment loss is recognised if there is objective evidence that a receivable is impaired. Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received.

### **Prepayments**

Prepayments comprise expenses incurred concerning subsequent financial years.

### **Equity**

Dividends expected to be paid for the year is shown as a separate entry in the equity specification. Proposed Dividend is included as an obligation at the time when it is approved by the General Assembly.

## ACCOUNTING POLICIES (continued)

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### **Reserve for development costs**

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or if they are no more part of the Company's operations by a transfer directly to distributable reserves under equity.

### **Reserve for revaluation under the equity method**

Reserve for revaluation under the equity method is recognised adjustment between amortized cost and net booked value based on the equity method on subsidiaries. Investments with negative net asset values are recognised at DKK 0.

### **Reserve for revaluation**

The reserve for revaluation is recognised adjustments between an assets amortized cost and the net booked actual value. The principle is no longer used and the reserve is related to adjustments prior to 2005.

### **Dividend**

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

### **Income tax and deferred tax**

The tax corresponding to the result of the year plus adjustments for earlier years are expensed in the profit and loss account.

Provisions for deferred tax is correspond to the current tax rate of the difference between accounting value and tax value of tangible fixed assets, current assets and provisions.

Payment of tax on account is deducted in taxes payable at year-end.

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

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

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

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

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

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

### **Provisions**

Provisions comprise anticipated costs related to decommissioning cost, warranty commitments, restructuring, etc. Provisions are recognised when, as a result of past events, the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

### **Liabilities**

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

### **Prepayment from customers**

Deferred income comprises payments received concerning income in subsequent years.

## INCOME STATEMENT

(DKK '000)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>REVENUE</b>	1	<b>437.686</b>	<b>424.967</b>
Costs of goods sold		134.284	118.563
Other external costs		164.764	159.586
<b>GROSS MARGIN</b>		<b>138.638</b>	<b>146.819</b>
Staff costs	2	107.720	104.751
Depreciation, amortization and impairment	3	33.833	30.382
<b>OPERATING PROFIT</b>		<b>-2.915</b>	<b>11.685</b>
Result of shares in subsidiaries	9	2.960	3.255
Financial Income	4	34.134	54
Financial expenses	5	946	919
<b>PROFIT BEFORE TAX</b>		<b>33.233</b>	<b>14.075</b>
Tax on current year result	6	-725	2.406
<b>PROFIT FOR THE YEAR</b>		<b>33.958</b>	<b>11.669</b>



## BALANCE SHEET

(DKK '000)

<b>ASSETS</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
INTANGIBLE ASSETS	7		
Software		56	84
Completed development projects		4.458	2.488
Assets under construction		807	2.739
		<u>5.321</u>	<u>5.311</u>
PROPERTY, PLANT AND EQUIPMENT	8		
Land and buildings		59.496	61.416
Technical plant and machinery		175.534	168.409
Equipment		9.037	9.175
Cylinders		75.901	79.819
Assets under construction		48.184	25.592
		<u>368.152</u>	<u>344.410</u>
FINANCIAL ASSETS			
Investment in subsidiaries	9	0	20.689
		<u>0</u>	<u>20.689</u>
<b>TOTAL FIXED ASSETS</b>		<b>373.473</b>	<b>370.409</b>
CURRENT ASSETS			
Inventories		30.390	28.996
RECEIVABLES			
Trade receivables		49.847	44.916
Receivables from affiliated companies		24.689	16.006
Income taxes		3.914	3.080
Other receivables		6.667	3.197
Prepayments	10	2.664	3.490
		<u>87.781</u>	<u>70.691</u>
CASH		1.238	1.968
<b>TOTAL CURRENT ASSETS</b>		<b>119.409</b>	<b>101.655</b>
<b>TOTAL ASSETS</b>		<b>492.882</b>	<b>472.064</b>

**BALANCE SHEET (continued)**

(DKK '000)

<b>EQUITY AND LIABILITIES</b>	<u>Note</u>	<u>2021</u>	<u>2020</u>
EQUITY			
Share capital	11	44.000	44.000
Reserve for development costs		4.284	4.679
Revaluation reserve under the equity method		0	9.734
Revaluation reserve		6.382	6.382
Retained earnings		130.922	86.835
Dividend proposed for the financial year		0	19.750
<b>TOTAL EQUITY</b>		<b>185.588</b>	<b>171.380</b>
PROVISIONS			
Deferred tax	12	36.303	37.028
Other provisions	13	781	657
<b>TOTAL PROVISIONS</b>		<b>37.084</b>	<b>37.685</b>
NON - CURRENT LIABILITIES OTHER THAN PROVISIONS			
Prepayment from customers		4.565	5.016
Payables to affiliated companies	14	40.000	50.000
Other payables		10.302	10.881
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>54.867</b>	<b>65.898</b>
CURRENT LIABILITIES OTHER THAN PROVISIONS			
Current portion of payables to affiliated companies	14	10.000	27.000
Prepayment from customers		17.337	17.156
Trade creditors		97.622	87.102
Payables to affiliated companies		66.237	41.761
Other payables		24.147	24.082
<b>TOTAL CURRENT LIABILITIES</b>		<b>215.343</b>	<b>197.101</b>
<b>TOTAL LIABILITIES OTHER THAN PROVISIONS</b>		<b>270.210</b>	<b>262.998</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>492.882</b>	<b>472.064</b>
CONTINGENT LIABILITIES			
RELATED PARTIES	15		
APPROPRIATIONS OF PROFIT/LOSS	16		
HEDGES	17		
CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS	18		
	19		

(DKK '000)

Movements in the equity can be specified as follows:

<b>2020</b>	Share capital	Dividend for the financial year	Reserve for development cost	Revaluation reserve	Retained earnings	Revaluation reserve under equity method	Total
Capital and reserves 1 Jan.	44.000	23.889	1.250	6.382	101.600	6.479	183.600
Dividend paid	0	-23.889	0	0	0	0	-23.889
Appropriation of profit / loss	0	19.750	3.429	0	-14.765	3.255	11.669
Capital and reserves 31 Dec.	44.000	19.750	4.679	6.382	86.835	9.734	171.380

<b>2021</b>	Share capital	Dividend for the financial year	Reserve for development cost	Revaluation reserve	Retained earnings	Revaluation reserve under equity method	Total
Capital and reserves 1 Jan.	44.000	19.750	4.679	6.382	86.835	9.734	171.380
Dividend paid	0	-19.750	0	0	0	0	-19.750
Appropriation of profit / loss	0	0	-395	0	44.087	-9.734	33.958
Capital and reserves 31 Dec.	44.000	0	4.284	6.382	130.922	0	185.588

## NOTES

(DKK '000)

### 1. REVENUE

In accordance with the Danish Financial Statements Act section 96, subsection 1, the company has elected not to show any segmentation of the Net Sales.

### 2. STAFF COSTS

	<u>2021</u>	<u>2020</u>
Wages, company shares and salaries, employees	93.908	91.022
Pension	9.512	9.002
Social security and other staff costs	1.402	1.430
Salaries to the Executive Board	<u>2.898</u>	<u>3.297</u>
	<u>107.720</u>	<u>104.751</u>
Number of average full-time employees	<u>185</u>	<u>181</u>

### 3. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Intangible assets	1.351	2.906
Tangible assets	<u>32.482</u>	<u>27.476</u>
	<u>33.833</u>	<u>30.382</u>

### 4. FINANCIAL INCOME

Interest, intercompany	0	3
Other financial income	89	50
Gain on sale of subsidiary	<u>34.045</u>	<u>0</u>
	<u>34.134</u>	<u>54</u>

### 5. FINANCIAL EXPENSES

Interest, intercompany	617	585
Other financial costs	<u>329</u>	<u>334</u>
	<u>946</u>	<u>919</u>

## NOTES (continued)

(DKK '000)

6. TAX	2021	2020
The tax amount expensed in the profit and loss account results from the following:		
Tax calculated on taxable income	0	4.155
Tax adjustment previous year	0	16
Change of deferred tax for the year	-725	-556
Change of deferred tax regarding previous year	0	-105
Tax	<u>-725</u>	<u>3.510</u>
Tax paid on account during the year	<u>3.914</u>	<u>3.214</u>

## 7. INTANGIBLE ASSETS

	Acquired software	Completed development projects	Assets under construction
Cost 1 January	50.645	34.546	2.739
Additions	0	573	788
Transfer	0	2.720	-2.720
Cost at 31 December	<u>50.645</u>	<u>37.839</u>	<u>807</u>
Amortization and impairment 1 January	50.561	32.058	0
Amortization and impairment for the year	28	1.323	0
Amortization and impairment 31 December	<u>50.589</u>	<u>33.381</u>	<u>0</u>
Net book value	<u>56</u>	<u>4.458</u>	<u>807</u>

### COMPLETED DEVELOPMENT PROJECTS

Completed development projects include development and test of software related to the Adapt project. The implementation of the system will insure increased automation in our plant in Hedensted ensuring that it is possible to have an unmanned operation outside normal working hours, thus reducing the headcount by 3 persons. My Gas Partner has been completed as well, with increased customer experience and efficiencies in orders and more.

Management has not identified any indication of impairment in relation to the carrying amount of the system.

### DEVELOPMENT PROJECTS IN PROGRESS

Development projects in progress include further development and test of Salesforce and development of Digital Customer Experience (DCX). These are digital tools for better customer experience, work processes, and brings a more efficient way to work for our customers and distributors. The related expenses consist of both internal and external costs. The development of the systems is expected to be finalized during 2022.

Management has not identified any indication of impairment in relation to the carrying amount in the system

**NOTES (continued)**

(DKK '000)

## 8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Equipment	Cylinders	Assets under construction
Cost 1 January	85.642	550.093	40.319	298.994	25.592
Additions	0	9.650	75	1.046	45.452
Transfer	83	15.649	1.334	5.794	-22.860
Disposals	0	0	0	2.440	0
Cost 31 December	85.725	575.392	41.728	303.394	48.184
Revaluations in previous years 1 January	777	6.850	556	0	0
Revaluations on disposals	0	0	0	0	0
Revaluations in previous years 31 December	777	6.850	556	0	0
Depreciation 1 January	25.003	388.534	31.700	219.175	0
Depreciation on disposals	0	0	0	2.440	0
Depreciation on transfer	0	0	0	0	0
Depreciation for the year	2.003	18.174	1.547	10.758	0
Depreciation 31 December	27.006	406.708	33.247	227.493	0
Net book value	59.496	175.534	9.037	75.901	48.184

## NOTES (continued)

(DKK '000)

### 9. INVESTMENTS IN SUBSIDIARIES

	<u>Investments</u>
Cost 1 January	10.955
Disposals	<u>-10.955</u>
Cost 31 December	<u>0</u>
Value adjustment 1 January	9.734
Value adjustments for the year	2.960
Dividend for the year	<u>-12.694</u>
Value adjustment per 31 December	<u>0</u>
Net book value	<u>0</u>

<u>Name and belonging</u>	<u>Vote and ownership</u>
Vejlevej 13, Horsens ApS, Høje Taastrup, Denmark	0%

The subsidiary has been sold during the year

### 10. PREPAYMENTS

	<u>2021</u>	<u>2020</u>
Prepaid insurances	516	11
Other prepayments	<u>2.148</u>	<u>3.479</u>
	<u>2.664</u>	<u>3.490</u>

### 11. SHARE CAPITAL

The share capital, par value 44 mio. DKK, consists of:

1 A-share of 300.000 DKK	300	300
1 A-share of 1.700.000 DKK	1.700	1.700
1 B-share of 6.626.000 DKK	6.626	6.626
1 B-share of 23.374.000 DKK	23.374	23.374
1 C-share of 12.000.000 DKK	<u>12.000</u>	<u>12.000</u>
	<u>44.000</u>	<u>44.000</u>

The Company's Share Capital has been unchanged in the last five years.

**NOTES (continued)**

(DKK '000)

	<u>2021</u>	<u>2020</u>
12. DEFERRED TAX		
Deferred tax 1 January	37.028	34.756
Changes in deferred tax regarding previous year	0	0
Changes in deferred tax for the year	<u>-725</u>	<u>2.272</u>
Deferred tax 31 December	<u>36.303</u>	<u>37.028</u>
Deferred tax relates to:		
Development projects	985	547
Buildings	6	-90
Machinery, equipment etc.	19.765	19.800
Cylinders	16.698	17.560
Inventory	-501	0
Acquired software	12	18
Trade receivables	-594	-678
Dismantel and others	<u>-68</u>	<u>-129</u>
	<u>36.303</u>	<u>37.028</u>
13. OTHER PROVISIONS		
Provision for the dismantling of plant and machinery	<u>781</u>	<u>657</u>
	<u>781</u>	<u>657</u>
14. PAYABLES TO AFFILIATED COMPANIES		
0-1 Year	10.000	27.000
1-5 Years	40.000	40.000
>5 Years	<u>0</u>	<u>10.000</u>
	<u>50.000</u>	<u>77.000</u>
15. CONTINGENT LIABILITIES		
Guarantees of DKK 4.090 thousand have been issued. (2020: DKK 4.531 thousand)		
Rental and leasing commitments on land and buildings are DKK 16.418 thousand (2020: DKK 6.142 thousand), of which following are due within 12 months DKK 3.829 thousand (2020: DKK 5.351 thousand).		
Leasing commitments of vehicles amount to DKK 10.704 thousand (2020: DKK 11.581 thousand), of which following are due within 12 months DKK 4.925 thousand (2020: DKK 4.829 thousand)		
Commitments related to production amount to DKK 22.335 thousand, all of which falls due between 2022-2023. (2020: DKK 14.705 thousand)		
The Company is jointly taxed with its subsidiary and the Danish Air Liquide entities. As administration company, the Company has unlimited joint and several liability, together with the entities, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group.		



## NOTES (continued)

(DKK '000)

### 16. RELATED PARTIES

Each of the following shareholders holds more than 5% of the voting rights of the shares or 5% of the total share capital:

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

Transactions with related parties relates mainly of purchase and sale of gas and cylinders including financing from related parties.

Air Liquide Danmark A/S has carried out the following related party transactions:	<u>2021</u>	<u>2020</u>
Sale of goods to associates	43.506	34.478
Other revenues from associates	9.448	18.633
Reinvoicing of assets to associates	17.548	14.138
Purchase of services from Parent Company	18.449	17.158
Purchase of goods and services from associates	64.929	60.891
Capitalized purchases from associates	9.103	4.059
Repayment of loan to Parent Company	27.000	7.000
Dividend paid out to Parent Company	19.750	23.889

Interest expense to Parent Company is disclosed in note 6 to the financial statements, and interest expenses from associated companies are disclosed in note 5. Payables and receivables to/ from associated companies are disclosed in the balance sheet.

### 17. APPROPRIATION OF PROFIT /LOSS

Dividend proposed for the year	0	19.750
Reserve development projects	-395	3.429
Revaluation reserve under the equity method	-9.734	3.255
Retained earnings	<u>44.087</u>	<u>-14.765</u>
	<u>33.958</u>	<u>11.669</u>

### 18. HEDGES

The Company uses forward exchange contracts to hedge expected currency risks, mainly related to purchase of goods in the coming year. Forward exchange contracts has been made for currency exposures in EUR, USD and SEK with a future contractual value of DKK 175.146 thousand at 31 December 2021 (2020: DKK 122.804 thousand).

## **NOTES (continued)**

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(DKK '000)

### 19. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgement is involved in determining Air Liquide Danmark's income taxes. Where the final tax outcome of these matters differs from the amounts that we initially recognized, such differences will impact the income tax and deferred tax, in the period in which such determination is made. During the financial year 2020 the Danish tax authorities has initiated a transfer pricing audit of Air Liquide. Judgement has been exercised in assessing whether additional amounts should be recognized when determining Air Liquide's past income tax and other provision. Management do not believe there is a probable obligation in relation to these matters and as a result a provision has not been recognized. However, a risk is naturally attached to the matter, and thus to Air Liquide Danmark's assessment and estimates made.