

# Air Liquide Danmark A/S

## Annual report 2022

CVR no. 15 03 61 17

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

DocuSigned by:  


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Frederic Despreaux

12 June 2023

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 (60th accounting year)
Board	Frederic Despreaux (chairman) Virginie Reynaud Reida Benbelkacem 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	KPMG P/S Dampfærgevej 28 2100 Copenhagen

## 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 2022.

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

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


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

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

Taastrup, 26 April 2023

Executive Board:


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Board of Directors:

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Chairman

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Floris Mackor

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## 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 2022 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

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

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

### Management's responsibilities for the financial statements

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

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

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

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

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

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

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

## **INDEPENDENT AUDITOR'S REPORT (continued)**

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### **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, 26 April 2023  
KPMG P/S  
CVR no. 25 57 81 98



Henrik Y. Jensen  
State Authorised  
Public Accountant  
mre35442

## FINANCIAL HIGHLIGHTS

	2022	2021	2019	2018	2017
	mill DKK	mill DKK	mill DKK	mill DKK	mill DKK
<b>Profit and loss account:</b>					
Revenue	542,3	437,7	425,0	453,7	444,8
Ordinary operating profit	-18,2	-2,9	11,7	16,3	10,0
Financial items, net	-4,7	33,2	-0,9	0,0	-1,0
Profit for the year	-18,8	34,0	11,7	16,1	10,8
<b>Balance sheet:</b>					
Total assets	558,3	492,9	472,1	464,1	400,2
Total equity	166,8	185,6	171,4	183,6	175,0
Investments in property, plant and equipment	24,1	56,2	39,0	99,7	65,5
<b>Employees:</b>					
Number of average full-time employees	188	185	181	180	173
<b>Ratios in %:</b>					
Gross margin	26,3	31,7	34,5	37,4	32,6
Profit margin	-3,4	-0,7	2,7	3,6	2,3
Return on assets	-3,5	-0,6	2,5	3,8	2,4
Equity share	29,9	37,7	36,3	39,6	43,7
Return on equity	-10,6	19,0	6,6	9,0	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

Loss for the year amounted to -18,8 mDKK, compared to the result of last year, 34,0 mDKK. Loss for the year is significantly impacted by the energy crises that has been seen during 2022. Compared to the expectation set forth in 2021 we have not reached the expectations. The result is not considered satisfying.

Net Sales increased to 542,3 mDKK equal to 24 %. The increase in sales is reflecting that we are increasing sales prices, especially due to the large increase in energy prices.

Gross margin decreased from 31,7 % to 26,5 % to total 143,5 mDKK compared to last year, 138,6 mDKK. The decrease in gross margin is impacted by the rapid increase in electricity prices, transportation costs and inflation.

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, War in Ukraine and inflation has increased costs, especially electricity and sourcing, but also transportation which has all negatively impacted the result for 2022.

### Expected development

We expect to see a slight decreased level of activity during 2023 with a decrease 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 15 - 20 million, compared to 2022. We expect an increase in the net result in the range of DKK 14-22 million, compared to 2022 as a result of increased cost focus.

### Subsequent events

There has been no events subsequent to the balance sheet date that requires recognition in the 2022 financial statements

### 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.

### 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:



## **MANAGEMENT REPORT (continued)**

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- 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 2022, 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.

Air Liquide expects to actively continue the work with human rights, and live up to our code of conduct. Further we aim to implement and work with new laws and regulations that effects human rights, living up to our own promise.

Available online on our group website is our "2021 Sustainability report and 2022 Universal Registration Document".

### **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 is also committed to keeping employees lost-time accidents frequency rate below 1 and to continuously improving the safety for all employees to ensure safety for all individuals.

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 2022 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 2021. 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 in the Nordics was 0.9 at the end of 2022. This objective for Air Liquide Group is to be below 1. Our ambition for 2023, will be to improve 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 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.

## **MANAGEMENT REPORT (continued)**

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### **Environment (continued)**

The continuous focus on limiting the use of energy and limited resources also in 2022 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.

The environment will be a continued important focus for the whole Air Liquide group. The Company will continue to have green origin certificate for gases, and will actively seek to do investments with the environment and climate in focus.

### **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 2022.

### **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 a 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 2022 the completion rate of Anti-Bribery E-learning reached 100 % (2021: 95,5 %). The target is 100 % which is on a continuous basis followed up. We aim to have a completion rate of 100% going forward. Further we will continue to develop and live up to the rules of "Sapin II", and continued focus on anti corruption.

Reference is made to the "Human rights" section for additional information on commitments, laws and regulations and code of conduct

### **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 consists of 9 members of which 6 (67%) are male and 3 (33%) are female. The board has set an objective for the under-represented gender to equally represented according to section 99b in the Danish Financial Statements Act, which was met in 2022.

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 2022, 30 % of the share among external hires in Air Liquide Denmark was women, an decrease of 10 percentage points compared to 2021.

### **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 we 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 2023

## **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® 2021.

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**

Inventories are measured at cost in accordance with the weighted-average cost method. Where the netrealisable value is lower than cost, inventories are written down to this lower value. Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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 in expected selling price.

### **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>2022</u>	<u>2021</u>
<b>REVENUE</b>	1	<b>542.267</b>	<b>437.686</b>
Costs of goods sold		213.846	134.284
Other external costs		185.682	164.764
<b>GROSS MARGIN</b>		<b>142.739</b>	<b>138.638</b>
Staff costs	2	125.317	107.720
Depreciation, amortization and impairment	3	35.638	33.833
<b>OPERATING PROFIT</b>		<b>-18.216</b>	<b>-2.915</b>
Result of shares in subsidiaries		0	2.960
Financial Income	4	19	34.134
Financial expenses	5	4.682	946
<b>PROFIT BEFORE TAX</b>		<b>-22.879</b>	<b>33.233</b>
Tax on current year result	6	-4.124	-725
<b>PROFIT FOR THE YEAR</b>		<b>-18.755</b>	<b>33.958</b>



**BALANCE SHEET**

(DKK '000)

<b>ASSETS</b>	<u>Note</u>	<u>2022</u>	<u>2021</u>
INTANGIBLE ASSETS	7		
Software		28	56
Completed development projects		7.111	4.458
Assets under construction		1.088	807
		<u>8.228</u>	<u>5.321</u>
PROPERTY, PLANT AND EQUIPMENT	8		
Land and buildings		57.500	59.496
Technical plant and machinery		169.472	175.534
Equipment		6.615	9.037
Cylinders		84.791	75.901
Assets under construction		40.221	48.184
		<u>358.599</u>	<u>368.152</u>
<b>TOTAL FIXED ASSETS</b>		<b><u>366.826</u></b>	<b><u>373.473</u></b>
CURRENT ASSETS			
Inventories		43.921	30.390
RECEIVABLES			
Trade receivables		59.215	49.847
Receivables from affiliated companies		74.356	24.689
Income taxes		1.346	3.914
Other receivables		5.569	6.667
Prepayments	9	5.379	2.664
		<u>145.864</u>	<u>87.781</u>
CASH		1.710	1.238
<b>TOTAL CURRENT ASSETS</b>		<b><u>191.496</u></b>	<b><u>119.409</u></b>
<b>TOTAL ASSETS</b>		<b><u>558.322</u></b>	<b><u>492.882</u></b>

**BALANCE SHEET (continued)**

(DKK '000)

<b>EQUITY AND LIABILITIES</b>	<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>EQUITY</b>			
Share capital	10	44.000	44.000
Reserve for development costs		6.395	4.284
Revaluation reserve under the equity method		0	0
Revaluation reserve		0	6.382
Retained earnings		116.439	130.922
Dividend proposed for the financial year		0	0
<b>TOTAL EQUITY</b>		<b>166.834</b>	<b>185.588</b>
<b>PROVISIONS</b>			
Deferred tax	11	32.179	36.303
Other provisions	12	827	781
<b>TOTAL PROVISIONS</b>		<b>33.006</b>	<b>37.084</b>
<b>NON - CURRENT LIABILITIES OTHER THAN PROVISIONS</b>			
Prepayment from customers		3.576	4.565
Payables to affiliated companies	13	183.000	40.000
Other payables		10.433	10.302
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>197.009</b>	<b>54.867</b>
<b>CURRENT LIABILITIES OTHER THAN PROVISIONS</b>			
Current portion of payables to affiliated companies	13	27.000	10.000
Prepayment from customers		15.476	17.337
Trade creditors		71.047	97.622
Payables to affiliated companies		8.802	66.237
Other payables		39.147	24.147
<b>TOTAL CURRENT LIABILITIES</b>		<b>161.472</b>	<b>215.343</b>
<b>TOTAL LIABILITIES OTHER THAN PROVISIONS</b>		<b>358.481</b>	<b>270.210</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>558.322</b>	<b>492.882</b>
CONTINGENT LIABILITIES	14		
RELATED PARTIES	15		
APPROPRIATIONS OF PROFIT/LOSS	16		
HEDGES	17		
CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS	18		

(DKK '000)

Movements in the equity can be specified as follows:

<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 0	-9.734	33.958 0
Capital and reserves 31 Dec.	44.000	0	4.284	6.382	130.922	0	185.588

<b>2022</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	0	4.284	6.382	130.922	0	185.588
Dividend paid	0	0	0	0	0	0	0
Appropriation of profit / loss	0	0	2.111	-6.382	-14.484	0	-18.755
Capital and reserves 31 Dec.	44.000	0	6.395	0	116.439	0	166.833

**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>2022</u>	<u>2021</u>
Wages, company shares and salaries, employees	111.604	93.908
Pension	9.480	9.512
Social security and other staff costs	1.007	1.402
Salaries to the Executive Board	3.226	2.898
	<u>125.317</u>	<u>107.720</u>
Number of average full-time employees	<u>188</u>	<u>185</u>

## 3. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Intangible assets	2.033	1.351
Tangible assets	33.605	32.482
	<u>35.638</u>	<u>33.833</u>

## 4. FINANCIAL INCOME

Interest, intercompany	0	0
Other financial income	19	89
Gain on sale of subsidiary	0	34.045
	<u>19</u>	<u>34.134</u>

## 5. FINANCIAL EXPENSES

Interest, intercompany	1.778	617
Other financial costs	2.904	329
	<u>4.682</u>	<u>946</u>

**NOTES (continued)**

(DKK '000)

6. TAX	<u>2022</u>	<u>2021</u>
The tax amount expensed in the profit and loss account results from the following:		
Tax calculated on taxable income	0	0
Tax adjustment previous year	0	0
Change of deferred tax for the year	-4.124	-725
Change of deferred tax regarding previous year	<u>0</u>	<u>0</u>
Tax	<u>-4.124</u>	<u>-725</u>
Tax paid on account during the year	<u>2.550</u>	<u>3.914</u>

## 7. INTANGIBLE ASSETS

	Acquired software	Completed development projects	Assets under construction
Cost 1 January	50.645	37.839	807
Additions	0	1.123	3.817
Transfer	0	3.535	-3.535
Disposals	<u>51</u>	<u>0</u>	<u>0</u>
Cost at 31 December	<u>50.594</u>	<u>42.497</u>	<u>1.088</u>
Amortization and impairment 1 January	50.589	33.381	0
Amortization on disposals	51	0	0
Amortization and impairment for the year	<u>28</u>	<u>2.005</u>	<u>0</u>
Amortization and impairment 31 December	<u>50.566</u>	<u>35.386</u>	<u>0</u>
Net book value	<u>28</u>	<u>7.110</u>	<u>1.088</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 2023.

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	85.725	575.392	41.728	303.394	48.184
Additions	0	1.338	70	8.361	14.288
Transfer	0	9.181	1.429	11.641	-22.251
Disposals	0	62	1	1.254	0
Cost 31 December	<u>85.725</u>	<u>585.849</u>	<u>43.225</u>	<u>322.142</u>	<u>40.221</u>
Revaluations in previous years 1 January	777	6.850	556	0	0
Revaluations on disposals	<u>777</u>	<u>6.850</u>	<u>556</u>	<u>0</u>	<u>0</u>
Revaluations in previous years 31 December	0	0	0	0	0
Depreciation 1 January	27.006	406.708	33.247	227.493	0
Depreciation on disposals	777	6.910	557	1.251	0
Depreciation on transfer	0	0	0	0	0
Depreciation for the year	<u>1.996</u>	<u>16.580</u>	<u>3.920</u>	<u>11.109</u>	<u>0</u>
Depreciation 31 December	<u>28.225</u>	<u>416.378</u>	<u>36.611</u>	<u>237.351</u>	<u>0</u>
Net book value	<u>57.500</u>	<u>169.472</u>	<u>6.615</u>	<u>84.791</u>	<u>40.221</u>

## 9. PREPAYMENTS

Prepaid insurances		11	516
Other prepayments		<u>5.368</u>	<u>2.148</u>
		<u>5.379</u>	<u>2.664</u>

## 10. 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)

11.	DEFERRED TAX	<u>2022</u>	<u>2021</u>
	Deferred tax 1 January	36.303	37.028
	Changes in deferred tax regarding previous year	0	0
	Changes in deferred tax for the year	<u>-4.124</u>	<u>-725</u>
	Deferred tax 31 December	<u>32.179</u>	<u>36.303</u>
	Deferred tax relates to:		
	Development projects	1.568	985
	Buildings	92	6
	Machinery, equipment etc.	12.518	19.765
	Cylinders	18.654	16.698
	Inventory	0	-501
	Acquired software	0	12
	Trade receivables	-613	-594
	Dismantel and others	<u>-40</u>	<u>-68</u>
		<u>32.179</u>	<u>36.303</u>
12.	OTHER PROVISIONS		
	Provision for the dismantling of plant and machinery	<u>827</u>	<u>781</u>
		<u>827</u>	<u>781</u>
13.	PAYABLES TO AFFILIATED COMPANIES		
	0-1 Year	27.000	10.000
	1-5 Years	98.000	40.000
	>5 Years	<u>85.000</u>	<u>0</u>
		<u>210.000</u>	<u>50.000</u>
14.	CONTINGENT LIABILITIES		
	Guarantees of DKK 4.090 thousand have been issued. (2021: DKK 4.090 thousand)		
	Rental and leasing commitments on land and buildings are DKK 13.665 thousand (2021: DKK 16.418 thousand), of which following are due within 12 months DKK 3.107 thousand (2021: DKK 3.829 thousand).		
	Leasing commitments of vehicles amount to DKK 8.019 thousand (2021: DKK 10.704 thousand), of which following are due within 12 months DKK 3.394 thousand (2021: DKK 4.925 thousand)		
	Commitments related to production amount to DKK 35.872 thousand, all of which falls due between 2023-2024. (2021: DKK 22.335 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)

## 15. 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>2022</u>	<u>2021</u>
Sale of goods to associates	69.565	43.506
Other revenues from associates	11.053	9.448
Reinvoicing of assets to associates	3	17.548
Purchase of services from Parent Company	22.545	18.449
Purchase of goods and services from associates	95.206	64.929
Capitalized purchases from associates	5.237	9.103
Repayment of loan to Parent Company	10.000	27.000
Dividend paid out to Parent Company	0	19.750

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.

## 16. APPROPRIATION OF PROFIT /LOSS

Dividend proposed for the year	0	0
Reserve development projects	2.111	-395
Revaluation reserve under the equity method	0	-9.734
Retained earnings	<u>-20.866</u>	<u>44.087</u>
	<u>-18.755</u>	<u>33.958</u>

## 17. 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 290.284 thousand at 31 December 2022 (2021: DKK 175.146 thousand).