My AL Share 2023

# Be a shareholder of My Group


## Air Liquide 2023 Employee Stock Purchase Plan

## U.S. Offering Package

Air Liquide

Airgas
an Air Liquide company

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# REGULATIONS

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# REGULATIONS

**AIR LIQUIDE GROUP**

**2009 EMPLOYEE SHARE PURCHASE PLAN REGULATIONS FOR U.S. EMPLOYEES**

**(Amended and Restated Effective as of January 1, 2010)**

## PREAMBLE

L'AIR LIQUIDE S.A. (the "Company") adopted the Group Share Purchase Plan France and the International Group Share Purchase Plan (the "Employee Share Purchase Plans") pursuant to resolutions adopted by its shareholders. The Company's Employee Share Purchase Plans are intended to enable employees of the Company and its French and foreign subsidiaries, including Designated U.S. Subsidiaries, to subscribe to shares of the Company. These Regulations for U.S. Employees are established under the International Group Share Purchase Plan and are intended to set forth the terms and conditions pursuant to which employees of Designated U.S. Subsidiaries may participate in stock issuances under the Company's Employee Share Purchase Plans (the "U.S. Plan").

The U.S. Plan is hereby amended effective as of January 1, 2010 to conform to final regulations promulgated under Section 423 of the U.S. Internal Revenue Code ("Code") and to incorporate other changes.

## ARTICLE I – PURPOSE AND LEGAL FRAMEWORK

1.1 Purpose

The purpose of the U.S. Plan is to further the development of employee stockholding by offering employees of Designated U.S. Subsidiaries of the Company the possibility of becoming stockholders of the Company. The U.S. Plan has been established to implement the Company's Employee Share Purchase Plans approved by the Board of Directors of the Company ("Board"). The Board shall establish the terms and conditions of any stock offerings from time to time. Except as provided in the U.S. Plan, it is the intention of the Company to have the U.S. Plan, established under the Company's Employee Share Purchase Plans, qualify as an "employee stock purchase plan" under Section 423 of the Code. The provisions of the U.S. Plan shall be in accordance with the Company's Employee Share Purchase Plans and the terms and conditions of offerings thereunder, and shall be construed so as to extend and limit participation in a manner consistent with the requirements of Section 423 of the Code, except as otherwise provided herein. Notwithstanding the foregoing, the Board may authorize one or more offerings under the U.S. Plan from time to time that are not intended to qualify under Section 423 of the Code. Such offerings shall be designated as being part of the portion of the U.S. Plan that is not intended to comply with Section 423 of the Code (the "non-Section 423 component").

1.2 Applicability

Any Designated U.S. Subsidiary of the Company may participate in the U.S. Plan.

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## ARTICLE II – DEFINITIONS

2.1 "Committee" shall mean the American Air Liquide Holdings, Inc. Employee Benefits Committee as appointed by the board of directors of American Air Liquide Holdings, Inc. to administer the terms and conditions of the U.S. Plan for the Designated U.S. Subsidiaries.

2.2 "Common Stock" shall mean the Common Stock of the Company.

2.3 "Designated U.S. Subsidiary" shall mean American Air Liquide Holdings, Inc. and any other U.S. Subsidiary of the Company which has been designated by the Committee as eligible to participate in the U.S. Plan from time to time and have joined or will join the U.S. Plan by signing an adhesion form. Notwithstanding the foregoing, in an offering under the non-Section 423 component of the U.S. Plan, the term "Designated U.S. Subsidiary" shall mean any corporate or non-corporate entity designated by the Committee in accordance with the Company's Employee Share Purchase Plans in which the Company owns a minimum equity interest specified by the Board and which entity has joined or will join the U.S. Plan by signing an adhesion agreement.

2.4 "Employee" shall mean any individual who is an employee of a Designated U.S. Subsidiary for federal income tax purposes and who is customarily employed on a full-time or part-time basis by the Designated U.S. Subsidiary. For purposes of the U.S. Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Designated U.S. Subsidiary. Except as otherwise provided in the U.S. Plan, where the period of leave exceeds ninety (90) days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the ninety-first (91st) day of such leave.

2.5 "Fair Market Value" shall mean the average of the opening quotation for Common Stock of the Company on the Euronext Paris stock exchange during the twenty (20) trading sessions preceding the date of the decision of the Board or its delegee determining the Subscription Period. Notwithstanding the preceding sentence, for federal, state, and local income tax reporting purposes, fair market value shall be determined by the Committee in accordance with uniform and nondiscriminatory standards adopted by it from time to time.

2.6 "Subscription Period" shall mean the period of time, as designated by the Committee, in accordance with the decision of the Board or its delegee, during which Subscription Rights granted pursuant to the U.S. Plan may be exercised during an offering. In no event may the Subscription Period with respect to an offering intended to comply with Section 423 of the Code exceed twenty- seven (27) months.

2.7 "Subscription Rights" shall mean rights awarded to eligible U.S. employees to purchase shares of Common Stock of the Company under the U.S. Plan.

2.8 "Subsidiary" shall mean a corporation, domestic or foreign, of which more than 50 percent of the voting shares are held by the Company or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Company or a Subsidiary. The term "Subsidiary" shall be construed to have the same meaning as "subsidiary corporation" as defined in Section 424(f) of the Code using the attribution of stock ownership rules in Section 424(d) of the Code, except that the requisite ownership percentage shall be more than 50 percent of the voting shares.

**ARTICLE III – ELIGIBILITY AND PARTICIPATION**

3.1 Eligibility

Options to purchase the Company's Common Stock shall be granted to all eligible Employees of each Designated U.S. Subsidiary who shall have completed at least three (3) months of employment as of the end of the Subscription Period.

The Committee may, in accordance with the terms of any stock offering, exclude Employees who are citizens or residents of a non-U.S. jurisdiction if the grant of an option under the offering to such individual is prohibited under the laws of such jurisdictions or compliance with the laws of such foreign jurisdiction would cause the U.S. Plan or offering to violate the requirements of Section 423 of the Code. With respect to an offering intended to meet the requirements of Section 423 of the Code, the eligibility requirements shall satisfy the provisions of Section 423 of the Code and the regulations promulgated thereunder and the minimum period of service shall not exceed two (2) years.

The exercise of Subscription Rights under the U.S. Plan is optional.

3.2 Restrictions on Participation

Notwithstanding any provisions of the U.S. Plan to the contrary, no Employee shall be granted Subscription Rights to acquire shares of Common Stock in an offering intended to meet the requirements of Section 423 of the Code:

(a) if, immediately after the grant, such Employee would own stock and/or hold outstanding options to purchase stock, possessing 5 percent or more of the total combined voting power or value of all classes of stock of the Company or of its Subsidiaries (for purposes of this paragraph, the attribution rules of Section 424(d) of the Code shall apply in determining stock ownership of any Employee); or

(b) which permits an Employee the right to purchase stock under all employee stock purchase plans of the Company or of its Subsidiaries intended to qualify under Section 423 of the Code to accrue at a rate which exceeds $25,000 in Fair Market Value of the stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time.

3.3 Commencement of Participation

An eligible Employee may elect to exercise Subscription Rights under the U.S. Plan by completing a subscription form with respect to the acquisition of shares of Common Stock during the Subscription Period (wherein the Employee must also select a method of payment for the subscribed shares). The Employee may not exercise Subscription Rights until after the receipt of all subscription materials in respect of the U.S. Plan, and must complete and return the subscription form or execute a subscription form electronically as instructed by the Company before the end of the Subscription Period. The Employee must submit the subscription form, and the payment agreement, if applicable, with the person designated on such forms or subscribe electronically in accordance with the instructions thereon, on or before the date set therefore by the Committee, which date shall be the last day of the Subscription Period.

An eligible Employee may cancel his or her exercise of Subscription Rights under the U.S. Plan by completing and returning a notice of withdrawal or completing a form electronically as instructed by the Committee with the person designated to receive such notice on or before the last day of the Subscription Period as instructed by the Committee.

**ARTICLE IV – FUNDING**

4.1 Contributions to U.S. Plan

This U.S. Plan is funded solely by voluntary payments by the participating Employees.

**ARTICLE V – GRANT OF SUBSCRIPTION RIGHTS**

5.1 Number of Shares Subject to Subscription Rights

Subject to the limitations of Section 3.2(b) of the Plan, on the date that the Board or its delegee determines the Fair Market Value of each share of Common Stock that may be purchased during a Subscription Period under Section 2.5, each eligible Employee shall be deemed to have been granted Subscription Rights to purchase that number of shares of Common Stock equal to twenty-five (25) percent of an Eligible Employee's annual gross base pay as determined by the Committee. The Subscription Rights may be exercised beginning on the first day of the Subscription Period and shall expire on the last day of the Subscription Period if not sooner exercised.

5.2 Purchase Price Per Share

The price of each share of Common Stock purchased during a Subscription Period shall be not less than 85 percent of the Fair Market Value of a share of Common Stock on the date set forth in Section 2.5.

**ARTICLE VI – VOLUNTARY PAYMENTS BY EMPLOYEES**

6.1 Amount of Voluntary Payments

Eligible Employees shall be informed of the minimum amount, the terms and conditions and the dates of Employees' voluntary payments prior to the end of the Subscription Period. The total amount of voluntary payments to the U.S. Plan and to the Company's Employee Share Purchase Plans cannot exceed one fourth (1/4) of the Employee's annual gross base pay as may be determined by the Committee.

6.2 Tax Withholding

To the extent required by law, at the time the Subscription Rights are exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the U.S. Plan is disposed of, the participant shall make adequate provision for federal, state, or other tax withholding obligations, if any, which arise upon the exercise of the Subscription Rights or the disposition of the Common Stock as determined by the Committee. At any time where withholding is required, a Designated U.S. Subsidiary may withhold from the participant's compensation the amount necessary for the Designated U.S. Subsidiary to meet applicable minimum withholding obligations, including any withholding required to make available to the Designated U.S. Subsidiary any tax deductions or benefits attributable to the sale or early disposition of Common Stock by the Employee.

**ARTICLE VII – USE OF SUMS PAID**

7.1 Payment of Stock

An Employee shall select the method of payment for the shares at the time he or she files his or her subscription form, which shall include payment in full at the expiration of the Subscription Period or payment in installments over a period and under procedures to be determined by the Board or its delegee with respect to each offering in accordance with the provisions of the Company's Employee Share Purchase Plans. The sums paid by the participating Employees shall be immediately and entirely used for the payment of Common Stock subscribed during the Subscription Period.

7.2 Registration of Ownership of Stock

Once the final list of subscribers and the number of shares subscribed by each subscriber at the time of the capital increase has been established, the stock of the Company will be registered in an account opened in the Employee subscriber's name in the Company's records on a date to be determined by the Company's Shareholder's Department for each offering. Each Employee subscriber will receive an account registration certificate indicating the number of registered shares thus recorded in his or her account.

**ARTICLE VIII – HOLDING PERIOD**

8.1 Holding Period

The Company stock registered in the names of the participating Employees will be held in the account established for each Employee and shall not be available for transfer or other disposition by such Employee until the end of a five (5) year holding period unless otherwise required by applicable law or such other holding period as the Board shall establish for an offering. The holding period will begin on the date the Common Stock is registered in the Employee's account.

8,2 Expiration of Holding Period

During the holding period, the Common Stock will remain registered by name in the Employee's account and may not be transferred in any manner whatsoever.

8.3 Exceptions to Holding Period

Employees may request the early release of their shares before the expiration of the holding period, provided such shares have been fully paid for, under the following conditions, as determined by the Committee in its sole discretion:

(1) death of the Employee;
(2) termination of employment for any reason;
(3) acquisition or substantial improvement of an Employee's principal residence; or
(4) serious financial hardship of the Employee.

**ARTICLE IX – TERMINATION OF EMPLOYMENT BEFORE FULL PAYMENT OF SUBSCRIBED STOCK**

9.1 Termination of Employment

Upon a participant's termination of employment for any reason (other than transfer to another Company Subsidiary) before the stock an Employee has subscribed to has been fully paid, the Employee (or his or her assigns in the event of death) shall immediately pay any unpaid balance then owing under his or her payment agreement.

**ARTICLE X – FAILURE TO PAY FOR SUBSCRIBED STOCK**

10.1 Non-Payment of Subscribed Stock

If, for any reason whatsoever, the Employee (or his or her assigns in the event of death) does not fulfill his or her obligations to pay for subscribed stock at the scheduled dates, the Employee will be deemed to have defaulted as a shareholder. In such an event, following a notice period, the Employee's Designated U.S. Subsidiary employer may sell the stock subscribed for by the Employee and use the proceeds to reduce the balance owed by the Employee under the payment agreement. If the proceeds of the sale exceed the amount owed by the Employee, the excess will be paid to Employee as soon as practicable, less applicable tax and payroll withholdings. If the proceeds are less than the amount owed by the Employee, the Employee will continue to be personally responsible for the payment of the insufficiency.

**ARTICLE XI – DURATION OF THE EMPLOYEE STOCK PURCHASE PLAN**

11.1 Term of U.S. Plan

This U.S. Plan shall be in force through December 31, 2009 subject to automatic renewal for periods of one year at the end of the initial and any subsequent expiration date, unless notice of termination is given in accordance with Section 11 .2.

11.2 Amendment or Termination of U.S. Plan

The Committee may at any time terminate or amend the U.S. Plan at the direction of the Board or its delegee. The termination of the U.S. Plan, however, shall have no effect on shares already subscribed to by participating Employees. No amendment may make any change in any Subscription Rights theretofore granted which adversely affects the rights of any Employee. Notice of termination shall be given by the Company to each Designated U.S. Subsidiary at least ninety days prior to any expiration date. In the event notice of termination is given, this U.S. Plan will continue to remain in effect until the expiration of the holding period of the last stock subscribed for by the Employees under the International Group Share Purchase Plan as provided in Article VIII of the Plan.

11.3 Change in Air Liquide Group

Employees of any Designated U.S. Subsidiary which ceases to be a member of the Air Liquide Group will no longer be able to make contributions of any kind whatsoever, but they will retain their holdings in the U.S. Plan according to the terms and conditions of the U.S. Plan, provided that the Designated U.S. Subsidiary's departure from the Air Liquide Group shall not constitute an exception to the Holding Period as provided in Section 8.3 of the U.S. Plan.

**ARTICLE XII – SHARES OF COMMON STOCK**

12.1 Shares Subject to the U.S. Plan

The maximum number of shares of the Company's Common Stock which shall be issued under the Employee Share Purchase Plans, including the U.S. Plan, shall be 5,500,000 shares. The Board shall establish the maximum number of shares which may be issued for each offering. If the total number of shares with respect to which Subscription Rights are to be exercised exceeds the number of shares then available under the offering, the Committee, as directed by the Board, shall reduce the number of shares subscribed for by those Employees who have subscribed for the greatest number of shares until the number of shares subscribed for no longer exceeds the number of shares available for issuance.

12.2 Employee's Interest in Stock Subject to Subscription Rights

An Employee shall have no interest or voting rights in shares covered by Subscription Rights until such Subscription Rights have been exercised. Each share of Common Stock issued under the U.S. Plan shall have the same voting rights as all other shares of common stock (or similar equity shares) of the Company.

12.3 Restrictions on Exercise

The Committee may, in its discretion, require as conditions to the exercise of any Subscription Rights that the shares reserved for issuance upon the exercise of the Subscription Rights shall have been duly listed, upon official notice of issuance, upon a stock exchange, and that a Registration Statement under the Securities Act of 1933, as amended, with respect to said shares shall be effective or an exemption from such registration be applicable.

## ARTICLE XIII – ADMINISTRATION

13.1 Appointment and Authority of Committee

The board of directors of American Air Liquide Holdings, Inc. shall designate the Committee to administer the U.S. Plan for all Designated U.S. Subsidiaries. The Committee shall act in accordance with the guidelines and policies adopted by the Board or its delegee with respect to the Company's Employee Share Purchase Plans. Subject to such guidelines and policies, the Committee shall have full and exclusive discretionary authority to interpret and construe any and all provisions of the U.S. Plan, to adopt, amend and rescind rules and regulations for administering the U.S. Plan, and to make all other determinations deemed necessary or advisable for administering the U.S. Plan, including, without limitation, all questions concerning eligibility to participate in and Subscription Rights to be received under the U.S. Plan. Every finding, decision and determination made by the Committee shall, to the full extent permitted by law, be final and binding upon all parties.

With respect to each offering, the Committee shall adopt such terms and conditions specified by the Board or its delegee to implement the International Group Share Purchase Plan, these U.S. Regulations and the Board decisions. The Committee may adopt special guidelines and provisions for any offering at the direction of the Board or its delegee, provided that the terms of participation shall be applied on a uniform and consistent basis to all Employees within each separate offering that is intended to qualify under Section 423 of the Code so that such employees who are granted Subscription Rights have the same rights and privileges with respect to such Subscription Rights, except that an offering may provide that the amount of stock which may be purchased by any Employee may bear a uniform relationship to the total compensation or the basic or regular rate of compensation of Employees and the offering may provide for a maximum amount of stock that may be purchased. The Committee may, at the direction of the Board or its delegee, also adopt special guidelines and provisions for persons who are residing in, or subject to the laws of, foreign jurisdictions to comply with applicable tax and securities laws. The Committee may designate any offering as being part of the non-Section 423 component of the Plan. An offering that is not designated by the Committee in writing as being part of the non-Section 423 component of the Plan shall be intended to comply with the requirements of Section 423 of the Code.

## ARTICLE XIV – MISCELLANEOUS

14.1 Designation of Beneficiary

In the event of an Employee's death prior to delivery to such Employee of shares, the Company shall deliver such shares held by it to the executor or administrator of the estate of the Employee.

14.2 Transferability

An Employee's rights with regard to the exercise of Subscription Rights or to receive shares under the U.S. Plan may not be assigned, transferred, pledged or otherwise disposed of in any way (other than by will or the laws of descent and distribution) by the Employee, and such rights are exercisable only by the Employee during his or her lifetime. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect.

14.3 Applicable Law

The U.S. Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware.

14.4 No Employment Rights

The U.S. Plan does not, directly or indirectly, create any right for the benefit of any Employee to purchase any Common Stock under the U.S. Plan, or create in any Employee or class of Employees, any right with respect to continuation of employment by the Designated U.S. Subsidiary employer or its affiliates, and it shall not be deemed to interfere in any way with the Designated U.S. Subsidiary's or any other affiliate's right to terminate, or otherwise modify, an Employee's employment at any time.

14.5 Notices

All notices or other communications by an Employee to the Committee under or in connection with the U.S. Plan shall be deemed to have been duly given when received by the Chairman of the Committee at: General Counsel, American Air Liquide Holdings, Inc., 9811 Katy Freeway, Suite 100, Houston, TX 77024. Any notices or communications by the Committee to an Employee shall be deemed given when mailed by regular United States mail, first-class and prepaid to the Employee's last known address or sent electronically to the Employee's last known email address.

14.6 Shareholder Authorization

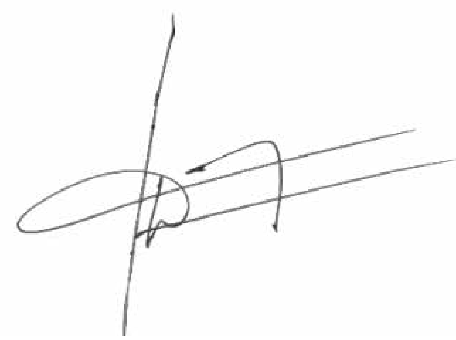
The Company's Employee Share Purchase Plans have been adopted by the Board and authorized by the shareholders of the Company.

14.7 Financial Statements to Employees

The Designated U.S. Subsidiary shall provide its Employees who participate in the U.S. Plan at least annually with financial statements of the Company.

14.8 U.S. Plan Implementation Costs Each Designated U.S. Subsidiary agrees to bear the costs of implementation of the U.S. Plan incurred in relation to its employees. Pursuant to the authority granted to him by the Chairman and Chief Executive Officer of the Company, the undersigned hereby adopts, on behalf of L'Air Liquide S.A., the Air Liquide Group 2009 Employee Share Purchase Plan Regulations for U.S. Employees, as amended re-established under the L'Air Liquide S.A. International Group Share Purchase Plan. This adoption is made this October 11, 2010 with effect from January 1, 2010.

Made in Paris,
On October 11, 2010



Jean-Pierre Duprieu
Senior Vice-President

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# MATERIAL TERMS

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# MATERIAL TERMS

## DESCRIPTION OF MATERIAL TERMS OF THE AIR LIQUIDE GROUP EMPLOYEE SHARE PURCHASE PLAN 2023 OFFERING

### 2009 REGULATIONS FOR U.S. EMPLOYEES (Amended And Restated Effective January 1, 2010)

**Offer of shares of stock to employees**

To facilitate the worldwide employees of the Air Liquide Group becoming shareholders of L'Air Liquide S.A. (the "Company"), the Company's Board of Directors ("Board") has adopted the Air Liquide Group Employee Share Purchase Plan France and the International Group Share Purchase Plan. These plans authorize offerings of shares of the Company for sale at a discounted price exclusively to Air Liquide Group employees.

The Company has adopted the 2009 Regulations for U.S. Employees (as Amended and Restated Effective January 1, 2010) (the "U.S. Plan") to allow employees of the Company's designated U.S. subsidiaries to participate in the stock offerings. The U.S. Plan is established under the provisions of the Company's International Group Employee Share Purchase Plan and, except as provided in the U.S. Plan, is subject to the same terms and conditions of the Company's International Group Employee Share Purchase Plan. Under the U.S. Plan, employees of the Company's U.S. subsidiaries will be offered the opportunity to purchase Company shares at a 15% discounted purchase price. The U.S. Plan is intended to qualify as an "employee stock purchase plan" under Section 423 of the U.S. Internal Revenue Code of 1986, as it may be amended from time to time, and any regulations thereunder (the "Code"), and the U.S. Plan shall be interpreted in a manner that is consistent with that intent.

**Exercise price**

The purchase price per share of the shares is the amount listed in the Appendix, which represents a 15% discount from the average of the opening quotations of the Company's shares on the Euronext Paris stock exchange during the twenty trading sessions preceding the date of the decision of the Board or its delegee setting the commencement date of the subscription period. Although shares of the Company are traded in Euros on the Euronext Paris Stock Exchange, for purposes of the U.S. offering, the discounted purchase price has been converted into U.S. dollars based on the Euro-Dollar exchange rate on the date listed in the Appendix and will not fluctuate during the offer period based on future changes in the Euro-Dollar conversion rates. See Exhibit B hereto for an illustration of the possible effect of changes in the Euro-Dollar exchange rates on the potential for gains and losses under the U.S. Plan.

**Expected size of offering**

The number of Company shares offered for sale to employees worldwide during the 2023 subscription period is set forth in the subscription form.

**Provisions in the event that the offering is oversubscribed**

In the event that the offering is oversubscribed, subscriptions for those employees who subscribed for the greatest number of shares will be reduced until the number of shares subscribed for no longer exceeds the number of shares available for purchase. In the event the offering continues to be oversubscribed after such reduction, subscriptions will be reduced pro-rata. In this event, each participant will be informed.

**Subscription Period**

The subscription period will begin and end on the dates listed in the Appendix (the "Subscription Period"). In order to participate in the U.S. Plan, employees must electronically complete an individual subscription form on-line by the date listed in the Appendix, the end of the Subscription Period. An employee will not be eligible to participate in the U.S. Plan if he or she does not electronically enroll on- line during the Subscription Period. No employee may elect to participate in the U.S. Plan prior to receipt of all subscription materials in respect of the U.S. Plan.

An employee may cancel his or her participation in the U.S. Plan and his or her election to purchase shares of the Company if the employee files a notice of withdrawal with the person designated to receive such notice on or before the last day of the Subscription Period.

**Payment terms for the shares**

Employees may pay for the shares they purchase in one of two ways:

**• Payroll deductions, over 12 months; or**

- If paying by payroll deductions, the number of Company shares subscribed may not exceed an amount equal in value to $9,500 minus the amount of any other outstanding loans from the employee's employer. Each installment payment made by payroll deduction may not exceed 10% of the employee's net monthly salary for the relevant pay period.

**• Payment by ACH direct debit**

- If paying upfront by ACH direct debit, the number of Company shares subscribed may not exceed any amount equal in value to the lower of $25,000 or 25% of the employee's gross annual base pay.

**• Payment default**

Purchases of stock made by employees will become irrevocable as of the date listed in the Appendix, the last day of the Subscription Period. Should an employee (or his or her heir or assignee) default in his or her obligation to pay for the shares purchased for any reason whatsoever, the employee will be deemed to be a shareholder in default and shall no longer be eligible to participate in the U.S. Plan.

In the event an employee becomes a shareholder in default, following a notice period, his or her employer will have the right to sell the employee's shares on the open market and use the proceeds to reduce any outstanding balance then owed by the employee. If the sale proceeds are less than the outstanding balance owed, the employee will be personally liable for any remaining amount owed. If the sales proceeds exceed the outstanding balance, the employee will receive the excess amount, less applicable withholding taxes, as soon as practicable.

**• Registration of shares**

Once the final list of subscribers and the number of shares subscribed for by each subscriber has been finalized, the Company will register the shares in an account opened in the name of each employee subscriber in the Company's records in the custody of the Company's Shareholders Department in Paris, France, or in the records of the Company's authorized agent.

All employees purchasing shares shall be supplied with a statement attesting to the registered shares in their respective accounts.

**Persons Entitled To Buy Shares**

**• Eligible employees**

- Eligible employees must have been employed by an Air Liquide Group company that is a member of the French Share Purchase Plan (FSPP) or the International Group Share Purchase Plan (IGSPP) for at least three months during the period between January 1, 2022 and November 16, 2023. The three months do not need to be consecutive as long as they are in that time period.
- In addition, the employee must be employed by the Company or a direct or indirect eligible subsidiary of the Company at the
end of the subscription period, and the employee's employer must have adhered to the Air Liquide International Group Share
- Purchase Plan.

An employee's participation in the U.S. Plan is entirely voluntary. There can be no guarantee that the Company shares purchased through the U.S. Plan will increase in value.

**Terms and Conditions of Application**

**• Number of shares for which employees are entitled to subscribe**

The maximum value of shares (equivalent to U.S. dollars of the subscription price in Euros) that an employee may subscribe for during the Subscription Period may not exceed the lower of $25,000 or 25% of an employee's gross annual base pay (see above, however, "Provisions in the event of the offering being oversubscribed").

**• Assignment restrictions**

Employees cannot transfer or pledge their right to purchase Company shares to another individual.

**• Holding period for shares**

Shares purchased may not be sold for 5 years (ending on December 7, 2028), from the date the shares are registered in an account for each employee in the Company's Shareholders Department. During the holding period, the shares will remain in the registered account of the employee and may not be assigned or transferred in any manner whatsoever.

However, an employee may sell the shares (provided such shares have been fully paid for) prior to the end of the holding period under the following circumstances as determined by the committee that administers the U.S. Plan in its sole discretion:

- in the event of the death of the employee;
- if the employee ceases to be employed by the Company or any affiliate of the Company for any reason;
- if the employee acquires a new primary residence or substantially improves his or her primary residence; or
- if the employee experiences a serious financial hardship.

These early exit events are defined by French law and

must be interpreted and applied in a manner consistent with French law. The employee should not conclude that an early exit event is available unless they have described their specific case to their employer and their employer has confirmed that it applies to the situation, upon the employee providing the requisite supporting documentation.
Employees must present a request for early exit within a period of six months after the occurrence of an early exit event, except in the event of employee's death or termination of employment (in which case, the request may be made at any time).

**• Taxation/Foreign Exchange Rate**
See Exhibit A, "U.S. Federal Income Tax Consequences," attached. Exhibit B attached illustrates the possible effect of changes in the Euro-Dollar exchange rates on the potential for gains and losses under the Plan.

**Information Material**
A copy of the U.S. Plan is included in your offering package.

Employees who become shareholders of the Company by virtue of participation in the U.S. Plan will receive all the documents normally forwarded annually to registered shareholders in compliance with legal requirements.

## EXHIBIT A : U.S. FEDERAL INCOME TAX CONSEQUENCES

**U.S. Tax overview**
The U.S. Plan is intended to comply with the provisions of Section 423 of the Internal Revenue Code (the "Code").

**Special Note:** As described in the U.S. Plan and the Description of Material Terms, shares purchased under the U.S. Plan must generally be held for at least five (5) years. This is a requirement of the Air Liquide Plan. Under certain exceptions (such as death, cessation of employment, purchase of or substantial improvement to a primary residence, financial hardship), the shares may be sold earlier than five years. However, even if you qualify for one of such exceptions, in order to receive the maximum tax benefits of the U.S. Plan, you would need to hold shares purchased under the U.S. Plan for at least two (2) years from the date of purchase.

**Time of Purchase**
Amounts deducted from your paycheck in order to purchase shares of common stock of the Company under the U.S. Plan are taxable as part of your compensation. You are using after-tax dollars to purchase these shares. However, under Section 421(a) of the Code, the purchase of shares under the U.S. Plan is not itself a taxable event even though the purchase price for the shares may be less than market price for the shares on the date of purchase. That is, the difference between the market price on the date of purchase and the purchase price — the 15% discount and any "additional discount" (described below) — is not taxable at the time of purchase.

**Sales at Market Price of Shares Purchased Under the U.S. Plan**
**• Shares held for two (2) years or more - Qualifying Disposition**

If you sell shares that were purchased under the U.S. Plan which you have held for two (2) years or more after the date of purchase:

- Any profit up to the amount of the 15% discount (or, if lower, the excess of the fair market value of the shares on the date of sale over the purchase price) will be taxable as ordinary income, and any additional profit over the amount of the 15% discount will be taxable as a long-term capital gain;
- Any loss will be treated as a long-term capital loss.

**Example** — This example illustrates the tax consequences in U.S. dollars. Since you are purchasing shares which trade in Euros, the illustrations assume that the value of shares purchased and sold under the U.S. Plan has been converted to U.S. dollars. The possible effect of changes in the Euro-Dollar exchange rates on the potential for gains and losses under the U.S. Plan is attached as Exhibit B.

For purposes of this example, a participating employee purchases a share for $110.50 when the market price is $130.00 (i.e., the 15% discount is equal to $19.50) and the market value of the stock at the end of the subscription period is $135.00. The shares are sold after the requisite two-year holding period has expired.

**• Shares held for less than two (2) years - Disqualifying Disposition**

If you sell shares that were purchased under the U.S. Plan that you have held for less than two (2) years after the date of purchase:

| | SAME | HIGHER | LOWER | LOWER |
|---|---|---|---|---|
| SALES PRICE | $130.00 | $140.00 | $120.00 | $100.00 |
| Purchase Price (Discounted Subscription Price) | $110.50 | $ 110.00 | $110.50 | $ 110.50 |
| Total gain (loss) | $19.50 | $ 29.50 | $9.50 | $ (10.50) |
| Ordinary income | $19.50 | $19.50 | $9.50 | $ - |
| Long-term capital gain (loss) | $- | $10.00 | $ | $ (10.50) |

- The full amount of the 15% discount and any "additional discount" (i.e., any increase in the fair market value of the stock from the beginning of the subscription period through the end of the subscription period) will be taxable as ordinary income in the year of sale (regardless of the market price of the shares at the time of sale). Any appreciation after the end of the subscription period will be taxable as a capital gain (short-term or long-term depending on how long you have held the stock);
- Any loss, after including the amount of the 15% discount and any additional discount as ordinary income, will be treated as a capital loss.

**Example** — As noted above, these illustrations assume that share prices are converted from Euros to dollars. For purposes of this example, a participating employee purchases a share for $110.50 when the market price is $130.00 (i.e., the 15% discount is equal to $19.50) and the market value of the stock at the end of the subscription period is $135.00. Accordingly, the "additional discount" is equal to $5.00, which is the difference between the fair market value at the end of the subscription period and the fair market value at the beginning of the subscription period. The share is sold before the requisite holding periods have expired.

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| | SAME | HIGHER | LOWER | LOWER |
|---|---|---|---|---|
| Sales Price | $130.00 | $140.00 | $120.00 | $100.00 |
| Total gain (loss) | $19.50 | $ 29.50 | $ 9.50 | $ (10.50) |
| Ordinary income | - | - | - | - |
| 15% Discount | $19.50 | $19.50 | $19.50 | $19.50 |
| Add'l. Discount | $5.00 | $5.00 | $5.50 | $ 5.50 |
| Capital gain (loss) | $5.00 | $5.00 | $(15.00) | $(35.00 |
| Net Tax Impact | $19.50 | $29,50 | $950 | $(10.00) |

Shares of stock must have been held for more than one year in order for the capital gain portion to qualify for favorable long-term capital gain treatment. The capital gain portion for shares held for one year or less will be taxed at short-term capital gain or loss rates upon disposition of the shares.

Disposition Other Than by Sale If you make a gift of or otherwise dispose of your shares within two (2) years of purchase under the U.S. Plan, the full amount of the 15% discount and any "additional discount" will be taxed as ordinary income to you in the year of disposition under the rules noted above for shares held less than two years. A disposition two (2) years or more after purchase may also result in tax but the amount of the discount that is taxed as ordinary income will be limited to the lesser of the 15% discount or the amount by which the fair market value at the time of disposition exceeds the purchase price.

**• Death of an Employee**

Upon the death of an employee prior to disposing of shares purchased under the U.S. Plan, the tax return for the year of death must include as ordinary income the lesser of the amount of the full 15% discount or the amount by which the market value at death exceeds the purchase price. If such an amount is required to be included in the tax return in the year of death, an estate tax deduction may be available to the estate of the deceased employee.

**• Dividends**

"Qualified dividend income" received by an individual shareholder from either a domestic corporation or a "qualified foreign corporation" is subject to tax at the reduced rates applicable to certain capital gains, provided that certain holding period requirements are satisfied and none of certain exceptions apply. Air Liquide S.A. should constitute a qualified foreign corporation and accordingly dividends paid by Air Liquide S.A. should be eligible for the reduced tax rates imposed on dividends provided that you meet the holding period requirements.

**Tax Rate Increases**

Federal tax rates in effect on the date that you sell shares may be substantially higher than on the date you purchase shares. State and local tax rates may also increase.

**• FATCA & Bank Secrecy Act**

An employee holding shares of the Company, whether acquired under the U.S. Plan or otherwise, may be required to file a report of Specified Foreign Financial Assets on IRS Form 8938 as part of the employee's annual U.S. tax return listing certain non-U.S. assets owned by the employee that exceed certain reporting thresholds. The report is required under the Foreign Account Tax Compliance Act known as "FATCA." Shares of the Company are included among the non-U.S. assets that may need to be reported. There are substantial penalties for failure to file a timely Form 8938.

In addition, the Bank Secrecy Act requires U.S. persons who own a foreign bank account, brokerage account, mutual fund, unit trust, or other financial account to file a FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) annually with the Department of Treasury, if: (1) the person has a financial interest in, signature authority over, or other authority over one or more accounts in a foreign country, and (2) the aggregate value of all foreign financial accounts exceeds $10,000 at any time during thecalendar year.
Foreign securities held in accounts maintained by U.S. financial institutions generally do not need to be counted against the filing thresholds for Form 8938 and FBAR. Depending on the custody arrangements that the Company establishes for shares purchased in the offering, you may be required to take account of the value of your purchased shares in determining whether you are required to file Form 8938, FinCEN Form 114 or both. You should consult your tax advisor to make any determinations with
respect to these filing obligations.

**French Tax overview**

**• Dividends**
Under new French tax rules (in force since January 1st, 2018), dividends paid by the Company to non-residents of France are generally subject to French withholding tax, which rate is generally 12.8%, unless they are paid to a bank account opened in a Non-Cooperative State or Territory (NCST)1 which would trigger a 75% withholding tax in France.
This withholding tax is withheld by the company paying dividends.

[1]The list of NCSTs can be modified each year. The states and territories qualifying as NCSTs are currently the following: Anguilla, Bahamas, British Virgin Islands, Panama, Seychelles, Turks and Caicos Island and Vanuatu.

**• Sale or Exchange**
Under the treaty, a U.S. resident will generally not be subject to French tax on any capital gain from the redemption or sale or exchange of shares of the Company. Special rules apply to individuals who are residents of more than one country.

The preceding discussion is only a general summary of certain U.S. and French income tax consequences arising from the purchase and disposition of Company common stock pursuant to the U.S. Plan by employees who participate in the U.S. Plan. It is suggested that you obtain competent professional advice regarding the application of tax laws to your particular situation, particularly French tax law. Moreover, the above summary relates primarily to United States income taxation. Employees subject to state or local income taxation or to taxation in foreign jurisdictions may have different tax consequences, either more or less favorable from those described above. Such employees should seek competent professional advice regarding the applicability of state, local or foreign tax laws.

## EXHIBIT B
## EXAMPLES OF THE EFFECT OF CHANGES IN THE EURO-U.S. DOLLAR EXCHANGE RATES UPON THE SALE OF ONE SHARE

| | Subscription Purchase Price | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Market Share Price in Euros | €100 | | | | | | | | |
| Less:15% discount | 15 | Example A | Example B | Example C | Example D | Example E | Example F | Example G | Example H |
| Subscription Price in Euros | €85 | €85 | €85 | €100 | €100 | €100 | €70 | €70 | €70 |
| Change in Share Price, Gain or (Loss) in Euros | | No Change | No Change | €15 | €15 | €15 | -€15 | -€15 | -€15 |
| One Euro = U.S. Dollars | $1.10 | $1.00 | $1.32 | $1.10 | $0.94 | $0.90 | $1.10 | $1.34 | $1.40 |
| Change in Exchange Rate | | Euro Weakens | Euro Strengthens | No change | Euro Weakens | Euro Weakens | No change | Euro Strengthens | Euro Strength-ens |
| Share Price in U.S. Dollars | $93.50 | $85.00 | $112.20 | $110.00 | $93.50 | $90.00 | $77.00 | $93.50 | $98.00 |
| U.S. Dollar Gain or (Loss) before taxes | | ($8.50) | $18.70 | $16.50 | $0.00 | ($3.50) | $16.50) | $0.00 | $4.50 |

€ = Euros • $ = U.S. Dollars • * Purchase Price includes 15 percent discount

**Example A**
Should the share price in Euros remain unchanged and the Euro weakens against the U.S. Dollar during the holding period, there may be a gross loss in U.S. Dollars.

**Example B**
Should the share price in Euros remain unchanged but the Euro strengthens against the U.S. Dollar during the holding period, there may be a gross gain during the holding period.

**Example C**
Should the share price increase in Euros and the exchange rate of Euro against U.S. dollar remain the same during the holding period, there may be a gross gain in U.S. Dollars.

**Example D**
Should the share price increase in Euros and the Euro weakens against the U.S. Dollar during the holding period, there may be no gross loss or gain in U.S.Dollars.

**Example E**
Should the share price increase in Euros and the Euro weakens against the U.S. Dollar even more than in Example D during the holding period, there may be a gross loss in U.S. Dollars.

**Example F**
Should the share price decrease in Euros and the exchange rate between the Euro and the U.S. Dollar remains unchanged during the holding period, there may be a gross loss in U.S. Dollars during the holding period.

**Example G**
Should the share price decrease in Euros but the Euro strengthens against the U.S. Dollar, there may be no gross gain or loss.

**Example H**
Should the share price decrease in Euros but the Euro strengthens against the U.S. Dollar even more than in example G, there may be a gross gain in U.S. Dollars.

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**APPENDIX to Description of MATERIAL TERMS of the Air Liquide Group Employee Share Purchase Plan 2009 Regulations for U.S. Employees**

**2023 Subscription Price**

The purchase price per share will be the average of the opening of the Company's shares in the Euronext Paris Stock exchange during the twenty trading sessions preceding the date on which the subscription price will be set, which is expected to occur on October 30, 2023, minus 15%. The purchase price will be converted into U.S. dollars based on the Euro–Dollar exchange rate prior to the subscription period.

**2023 Subscription Period**

The subscription period will begin on November 6, 2023 and will end on November 16, 2023, at 12:00 PM (Paris Time) 6:00 AM ET / 5:00 AM (Houston Time). If you choose to subscribe, do so online at **https://myalmyshare2023.airliquide.com/usa** using the personal login and password supplied in the packet sent via email or mailed to your home. If you need your username and password sent to you again, please send an email to **us-espp@airliquide.com.** Note that subscription is only possible online. Your HR representative is available to assist you in making the online subscription. A Notice of Withdrawal form must be filed by November 16, 2023 noon Paris Time, in order for an employee to cancel his or her participation in the U.S. Plan and his or her election to purchase shares of the Company.

**Payment Terms for Shares**

Payroll deductions in equal installments will begin in January 2024, and will end on or about December 31, 2024, depending upon the frequency at which the individual employee is paid. Shares paid for by payroll deductions must be fully paid no later than December 31, 2024.

**Payment Default**

Purchases of stock will become irrevocable on November 16, 2023, the last day of the 2023 Subscription Period, at 12:00 PM (Paris Time) / 6:00 AM ET / 5:00 AM (Houston Time).

**Eligible Employees**

- Eligible employees must have been employed by an Air Liquide Group company that is a member of the French Share Purchase Plan (FSPP) or the International Group Share Purchase Plan (IGSPP) for at least three months during the period between January 1, 2022 and November 16, 2023. The three months do not need to be consecutive as long as they are in that time period.

Should you have any questions, please contact the resources below:

**Air Liquide Resources:**

- **airliquide.service-now.com/esc?id=esc_al_sc_home**
- **Your HR representative**
- **https://myalmyshare2023.airliquide.com/usa**

**Airgas Resources:**

- **Email us-espp@airliquide.com**
- **Your local HR representative**
- **https://myalmyshare2023.airliquide.com/usa**

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# RISK FACTORS

# RISK FACTORS

The Group identifies the risk factors to which it is exposed using a formal risk management approach. This presentation of risk factors and related management measures is based on the reference framework of the internal control and risk management system, developed under the supervision of the French financial markets authority (AMF). It was prepared with contributions from several departments (particularly Finance, Sustainable Development, Group Control and Compliance, Legal, Safety and Industrial Systems, etc.).

The risks presented below, at the date of the 2022 Universal Registration Document, are the risks that the Group considers may have a significant negative impact on its business, results, outlook, or reputation, should they occur. The list of these risks is, however, not exhaustive and other risks, unknown at the date of this document, could occur and have a negative effect on the Group's business.

As part of its risk management approach, the Group is committed to regularly assessing the risks and reducing the likelihood that

they will occur or their potential impact by implementing internal control and risk management procedures, as well as formalized and specific action plans. These procedures, as well as the Group's codes and policies, are included in a global reference manual, called the **BlueBook**, which is the cornerstone of the Group's internal control system and risk management.

Risk factors are presented below as net risks (taking into account management measures already implemented) and divided into categories according to their nature. In each category, the most significant risk factors are presented first (in bold).

Although the risk categories have not been listed in order of importance, the two most significant specific risks for the Air Liquide Group are both related to its business: these are industrial risks and industrial investment-related risks.

## IMPACTS RELATED TO THE COVID-19 PANDEMIC

Since early 2020, the health crisis related to the global spread of covid-19 has increased some risk factors. As a result, the Group has applied adapted management measures in each country and each business.
2022 saw the pandemic stabilize while remaining active, particularly in Asia, with an uneven global economic recovery. In this context, in 2022 the Group maintained the crisis management system put in place at the beginning of 2020, with adaptations (notably with operational business continuity plans and remote working). The Group has also capitalized on the transfer of experience between geographies.
The impact of the pandemic is not of a nature to call into question the scope and classification of the Group-specific risk factors as presented in the 2022 Universal Registration Document.

## IMPACTS RELATED TO THE MILITARY CONFLICT BETWEEN RUSSIA AND UKRAINE

Like the health crisis, the military conflict between Russia and Ukraine increases some of the Group's risks or specific categories of risks. As a reminder, prior to the start of the conflict, Air Liquide's presence in Ukraine was limited to commercial and engineering representation for the Engineering & Construction business. The Group's revenue generated in Russia in 2021 was less than 1% of the Group's consolidated revenue.
In the 3rd quarter of 2022, Air Liquide confirmed its intention to withdraw from Russia. As part of a responsible and orderly approach, the Group signed a letter of intent with the local executive management team to transfer its businesses in Russia to this team in the form of an MBO (Management Buy Out). The completion of this project remains subject to the approval of the Russian authorities. At the same time, due to the changing geopolitical context and local constraints, the Group's activities in Russia are no longer consolidated since September 1, 2022.
The financial impacts are detailed in note 1 to the consolidated financial statements included in the 2022 Universal Registration Document.
In this context, the Group has applied management measures adapted to each type of activity, including in particular:

• **Human Resources management-related risks:** in in Ukraine, although the business is at a standstill, the Group has reorganized the work of its employees towards projects outside the country thanks to the use of digital tools. External listening and telephone support systems have been set up to provide psychological support to employees interested in such assistance. A certain number of humanitarian initiatives have been initiated and/or supported by the Group, in particular thanks to the commitment of employees through the "Citizen at Work" program and the Air Liquide Foundation.

• **Industrial investment-related risks:** in 2022, the Group's global operations were little affected by the conflict between Ukraine and Russia. Air Liquide complies strictly with international sanctions.

• **Risks related to supplies:** electricity and natural gas are the main raw materials used in the production units. These two energies are impacted by an unprecedented increase in their prices and high volatility. Contracts with major customers are indexed to the price of energy, which considerably limits the impact on the Group's results. However, the consequences of the conflict in Ukraine expose the European entities (mainly German, Dutch and Belgian) to a risk of natural gas rationing. Air Liquide's teams are continuously monitoring the situation (storage levels, financial robustness of its suppliers, potential impacts on its customers, alternative raw materials (naphtha), etc.). In anticipation of any interruption in gas supplies, Air Liquide is implementing action plans in collaboration with its suppliers and customers. Furthermore, some customers may be forced to shut down their activities due to a lack of energy for their plants and processes. The current conflict has also had an impact on the availability of certain molecules (such as krypton and xenon). As far as possible, the Group has reorganized its logistics flows to be able to supply its customers from other sources.

• **Digital risks:** in the current context of the conflict in Ukraine, which is conducive to cyberattacks, the Group has stepped up preventive actions such as intrusion tests on industrial and management systems, and campaigns to raise awareness among teams about the risk of phishing.

• **Regulatory and legal risks:** in response to the conflict i in response to the conflict in Ukraine, sanctions have been put in place against Russia and Belarus, in particular by the United States, Europe, the United Kingdom and Canada. These sanctions have been followed up by countermeasures from the Russian government. The Group's specialist teams are monitoring these developments. They regularly inform the operational entities and support them in ensuring compliance with applicable laws. The Group seeks the opinions of external advisors and the validation of the French authorities, when necessary.

Although this crisis increases the probability and impact of the aforementioned risk factors, it is not of a nature to call into question the scope and classification of the Group-specific risks as presented in the 2022 Universal Registration Document.

| Risk categories | Risk factors |
|---|---|
| **Business-related risks** | **Industrial risks** |
| | **Industrial investment-related risks** |
| | **Energy sourcing-related risks** |
| | Risks relating to the design and construction of production units |
| | Innovation-related risks |
| | Human Resources management-related risks |
| | Customer risks |
| **Financial risks** | **Counterparty and liquidity risks** |
| | Foreign exchange risks |
| | Interest rate risks |
| | Tax risks |
| **Digital risks** | **Digital risks** |
| **Environmental and societal risks** | **Climate risks: greenhouse gas emissions** |
| | Climate risks: physical impact on Operations |
| | Societal risks (discrimination-related) |
| **Geopolitical, regulatory and legal risks** | **Geopolitical risks** |
| | Regulatory and legal risks |

## BUSINESS-RELATED RISKS

The industrial gas business is characterized by a significant technology content (both in the design phase and the construction of production units), local production units, high capital intensity, and substantial energy requirements.

Various risks are associated with these characteristics. They are mitigated by various factors, which include primarily the diversity of industries and customers served by the Group, the multiple gas applications that it offers them, as well as the large number of geographical locations in which it operates. In addition, a significant share of business is subject to contracts, a strict investment project authorization and management process, and a tailored energy policy.

### 1.1. INDUSTRIAL RISKS

**Identification and description of risks**

Industrial risks are linked to the various industrial products, processes and distribution methods implemented by the Group. They are distributed over a large number of local production sites.

• Over and above the usual risks inherent in all industrial activities, Air Liquide's businesses entail more specific risks relating to:
• products: the intrinsic properties of industrial gases manufactured, transformed or packaged by the Group classifies them in the dangerous materials category; the use of these industrial gases requires specific means of control and protection in order to prevent risks such as:
– anoxia, associated with inert gases,
– over-oxygenation or fires, associated with oxygen and oxygen mixtures;
processes and their operation:
• cryogenics is used to separate gases by distillation, store them and transport them. This very low-temperature technique is connected with a risk of cryogenic burns from liquefied gases,
– likewise, high-temperature techniques, which are used in particular in the production of hydrogen, are particularly exposed to risks of burns, fire or explosions,
– in addition, pressure is central to the Group's processes. Pressurized equipment must be designed with safety devices which limit the risk of accidents caused by an uncontrolled increase of pressure;
• logistics and transportation: each year, delivery vehicles, sales staff and technicians travel hundreds of millions of kilometers. Non-compliance with the traffic regulations or the lack of regular maintenance of vehicles would expose drivers and third parties to increased risks of accidents. In addition, industrial sites use a lot of motorized lifting equipment, which presents specific risks (collision, falling cylinders, etc.). Training and certification are thus required to operate them;
• engineering and construction: industrial risks are factored in and must commence at the design phase of future installations. During the construction phase, the lack of a strict accident prevention framework would affect the coordination among the various stakeholders and expose teams to risks of accidents;
• delivery reliability: the Group is exposed to the risk of faults in the systems supplying gas to customers, which could lead to a disruption to supply, in terms of quality or volumes;
• any failure to comply with specific standards and regulations, in particular in Healthcare, with the risk of non-compliance of products and services provided to customers and patients.

## 1.2. INDUSTRIAL INVESTMENT-RELATED RISKS

**Identification and description of risks**

The Group may be exposed to risks specific to its industrial investments. Each investment project may be affected, particularly in its profitability, by the impact of inflation, different factors linked primarily to project location and assessment of the local context, customer quality, good project management by the customer, and particularly the respect of implementation schedules, the competitiveness of the site, the environmental footprint or societal impact of the project, as well as the relevance of the design, the maturity of cost estimates, quality, and meeting construction deadlines and budgets for gas production units, including for suppliers.

Moreover, in new emerging markets such as those related to energy transition, the Group may be exposed, in addition to the above-mentioned risks, to risks related to the degree of maturity of some of these market segments or in certain geographies.

## 1.3. ENERGY SOURCING-RELATED RISKS

**Identification and description of risks**

Electricity and natural gas are the main raw materials used by production units. Their availability is thus essential to the Group. Where the local market permits, Group subsidiaries secure the energy sourcing through medium- to long-term supply commitments and competitive bidding scenarios with local suppliers with the objective of achieving the most reliable and competitive energy costs, with a low-carbon footprint, available on the market.

Risks to which the Group is exposed when sourcing raw materials relate to:

- nergy supply (access and reliability, in particular counterparty risk, etc.);
- volumes (non-compliance with obligations and commitments on volumes, etc.);
- prices (volatility, competitiveness, etc.);
- compliance with current regulations (market transparency rules, Sapin 2 Law, etc.);
- changes in local regulations on energy and its deregulation;
- their carbon footprint.

Financial risk relating to raw materials is described in note 25.1 to the consolidated financial statements included in the 2022 Universal Registration Document.

Moreover, and in addition to energy, the Group may be temporarily exposed to supply shortages for certain molecules which are only produced at a limited number of sites, in particular with worldwide reach, such as helium and rare gases.

### 1.4. RISKS RELATING TO THE DESIGN AND CONSTRUCTION OF PRODUCTION UNITS

**Identification and description of risks**

Air Liquide's engineering team designs and builds production units worldwide which are primarily intended for Group investments, but also for third-party customers.

As these projects generally extend over several years, they are exposed, at their various stages, to risks relating to design, purchasing, transport or construction and more generally the overall quality, schedule and costs. Risks relating to these projects are often greater during the construction phase, in particular for turnkey projects:

• the quality and delivery times for critical equipment, on the one hand, and on-site construction costs and deadlines on the other may give rise to project start-up setbacks and impact project profitability;
• unexpected technical difficulties may also arise, in particular when a new innovative process is implemented;
• certain projects are located in regions of the world that may be a source of specific political or economic risks.

### 1.5. INNOVATION-RELATED RISKS

#### 1.5.1. Technology-related risks

**Identification and description of risks**

The Group operates in a fast-moving environment, with the emergence of new products, new players, new business models and new technologies, thus creating a strong need for technological developments in its main markets, such as hydrogen energy or even Healthcare. These changes may impact the Group's activities or its position in a market. The Group's growth possibilities, therefore, depend on its ability to respond to this change over time.

In terms of digital technologies, the Group is facing remarkable transformation challenges with possible impacts on its business model, its organization and, ultimately, its competitiveness. The risk to which the Group is exposed is linked in particular to the rapid increase in the nature and volume, availability, security and quality of data, whether from customers and patients or its own assets

#### 1.5.2. Intellectual property-related risks

**Identification and description of risks**

The global environment shows particular interest in intellectual property as well as, in certain jurisdictions, greater attention to the protection of trade secrets. The Group's business is not significantly dependent on technologies patented by third parties; it relies mainly on technologies, processes, designs and software developed internally, in particular by its Innovation, Digital & IT, Engineering & Construction teams, its World Business Lines, and Operations teams. Innovation is also increasingly achieved in partnership with third parties; the Group develops certain innovative businesses through partnerships, buying shares in innovative entities, or acquisitions.

Limitations on the Group's ability to protect, retain or enforce its intellectual property rights, including its trade secrets, could result in a loss of revenue and any competitive advantage that the Group holds. Third parties may also be able to develop an independent technology similar to that of Air Liquide without infringing its intellectual property rights or having access to its trade secrets, which could harm the Group's financial position or profitability.

Air Liquide, through its technologies, processes, designs and software, always makes sure to respect the intellectual property rights of others. If a third party claims otherwise and in the event of litigation, regardless of the merits, such claims generally result in significant legal costs, including potential damage to the Group's reputation. Risks may also arise in the treatment of confidential information, including trade secrets, of third parties in the Group's day-to-day operational activities or the context of collaborations.

### 1.6. HUMAN RESOURCES MANAGEMENT RELATED RISKS

**Identification and description of risks**

The long-term performance of the Air Liquide Group is driven, in particular, by the quality of its employees, their skills and their commitment.

In its businesses, the Group aims to:

• attract and maintain the required skills at the right time and in the right place, in particular in markets where the Group is expanding its activities, or in geographies where the employment market is strained;
• develop skills, in particular with the digitization of its businesses and the emergence of new skills (data science and artificial intelligence, etc.) and new professions (Hydrogen).

The corresponding risks would arise, in particular, from shortcomings in:

• the level or quality of training;
• the management of careers and opportunities; and
• the recognition of performances and contributions, in particular in certain areas of expertise.

In addition to risks relating to skills management, psycho-social risks may also affect the health and level of commitment of Group employees, in particular in the recent context where remote working has been rapidly implemented during periods of lockdown.

Furthermore, Air Liquide contributes to economic and social growth in the 73 countries () where it operates through its technical, industrial, medical and economic activities. The Group, therefore, identifies and applies the applicable laws and regulations, in particular in terms of working conditions and freedom of association.

### 1.7. CUSTOMER RISKS

**Identification and description of risks**

The primary customer risk is the risk of bankruptcy or closure of a customer's production site.

More generally, the business of some of the Group's customers may be interrupted following natural or man-made disasters, including those resulting from changes in weather conditions, pandemics, climate change, or following major political events.

The amount of operating receivables as well as provisions for doubtful receivables are shown in note 17 "Trade receivables" to the consolidated financial statements included in the 2022 Universal Registration Document.

## 2. FINANCIAL RISKS

The Group's financial policy sets out the management principles for the financial risks to which its business is exposed. In this context, the Group has defined and regularly reviews the terms of the financial procedures which forbid speculative transactions notably on financial instruments.

Financial decision-making governance is the responsibility of the two Finance Committees (Strategic Finance Committee and Operational Finance Committee), with the former considering

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issues relating to the financing strategy and the latter dealing with the practical methods of its implementation.

### 2.1. COUNTERPARTY AND LIQUIDITY RISKS
**Identification and description of risks**

Counterparty risk primarily relates to trade receivables, outstanding amounts on short-term investments and derivative hedging instruments, and to credit facilities contracted with each bank.

Trade receivables risks relate to receivables on the balance sheet that may remain unpaid in the long term, in particular in the event of the financial hardship of a customer.

Investment risk is mainly related to short-term deposits in the event that one of the Group's key banks defaults and, to a lesser extent, an impairment loss due to the use of monetary funds for a portion of the portfolio.

Hedging derivative risk relates to the positive market value of transactions which would be lost in the event of the default of one or more counterparties, and the need to substitute new hedges under potentially less favorable conditions.

Finally, the main risk related to credit facilities is that the facility is unavailable in the case of a drawdown.
Note 25.1 to the consolidated financial statements included in the 2022 Universal Registration Document describes counterparty and liquidity risk for the year ended December 31, 2022.

Notes 17.1 and 17.2 to the consolidated financial statements included in the 2022 Universal Registration Document provide a breakdown of trade and other operating receivables and allowances for doubtful receivables

### 2.2. FOREIGN EXCHANGE RISKS
**Identification and description of risks**

The Group, due to its international presence, is naturally exposed to foreign currency fluctuations with, on one hand, a transaction risk and, on the other hand, a risk relating to the translation of its financial statements into euros (the Group's reporting currency).

Foreign exchange transaction risk relates, on one hand, to the foreign currency commercial cash flows of operating entities and, on the other hand, cash flows arising from royalties, technical support and dividends.
Translation risk relates to the publication of the Group's financial statements in euros from the entities' financial statements in local currencies, without an impact on the profitability of the Group's businesses.

Note 24.5 to the consolidated financial statements included in the 2022 Universal Registration Document presents net debt by currency and note 25.1 to the consolidated financial statements included in the 2022 Universal Registration Document describes the foreign exchange risk management process, as well as the derivative instruments used and sensitivity to foreign currency exchange rates.

Furthermore, the Group provides a natural hedge and reduces its exposure to exchange rate fluctuations by raising debt in the currency of the cash flows generated to repay the debt. Thus, financing is raised either in local currency or, when sales contracts are indexed in euros or US dollars, in foreign currency (EUR or USD).

### 2.3. INTEREST RATE RISKS
**Identification and description of risks**

The interest rate risk is mainly linked to the fluctuation of future cash flows on debt when the rate is variable.
In case of a significant increase in interest rates upon

future renewals of bonds, the Group may find itself obliged to devote a more significant portion of cash flows from its operational activities to service its debt.
Note 24.3 to the consolidated financial statements included in the 2022 Universal Registration Document –presents the fixed-rate portion of debt and note 25.1 to the consolidated financial statements included in the 2022 Universal Registration Document describes the sensitivity of the Group's financial expenses to interest ra to interest rate fluctuations and the interest rate repricing schedule for fixed-rate debt and interest rate risk hedging instruments.

### 2.4. TAX RISKS

**Identification and description of risks**

The Group is exposed to tax risk in certain countries, due to changes in applicable regulations, which may have an impact on its activities or its results. This risk may arise from:

• unfavorable changes in local or international regulations;
• challenges in the application of current regulations or standards;
• errors when completing tax returns;
• regular audits by tax authorities which could lead to disagreements over the interpretation of facts.

## 3. DIGITAL RISKS

### 3.1. DIGITAL RISKS

**Identification and description of risks**

The Group's activities, expertise and, more generally, its relations with all the stakeholders (suppliers, customers, banks, communities of experts, etc.) depend on increasingly dematerialized and digitized operations. These operations rely on interdependent information systems and communication networks both in functional, technical, as well as human level terms.

The Group's pursuit of this digital acceleration increases its exposure to risks relating to data integrity, availability, security and confidentiality as well as the availability of IT systems and applications. For data confidentiality, the increase in expectations and requirements for protection also adds the risk of regulatory non-compliance.

These risks, which impact all economic and political players, are increasing in intensity due to the severity and frequency of digital attacks and to their changing nature (historically, cyber risks constituted industrial espionage or data hacking and have come to involve the risks of cyber criminality, malware and ransomware, where the user often plays a decisive role). These attacks, which spread at high velocity, have the potential to affect all of the Group's regions and businesses, with significant impacts on its industrial processes (disturbance of production or distribution activities), its capacity for communication, notably internal, and its image (digital identity theft, dissemination of false information, etc.).

The increase in remote working and the changing geopolitical environment also expose the Group to potential cyberattacks.

## 4 Environmental and societal risks

### 4.1. ENVIRONMENTAL RISKS

#### 4.1.1. Climate risks: greenhouse gas emissions

**Identification and description of risks**

Air Liquide's business model is based on the outsourcing of the industrial gas needs of its customers who often emit greenhouse gases themselves, in particular in the metals, chemicals and refining industries. This outsourcing is justified by Air Liquide's expertise which allows to optimize the energy consumption of production tools and favors low-carbon energy

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procurement. However, it leads to the transfer of a portion of the customer's greenhouse gas emissions to the Group.
Almost 85% of Air Liquide's large production units are Air Separation Units, which do not use any combustion processes and therefore do not emit CO2 and consume almost exclusively electrical energy. Electricity used by the Group to power these units generate CO2 emissions at electricity suppliers; such emissions are classified as indirect emissions (Scope 2).
The Group's two other main CO2-emitting activities are hydrogen production and co-generation. These account for nearly 15% of large production units and use combustion processes emitting CO2, known as direct emissions (Scope 1).
In this respect, the climate risk (greenhouse gas emissions) is closely linked to the access to renewable electricity sources and implementation by public authorities of greenhouse gas emission reduction policies such as, for example, the introduction of a carbon price or more stringent regulations, that may impact:
either the Group's plants (direct impact on the operational scope), resulting in increased production costs and the need for new investments;
or those of its suppliers, resulting in price increases;
or customers (indirect impact on the value chain), impacting, for instance, their market, processes and industrial gases needs.
Air Liquide is present in regions across the globe that have implemented or are in the process of implementing greenhouse gas emissions trading schemes. If the share of emissions covered by free allowances decreases, the Group may be required to introduce compensatory measures. It should be noted that long-term contracts foresee a transfer of CO2 costs to customers.

### 4.1.2. Climate risks: physical impact on Operations

Air Liquide operates in certain regions of the world exposed to changes (in amplitude or frequency) in exceptional meteorological phenomena due to climate change. These phenomena can slow down or interrupt the Group's operations or make them more expensive. Its suppliers and customers are also confronted with this same issue.

A distinction is made between:

• acute risks triggered by events such as natural disasters, the frequency and severity of which are increasing: storms, hurricanes, flooding, etc. These risks may relate to Air Liquide sites located near the coast for example, or in regions affected by hurricanes (the Gulf Coast, South Asia, etc.);
• chronic risks related to more long-term changes in climate models and rising temperatures: rising sea levels, chronic heat waves in certain regions, changes in rainfall patterns and an increase in their variability, the disappearance of certain resources, etc.

### 4.2. SOCIETAL RISKS (DISCRIMINATION-RELATED RISKS)

**Identification and description of risks**

Air Liquide operates businesses in a large number of countries with different cultures. It is therefore naturally exposed to discrimination risks relating in particular to gender mix (gender disparity, particularly in technical and expert professions), diversity (skin color, ethnic origin, religion, sexual orientation, etc.), age or disability, etc.

## 5. GEOPOLITICAL, REGULATORY AND LEGAL RISKS

### 5.1. GEOPOLITICAL RISKS

**Identification and description of risks**

Considering the changing international climate, including increasing tensions between or in some countries and the persistence of terrorist threats, the Group may be exposed in certain countries to economic or financial risks, as well as to risks affecting the safety of its employees (on-site or during business travel) and the security of its facilities.

### 5.2. REGULATORY AND LEGAL RISKS

#### 5.2.1. Risks of non-compliance with laws and regulations

**Identification and description of risks**

IIn all the countries where the Group operates, its entities are exposed to the risk of non-compliance with laws and regulations. In an increasingly complex context due to a continuously rising number of standards, they must monitor changes to the legal and regulatory framework notably in terms of the specificities of the businesses that they conduct.

The Healthcare business line, in particular, is subject to specific regulations for the products that it sells (medical devices, drugs), the research activities that it carries out, and for the processing of patients' personal healthcare data.

The Group must face, in all regions in which it operates, the risks of non-compliance with:

• competition law;
• provisions aimed at combating corruption;
• regulations restricting exports of certain products or relating to destinations under sanctions;
• regulations on the transfer of personal data (see 3.1. Digital risks above);
• the duty of vigilance.

Group entities are also exposed to the risk of non-compliance with contractual obligations (of their own or those of their contractual counterparties).

Liabilities and contingent liabilities related to disputes are described in notes 22 and 30 of the consolidated financial statements included in the 2022 Universal Registration Document.

### 6. SPECIAL RISKS FOR U.S. HOLDERS

**Currency exchange rate fluctuations may negatively affect the dollar value of Air Liquide shares**

The market price in dollars of Air Liquide common stock is subject to changes in the comparative value of the Euro and the dollar. Fluctuations in the value of the Euro (the currency in which Air Liquide common stock is traded in France on the Euronext Paris stock exchange) versus the United States dollar affect the price in United States dollars received by a shareholder in the United States upon the resale of Air Liquide common stock, as well as the value of dividends received by a shareholder in the United States which are converted from Euros to United States dollars. At times, the value of the Euro has fluctuated significantly against the United States dollar, and it is not possible to predict the future value of the Euro against the dollar. Please see Exhibit B of the Description of Material Terms of the Air Liquide Group Employee Share Purchase Plan 2023 Offering for more information on the effects of changes in the Euro-U.S. Dollar exchange rate.

**Judgments of U.S. Courts May Not Be Enforceable Against Air Liquide**

Judgments of U.S. courts, including those predicated on the civil liability provisions of the federal securities laws of the United States, may not be enforceable in French courts. As a result, shareholders who obtain a judgment against Air Liquide in the United States may not be able to enforce such judgment against Air Liquide in France. In addition, it may also be difficult for investors to serve process within the United States upon members of Air Liquide's Board of Directors, none of whom reside in the United States, or to enforce judgments in the United States against them or Air Liquide's assets, the majority of which are located outside the United States.

**Restrictions on the Sale of Common Stock May Expose Employees to Significant Market Volatility and Foreign Exchange Currency Rate Risk**

Employees should be prepared to hold common stock acquired under the plan for a period of at least five years. Under the provisions of the plan, employees may not generally sell or otherwise dispose of common stock acquired under the plan for five years. Earlier sale is permitted in limited circumstances set forth in the plan, including death, or termination of employment. The restrictions on the sale of common stock during the holding period may expose an employee to significant market volatility and foreign exchange currency rate risk. A default in payment for the purchase of shares under the U.S. Plan will also result in a sale of common stock prior to the expiration of the five-year holding period.

**Rights of Shareholders Under French Law May Differ Materially From the Rights of Shareholders Under U.S. Law**

Principles of law relating to matters such as the validity of corporate procedures, the fiduciary duties of Air Liquide management and directors and the rights of Air Liquide shareholders to bring claims against Air Liquide differ from those that would apply if Air Liquide were incorporated in a jurisdiction within the United States. As a result, the rights of Air Liquide shareholders may differ materially from those of a shareholder of a U.S. corporation.

**Federal Income Tax Risk**

The U.S. Plan is intended to qualify for special tax benefits under Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"), and Air Liquide has consulted with its legal advisors with respect to such qualification. However, Air Liquide has not obtained a ruling from the U.S. Internal Revenue Service that the U.S. Plan meets the requirements of Section 423 of the Code. Whether the U.S. Plan meets the requirements of Section 423 of the Code depends on all of the facts and circumstances. There can be no assurances that the U.S. Internal Revenue Service will agree that the U.S. Plan meets the requirements of Section 423 of the Code, in which event participants in the U.S. Plan would be subject to income tax on the date shares are purchased under the
U.S. Plan on the difference, if any, between the fair market value of a share of L'Air Liquide S.A. stock and the amount paid by a U.S. Employee for such shares.

**Risk of Increase in Tax Rates**

Federal tax rates in effect on the date that you sell shares may be substantially higher than on the date you purchase shares. State and local tax rates may also increase. Please see Exhibit A of the Description of Material Terms of the Air Liquide Group Employee Share Purchase Plan 2023 Offering for more information.

**FATCA & FBAR Reporting**

You may be required to file a report of Specified Foreign Financial Assets on IRS Form 8938 as part of your annual US tax return listing certain non-US assets owned by the employee that exceed certain reporting thresholds. The report is required under the Foreign Account Tax Compliance Act known as "FATCA". Shares of the Company are included among the non-US assets that may need to be reported. There are substantial penalties for failure to file a timely Form 8938.

In addition, the Bank Secrecy Act requires U.S. persons who own a foreign bank account, brokerage account, mutual fund, unit trust, or other financial account to file a FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) annually with the Department of Treasury, if: (1) the person has a financial interest in, signature authority over, or other authority over one or more accounts in a foreign country, and

(2) the aggregate value of all foreign financial accounts exceeds $10,000 at any time during the calendar year.

Foreign securities held in accounts maintained by U.S. financial institutions generally do not need to be counted against the filing thresholds for Form 8938 and FBAR. Depending on the custody arrangements that the Company establishes for shares purchased in the offering, you may be required to take account of the value of your purchased shares in determining whether you are required to file Form 8938, FinCEN Form 114 or both. You should consult your tax advisor to make any determinations with respect to these obligations.

Please See Exhibit A of the Description of Material Terms of the Air Liquide Group Employee Share Purchase Plan 2023 Offering for more information on the FATCA and FBAR filing requirements.

**Notice Concerning Forward Looking Statements**

The materials being provided to you in connection with the U.S. Plan contain “forward-looking statements”. Words such as “anticipate”, “estimate”, “expects”, “projects”, “intends”, “plans”, “believes”, “will”, and words and terms of similar substance used in connection with any discussion of future operating or financial performance of Air Liquide, identify forward looking statements. All forward-looking statements are management’s present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward- looking statements. The risks discussed above, among others, could cause actual results to differ materially from those described in, or otherwise projected or implied by, the forward-looking statements. You are cautioned not to place undue reliance on the forward looking statements, which speak only as of the date of the materials being provided to you in connection with the U.S. Plan. Air Liquide is not under any obligation, and expressly disclaims any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent forward- looking statements attributable to Air Liquide, or any person acting on its behalf, are expressly qualified in their entirety by the cautionary statements contained or referred to above.

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# CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

**For the year ended December 31**

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

Accounting principles and notes to the Financial Statements can be found below.

# FINANCIAL STATEMENTS

## Consolidated Financial Statements

### STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

### For the year ended December 31

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

## CONSOLIDATED BALANCE SHEET

### For the year ended December 31

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

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

*(a) A breakdown of changes in shareholders' equity and minority interests is presented.*

## FINANCIAL STATEMENTS

### Consolidated Financial Statements

## CONSOLIDATED CASH FLOW STATEMENT

### For the year ended December 31

| *(in millions of euros)* | Notes | 2021 | 2022 |
|---|---|---|---|
| Operating activities | | | |
| **Net profit (Group share)** | | **2,572.2** | **2,758.8** |
| **Minority interests** | | **119.7** | **145.1** |
| Adjustments: | | | |
| ■ Depreciation and amortization expense | (4) | 2,172.5 | 2,465.9 |
| ■ Changes in deferred taxes [a] | | 106.2 | 92.6 |
| ■ Changes in provisions | | (36.0) | 565.9 |
| ■ Share of profit of equity affiliates | (14) | (5.4) | (1.1) |
| ■ Profit/loss on disposal of assets | | 27.5 | (129.9) |
| ■ Net finance costs | | 203.1 | 215.4 |
| ■ Other non cash items | | 132.3 | 142.5 |
| **Cash flows from operating activities before changes in working capital [b]** | | **5,292.1** | **6,255.2** |
| Changes in working capital | (18) | 377.3 | (396.8) |
| Other cash items | | (98.7) | (48.3) |
| **Net cash flows from operating activities** | | **5,570.7** | **5,810.1** |
| Investing activities | | | |
| Purchase of property, plant and equipment and intangible assets | (11,12) | (2,916.8) | (3,273.0) |
| Acquisition of consolidated companies and financial assets | | (659.8) | (135.8) |
| Proceeds from sale of property, plant and equipment and intangible assets | | 88.7 | 92.0 |
| Proceeds from the sale of subsidiaries, net of net debt sold and from the sale of financial assets | | 130.9 | 61.1 |
| Dividends received from equity affiliates | | 5.5 | 13.8 |
| **Net cash flows used in investing activities** | | **(3,351.5)** | **(3,241.9)** |
| Financing activities | | | |
| Dividends paid [c] | | | |
| ■ L'Air Liquide S.A. | | (1,334.8) | (1,410.5) |
| ■ Minority interests | | (82.9) | (76.3) |
| Proceeds from issues of share capital [c] | | 175.4 | 37.7 |
| Purchase of treasury shares [c] | | (40.1) | (191.5) |
| Net financial interests paid | | (204.9) | (236.1) |
| Increase (decrease) in borrowings | | (17.2) | (617.7) |

| | | |
|---|---|---|
| Lease liabilities repayments | (241.4) | (249.0) |
| Net interests paid on lease liabilities | (33.0) | (33.6) |
| Transactions with minority shareholders | (36.8) | (4.0) |
| **Net cash flows from (used in) financing activities** | **(1,815.7)** | **(2,781.0)** |
| Effect of exchange rate changes and change in scope of consolidation | 16.8 | (165.2) |
| **Net increase (decrease) in net cash and cash equivalents** | **420.3** | **(378.0)** |
| NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 1,718.6 | 2,138.9 |
| NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 2,138.9 | 1,760.9 |

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

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

*(c) A breakdown of dividends paid, share capital increases and treasury share purchases is provided.*

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

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

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

*(b) Share capital as of December 31, 2022 was made up of 523,450,271 shares at a par value of 5.50 euros. During the fiscal year, movements affecting share capital were as follows:*
*– on June 8, 2022, share capital increase by capitalizing share premiums, and attribution of 48,905,499 free shares at an exchange rate of one new share for 10 existing shares and one new share for 100 existing registered shares held continuously from December 31, 2019 to June 7, 2022 inclusive;*
*– creation of 179,795 shares in cash with a par value of 5.50 euros resulting from the exercise of options before the attribution of free shares;*
*– creation of 172,840 shares in cash with a par value of 5.50 euros resulting from the exercise of options after the attribution of free shares;*
*– share capital decrease by canceling 1,098,900 shares bought under the approval of the Combined Shareholders' Meeting on May 4, 2022 before the attribution of free shares.*

*(c) The number of treasury shares as of December 31, 2022 totaled 1,223,450 (including 962,333 held by L'Air Liquide S.A.). During the fiscal year, movements affecting treasury shares were as follows:*
*– acquisitions, net of disposals, of 1,198,600 shares before the attribution of free shares;*
*– acquisitions, net of disposals, of 4,195 shares after the attribution of free shares;*
*– allocation of 357,039 shares as part of performance shares;*
*– cancellation of 1,098,900 shares by capital decrease;*
*– creation of 249,409 shares related to the attribution of free shares.*

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

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

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

(a) *The statement of net income and gains and losses recognized directly in equity is presented below.*

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

## ACCOUNTING PRINCIPLES
## BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Due to its listing on the Paris Stock Exchange and pursuant to EC Regulation No. 1606/2002 of July 19, 2002, the Consolidated Financial Statements of the Air Liquide Group for the year ended December 31, 2022 have been prepared in accordance with IFRS (International Financial Reporting Standards), as endorsed by the European Union as of December 31, 2022, and with IFRS as published by the IASB (International Accounting Standards Board). The IFRS standards and interpretations as adopted by the European Union are available at the following website:
https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

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

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

## NEW IFRS AND INTERPRETATIONS

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

The following texts have no significant impact for the Group:

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

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

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

• amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction", issued on May 7, 2021;

• amendments to IAS 1 "Presentation of Financial Statements", issued on February 12, 2021;

• amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates", issued on February 12, 2021.

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

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

• IFRS 17 "Insurance Contracts", issued on May 18, 2017;

amendments to IFRS 17 "First application of IFRS 17 and • IFRS 9 – Comparative Information" issued on December 9, 2021.

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

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

• amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current", "Classification of Liabilities as Current or Non-current – Deferral of Effective Date" and "Non-current Liabilities with Covenants", issued on January 23, 2020, July 15, 2020 and October 31, 2022 respectively;

• amendments to IFRS 16 "Lease Liability in a Sale and Leaseback" issued on September 22, 2022.

## USE OF ESTIMATES AND ASSUMPTIONS

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

• the estimated useful life of property, plant and equipment used for calculation of depreciation and amortization: these estimates are described in section 5.e of the accounting policies;

• the assumptions used to determine provisions for employee retirement benefit obligations: the actuarial assumptions used (employee turnover, mortality, retirement age, salary increase, etc.), and the discount rates used to determine the present value of obligations, as described in section 11.b of the accounting policies and in note 23.3;

• the estimates and assumptions concerning assets' impairment tests, as described in section 5.f. of the accounting policies and in note 10.2;
• the methods used to recover deferred tax assets on the balance sheet;
• the risk assessment to determine the amount of provisions for contingencies and losses;
• the accounting methods for the margin of the Engineering & Construction contracts that are set out in section 3.b of the accounting policies.
• the assumptions retained to evaluate the lease liability (IFRS 16): lease term and discount rate. They are described in section 5.g of the accounting principles.

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

## ACCOUNTING POLICIES

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

### 1. CONSOLIDATION METHODS

The consolidation methods used are:

- full consolidation method for subsidiaries;

- assets, liabilities, expenses and revenue of joint operations are recognized in relation to the Group's interest in these entities;

- equity method for joint ventures and associates.

#### a. Subsidiaries

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

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

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

#### b. Joint operations

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

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

#### c. Joint ventures

Joint ventures are joint arrangements whereby the Air Liquide Group has joint control with one or several parties through a contractual agreement, which gives it rights to the net assets of the entity.
Joint ventures are consolidated using the equity method. Under this one, the net assets and net profit of a company are recognized pro rata to the interest held by the Group in the share capital.
On acquisition of an investment in a joint venture, goodwill relating to the joint venture is included in the carrying amount of the investment.

#### d. Associates

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

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

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

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

**e. Inter-company transactions**

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

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

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

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

• balance sheet items, at the official year-end exchange rates;

• income statement and cash flow statement items, using the average exchange rate over the period for each currency.

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

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

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

## 3. REVENUE RECOGNITION

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

**a. Gas & Services**

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

**Large Industries**

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

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

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

**Industrial Merchant, Healthcare and Electronics**

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

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

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

For safety and quality reasons, Air Liquide supplies gas with its own equipment (small generators, storage tank, cylinders). Customers have no right of control on the identified assets under the meaning of IFRS 16 "Leases". Consequently, the gas supply contracts for these businesses do not contain leases and the revenue recognition occurs as follows:

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

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

### b. Engineering & Construction

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

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

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

### c. Global Markets & Technologies

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

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

## 4. TAXES

### a. Income tax expense

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

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

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

### b. Deferred taxes

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

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

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

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

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

## 5. NON-CURRENT ASSETS

### a. Goodwill and business combinations

**Business combinations as of January 1, 2010**

The Group has prospectively applied IFRS 3 revised and IAS 27 revised since January 1, 2010.
When the Group obtains control of an acquiree, the business combination is accounted for by applying the acquisition method on the acquisition date, in accordance with IFRS 3 revised:

• the identifiable assets acquired and the liabilities and contingent liabilities assumed are measured at fair value;

• any minority interests in an acquiree are measured as the minority interest's proportionate share of the acquiree's net identifiable assets or at fair value. This option is applied on a case-by-case basis;

• the consideration transferred and any contingent consideration are measured at fair value;

• acquisition-related costs are recorded as other operating expenses in the periods in which they are incurred.

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

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

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

• the consideration transferred plus the amount of minority interests in the acquiree and the fair value of the previously held equity interest; and,

• the fair value of the identifiable assets acquired and the liabilities and contingent liabilities assumed.
Negative goodwill is recognized immediately through profit or loss.

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

**Business combinations prior to January 1, 2010**

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

• minority interests were measured based on their share of the net identifiable assets of the acquiree and the fair value measurement option did not exist;

• earn-outs were included in the acquisition cost, without time limits, when the payment was deemed probable and the amount could be reliably measured;

• acquisition-related costs were recorded in the cost of the business combination.

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

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

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

**b. Research and Development expenditures**

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

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

• the project is clearly identified and the related costs are itemized and reliably monitored;

• the technical and industrial feasibility of completing the project is demonstrated;

• there is a clear intention to complete the project and to use or sell the intangible asset arising from it;

• the Group has the ability to use or sell the intangible asset arising from the project;

• the Group can demonstrate how the intangible asset will generate probable future economic benefits;

• the Group has adequate technical, financial and other resources to complete the project and to use or sell the intangible asset.

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

Research expenditure is recognized as an expense when incurred.

**c. Internally generated intangible assets**

Internally generated intangible assets primarily include the development costs of information management systems. These costs are capitalized only if they satisfy the criteria as defined by IAS 38 and described above. Internal and external development costs on management information systems arising from the development phase are capitalized. Significant maintenance and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Internally generated intangible assets are amortized over their useful lives.

### d. Other intangible assets

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

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

### e. Property, plant and equipment

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

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

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

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

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

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

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

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

Land is not depreciated.

### f. Impairment of assets

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

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

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

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

• dedicated and on-site plants are tested individually;

• pipelines and plants that provide these pipelines are tested at the network level;

• liquid gas and hydrogen/CO plants are grouped together according to the plants' customer market;

• other assets are allocated to cash-generating units or groups of cash-generating units.

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

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

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

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

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

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

The discount rate depends on the nature, the location of the asset and the customer market. It is determined according to the minimum level of profitability expected from the investment considering industrial and commercial risks and credit terms.
When the recoverable amount of an asset, a cash-generating unit or a group of cash-generating units is lower than its carrying amount, an impairment loss is recognized immediately through profit and loss. An impairment loss of a cash-generating unit is first allocated to goodwill.

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

### g. Leases

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

• land, buildings and offices;

• transportation equipment, in particular for Industrial Merchant and Healthcare business lines;

• other equipment.

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

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

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

• to the lease contracts having a lease terms of 12 months or less;

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

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

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

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

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

## 6. FINANCIAL INSTRUMENTS

### a. Non-current financial instruments

**Non-consolidated investments**

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

Dividends from these investments are recognized in other financial income.

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

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

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

• segregating trade receivables into appropriate groups, in particular depending on the activities of the Group, type and size of client and its market segment;

• within each group of trade receivables, determining of age-bands;

• for each age-band identification of losses realized in previous financial year;

• adjusting if necessary historical loss rate depending on actual observable conditions in order to take into account, in particular, current market conditions, type of client, credit management practices of the Group as well as specific information concerning individual customers;

• application of loss rates estimated in this way to each age-band of trade receivables.

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

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

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

• the Group transfers the contractual rights to receive the cash flows related to these receivables to the assignee; or

• the Group retains the contractual rights to receive the cash flows related to these receivables, but assumes a contractual obligation to pay the cash flows to the assignee in an arrangement that cumulatively meets the following three conditions:

– the Group has no obligation to pay to the assignee unless it collects the equivalent amount,
– the Group is prohibited from selling or pledging the receivables other than as security for the obligation to pay cash flows to the assignee,
– the Group has an obligation to remit any cash flows it

collects on behalf of the assignee without material delay;

• and the Group transfers substantially all the risks and awards of ownership of the receivables, in particular credit risk and risk of late payment.

**c. Cash and cash equivalents**

Cash and cash equivalents include cash balances, current bank accounts, and short-term highly liquid investments that are readily convertible into cash and which are exposed to a negligible risk of change in value. Short-term investments include temporary cash investments maturing in less than three months (commercial paper, certificates of deposit and money market funds) whose minimum long-term rating is A (S&P) or A2 (Moody's).
As cash investments maturing in less than three months are exposed to a negligible risk of a change in value, they are recognized at historical cost (including accrued interest) which is considered to approximate fair value.

**d. Trade payables**

The Group sets up supplier paying services agreements with partner banks to facilitate the processing of supplier invoices payments. The Group analyzes the main contract features that enable to keep the trade payables qualification. In particular, the Group ensures that the following characteristics are met:
• no deviation of the payment terms of the underlying payable between the financing party and the original supplier. In other words, the Group must pay to the bank no later than the payment term of invoice;
payment terms negotiations between Air Liquide and supplier must be conducted independently of any negotiation on paying service agreement. In particular, payment terms shall not be subject to the supplier's success in selling invoices to the bank;
• the terms of contract with the supplier shall not be explicitly linked to any payment term extension. Payment term with a particular supplier must be homogenous, independently of the participation of a particular invoice in the program or not;
• payment terms should stay within the ordinary industry/sector norms and local regulation, and should not be tied to the participation in the paying services agreement;
• program structures should avoid debt-like features such as interest and fees paid by Air Liquide to the bank or supplier;
• tri-party agreements between Air Liquide, the supplier and the bank that pre-arrange the financing of the invoices owed by Air Liquide to the supplier shall be avoided.

**e. Current and non-current borrowings**

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

Borrowings maturing in less than one year are classified as current borrowings.
Borrowings hedged by interest rate swaps are recognized on a hedge accounting basis.

**f. Derivative assets and liabilities**

Derivative financial instruments are used to manage exposures to foreign exchange, interest rate and commodity risks relating to the Group's financial and operating activities. For all these transactions, the Group applies hedge accounting and documents, at the inception of the transaction, the type of hedging relationship, the hedging instruments, and the nature and term of the hedged item.
Applying hedge accounting has the following consequences:
• fair value hedges for existing assets and liabilities: the hedged portion of the item is carried at fair value in the balance sheet. Any changes in fair value are recognized in the income statement, where they are offset by the corresponding changes in fair value of the hedging instruments (except for the impact of premiums/ discounts);
• future cash flow hedges: the effective portion of the change in fair value of the hedging instrument is recorded directly in equity (items that may be subsequently reclassified to income statement), while the change in the fair value of the hedged item is not recognized in the balance sheet. The change in fair value of the ineffective portion is recognized in other financial income or expenses. When the hedged transactions occur and are recorded, amounts recorded in other comprehensive income are reclassified in the income statement;
• hedges of net investments in a foreign entity: the effective portion of the changes in fair value of the derivative instrument is recognized in gains and losses recognized directly in equity under "Translation reserves". The ineffective portion of changes in fair value is recognized in "Other financial income and expenses". Once the foreign entity subject to the net investment hedge is sold, the loss or profit initially recognized in translation reserves is recognized in profit or loss, within the gain or loss generated.

However, in limited circumstances, certain types of derivatives do not qualify for hedge accounting; they are carried at fair value through "Other financial income and expenses" with an offsetting entry in financial assets and financial liabilities.
The fair value of assets, liabilities and derivatives is based on the market price at the balance sheet date.

**7. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

a. Assets classified as held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This classification occurs when the Group takes the decision to sell them and that the sale is considered highly probable.
The assets and liabilities held for sale are presented on different lines of the balance sheet. They are measured at the lower of their carrying amount or fair value less costs to sell. Assets classified as held for sale are no longer depreciated (amortized) as of the date they are classified as assets or disposal groups held for sale.
When a sale involving the loss of control of the subsidiary is considered highly probable, all the assets and liabilities of this subsidiary are classified as being held for sale, independently of whether or not the Group retains a residual interest in the entity after its sale.

**b. Discontinued operations**

A discontinued operation is a clearly identifiable component that the Group either has abandoned or

that is classified as held for sale:
• representing a separate major line of business or geographical area of operations;
• being part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or,
• being a subsidiary acquired exclusively with a view to resale.

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

**8. INVENTORIES AND WORK-IN-PROGRESS**

Inventories are measured at the lower of cost or net realizable value. Cost includes raw materials, direct and indirect labor costs and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**9. SHARE CAPITAL, RESERVES AND TREASURY SHARES**

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

Retained earnings include the following items:

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

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

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

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

**10. MINORITY INTERESTS**

Transactions with minority interests, without impact on the control, are considered as transactions with the Group's shareholders and are registered in shareholders' equity. In accordance with IAS 32, put options granted to minority shareholders are recorded as borrowings at the option's estimated strike price.

The share in the net assets of subsidiaries is reclassified from "Minority interests" to "Borrowings".
Due to the absence of any specific IFRS guidance, the Group has elected to recognize the consideration for the difference between the strike price of the option granted and the value of the minority interests reclassified as borrowings in shareholders' equity – Group share.
Minority interests in profit and loss do not change and still reflect present ownership interests.

## 11. PROVISIONS

### a. Provisions

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

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

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

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

### b. Pensions and employee benefits

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

• defined contribution plans;
• defined benefit plans.

The Group grants both defined benefit and defined contribution plans.
Defined contribution plans are plans under which the employer's sole obligation is to pay regular contributions. The employer's obligation is limited to payment of the planned contributions. The employer does not grant any guarantees on the future level of benefits paid to the employee or retiree (means-based obligation). The annual pension expense is equal to the contribution paid during the fiscal year which relieves the employer from any further obligation. It is recognized in "Personnel expenses".
Defined benefit plans are those by which the employer guarantees the future level of benefits defined in the agreement, most often depending on the employee's salary and seniority ("result-based obligation"). Defined benefit plans can be:

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

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

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

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

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

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

• the service cost, the gain relating to curtailments and settlements, and the actuarial gains and losses from other long-term benefits and recognized in "Personnel expenses". In addition, the service cost of defined benefit plans which are capped, linked to length of service and require the presence of the beneficiary in the company at the time of retirement is spread over the period between the date on which the services rendered began to generate rights and the date on which the additional services cease to generate rights;

• net interest cost for defined benefits is registered in "Other financial income and expenses";
• past service cost is recorded in profit or loss according to the nature of the change to the plan that generated it (i.e. either in "Personnel expenses" or in "Other operating income and expenses");
• actuarial gains and losses from defined benefit plans, retirement termination payments, and medical plans are recorded in "Gains and losses recognized directly in equity".

## 12. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are recognized according to the following principles:

• foreign currency transactions are translated by each company into its functional currency at the exchange rate prevailing on the date of the transaction;

• at year-end, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate.

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

## 13. CONTINGENT ASSETS AND LIABILITIES

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

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the entity; or,

• present obligations that arise from past events, but that are not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.
Contingent assets and liabilities that are material are disclosed in the notes to the Consolidated Financial Statements, except for contingent liabilities assumed in a business combination, which are recognized in accordance with IFRS 3 revised.

## 14. GOVERNMENT GRANTS

Government grants received are initially recognized in "Other non-current liabilities". They are then recognized as income in the income statement for the period:
• on the same basis as the subsidized assets are depreciated in the case of government grants related to assets;
• deducted from the costs intended to be compensated in the case of government grants other than those related to assets.
The Group analyzes the substance of government incentives delivered through the tax system and selects an accounting treatment consistent with such substance.

## 15. SHARE-BASED PAYMENTS

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

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

The valuation is performed by an independent expert, using mathematical models appropriate to the characteristics of each plan. It takes into account the market vesting conditions associated to each one. The fair value measured at the grant date is not subject to re-evaluation due to changes in market conditions.
Vesting conditions, other than market ones, have no impact on the fair value measurement of services received but adjust the expense that is recognized

according to the number of equity instruments actually granted.

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

**Share subscription option plans**

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

**Performance shares allocation plans**

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

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

**16. GREENHOUSE GAS EMISSION QUOTAS**

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

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

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

**BASIS FOR PRESENTATION OF FINANCIAL INFORMATION**

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## 1. SEGMENT INFORMATION

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

The Group's main operational decision-making body is the Executive Management assisted by the Executive Committee.
The Gas & Services activities are organized by geographical area, which is the responsible level for operations management and performance monitoring. These geographical areas are as follows:

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

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

The Engineering & Construction segment is managed separately on a worldwide scale. The segment designs, develops and builds industrial gas production plants for the Group and third parties. It also designs and manufactures plants in the traditional, renewable and alternative energy sectors.
The Global Markets & Technologies segment is also managed separately on a worldwide scale. It focuses on new markets which require a global approach, drawing on science, technologies, development models, and usages related to digital transformation.

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

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

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

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

The Group operating performance is assessed on the basis of each segment's Operating income recurring.
Segment assets include non-current assets, with the exception of "Deferred tax assets", "Investments in associates", "Fair value of non-current derivatives (assets)", as well as "Inventories and work-in-progress", "Trade receivables" and "Other current assets".

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

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

## 2. NET DEBT

The net debt includes:

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

reduced by:

• cash and cash equivalents, as defined in section 6.c of accounting policies, minus the fair value of hedging derivative instruments recorded in liabilities to cover loans.
The net debt does not include the lease liabilities as defined in section 5.g of accounting policies.

## 3. INFORMATION ON INTERESTS IN JOINT ARRANGEMENTS OR ASSOCIATES

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

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

## 4. INFORMATION ON MINORITY INTERESTS

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

• the minority interests' share in the Group's net assets;

• the contribution to the Group's Operating income recurring of the subsidiary having minority interests;

• dividends paid to minority interests.

## 5. OPERATING INCOME RECURRING

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

## 6. OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

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

• gains or losses on the disposal of activities or groups of assets;

• acquisition-related and integration-related costs relating to business combinations;

• restructuring costs resulting from plans whose unusual and material nature distort the readability of the Operating income recurring;

• significant provisions and impairment losses for property, plant and equipment and intangible assets;

• incurred or estimated costs relating to significant political risks or litigations.

## 7. NET EARNINGS PER SHARE

### a. Basic earnings per share

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

### b. Diluted earnings per share

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

• the issue price, adjusted for unrecognized expenses at the year-end pursuant to IFRS 2, is lower than the Air Liquide annual average share price;

• the performance requirements meet the criteria set out in IAS 33 § 5

**Note 1 Significant events**

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

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

On September 2, 2022, Air Liquide confirmed its intention to withdraw from Russia. Taking a responsible and orderly approach, the Group signed a Memorandum of Understanding with the local management team with the objective to transfer its activities in Russia in a framework of an MBO (Management Buy Out). This project is notably subject to Russian regulatory approvals.

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

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

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# Note 2 Segment information

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

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

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

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

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

## 2.3. BALANCE SHEET AS OF DECEMBER 31, 2022

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

## 2.4. BALANCE SHEET AS OF DECEMBER 31, 2021

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

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## 2.5. OTHER INFORMATION ON GEOGRAPHICAL AREAS

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

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

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

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

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

# Note 3 Revenue

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

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

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

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

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

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## Note 4 OPERATING INCOME RECURRING AND EXPENSES

Operating income recurring and expenses include purchases, personnel expenses, depreciation and amortization, other recurring income and other recurring expenses.
The Group purchases mainly consist of electricity, natural gas as well as industrial and medical products.

### 4.1. OTHER INCOME

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

### 4.2. PERSONNEL EXPENSES

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

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

### 4.3. OTHER OPERATING EXPENSES

Other operating expenses primarily include transport, maintenance, distribution costs and sub-contracting costs.
The operating leases costs included in other operating expenses are not significant and correspond to the contracts that do not fall within the scope of IFRS 16 (cf. paragraph 5.g. of the Accounting principles).

### 4.4. RESEARCH AND DEVELOPMENT EXPENDITURES

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

### 4.5. DEPRECIATION AND AMORTIZATION EXPENSES

| (in millions of euros) | 2021 | 2022 |
|---|---|---|
| Intangible assets | (172.6) | (203.8) |
| Property, plant and equipment [a] | (1,999.9) | (2,262.1) |
| TOTAL | (2,172.5) | (2,465.9) |

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

## Note 5 Other non-recurring operating income and expenses

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

**In 2022, the Group recognized:**

• an impact on financial transactions amounting to 206.5 million euros mainly corresponding to Air Liquide taking control of an existing 50/50 Joint Venture in Asia Pacific on January 11, 2022, and reevaluated at fair market value for 205.5 million euros;

• restructuring costs corresponding to realignment programs primarily in Gas & Services activities;

•Incomes and expenses related to political risks

•and legal procedures, including a 47.7 million euros provision for risk in Engineering & Construction and a 31.9 million euros reversal of reserve initially set up to cover the risk of being requested to refund the equalization charge reimbursed to L'Air Liquide S.A in 2020. This reversal follows favorable conclusions released by the European Court of Justice on May 12, 2022;

• an impact of 586 million euros regarding the military conflict between Russia and Ukraine corresponding mainly to the provision for impairment, the impairment of non-consolidated investments and financial receivables that the Group holds with these Russian entities.

**In 2021, the Group recognized:**

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

# Note 6 Net finance costs and other financial income and expenses

## 6.1. NET FINANCE COSTS

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

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

## 6.2. OTHER FINANCIAL INCOME AND EXPENSES

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

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

# Note 7 Income taxes

## 7.1. INCOME TAX EXPENSE

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

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

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

The increase in average effective tax rate compared to 2021 is mainly due to the non-deductible provision booked on Russian assets (Note1), partially compensated by the non taxable income following the control taken by the Group on an existing Joint Venture in Asia Pacific (Note 5).

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

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

## Note 8 Net earnings per share

### 8.1. BASIC EARNINGS PER SHARE

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

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

### 8.2. DILUTED EARNINGS PER SHARE

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

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

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

## NOTE 9 DIVIDEND PER SHARE

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

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

# Note 10 Goodwill

## 10.1. MOVEMENTS DURING THE PERIOD

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

## 10.2. SIGNIFICANT GOODWILL

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

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

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

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

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

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

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

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

# Note 11 Other intangible assets

## 11.1. GROSS CARRYING AMOUNTS

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

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

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

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

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

## 11.2. AMORTIZATION AND IMPAIRMENT LOSSES

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

*(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.*
*(b) Other intangible assets mainly include trademarks and customer relationship valuation as part of business combination.*
*(c) This amount is the net of additions and charges for the period.*

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

*(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.*
*(b) Other intangible assets mainly include the Airgas trademark for 387.6 million euros as of December 31, 2021.*
*(c) This amount is the net of additions and charges for the period.*

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

# Note 12 Property, plant and equipment

## 12.1. GROSS CARRYING AMOUNTS

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

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

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

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

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

## 12.2. DEPRECIATION AND IMPAIRMENT LOSSES

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

*(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.*
*(b) This amount is the net of additions and charges for the period.*

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

*(a) Other movements primarily include account reclassifications and changes in the scope of consolidation.*
*(b) This amount is the net of additions and charges for the period.*

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

## 12.3. MATURITY OF LEASE LIABILITY

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

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

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

# Note 13 Non-current financial assets

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

# Note 14 Investments in equity affiliates

## 14.1. FINANCIAL INFORMATION RELATED TO JOINT VENTURES AND ASSOCIATES

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

*(a) Including goodwill relating to associates and joint ventures.*
*(b) The share of net income and gains and losses recognized directly in equity primarily comprises the translation reserves.*

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

*(a) Including goodwill relating to associates and joint ventures.*
*(b) The share of net income and gains and losses recognized directly in equity primarily comprises the translation reserves.*

## 14.2. MOVEMENTS DURING THE YEAR

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

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

# Note 15 Deferred taxes

## 15.1. DEFERRED TAX ASSETS

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

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

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

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

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

## 15.2. DEFERRED TAX LIABILITIES

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

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

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

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

## 15.3. DEFERRED TAX BY NATURE

The net deferred taxes are broken down as follows:

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

# Note 16 Inventories and work-in-progress

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

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

# Note 17 Trade receivables

| *(in millions of euros)* | 2021 | 2022 |
|---|---|---|
| Trade and other operating receivables | 2,891.7 | 3,258.5 |
| Provisions for impairment | (197.6) | (223.7) |
| TRADE RECEIVABLES | 2,694.1 | 3,034.8 |

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

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

## 17.1. BREAKDOWN OF TRADE AND OTHER OPERATING RECEIVABLES

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

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

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

## 17.2. PROVISION FOR IMPAIRMENT

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

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

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

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

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

Other non-recourse factoring programs exist in various countries and activities, mainly in Asia and Healthcare. Almost all the risks and rewards were transferred to the assignees.

## Note 18 Working capital requirement

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

## Note 19 Other current assets

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

## Note 20 Cash and cash equivalents

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

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

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

# Note 21 Shareholders' equity

## 21.1. SHARES

Number of shares

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

Shares have a par value of 5.50 euros each and are all issued and fully paid-up.
In 2022, a total of 1,202,795 shares were repurchased (net of disposals), of which net repurchase for 1 198 600 shares before the free shares attribution and net repurchase for 4 195 shares after the free shares attribution.

## 21.2. FREE SHARES ATTRIBUTION

Benoît Potier as Chairman and Chief Executive Officer and under the authority conferred to him by the Board of Directors of May 4, 2022, decided, on May 31, 2022, to create 47,547,083 new shares at a par value of 5.50 euros and ranking for dividends as of January 1, 2022. These shares were freely attributed on June 8, 2022 to Shareholders by capitalization of premiums, at a rate of one new share for ten existing shares.
In addition, pursuant to article 21 of the articles of the association, 1,358,416 new shares were created at a par value of 5.50 euros and ranking for dividends as of January 1, 2022. These shares were granted on June 8, 2022 as free shares to Shareholders at the parity of one share for one hundred existing shares on June 7, 2022 by capitalization of premiums. The shares subject to this additional free share attribution are the shares held in registered form continuously from December 31, 2019 to June 7, 2022 inclusive.

## 21.3. CAPITAL DECREASE

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

## 21.4. COMPANY TREASURY SHARES

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

## 21.5. SHARE-BASED PAYMENTS

### Share subscription option plans

Pursuant to the decisions of the Board of Directors, following the approval by the Annual General Meeting and based on the recommendations of the Remuneration Committee, the Company had adopted share subscription plans for some of the senior executives of the Company and its subsidiaries worldwide, as well as corporate officers.
The purpose of these options is to provide an incentive to key executives, by rewarding the loyalty of high-performing executives and their actions in exceptional situations, as well as associating them with the long-term interests of Shareholders.
Stock options are granted for a minimum price which cannot be lower than the average closing market price over the 20 trading days preceding the grant date. Options granted since October 14, 2011 must be exercised within 10 years.
A four-year vesting period applies to stock options granted.
As of December 31, 2022, the number of outstanding share options granted by the Board of Directors under the plans approved by Annual General Meetings amounted to 1,340,889 options after adjustment (average price of 72.38 euros), or 0.26% of share capital.
Out of the total number of options issued pursuant to the approval by the Annual General Meeting on May 4, 2022, 10,469,005 options were retained for possible grant by the Board of Directors as of December 31, 2022.

### Performance shares plans

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

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

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

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

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

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

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

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

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

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

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

In 2022, no options have been granted.

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

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

*(a) Historical data.*

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

*(a) Historical data.*

### Number of share subscription options and weighted average strike price

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

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

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

**Share subscription options**

No options have been granted in 2021 and 2022.

**Attribution of performance shares**

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

| | 2021 | | 2022 | |
|---|---|---|---|---|
| | Plan 1 (c) | | Plan 1 (c) | |
| | 09/29/2021 | | 09/29/2022 | |
| Duration of performance shares | 5 years (a) | 4 years (b) | 5 years (a) | 4 years (b) |
| Fair value of performance shares *(in euros)* | 119.66 (a) | 115.38 (b) | 98.26 (a) | 94.72 (b) |

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

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

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

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

## Note 22 Provisions, pensions and other employee benefits

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

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

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

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

In the normal course of its operations, the Group is party to arbitration, judicial or administrative proceedings. The potential costs of such proceedings are provided for, when they are probable, only if the amount can be quantified or estimated within a reasonable range. In the latter case, the amount provided for represents the best estimate of the Group's management. Provisions are determined based on a case-by-case risk assessment and events occurring during ongoing proceedings may result in a risk reappraisal at any time. These litigations are by nature diverse and involve various Group subsidiaries. Contingency provisions recorded with respect to all Group litigations amounted to 185.8 million euros as of December 31, 2022 (228.5 million euros as of December 31, 2021) and are presented in "Other provisions". They include provisions for industrial disputes and for tax risks, excluding income taxes, respectively for 127.0 and 58.8 million euros.
The Group does not provide the detail of these provisions, considering that disclosing the amount provided for each individual litigation could be prejudicial to the Group. Nevertheless, no single litigation is likely to have a material effect on the Group's financial position or its profitability.

## Note 23 Employee benefit obligations

### 23.1. PENSION PLANS

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

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

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

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

The qualification as a defined benefit plan results in the recognition of a provision with regards to the future obligations.
With the Company's obligations being limited, the

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

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

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

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

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

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

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

## 23.2. OBLIGATIONS

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

| **2022** *(in millions of euros)* | Defined benefit plans | Retirement termination payments | Other long term benefits | Medical Plans | Total |
|---|---|---|---|---|---|
| **A. Change in net liabilities** | | | | | |
| Net liabilities at the beginning of the period | (1,124.3) | (198.3) | (21.9) | (34.2) | (1,378.7) |
| (Acquisition) divestiture/transfer | (1.4) | | | | (1.4) |
| (Expense) income recognized | (26.9) | (14.5) | 2.0 | (1.0) | (40.4) |
| Employer contributions | 76.9 | 9.2 | 1.8 | 2.1 | 90.0 |
| Gains (losses) for the period | 241.4 | 56.9 | | 6.2 | 304.5 |
| Exchange rate movements | (5.5) | 1.3 | (0.1) | (0.2) | (4.5) |
| **Net liabilities at the end of the period** | **(839.8)** | **(145.4)** | **(18.2)** | **(27.1)** | **(1,030.5)** |
| **B. Expense recorded in 2022** | | | | | |
| Service cost | 19.8 | 12.8 | 2.1 | 0.5 | 35.2 |
| Interest expense on the net defined benefit liability | 7.0 | 1.6 | 0.1 | 0.5 | 9.2 |
| Past service cost | 0.1 | 0.1 | 0.1 | | 0.3 [(a)] |
| Actuarial (gains) losses | | | (4.3) | | (4.3) |
| **Expense (income) recognized** | **26.9** | **14.5** | **(2.0)** | **1.0** | **40.4** |
| **C. Change in present value of obligations in 2022** | | | | | |
| DBO at the beginning of the period | 2,428.0 | 198.6 | 21.9 | 34.4 | 2,682.9 |
| Acquisition (divestiture) / transfer | 1.4 | | | | 1.4 |
| Service cost | 19.8 | 12.8 | 2.1 | 0.5 | 35.2 |
| Interest cost | 30.8 | 1.6 | 0.1 | 0.5 | 33.0 |
| Employee contributions | 2.2 | | | | 2.2 |
| Plan amendments | 0.1 | 0.1 | 0.1 | | 0.3 [(a)] |
| Benefit payments | (178.4) | (9.2) | (1.3) | (2.1) | (191.0) |
| Actuarial (gains) losses | (526.5) | (57.1) | (4.3) | (6.2) | (594.1) |
| Exchange rate movements | 47.1 | (1.2) | 0.1 | 0.1 | 46.1 |
| **Obligations at the end of the period** | **1,824.5** | **145.6** | **18.7** | **27.2** | **2,016.0** |
| **D. Change in plan assets in 2022** | | | | | |
| Fair value of assets at the beginning of the period | 1,303.7 | 0.3 | | 0.2 | 1,304.2 |
| Acquisition (divestiture) / transfer | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Actual return on plan assets | (215.1) | (0.2) | | | (215.3) |
| Employer contributions | 7.8 | 0.1 | 0.4 | | 8.3 |
| Employee contributions | 2.2 | | | | 2.2 |
| Benefit payments | (109.3) | | | | (109.3) |
| Exchange rate movements | 42.6 | | | | 42.6 |
| **Fair value of assets at the end of the period** | **1,031.9** | **0.2** | **0.4** | **0.2** | **1,032.7** |
| **E. Funded status at the end of 2022** | | | | | |
| Present value of obligations | (1,824.4) | (145.6) | (18.7) | (27.3) | (2,016.0) |
| Fair value of plan assets | 1,031.9 | 0.2 | 0.4 | 0.2 | 1,032.7 |
| Surplus management reserve | (47.3) | | 0.1 | | (47.2) |
| **Net liabilities** | **(839.8)** | **(145.4)** | **(18.2)** | **(27.1)** | **(1,030.5)** |
| **F. Actuarial (gains) and losses recognized directly in equity** | | | | | |
| (Gains) and losses at the beginning of the period | 1,151.8 | 48.1 | | 4.7 | 1,204.6 |
| Acquisition (divestiture) / transfer | 0.6 | 0.1 | | | 0.7 |
| (Gains) and losses on obligations | (526.5) | (57.1) | | (6.2) | (589.8) |
| (Gains) and losses on plan assets | 237.5 | 0.2 | | | 237.7 |
| Change in surplus management reserve | 47.3 | | | | 47.3 |
| Exchange rate movements | 23.9 | (0.7) | 0.1 | | 23.3 |
| **(Gains) and losses at the end of the period [(b)]** | **934.6** | **(9.4)** | | **(1.5)** | **923.8** |

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

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

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

| 2021<br>*(in millions of euros)* | Defined benefit plans | Retirement termination payments | Other long term benefits | Medical Plans | TOTAL | |
|---|---|---|---|---|---|---|
| A. Change in net liabilities | | | | | | |
| Net liabilities at the beginning of the period | (1,325.6) | (212.1) | (22.6) | (37.6) | (1,597.9) | |
| (Acquisition) divestiture/transfer | (0.3) | 0.7 | | | 0.4 | (c) |
| (Expense) income recognized | (32.7) | (13.2) | (0.6) | (1.0) | (47.5) | |
| Employer contributions | 83.2 | 7.1 | 1.4 | 2.2 | 93.9 | |
| Gains (losses) for the period | 159.3 | 19.4 | | 2.7 | 181.4 | |
| Exchange rate movements | (8.2) | (0.2) | (0.1) | (0.5) | (9.0) | |
| **Net liabilities at the end of the period** | **(1,124.3)** | **(198.3)** | **(21.9)** | **(34.2)** | **(1,378.7)** | |
| B. Expense recorded in 2021 | | | | | | |
| Service cost | 27.8 | 12.3 | 1.4 | 0.7 | 42.2 | |
| Interest expense on the net defined benefit liability | 4.9 | 0.9 | 0.1 | 0.3 | 6.2 | |
| Past service cost | | | 0.1 | | 0.1 | (a) |
| Actuarial (gains) losses | | | (1.0) | | (1.0) | |
| **Expense (income) recognized** | **32.7** | **13.2** | **0.6** | **1.0** | **47.5** | |
| C. Change in present value of obligations in 2021 | | | | | | |
| DBO at the beginning of the period | 2,561.1 | 212.4 | 22.6 | 37.8 | 2,833.9 | |
| Acquisition (divestiture) / transfer | (0.2) | (0.7) | | | (0.9) | (c) |
| Service cost | 27.8 | 12.3 | 1.4 | 0.7 | 42.2 | |
| Interest cost | 21.4 | 0.9 | 0.1 | 0.3 | 22.7 | |
| Employee contributions | 2.1 | | | | 2.1 | |
| Plan amendments | | | 0.1 | | 0.1 | (a) |
| Benefit payments | (150.8) | (7.1) | (1.4) | (2.2) | (161.5) | |
| Actuarial (gains) losses | (121.9) | (19.4) | (1.0) | (2.7) | (145.0) | |
| Exchange rate movements | 88.5 | 0.2 | 0.1 | 0.5 | 89.3 | |
| **Obligations at the end of the period** | **2,428.0** | **198.6** | **21.9** | **34.4** | **2,682.9** | |
| D. Change in plan assets in 2021 | | | | | | |
| Fair value of assets at the beginning of the period | 1,235.5 | 0.3 | | 0.2 | 1,236.0 | |
| Acquisition (divestiture) / transfer | (0.5) | | | | (0.5) | (c) |
| Actual return on plan assets | 53.9 | | | | 53.9 | |

| | | | | | |
|---|---|---|---|---|---|
| Employer contributions | 8.4 | 0.1 | | | 8.5 |
| Employee contributions | 2.1 | | | | 2.1 |
| Benefit payments | (76.0) | (0.1) | | | (76.1) |
| Exchange rate movements | 80.3 | | 0.1 | | 80.3 |
| **Fair value of assets at the end of the period** | **1,303.7** | **0.3** | | **0.2** | **1,304.2** |
| **E. Funded status at the end of 2021** | | | | | |
| Present value of obligations | (2,428.0) | (198.6) | (21.9) | (34.4) | (2,682.9) |
| Fair value of plan assets | 1,303.7 | 0.3 | | 0.2 | 1,304.2 |
| **Net liabilities** | **(1,124.3)** | **(198.3)** | **(21.9)** | **(34.2)** | **(1,378.7)** |
| **F. Actuarial (gains) and losses recognized directly in equity** | | | | | |
| (Gains) and losses at the beginning of the period | 1,265.6 | 67.6 | | 7.7 | 1,340.9 |
| Acquisition (divestiture) / transfer | 13.1 | | | | 13.1 [c] |
| (Gains) and losses on obligations | (121.9) | (19.4) | | (2.7) | (144.0) |
| (Gains) and losses on plan assets | (37.5) | | | | (37.5) |
| Change in surplus management reserve | 0.1 | | | | 0.1 |
| Exchange rate movements | 32.4 | (0.1) | | (0.3) | 32.0 |
| **(Gains) and losses at the end of the period [b]** | **1,151.8** | **48.1** | | **4.7** | **1,204.6** |

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

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

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

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

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

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

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

## 23.3. MAIN ASSUMPTIONS

The main discount rates used are as follows:

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

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

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

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

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

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

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### 23.4. BREAKDOWN OF GAINS AND LOSSES FOR THE PERIOD

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

Breakdown of experience gains and losses on financial assets

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

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

## 23.5. PENSION PLAN RISK ANALYSIS

**Sensitivity to movements in discount rates and other variables**

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

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

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

### Impact of a -0.25% decrease in discount rates

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

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

### Impact of a +0.25% increase in discount rates

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

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

### Sensitivity of the value of plan assets to market conditions

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

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

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

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

# Note 24 Borrowings

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

## Net debt calculation

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

## Statement of changes in net debt

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

The Air Liquide Group net debt breaks down as follows:

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

In accordance with the Group's policy to diversify funding sources, long-term bonds and private placements are the primary sources of funding and represent 87% of gross debt as of December 31, 2022. Outstanding notes under these sources amounted to 10,5 billion euros at the end of 2022.
The carrying amount of commercial paper amounted to 0.1 billion euros as of December 31, 2022, in slight decrease compared to December 31, 2021.

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

In 2022, one bond was issued by Air Liquide Finance, guaranteed by L'Air Liquide S.A.: a public bond issue of 600 million euros on September 9, 2022, under the EMTN program, maturity September 16, 2032, at a reorder yield of 2.982% (2.875% coupon).

In consideration thereof, Air Liquide Finance repaid:
• a 2015 bond issuance on the Taiwanese market ("Formosa bond") for an amount of 500 million Chinese renminbi (69 million euros) on January 23, 2022;

• a 2016 bond issue under the EMTN program of 300 million euros on April 18, 2022;

• a 2016 bond issue under the EMTN program of 500 million euros on June 13, 2022;

• a 2012 private placement of 400 million US dollar (353 million euros) on September 13, 2022;

• a 2014 private placement of 130 million Swiss francs (126 million euros) on September 19, 2022.

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

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

*(a) Nominal amount.*
*(b) Amortized cost including accrued interest.*

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

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

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

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

## 24.2. MATURITY OF BORROWINGS

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

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

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

## 24.3. FIXED-RATE PORTION OF GROSS DEBT

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

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

## 24.4. DETAIL OF BOND DEBT

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

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

4

### 24.5. NET DEBT BY CURRENCY

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

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

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

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

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

## 24.6. BREAKDOWN OF AVERAGE NET FINANCE COSTS

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

| | 2021 | | | 2022 | | |
|---|---|---|---|---|---|---|
| (in millions of euros) | Average outstanding debt | Net interests | Average net finance costs | Average outstanding debt | Net interests | Average net finance costs |

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

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

## 24.7. OTHER FINANCING INFORMATION

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

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

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

## NOTE 25 Financial risk policy and management

### 25.1. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

### a) Foreign exchange risk

## Principles

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

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

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

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

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

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

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

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

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

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

The table below shows the effect of a 10% fluctuation in hedging currency exchange rates on the recognition of the foreign exchange derivatives portfolio in the Group's net profit and equity as of December 31, 2022. The sensitivity of net profit and equity primarily reflects the effect of foreign exchange swaps relating to the intragroup financing activity of the subsidiary Air Liquide Finance, and currency forward hedging instruments contracted at head office level.

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

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

### b) Interest rate risk

#### Principles

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

The Group policy is to maintain the major portion of total debt at fixed rates and to protect the residual balance using optional hedging instruments. This approach enables the Group to limit the effect of interest rate fluctuations on financial expenses.

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

#### Sensitivity to interest rate fluctuations on floating-rate debt

The Group net debt exposed to interest rate fluctuations amounted to around 432 million equivalent euros as of December 31, 2022, for an average outstanding amount of 0.8 billion equivalent euros (total debt adjusted for interest rate hedging instruments and short-term securities) in slight increase compared to December 31, 2021 (0.7 billion equivalent euros).
An increase or decrease in interest rates by 100 basis points (±1%) on all yield curves would have an effect of approximately ±8 million euros on the Group's annual cost of debt (accounted in financial charges) before tax, assuming outstanding floating debt remains constant.

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

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

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

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

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

### c) Counterparty risk

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

The Group's subsidiaries serve a large number of customers (more than two million worldwide) located in extremely diverse markets: chemicals, steel, refining, food, pharmaceuticals, metals, automotive, manufacturing, healthcare, research laboratories, electronics, etc. In 2022, the Group's main customer represents around 2% of revenue, the Group's 10 main customers around 15% of sales, and the Group's 50 main customers around 35% of sales. The geographical risk is limited by the Group's sustainable coverage in 73 countries [7] on all continents. This diversity reduces customer and market risk.

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

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

Bank counterparty risk relates to the outstanding amounts of deposits, current accounts, market values of derivatives and to the credit lines contracted with each bank. Pursuant to its financial policy, in the majority of cases, the Group requires a long-term Standard & Poor's "A" credit rating or a Moody's "A2" rating from its counterparties to accept commitments on financial instruments. The Group's credit lines are also spread among several banks from various geographical areas to avoid the risk of concentration while complying with the same credit rating requirements. The Operational Finance Committee regularly reviews and approves the list of bank counterparties related to investments and the list of financial instruments. With regards to short-term investments, outstandings are subject to strict limits per counterparty and are monitored daily.

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

**d) Liquidity risk**

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

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

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

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

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

| *(in millions of euros)* | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|---|---|---|---|---|---|---|---|
| Bilateral lines and syndicated credit lines | — | 500 | 2,500 | 400 | 200 | — | 3,600 |

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

The following tables represent the future cash flows related to the main balance sheet items and to the derivative financial instruments recognized at the end of the last two periods. Interest flows are calculated in accordance with IFRS 7 and represent the interest payable for each relevant period. Interest flows related to floating interest rate or foreign currency instruments were calculated using the closing interest and exchange rates as of December 31, 2021 and 2022. The flows related to debt repayment obligations differ from the amounts recognized in the Group's balance sheet due to the accounting treatment applied to borrowings and the exclusion of hedging instruments.

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

| 2021<br>*(in millions of euros)* | Book value as of December 31, 2021 | Cash Flow < 1 year | | Cash flow ≥ 1 year and ≤ 5 years | | Cash Flow > 5 year | |
|---|---|---|---|---|---|---|---|
| | | Interest | Capital refund | Interest | Capital refund | Interest | Capital refund |
| Derivative instruments | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Fair value of derivatives (assets) | 137.3 | 22.5 | 525.5 | 42.0 | 841.9 | 9.3 | 265.7 |
| **Liabilities** | | | | | | | |
| Fair value of derivatives (liabilities) | (106.5) | (41.3) | (505.8) | (74.2) | (802.7) | (12.3) | (267.5) |
| **SUB-TOTAL DERIVATIVE INSTRUMENTS** | | **(18.8)** | **19.7** | **(32.2)** | **39.2** | **(3.0)** | **(1.8)** |
| Assets | | | | | | | |
| Loans and other non-current receivables | 306.6 | | | | 306.6 | | |
| Trade receivables | 2,694.1 | | 2,674.3 | | 19.8 | | |
| Cash and cash equivalents | 2,246.6 | 0.6 | 2,246.0 | | | | |
| **SUB-TOTAL ASSETS** | | **0.6** | **4,920.3** | | **326.4** | | |
| Liabilities | | | | | | | |
| Non-current borrowings | (10,506.3) | (190.5) | | (562.2) | (5,215.3) | (617.2) | (5,226.5) |
| Other non-current liabilities | (343.0) | | | | (343.0) | | |
| Trade payables | (3,333.2) | | (3,290.4) | | (42.8) | | |
| Current borrowings | (2,188.6) | (21.0) | (2,083.4) | | | | |
| **SUB-TOTAL LIABILITIES** | | **(211.5)** | **(5,373.8)** | **(562.2)** | **(343.1)** | **(617.2)** | **(5,226.5)** |

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

e) Hierarchy of financial instruments fair value

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

### f) Commodity risk (energy contracts)

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

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

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

Furthermore, in a global context of highly volatile electricity and natural gas market prices, Air Liquide continues to index long-term customer contracts to hedge these risks. For natural gas and electricity prices, the opening of some markets led the Group, under these circumstances, to replace the regulated tariffs by local market indices.

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

## 25.2. INFORMATION ON DERIVATIVE INSTRUMENTS

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

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

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

*(a) CFH: Cash Flow Hedge.*
*(b) FVH: Fair Value Hedge.*
*(c) Derivative instruments not benefiting from hedge accounting.*
*(d) NIH: Net Investment Hedge.*

| 2021 *(in millions of euros)* | IFRS classification | Assets: Deferred tax assets | Assets: Trade receivables | Assets: Fair value of derivatives (assets): Assets - non current | Assets: Fair value of derivatives (assets): Assets - current | Assets: TOTAL | Liabilities: Net income recognized in equity | Liabilities: Profit for the period | Liabilities: Borrowings | Liabilities: Trade payables | Liabilities: Fair value of derivatives (liabilities): Assets - non current | Liabilities: Fair value of derivatives (liabilities): Assets - current | Liabilities: TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Foreign exchange risk** | | | | | | | | | | | | | |
| Forwards hedging future cash flows | CFH [a] | (1.6) | | 3.1 | 36.7 | 38.2 | 3.6 | | | | 4.9 | 29.7 | 38.2 |
| Currency forwards hedging transactions recorded in the accounts and Cross Currency Swaps | FVH [b] | 0.6 | 4.7 | 56.9 | 25.7 | 87.9 | | (1.5) | 51.2 | 2.1 | 20.9 | 15.2 | 87.9 |
| Other derivatives | [c] | (0.2) | | | 0.6 | 0.4 | | 0.4 | | | | | 0.4 |
| **Interest rate risk** | | | | | | | | | | | | | |
| Interest rate swaps | FVH [b] | | | | | | | | | | | | |
| Swaps, options and Cross Currency Swaps | CFH [a] and NIH [d] | (1.5) | | 13.4 | 0.9 | 12.8 | 4.3 | | | | 8.1 | 0.4 | 12.8 |
| **Commodity risk (Energy)** | | | | | | | | | | | | | |
| Forwards hedging future cash flows | CFH [a] | 8.1 | | | | 8.1 | (18.4) | (0.8) | | | 5.1 | 22.2 | 8.1 |
| **TOTAL** | | **5.4** | **4.7** | **73.4** | **63.9** | **147.4** | **(10.5)** | **(1.9)** | **51.2** | **2.1** | **39.0** | **67.5** | **147.4** |

*(a) CFH: Cash Flow Hedge.*
*(b) FVH: Fair Value Hedge.*
*(c) Derivative instruments not benefiting from hedge accounting.*
*(d) NIH: Net Investment Hedge.*

# Note 26 Other liabilities (non-current/current)

## 26.1. OTHER NON-CURRENT LIABILITIES

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

## 26.2. OTHER CURRENT LIABILITIES

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

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

# Note 27 Trade payables

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

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

## Note 28 Related party disclosures

### 28.1. TRANSACTIONS WITH COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION

The Consolidated Financial Statements include the Financial Statements of L'Air Liquide S.A. and all the subsidiaries listed on pages 114 to 117. L'Air Liquide S.A. is the ultimate parent company.

Due to the activities and legal organization of the Group, only executives, associates and joint ventures are considered to be related parties to the Group. Transactions performed between these individuals or these companies and Group subsidiaries are not material.

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

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

The remuneration of Group executives includes the remuneration allocated to the Board of Directors and the Company's management bodies as compensation for their duties within the entire Group as employees and corporate officers for the respective fiscal years. The Company's management bodies include all the members of Executive Management and the Executive Committee. The amounts expensed in this respect are as follows:

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

#### Short-term benefits

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

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

#### Post-employment benefits

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

#### Share-based payments

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

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

*(a) Adjusted for share capital increases by attributions of free shares (2019, 2017, 2014) and for the share capital increase in cash of October 11, 2016.*
*(b) 2022 data adjusted for the share capital increase by attribution of free shares in 2022.*

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

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

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

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

## Note 29 Commitments

Commitments are given in the normal course of the Group's business.

| *(in millions of euros)* | 2021 | 2022 |
|---|---|---|
| Firm purchase orders for fixed assets | 1,139.2 | 1,234.7 |
| Other commitments related to operating activities | 5,088.3 | 6,828.5 |
| **Commitments relating to operating activities** | **6,227.5** | **8,063.2** |
| **Commitments relating to financing operations and consolidation scope** | **220.3** | **315.4** |
| TOTAL | 6,447.8 | 8,378.6 |

Air Liquide owns a 13.7% stake in Exeltium S.A.S. amounting to 24.5 million euros.
On March 24, 2010, Exeltium and EDF entered into an industrial partnership agreement under which Exeltium can acquire rights to a portion of EDF's electronuclear production. In consideration, Exeltium and its shareholder clients signed long-term electricity supply contracts. The contract signed by Air Liquide has a 20-year term and can be suspended by Air Liquide after 10 years. This contract provides long-term visibility over the price of the electricity to be supplied. This project was approved by the European Commission.

The Group's energy purchase commitments amounted to 5,442.8 million euros as of December 31, 2022 (2,673.9 million euros as of December 31, 2021). In 2022, the Group has signed significant Power Purchase Agreements. The first one for 15 years duration with Vattenfall in the Netherlands amounting to 402 million euros, and two others with Enel Green Power in South Africa for 392 million euros. Those contracts will start in 2025 and are therefore not yet subject to mutual commitments received from clients in connection with long-term gas supply contracts.

Almost all of these commitments, except the ones mentioned above, are covered by mutual commitments received from clients in connection with long-term gas supply contracts. These commitments are not disclosed in the table above.

Commitments to purchases of molecules as part of take-or-pay contracts amounted to 4,934.1 million euros as of December 31, 2022 (4,158.5 as of December 31, 2021), and are reported in other commitments related to operating activities. These amounts include in particular Helium purchase commitments.

Confirmed credit lines are shown in note 25.
Commitments related to equity affiliates amounted to 368.0 million euros as of December 31, 2022.

## Note 30 Contingent liabilities

To the best of the Group's knowledge, there is no exceptional event or litigation which has affected in the recent past or which is likely to materially affect its financial situation or profitability.

## Note 31 Climate risks consideration

### 31.1. BUSINESS MODEL

Air Liquide supplies gas and energy solutions to customers in the metals, chemicals, refining and energy industries, which are essential for their own core businesses, to improve process efficiency and to make their plants more environmentally friendly.

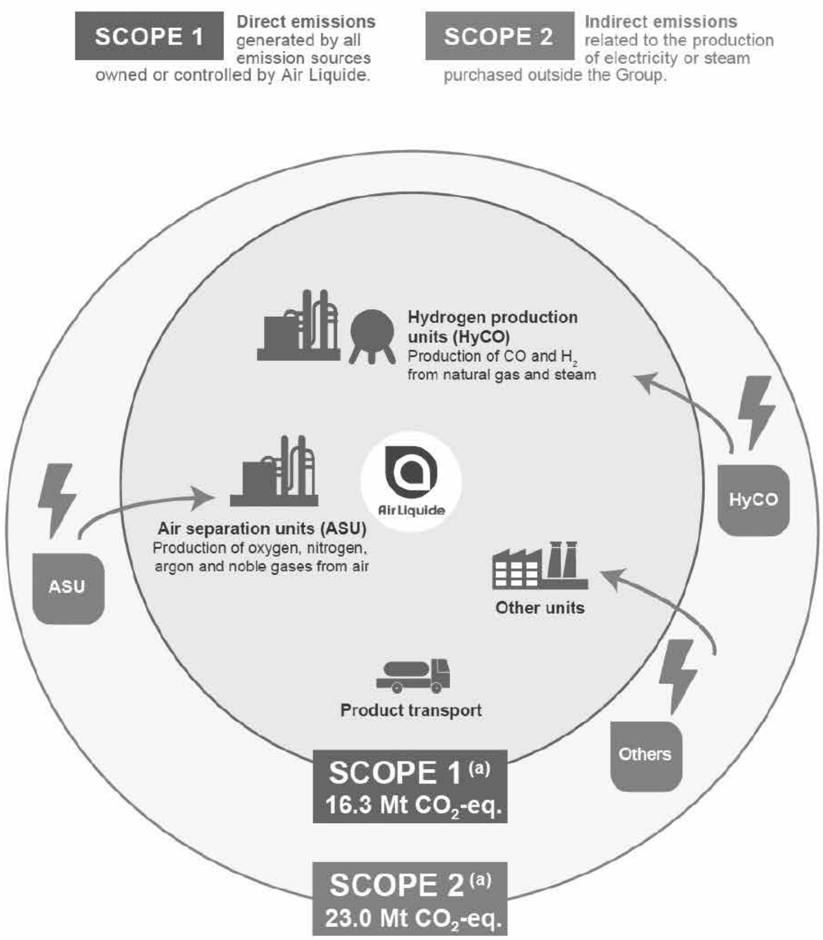
Air Liquide's business model is based on the outsourcing of the industrial gas needs of its customers who often emit greenhouse gases themselves, in particular in the metals, chemicals and refining industries. This outsourcing is justified by Air Liquide's expertise which grants them access to state of the art technologies, optimized energy consumption of production tools, while ensuring the reliability of the supply in the long term. However, it leads to the transfer of a portion of the customer's greenhouse gas emissions to the Group.

Industrial gases are used in most industries today and they will be even more so during the energy transition because they are at the heart of industry decarbonization solutions. Demand will increasingly turn to low-carbon gases, in line with changing regulations.

For the Large Industries activity, which bears most of the assets described below, the supply of gas is contracted for 15 years or more. Such assets are depreciated over the term of the contract, which substantially reduces the risk of impairment. Within these contracts, the Group guarantees long-term service continuity and a high level of reliability with respect to the gas supply via a high-performing industrial solution. In return, long-term gas supply contracts include guaranteed minimum volumes through take-or-pay clauses, as well as the indexation to variable costs (mainly electricity and natural gas), including any CO2 cost (for example ETS schema in Europe), and inflation.

### 31.2. GROUP'S ASSETS AND $CO_2$ EMISSIONS

The main Group assets that impact the CO2 balance are:
424 large Air Separation Units (ASU), oxygen and nitrogen in particular, which do not use any combustion processes and consume almost exclusively electrical energy, and therefore do not generate any CO2 emissions. However, electricity used by the Group to power these units generate CO2 emissions at electricity suppliers; such emissions are classified as indirect emissions (scope 2). The CO2 emissions reductions can be in this case done mostly through renewable electricity purchases;




The data presented have been rounded up to the tenth.

(a) *Emissions are reported in million tonnes of $CO_2$ equivalent using "market-based" methodology*

Thus, in 2022, the Group's direct reported emissions (scope 1) and indirect reported emissions (scope 2) amount respectively to 16.3 million tonnes and 23 million tonnes in $CO_2$-equivalent.

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### 31.3. GROUP'S CLIMATE OBJECTIVES

Air Liquide acknowledges the importance and urgency of climate issues. The Group intends to play an active role in achieving the targets set out in the Paris Agreement, which defines a global framework to avoid dangerous climate change by limiting global warming to well below 2°C compared with the pre-industrial level, and by continuing efforts to limit it to 1.5°C.
In this regard, the Group has committed to achieve carbon neutrality by 2050. Two major intermediate milestones support this long-term objective:

• the start of reduction of absolute $CO^2$ emissions around 2025;

• followed by a -33% reduction in scope 1 and scope 2 emissions in 2035 compared with a 2020 baseline [(8)].
Moreover, the Group has maintained the objective set in 2018 to reduce its carbon intensity by -30% by 2025 compared with 2015 [(9)].

### 31.4. TRANSITION RISK – GREENHOUSE GAS EMISSIONS

The main climate risk identified by the Group at the 2022 closing period relates to greenhouse gas emissions.
The climate transition risk (greenhouse gas emissions) is closely linked to the access to renewable electricity sources and implementation by public authorities of greenhouse gas emission reduction policies such as, for example, the introduction of a carbon price or more stringent product regulations, that may impact:

• either the Group's plants (direct impact on the operational scope), resulting in increased production costs, which by contract would be transferred to the customers, and the need for new investments;

• or those of its suppliers, resulting in suppliers price increases;

• or customers (indirect impact on the value chain), impacting for instance their market, processes and industrial gases needs.

**The following governance and actions have been implemented to limit the risk on the Group's assets:**

• For all its projects, for all geographies, even those without a current price for $CO_2$, Air Liquide includes in its investment decision process a carbon price of 50 euros per tonne, the local current price and a high value of 100 euros or more per tonne, chosen in function of the geography and context.

The Group makes sure that with the price the project is still viable for the customer. As a reminder, any $CO^2$ cost is contractually passed through to the customer, significantly reducing any impairment risk on the related asset.

•In cases where the public carbon price exceeds a certain cap, contracts with some customers contemplate additional investment to decarbonize the facility (for example by using carbon capture and storage solutions - CCS) and the corresponding additional revenue for the Group.

*(8) In tonnes of $CO_2$-equivalent for Scopes 1 and 2, in a "market-based" methodology, restated, from 2020 and each subsequent year, to include the emissions of the assets for the full year, taking into account (upwards and downwards) changes in scope having a significant impact on $CO_2$ emissions.*

*(9) In kg $CO_2$-equivalent/euro of current operating income before depreciation and amortization and excluding IFRS 16 at 2015 exchange rates on Scopes 1 and 2 of greenhouse gas emissions in a "market-based" methodology.*

• The Group's electricity procurement initiatives have been reinforced, in particular the procurement of renewable electricity, in order to reduce the scope 2 emissions figures.

• The trajectory of the climate objectives is centrally managed via a carbon budget allocated to the regions which is revisited every year, in line with intermediary objectives. This trajectory is monitored by the Environment and Society Committee of the Board of Directors, which also meets once a year, in joint sessions with the Audit and Accounts Committee. During this joint session, the two Committees may review the trajectory of climate objectives. The implementation of these climate objectives is part of the criteria for the Long Term Incentive plans for the CEO and for more than 2000 beneficiaries.

**Air Liquide's actions to limit transition risk impacts include:**

**Scope 2 reduction:**

• Related to the 424 large air gas production units or ASUs, (scope 2 emissions) mainly by using renewable electricity: the deployment of the Group's actions in the 10 countries with the greatest potential will significantly reduce scope 2 emissions. Since 2018, Air Liquide has already signed 13 renewable energy supply contracts for an estimated annual quantity of 1.724 GWh/y (in a full year after start-up of renewable production units). As the ASUs are almost all electrified, they do not require any specific investment for the transition, because emission reduction will be managed through renewable energy purchase.

• **Energy costs, including renewable energy costs do not represent any financial risk** as they are 100% passed-through to the customer according to the terms of the 15 years or more contracts.

Scope 1 reduction:

Related to the 62 large hydrogen production units or SMRs, (scope 1 emissions), by capturing $CO_2$. Air Liquide masters a complete portfolio of proprietary technologies for capturing $CO^2$. Thus, advanced Cryocap™ $CO^2$ capture technology equipment has been in industrial operation since 2015 on a hydrogen production unit in France. The Group was recently selected for financing via European subventions for two carbon capture projects on SMRs. Thus, the decarbonization of the Group's 10 largest SMRs will reduce scope 1 emissions by more than 40%. **No dismantling of existing SMRs before the end of the contract is necessary to achieve the Group's climate objectives.**

The innovation capacity and technological know-how of Air Liquide's teams enable the Group to offer cleaner and more sustainable solutions to reduce its own emissions and those of its industrial customers. The Group focuses on technologies for climate solutions and energy transition. In 2022, Air Liquide had more than 350 patent families on hydrogen.The Group's Innovation expenses amounted to 308 million euros in 2022, including more than 100 million dedicated to climate solutions.

• The demand for low-carbon industrial gas at a higher price is growing and makes it possible to r**emunerate the investment necessary for the decarbonization of Air Liquide's assets,** in particular for the production of hydrogen, as well as any additional costs linked to the supply of renewable electricity. In addition, financing programs in the form of subsidies or tax credits are also implemented in Europe and more recently in the United States in order to support, during a transition period, the decarbonization of existing industrial assets and new units of production. **Therefore, there is no indication of impairment for the related assets.**

**Costs related to CO2 emissions** (ex ETS scheme in Europe) **are 100% passed-through to the customer** according to the terms of the 15 years or more contracts. The Group also applies this business model to the supply of low carbon industrial gas, therefore **Air Liquide does not bear the risk associated with energy and CO2 costs**.

The potential impacts of transition risk have been analyzed in the context of the 2022 Group's Financial Statements closing, based on the above mentioned facts and assumptions. **No significant impact has been identified, either on the useful life or on the value of the assets, on the client portfolio or on the cash flows generated by existing activities or on provisions for risks and charges.**

### 31.5. PHYSICAL RISKS

Air Liquide operates in certain regions of the world exposed to changes (in amplitude or frequency) in exceptional meteorological phenomena due to climate change. These phenomena can slow down or interrupt the Group's operations or make them more expensive. Its suppliers and customers are also confronted with this same issue.
These can be broken down into:

• acute risks triggered by events such as natural disasters, the frequency and severity of which are increasing: storms, hurricanes, flooding, etc. These risks may relate to Air Liquide sites located near the coast for example, or in regions affected by hurricanes (the US Gulf Coast, South Asia, etc.);

• chronic risks related to more long-term changes in climate models and rising temperatures: rising sea levels, chronic heat waves in certain regions, changes in rainfall patterns and an increase in their variability, the disappearance of certain resources, etc.

Air Liquide's actions to limit physical impacts include:

Physical risks (water availability, frequency of extreme events, etc.) are appraised during the review of investment requests, in the same way as financial criteria, to ensure that the associated risk management measures are adapted, for example in the design of equipment.

• Group operations which are regularly exposed to the acute risks described above have risk management systems in place aimed at adopting suitable preventive operational measures, and at managing these crises by, first and foremost, protecting individuals and the production facilities in close cooperation with customers. These systems are regularly updated and improved.

• Chronic risks are taken into account, in particular in the design of production units, in the same way and to the same extent as their energy efficiency and carbon footprint.
• Losses caused by natural disasters are covered by the Group property and business interruption program.

• The potential impacts on the 2022 Group's Financial Statements of the physical risks has been studied. No significant impact has been identified, either on the useful life or on the value of the assets, on the client

portfolio or on the cash flows generated by existing activities or on provisions for risks and charges.
To be noted for both transition risks and physical risks, there is no impact on the dismantling provision, as this is an obligation already presented and provisioned from the date of the Large Industries contract signature.

## Note 32 Post-balance sheet events

There are no significant post-balance sheet events

# Foreign exchange rates and main consolidated companies

## FOREIGN EXCHANGE RATES

Main foreign exchange rates used

### Average rates

| Euros for 1 currency | 2021 | 2022 |
|---|---|---|
| USD | 0.85 | 0.95 |
| CNY | 0.13 | 0.14 |
| CAD | 0.67 | 0.73 |
| Yen (1,000) | 7.70 | 7.26 |

### Closing rates

| Euros for 1 currency | 2021 | 2022 |
|---|---|---|
| USD | 0.88 | 0.94 |
| CNY | 0.14 | 0.14 |
| CAD | 0.69 | 0.69 |
| Yen (1,000) | 7.67 | 7.11 |

## MAIN CONSOLIDATED COMPANIES

Companies marked with JO are consolidated by joint operation and those marked with E by the equity method. Other companies are fully consolidated.

The total Group interest is given after the name of each company.

| Main consolidated companies | Country | Integration | % interest |
|---|---|---|---|
| GAS AND SERVICES | | | |
| EUROPE | | | |
| Air Liquide Austria GmbH | AUT | | 100.00% |
| L'Air Liquide Belge S.A. | BEL | | 100.00% |
| Air Liquide Industries Belgium S.A. | BEL | | 100.00% |
| Air Liquide Large Industry S.A. | BEL | | 100.00% |
| Air Liquide Medical S.A. | BEL | | 100.00% |
| Air Liquide Bulgaria EOOD | BGR | | 100.00% |
| Carbagas S.A. | CHE | | 100.00% |
| Air Liquide Deutschland GmbH | DEU | | 100.00% |
| Air Liquide Electronics GmbH | DEU | | 100.00% |
| Air Liquide Industriegase GmbH & Co. KG | DEU | | 100.00% |
| Energieversorgungscenter Dresden-Wilschdorf GmbH & Co. KG [a] | DEU | | 40.00% |
| VitalAire GmbH | DEU | | 100.00% |
| Zweite Energieversorgungscenter Dresden-Wilschdorf GmbH & Co. KG | DEU | | 50.00% |
| Häusliche Intensiv Pflege Althoff GmbH | DEU | | 100.00% |
| Air Liquide Danmark A/S | DNK | | 100.00% |
| Air Liquide España S.A. | ESP | | 99.90% |
| Air Liquide Ibérica de Gases S.L.U. | ESP | | 100.00% |
| Air Liquide Healthcare España, S.L.U. | ESP | | 100.00% |
| Air Liquide Finland Oy. | FIN | | 100.00% |
| Air Liquide Eastern Europe S.A. | FRA | | 100.00% |
| Air Liquide France Industrie S.A | FRA | | 100.00% |
| Air Liquide Medical Systems S.A. | FRA | | 100.00% |
| Air Liquide Réunion S.A. | FRA | | 97.35% |
| Air Liquide Santé (International) S.A. | FRA | | 100.00% |
| Air Liquide Santé France S.A. | FRA | | 100.00% |
| Air Liquide Spatial Guyane S.A. | FRA | | 98.79% |
| Air Liquide Ukraine S.A. | FRA | | 100.00% |
| Extraction Purification Innovation France | FRA | | 100.00% |
| LVL Médical Groupe S.A. | FRA | | 100.00% |
| Pharma Dom S.A. | FRA | | 100.00% |
| Société d'Exploitation de Produits pour les Industries Chimiques S.A. | FRA | | 99.98% |
| Air Liquide Antilles Guyane | FRA | | 96.76% |
| VitalAire S.A. | FRA | | 100.00% |

| Main consolidated companies | Country | Integration | % interest |
|---|---|---|---|
| Air Liquide Ltd | GBR | | 100.00% |
| Air Liquide (Homecare) Ltd | GBR | | 100.00% |
| Air Liquide UK Ltd | GBR | | 100.00% |
| Energas Ltd | GBR | | 100.00% |
| SPL Services Limited | GBR | | 98.02% |
| Air Liquide Italia S.p.A. | ITA | | 99.77% |
| Air Liquide Italia Service S.r.l | ITA | | 99.77% |
| Air Liquide Sanità Service S.p.A. | ITA | | 99.77% |
| Air Liquide Italia Produzione S.r.l | ITA | | 99.77% |
| Medicasa Italia S.p.A. | ITA | | 99.77% |
| VitalAire Italia S.p.A. | ITA | | 99.77% |
| Supra S.R.L | ITA | | 51.00% |
| Air Liquide Healthcare Ireland Limited | IRL | | 100.00% |
| Air Liquide Munay Tech Gases | KAZ | | 75.00% |
| L'Air Liquide Luxembourg S.A. | LUX | | 100.00% |
| Air Liquide Acetylene B.V. | NLD | | 100.00% |
| Air Liquide B.V. | NLD | | 100.00% |
| Air Liquide Industrie B.V. | NLD | | 100.00% |
| Air Liquide Nederland B.V. | NLD | | 100.00% |
| Scott Specialty Gases Netherlands B.V. | NLD | | 100.00% |
| Hatek Lastechniek NH B.V. | NLD | | 100.00% |

| Main consolidated companies | Country | Integration | % interest |
|---|---|---|---|
| Handelsonderneming Hatek B.V. | NLD | | 100.00% |
| Air Liquide Norway A.S. | NOR | | 100.00% |
| BetaMed S.A. | POL | | 80.00% |
| Air Liquide Katowice Sp.z.o.o. | POL | | 79.25% |
| Air Liquide Polska Sp.z.o.o. | POL | | 100.00% |
| Air Liquide Medicinal S.A. | PRT | | 99.85% |
| Sociedade Portuguesa do Ar Liquido Lda | PRT | | 99.93% |
| Air Liquide Romania S.r.l | ROM | | 100.00% |
| Air Liquide Gas A.B. | SWE | | 100.00% |
| NordicInfu Care A.B | SWE | | 100.00% |
| Air Liquide Gaz San. Ve Tic. A.S. | TUR | | 100.00% |
| **Main consolidated companies** | **Country** | **Integration** | **% interest** |
| **AMERICAS** | | | |
| Air Liquide Argentina S.A. | ARG | | 100.00% |
| Air Liquide Brasil Ltda | BRA | | 100.00% |
| Air Liquide Canada, Inc. | CAN | | 100.00% |
| Vitalaire Canada, Inc. | CAN | | 100.00% |
| Respiratory Homecare Solutions Canada Inc. | CAN | | 100.00% |
| Air Liquide Chile S.A. | CHL | | 100.00% |
| Air Liquide Colombia S.A.S | COL | | 100.00% |
| Air Liquide Dominicana S.A.S | DOM | | 100.00% |
| Air Liquide Mexico, S. de RL de CV | MEX | | 100.00% |
| La Oxigena Paraguaya S.A. | PRY | | 87.96% |
| Air Liquide Trinidad and Tobago Ltd | TTO | | 100.00% |
| Air Liquide Uruguay S.A. | URY | | 96.68% |
| Airgas USA, LLC | USA | | 100.00% |
| Airgas Specialty Products | USA | | 100.00% |
| Red-D-Arc, Inc. | USA | | 100.00% |
| Airgas Safety, Inc. | USA | | 100.00% |
| Air Liquide Electronics U.S. LP | USA | | 100.00% |
| Air Liquide Large Industries U.S. LP | USA | | 100.00% |
| Air Liquide Advanced Materials, Inc. | USA | | 100.00% |
| **MIDDLE-EAST AND AFRICA** | | | |
| Air Liquide Afrique S.A. | FRA | | 100.00% |
| Air Liquide Middle East & North Africa FZCO | ARE | | 100.00% |
| Air Liquide Gulf FZE | ARE | | 100.00% |
| Air Liquide Bénin S.A. | BEN | E | 99.99% |
| Air Liquide Burkina Faso S.A. | BFA | | 64.87% |
| Air Liquide Botswana Proprietary Ltd | BWA | | 99.93% |
| Air Liquide Côte d'Ivoire S.A. | CIV | | 72.08% |
| Air Liquide Cameroun S.A. | CMR | | 100.00% |
| Air Liquide Congo S.A. | COG | | 100.00% |
| Société d'Installations et de Diffusion de Matériel Technique S.P.A. | DZA | E | 100.00% |
| Air Liquide Alexandria for Medical & Industrial Gases S.A.E. | EGY | | 99.99% |
| Air Liquide El Soukhna for Industrial Gases S.A.E. | EGY | | 99.93% |
| Air Liquide Misr S.A.E. | EGY | | 100.00% |
| **Main consolidated companies** | **Country** | **Integration** | **% interest** |
| Air Liquide Middle East S.A. | FRA | | 100.00% |
| Air Liquide Gabon S.A. | GAB | | 99.04% |
| Air Liquide Ghana Ltd | GHA | | 100.00% |
| Air Liquide India Holding Pvt. Ltd | IND | | 100.00% |
| Shuaiba Oxygen Company K.S.C.C. [a] | KWT | | 49.81% |
| Air Liquide Maroc S.A. | MAR | | 98.02% |
| Air Liquide Madagascar S.A. | MDG | | 73.74% |
| Air Liquide Mali S.A. | MLI | | 99.97% |
| Air Liquide Namibia Proprietary Ltd | NAM | | 100.00% |
| Air Liquide Nigeria Plc | NGA | | 87.31% |
| Air Liquide Sohar Industrial Gases LLC | OMN | | 50.10% |
| Gasal Q.S.C. | QAT | E | 40.00% |
| Vitalaire Arabia LLC. | SAU | | 60.00% |
| Air Liquide Arabia LLC | SAU | | 65.00% |
| Air Liquide Sénégal S.A. | SEN | | 83.60% |
| Air Liquide Togo S.A. | TGO | MEQ | 70.57% |

| | | | |
|---|---|---|---|
| Air Liquide Tunisie S.A. | TUN | | 59.17% |
| Air Liquide Large Industries (Pty) Ltd | ZAF | | 100.00% |
| Air Liquide Large Industries South Africa (Pty) Ltd | ZAF | | 100.00% |
| Air Liquide Proprietary Ltd | ZAF | | 99.93% |
| ASIE-PACIFIQUE | | | |
| **ASIA PACIFIC** | **AUS** | | **100.00%** |
| Air Liquide Healthcare P/L | AUS | | 100.00% |
| Air Liquide W.A. Pty Ltd | AUS | | 100.00% |
| Brunei Oxygen SDN | BHD | | 50.00% |
| Air Liquide Cangzhou Co., Ltd | CHN | | 100.00% |
| Air Liquide China Holding Co., Ltd | CHN | | 100.00% |
| Air Liquide Shanghai Co., Ltd | CHN | | 100.00% |
| Air Liquide Shanghai International Trading Co. Ltd | CHN | | 100.00% |
| Air Liquide Tianjin Co., Ltd | CHN | | 100.00% |
| Air Liquide Yongli Tianjin Co., Ltd | CHN | | 55.00% |
| Air Liquide Zhangjiagang Industrial Gases Co., Ltd | CHN | | 100.00% |
| Shanghai Chemical Industry Park Industrial Gases Co., Ltd | CHN | | 51.00% |
| Société d'Oxygène et d'Acétylène d'Extrême-Orient S.A. | FRA | | 100.00% |

*(a) Consolidation method differs from percentage of shares due to a contractual agreement.*

| Main consolidated companies | Country | Integration | % interest |
|---|---|---|---|
| Celki International Ltd | HKG | | 100.00% |
| P.T. Air Liquide Indonesia | IDN | | 100.00% |
| Air Liquide Japan Ltd | JPN | | 100.00% |
| Toshiba Nano Analysis K.K. | JPN | | 51.00% |
| Sohgo Industry Co., Ltd | JPN | | 90.23% |
| Vital Air Japan K.K. | JPN | | 100.00% |
| Air Liquide Korea Co., Ltd | KOR | | 100.00% |
| VitalAire Korea Inc. | KOR | | 100.00% |
| Southern Industrial Gas Sdn Bhd | MYS | | 100.00% |
| Air Liquide Malaysia Sdn Bhd | MYS | | 100.00% |
| Air Liquide New Zealand Ltd | NZL | | 100.00% |
| Air Liquide Phils Inc. | PHL | | 100.00% |
| Air Liquide Singapore Pte Ltd | SGP | | 100.00% |
| Air Liquide Thailand Ltd | THA | | 100.00% |
| Air Liquide Electronics Systems Asia Ltd | TWN | | 100.00% |
| Air Liquide Far Eastern Ltd | TWN | | 65.00% |
| Air Liquide Vietnam Co., Ltd | VNM | | 100.00% |
| ENGINEERING & CONSTRUCTION | | | |
| Air Liquide Global E&C Solutions Canada LP | CAN | | 100.00% |
| Air Liquide Hangzhou Co., Ltd | CHN | | 100.00% |
| Air Liquide Global E&C Solutions (Yantai) Co., Ltd. | CHN | | 100.00% |
| Air Liquide Global E&C Solutions Germany GmbH | DEU | | 100.00% |
| Air Liquide Global E&C Solutions France S.A. | FRA | | 100.00% |
| Air Liquide Global E&C Solutions Japan K.K | JPN | | 100.00% |
| JJ-Lurgi Engineering Sdn. Bhd. | MYS | E | 50.00% |
| Air Liquide Global E&C Solutions Singapore Pte. Ltd | SGP | | 100.00% |
| Air Liquide Global E&C Solutions US, Inc. | USA | | 100.00% |

| Main consolidated companies | Country | Integration | % interest |
|---|---|---|---|
| GLOBAL MARKETS & TECHNOLOGIES | | | |
| Air Liquide Advanced Technologies US LLC | USA | | 100.00% |
| Alizent France S.A. | FRA | | 100.00% |
| Air Liquide Advanced Technologies S.A. | FRA | | 100.00% |
| Cryolor S.A. | FRA | | 100.00% |
| GIE Cryospace | FRA | | 55.00% |
| Air Liquide Electronics Systems S.A. | FRA | | 100.00% |
| FordonsGas Sverige AB | FRA | | 100.00% |
| Air Liquide Maritime SAS | FRA | | 100.00% |
| The Hydrogen Company | FRA | | 100.00% |
| Oilfield Hire and Services | GBR | | 100.00% |
| HOLDING COMPANIES AND R&D ACTIVITIES | | | |
| Air Liquide Finance S.A. | FRA | | 100.00% |
| Air Liquide International S.A. | FRA | | 100.00% |
| Air Liquide Participations S.A. | FRA | | 100.00% |
| L'Air Liquide S.A. | FRA | | 100.00% |
| Orsay-Re S.A. | LUX | | 100.00% |

| | | |
|---|---|---|
| Air Liquide International Corp. | USA | 100.00% |
| American Air Liquide, Inc. | USA | 100.00% |
| American Air Liquide Holdings, Inc | USA | 100.00% |

*The extended list of consolidated companies is available on:*
*https://www.airliquide.com/consolidation-scope-2022*

## Statutory auditors’ offices and fees

### STATUTORY AUDITORS’ OFFICES

**KPMG S.A.**

**Principal Statutory Auditor**
**KPMG S.A. is represented by**
**Valérie Besson and Laurent Genin**
**Tour Eqho - 2, avenue Gambetta - CS60055**
**92066 Paris-La Défense**

**PricewaterhouseCoopers Audit is represented by**

**Principal Statutory Auditor**
**PricewaterhouseCoopers Audit is represented by**
**Olivier Lotz and Cédric Le Gal**
**63, rue de Villiers**
**92200 Neuilly-sur-Seine**

## STATUTORY AUDITORS' FEES

| *(in thousands of euros)* | 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | KPMG S.A. | | PricewaterhouseCoopers Audit | | Others | | Total | |
| Audit, certification, review of individual and consolidated financial statements | 5,260 | 80.7% | 7,017 | 87.5% | 566 | 61.8% | 12,843 | 83.1% |
| ■ Issuer | 627 | | 764 | | — | | 1,391 | |
| ■ Fully consolidated subsidiaries | 4,633 | | 6,253 | | 566 | | 11,452 | |
| *of which Airgas* | — | | *1,767* | | *10* | | *1,777* | |
| Services required by law | 30 | 0.5% | 67 | 0.8% | 11 | 1.2% | 108 | 0.7% |
| **Total of certification missions and services required by law** | **5,290** | **81.2%** | **7,084** | **88.3%** | **577** | **63.0%** | **12,951** | **83.8%** |
| Services related to Corporate Social Responsibility (CSR) | — | — | 142 | 1.8% | — | — | 142 | 0.9% |
| Due-diligence services (sell-side and buy-side) | 38 | 0.6% | 247 | 3.1% | 2 | 0.2% | 287 | 1.9% |
| Other services | 1,189 | 18.2% | 551 | 6.9% | 337 | 36.8% | 2,077 | 13.4% |
| **Total of non-audit services** | **1,227** | **18.8%** | **940** | **11.7%** | **339** | **37.0%** | **2,506** | **16.2%** |
| TOTAL | 6,517 | 100% | 8,024 | 100% | 916 | 100% | 15,457 | 100% |

| (in thousands of euros) | 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **ERNST & YOUNG and others** | | **PricewaterhouseCoopers Audit** | | **Others** | | **Total** | |
| Audit, certification, review of individual and consolidated financial statements | 5,232 | 91.5% | 6,817 | 93.7% | 652 | 63.1% | 12,701 | 90.6% |
| ■ Issuer | 632 | | 658 | | — | | 1,290 | |
| ■ Fully consolidated subsidiaries | 4,600 | | 6,159 | | 652 | | 11,411 | |
| *of which Airgas* | *11* | | *1,410* | | *63* | | *1,484* | |
| Services required by law | 54 | 0.9% | 78 | 1.1% | 3 | 0.3% | 135 | 1.0% |
| **Total of certification missions and services required by law** | **5,286** | **92.4%** | **6,895** | **94.8%** | **655** | **63.3%** | **12,836** | **91.5%** |
| Services related to Corporate Social Responsibility (CSR) | — | — | 139 | 1.9% | — | — | 139 | 1.0% |
| Due-diligence services (sell-side and buy-side) | — | — | — | — | 48 | 4.6% | 48 | 0.3% |
| Other services | 432 | 7.6% | 240 | 3.3% | 331 | 32.0% | 1,003 | 7.2% |
| **Total of non-audit services** | **432** | **7.6%** | **379** | **5.2%** | **379** | **36.7%** | **1,190** | **8.5%** |
| TOTAL | 5,718 | 100% | 7,274 | 100% | 1,034 | 100% | 14,026 | 100% |

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## Statutory Auditors’ Report on the Consolidated Financial Statements

This is a translation into English of the Statutory Auditors’ report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This Statutory Auditors’ report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the Management Report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of L’ Air Liquide,

### OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of L’Air Liquide (“the Group”) for the year ended December 31, 2022.
In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.
The audit opinion expressed above is consistent with our report to the Audit and Accounts Committee.

### BASIS FOR OPINION

#### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

#### Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors, for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

### JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

**Large Industries activity: qualification of the contracts and related revenue recognition method**

**Risk identified**

The gas supply of the Large Industries activity is based on long term contracts with a limited number of customers and requires significant industrial investments.
As described in note "3.a. Revenue recognition – Gas & Services" of the accounting principles section of the consolidated financial statements, these investments are usually made to share production capacity with the other business lines of the Group, particularly the Industrial Merchant business or to serve customers connected to pipelines in an industrial region. In such cases, Group management considers that those assets are not identified as defined in the standard IFRS 16 "Leases".

When assets used for the long term supply agreements are dedicated to a customer, the Group considers that it retains the right to direct the use of these assets as defined in the standard IFRS 16. Accordingly, gas supply agreements linked to those assets are not considered as leases. These industrial investments continue to be controlled by the Group and are recorded as property, plant and equipment, the full amounts received for the contracts being, otherwise, recognized as revenue.

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

As described in note 31 "Climate risk consideration" to the consolidated financial statements, long term gas supply contracts include guaranteed minimum volumes through take-or-pay clauses, as well as the indexation to variable costs (mainly electricity and natural gas), including any CO2 cost, and inflation.

Due to the complexity of those contracts and the impact on the Group's consolidated financial statements of the judgments made when the contract is signed or in case of subsequent significant modifications, and of the execution of contractual clauses such as indexation clauses to variable costs, we have considered the qualification of Large Industries long term contracts and related revenue recognition criteria as a key audit matter.

**Our response**
Our procedures consisted notably in:

• understanding the criteria to qualify the Large Industries long term contracts applied by the Group, considering in particular the specific nature of the underlying assets;

• understanding internal control procedures implemented by the Group to confirm the compliance of the accounting treatment applied to these contracts with IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases";

verifying the compliance of the accounting treatment applied to Large Industries long term contracts with IFRS 15 and IFRS 16;

• assessing the application of existing contractual indexation clauses, through an understanding of the Revenue process, including relevant controls, and performing substantive testing on a sample of revenue transactions;

• assessing the appropriateness of the disclosure included in note "3.a. Revenue recognition – Gas Services" of the accounting principles section of the notes to the consolidated financial statements.

**Large Industries activity: useful lives of production units and measurement of their recoverable amount**

**Risk identified**

As at December 31, 2022, the net book value of property, plant and equipment amounts to 23, 647 million euros, or 47,8% of the Group total assets, that include the significant industrial investments to execute the customer agreements of the Large Industries activity. As disclosed in note "5.e. Property, plant and equipment" of the accounting principles section of the consolidated financial statements, Large Industries production units are depreciated on a straight-line basis over their estimated useful life, usually 15 to 20 years. The estimated useful lives are reassessed on a regular basis and the resulting change in estimates, if any, are recorded on a prospective basis.

In addition, the Group can be exposed to certain risks specific to industrial investments. Expected returns on investment and their recoverable value can, for example, be adversely impacted by events such as the economic context, overruns and construction delays, start-up conditions, technology changes, geographical location, counterparty risk or the need for new investments in order to meet an increasing demand for low-carbon industrial gases. New investments may also be required to meet the Group objectives and commitments to achieve carbon neutrality.

As disclosed in note "5.f. Impairment of assets" of the accounting principles section of the consolidated financial statements, Group management determines on a regular basis whether asset impairment indicators exist. If a triggering event is identified, an impairment test is performed to confirm whether the net book value of the asset exceeds its recoverable value. These principles lead the Group to test production assets (either individually or within the cash generating unit to which they are attached), in particular in case of significant start-up delays, project termination, significant decrease in expected business volumes, early termination or non-renewal of related customer contracts, obsolescence of assets in the context of the energy transition.

The measurement of the recoverable value of the equipment relies on significant estimates relating to the Group's capacity to generate future cash-flows, re-use certain equipment for other internal or external customers, to sell the assets, or to obtain indemnification, notably from customers, or subsidies

Due to the significant value of each production asset and the cumulative value of these assets, the key assumptions used to assess their useful life, their re-use or the compensation to be received, we have considered the useful life and measurement of the recoverable value of Large Industries production assets as a key audit matter.

**Our response**

Our procedures consisted notably in:
• understanding the procedures performed by the Group to assess and update the depreciation period of the equipment;

• assessing the consistency of their useful lives with

• contractual terms and available internal technical studies; analyzing the Group's process to identify impairment indicators;

• understanding the work carried out by the Group to determine the recoverable values of the plants, including key assumptions and estimates used to determine the future cash flows;

• assessing the accounting translation of impairment losses resulting from the determination of recoverable values;

• assessing, with the assistance of our experts in climate change and energy transition, the impact of climate change and energy transition on the financial statements, in order to corroborate the Group's assessment that its climate strategy has not resulted in any material impact, neither on the useful life nor on the recoverable value of Large Industries production assets;

• assessing the absence of obvious inconsistencies between the consolidated financial statements and the Group's other publications addressing the issues related to climate change (Management report, the Universal Registration Document);
• verifying the appropriateness of the disclosure included in note "5.e. Property, plant and equipment" and note "5.f. Impairment of assets" of the accounting principles section of the consolidated financial statements and note 31 "Climate risk consideration" to the consolidated financial statements.

**Impairment test of goodwill**

**Risk identified**

In connection with its external growth strategy, the Group monitors the related goodwill at the level of group of cash generating units. For the Gas & Services activity, goodwill are mostly allocated on a geographical basis. For the world business units Engineering & Construction and Global Markets & Technologies, goodwill is monitored at the business unit level. As at December 31, 2022, goodwill amounts to a net book value of 14,587 million euros (29,5% of the Group total assets).

The Group performs annually, an impairment test, by reference to market values. Insofar as the fair value is not significantly greater than the net carrying amount of the cash-generating unit or group of cash-generating units, the Group confirms the recoverable amount of the cash-generating unit or group of cash-generating units using the estimated cash flow approach (value in use) as described in note "5.f. Impairment of assets" of the accounting principles section of the consolidated financial statements.

The determination of fair value and recoverable value, and the sensitivity to the fluctuation of market multiples and key data and assumptions used, require significant judgement and management estimates, in particular in the context of climate change and energy transition. We have therefore considered the impairment test of goodwill as a key audit matter.

**Our response**

Our procedures consisted notably in:

• understanding and assessing the principles used to determine the groups of cash generating units;

•analyzing, with the assistance of our valuation experts, principles and methods used to determine the market value and their measurement based on multiples of market capitalization;

corroborate, on the basis of external data:

the results of the Group's impairment tests as of December 31, 2022, and
the consideration of both climate risk and challenges and opportunities relating to the energy transition;
– assessing the sensitivity of the result of the impairment tests performed by the Group as at December 31, 2022;
– assessing the appropriateness of the information included in note "10. Goodwill" to the consolidated financial statements.

**Specific verifications**

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the Group's Management report.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce) is included in the Group's information given in the Management report, being specified that, in accordance with Article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and the information has to be subject to a report by an independent third party.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

**Format of the presentation of the Consolidated Financial Statements includedin the Annual Financial Report**

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chief Executive Officer (Directeur Général), complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

**Appointment of the Statutory Auditors**

We were appointed as statutory auditors of L'Air Liquide by the Annual General Meeting held on May 12, 2016 for PricewaterhouseCoopers Audit and on May 4, 2022 for KPMG S.A.

As at December 31, 2022, PricewaterhouseCoopers Audit was in its seventh year of uninterrupted engagement and KPMG S.A.in its first year.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.
The Audit and Accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors

## STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

**Objectives and audit approach**

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

• identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

• obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

• assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

**Report to the Audit and Accounts Committee**

We submit a report to the Audit and Accounts Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Accounts Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.
We also provide the Audit and Accounts Committee with the declaration provided for in Article 6 of Regulation

(EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit and Accounts Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

**Neuilly-sur-Seine and Paris-La Défense, March 1st, 2023**
**The Statutory Auditors**
**French original signed by**

| | |
|---|---|
| **PricewaterhouseCoopers Audit** | **KPMG S.A** |
| **Olivier Lotz** **Cédric Le Gal** | **Valérie Besson** **Laurent Genin** |

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# STATUTORY ACCOUNTS ON THE PARENT COMPANY

## Income statement

For the year ended December 31

| *(in millions of euros)* | Notes | 2021 | 2022 |
|---|---|---|---|
| Revenue | (2) | 96.7 | 97.5 |
| Royalties and other operating income | (3) | 650.8 | 892.1 |
| **Total operating income (I)** | | **747.5** | **989.6** |
| Purchases | | (58.3) | (37.4) |
| Duties and taxes other than corporate income tax | | (22.7) | (19.5) |
| Personnel expenses | | (246.3) | (253.7) |
| Depreciation, amortization and provision expenses | (5) | (23.6) | (37.9) |
| Other operating expenses | (4) | (287.1) | (319.5) |
| **Total operating expenses (II)** | | **(638.0)** | **(668.0)** |
| **Net operating profit (loss) (I + II)** | | **109.5** | **321.6** |
| Financial income from equity affiliates | (6) | 795.3 | 414.1 |
| Interests, similar income and expenses | (6) | 3.0 | 47.2 |
| Other financial income and expenses | (6) | (30.8) | 24.6 |
| **Financial income and expenses (III)** | | **767.5** | **485.9** |
| **Net profit / (loss) from ordinary activities before tax (I + II + III)** | | **877.0** | **807.5** |
| **Exceptional income and expenses** | **(7)** | **93.1** | **151.0** |
| Statutory employee profit-sharing | | (3.2) | (3.9) |
| Corporate income tax | (8) | (16.0) | (29.9) |
| **NET PROFIT FOR THE YEAR** | | **950.9** | **924.7** |

# Balance sheet

For the year ended December 31

| | December 31, 2021 | | December 31, 2022 | | |
|---|---|---|---|---|---|
| *(in millions of euros)* | Notes | Net | Gross carrying amounts | Amortization, depreciation and provisions | Net |
| ASSETS | | | | | |
| Intangible assets | (9) & (11) | 34.1 | 306.8 | (275.5) | 31.3 |
| Tangible assets | (9) & (11) | 89.7 | 171.2 | (90.5) | 80.7 |
| Financial assets | (10) & (11) | 13,079.9 | 13,075.8 | (8.2) | 13,067.6 |
| **TOTAL NON-CURRENT ASSETS** | | **13,203.7** | **13,553.8** | **(374.2)** | **13,179.6** |
| Inventories and work-in-progress | (11) | 0.3 | 1.0 | — | 1.0 |
| Operating receivables | (11) & (14) | 566.9 | 727.2 | (13.0) | 714.2 |
| Current account loans with subsidiaries | (11) & (14) | 430.0 | 268.2 | — | 268.2 |
| Short-term financial investments | (12) | 115.5 | 115.2 | — | 115.2 |
| Cash and financial instruments | | 7.6 | 12.0 | — | 12.0 |
| Prepaid expenses | | 3.6 | 4.7 | — | 4.7 |
| **TOTAL CURRENT ASSETS** | | **1,123.9** | **1,128.3** | **(13.0)** | **1,115.3** |
| Bond redemption premiums | | 0.1 | — | — | — |
| Unrealized foreign exchange losses | | 1.4 | 1.9 | — | 1.9 |
| TOTAL ASSETS | | 14,329.1 | 14,684.0 | (387.2) | 14,296.8 |
| EQUITY AND LIABILITIES | | | | | |
| Share capital | | 2,614.1 | | | 2,879.0 |
| Additional paid-in capital | | 2,749.2 | | | 2,349.0 |
| Revaluation reserve | | 23.9 | | | 23.9 |
| Legal reserve | | 260.4 | | | 261.3 |
| Other reserves | | 388.5 | | | 388.5 |
| Retained earnings | | 4,819.0 | | | 4,356.8 |
| Net profit for the year | | 950.9 | | | 924.7 |
| Tax-driven provisions | | 2.8 | | | 3.0 |
| **TOTAL SHAREHOLDERS' EQUITY** | **(13)** | **11,808.8** | | | **11,186.2** |
| **PROVISIONS** | **(11)** | **119.8** | | | **55.0** |
| Other bonds | (14) | 302.3 | | | 302.3 |
| Bank borrowings | (14) | 2.0 | | | 2.0 |
| Other borrowings | (14) | 252.3 | | | 251.9 |
| Operating payables | (14) | 593.1 | | | 630.8 |
| Current account borrowings with subsidiaries | (14) | 1,247.5 | | | 1,865.2 |
| Deferred income | | 1.4 | | | 1.1 |
| | | **2,398.6** | | | **3,053.3** |
| Unrealized foreign exchange gains | | 1.9 | | | 2.3 |
| TOTAL EQUITY AND LIABILITIES | | 14,329.1 | | | 14,296.8 |

**Notes to the statutory accounts**

## ACCOUNTING POLICIES

### 1. General principles

The statutory accounts of the Company L'Air Liquide S.A. have been prepared in accordance with the accounting rules and principles generally accepted in France according to the provisions of the French Chart of Accounts (Plan Comptable Général).

The accounting policies for the establishment and presentation of the statutory accounts have been applied in accordance with the principle of prudence and with the following basic assumptions:

• Going concern;

• Consistency of accounting methods from one accounting period to another;

• Separation of each accounting periods.

The method used for the valuation of recorded items is the historical cost method.
Only material information is disclosed.

### 2. Non-current assets

### A. Intangible assets

Internally generated intangible assets primarily include the development costs of information management systems. They are capitalized only if they generate probable future economic benefits and whether there is available appropriate resources (technical, financial and others) to complete the development and use or sell the intangible asset. Internal and external costs corresponding to detailed application design, programming, the performance of tests and the drafting of technical documentation intended for internal or external use are capitalized.

Significant upgrade and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Other intangible assets include separately acquired intangible assets such as software, licenses and intellectual property rights and are measured at acquisition cost.

Intangible assets are amortized according to the straight-line method over their estimated useful lives.

### B. Tangible assets

Land, buildings and equipment are recognized at historical cost. Interim interest expense is not included in the cost.
Where components of a tangible asset have different useful lives, they are accounted separately and depreciated over their own useful lives.
Depreciation is computed according to the straight-line method over their estimated useful lives as follows:
• buildings: 10 to 30 years;
• quipment: 5 to 20 years.
Land is not depreciated.

### C. Impairment of intangible and tangible assets

The Company assesses at each closing date whether there is any indication of impairment loss of intangible and tangible assets. If such indications exist, an impairment test is performed to assess whether the carrying amount of the asset exceeds its present value, which is defined as the greater of its market value and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value as this would be done for an investment decision.

When the present amount of an asset is lower than its net carrying amount, an impairment loss is recognized in the income statement. When the present value exceeds the carrying amount, the previously recognized impairment is reversed to the income statement.

**D. Equity investments**

Equity investments are recognized at their initial amount on the entry date, with the exception of those subject to a revaluation as provided by Law 76-1232 of December 29, 1976. Acquisition costs that are not representative of market value are expensed.

When the carrying amount, determined using the criteria normally adopted for the measurement of equity investments (market multiples method based on the Air Liquide Group market valuation, estimated cash flow approach, and net asset value remeasured at fair value), is lower than the book value, an impairment loss is recognized for the difference.

**E. Treasury shares**

When the Company purchases its own shares, they are recognized at cost as treasury shares in other long-term investment securities. The gains or losses on disposals of treasury shares contribute to the net profit for the year.

However, shares allocated for the purpose of implementing plans for free grants of shares are reclassified to a “Short-term financial investments – Company treasury shares” caption at the balance sheet value on the date of allotment.

A provision is recorded over the rights vesting period to cover the future charge of employees and members of Executive Management of the Company relating to the remittance of current shares when the performance criteria can be determined with reliability. Conversely, the amount corresponding to the maximum performance level is presented in off-balance sheet commitments.

When the purchase cost of shares is higher than their valuation based on the average share price during the last month of the fiscal year, treasury shares earmarked for cancellation or allocated for the purpose of implementing plans for free grants of shares are not impaired.

**3. Inventories and work-in-progress**

Raw materials, supplies and goods are primarily measured at weighted average cost.

An impairment loss is recognized for inventories and work-in-progress when the estimated realizable amount is lower than cost.

**4. Trade receivables and other operating assets**

Trade receivables and other operating assets are measured at historical cost.

An impairment loss for receivables is recognized when it becomes probable that the amount due will not be collected and the loss can be reasonably estimated.

**5. Foreign currency transactions**

Foreign currency transactions are translated at the exchange rate prevailing on the transaction date.
At year-end, the difference arising from the translation

of receivables and payables denominated in a foreign currency, are recognized in suspense accounts in assets and liabilities ("Unrealized foreign currency gains or losses").

Where applicable, unrealized foreign exchange losses associated with non-hedged transactions are subject to a contingency provision.

## 6. Provisions

Provisions are recognized when:

t• he Company has a present obligation towards a third party as a result of a past event or an ongoing one;

•it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;

•a reliable estimate can be made of the amount of the obligation.

## 7. Financial instruments

L'Air Liquide S.A. applies the ANC regulation n° 2015-05 of July 2, 2015 related to financial forward and hedging instruments.

In accordance with its risk management policy, L'Air Liquide S.A. enters into forward currency purchases or sales in order to hedge the exposure to foreign exchange risk associated with transactions carried out in foreign currencies.

By symmetry, the foreign exchange gains or losses on forward currency purchases or sales is presented at the same time and in the same income statement caption as the hedged item.
Likewise, the unrealized gain from the hedging is presented within the unrealized foreign currency gains or losses statement caption, to offset the exchange differentials related to the revaluation of underlying receivables and debts. When the forward currency purchases or sales, hedge future transactions not yet recorded on the balance sheet, the fair value of these instruments represents an off balance sheet commitment.

Where applicable, when the financial instruments used do not constitute hedging transactions ("isolated open position"), the losses resulting from their year-end market value are provided for in the income statement. In accordance with the principle of prudence, unrealized gains are not recognized in the income statement.

## 8. Post-employment benefits

The Company applies the ANC recommendation n° 2013-02 of November 7, 2013 amended on November 5, 2021 (2nd method) related to the recognition and measurement of retirement benefits and similar obligations

The Company provides its employees with various pension plans, termination benefits, jubilees (awards based on years of service) and other post-employment benefits for both active employees and retirees. These benefits are covered in two ways:

• by so-called defined contribution plans;

• by so-called defined benefit plans.

The Company grants both defined benefit and defined contribution plans.
Defined contribution plans are plans under which the employer's sole obligation is to pay regular contributions. The employer does not grant any guarantee on the future level of benefits paid to the employee or retiree ("means-based obligation"). The annual pension expense is equal to the contribution paid during the fiscal year which relieves the employer from any further obligation.

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

• either financed by contributions to a fund specialized in managing the contributions paid;

• or managed internally.

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

Actuarial gains and losses exceeding the greater of 10% of the obligations or 10% of the fair value of plan assets at the beginning of the reporting period are amortized over the expected average working lives of the plan participants.

In accordance with article L.123-13 of the French Commercial Code (Code de Commerce), the Company maintained its previous practices: obligations related to retirement termination payments and jubilees are provided whereas other retirement obligations related to defined benefit plans are not provided but are disclosed in the notes.

**9. Revenue recognition**

Revenue from the sale of goods is recognized when the risks and rewards of ownership have been transferred to the buyer.

Revenue associated with delivery of services is booked when delivery is completed.

**10. Tax consolidation**

L'Air Liquide S.A. has set up a tax consolidation group with the French subsidiaries in which it holds a direct or indirect interest exceeding 95%, as defined by article 223-A of the French Tax Code.

Each company calculates its tax provision as if it was taxed separately. L'Air Liquide S.A., as head of the tax consolidation group, recognizes as an expense the tax corresponding to its own profits and recognizes in a balance sheet current tax account the impact of restatements and eliminations when determining taxable profit as a whole and the tax deferrals of subsidiaries with losses. It is booked in exceptional income and expenses according to the Opinion 2005-G of the Emergency Committee of the C.N.C.

**11. Research and Development expenditures**

Development costs shall be recognized as assets if and only if the Company can demonstrate all of the following:

the project is clearly identified and the related costs are individualized and reliably monitored;
the technical and industrial feasibility of the project is demonstrated;
there is a clear intention to complete the project and use or sell the products arising from it;
it is probable that the project will generate future economic benefits for the Company.
When these conditions are not satisfied, the work carried out does not systematically result in the completion of an intangible asset that will be available for use or sale, development costs generated are recognized as an expense when incurred.

## ADDITIONAL NOTES ON THE BALANCE SHEET AND INCOME STATEMENTS

### 1. Significant events

Following favorable conclusions released by the European Court of Justice on May 12, 2022, the reserve set up in 2021 to cover the risk of being requested to refund the equalization charge reimbursed to L'Air Liquide S.A. in July 2020 for 56.8 million euros, was reversed in 2022.
Following the dissolution without liquidation of its subsidiary Chemoxal into L'Air Liquide S.A. in accordance with article 1844-5 al. 3 of French Civil Code, the Company recognizes in financial income a 52.7 million euros net income.

### 2. Revenue breakdown by geographical area

| *(in millions of euros)* | 2021 | 2022 |
|---|---|---|
| France | 53.5 | 57.4 |
| Abroad | 43.2 | 40.1 |
| REVENUE | 96.7 | 97.5 |

By the nature of its activities, the revenue of L'Air Liquide S.A. mainly corresponds to services and pension expenses recharged to its subsidiaries (see note 16.A).

### 3. Royalties and other operating income

In 2022, royalties and other operating income record a sharp increase mainly coming from royalties received from subsidiaries (+230.7 million euros), due to the significant growth in their activities.
Other operating income mainly includes change in inventories of goods and services, production of assets capitalized, operating subsidies, operating expense reclassifications, as well as operating provisions and impairment reversals.

### 4. Other operating expenses

Other operating expenses primarily consist of research and development costs and other external expenses such as subcontracting and maintenance costs, fees, travel expenses, telecommunication costs and rental expenses.

### 5. Depreciation, amortization and provision expenses

Depreciation, amortization and provision expenses break down as follows:

| (in millions of euros) | 2021 | 2022 |
|---|---|---|
| Depreciation and amortization expenses | (13.6) | (14.4) |
| Provision expenses | (10.0) | (23.5) |
| DEPRECIATION, AMORTIZATION AND PROVISION EXPENSES | (23.6) | (37.9) |

## 6. Financial income and expenses

Financial income from equity affiliates amounts to 414.1 million euros in 2022 (795.3 million euros in 2021). The company Air Liquide Industriegase GmbH & Co. KG distributed in 2021 an exceptional dividend of 225.0 million euros versus 80.5 million euros in 2022.

Interests, similar income and expenses break down as follows:

| (in millions of euros) | 2021 | 2022 |
|---|---|---|
| Revenues from long-term loans and other financial revenues (a) | 15.3 | 69.5 |
| Other interest and similar income | (12.3) | (22.3) |
| INTERESTS, SIMILAR INCOME AND EXPENSES | 3.0 | 47.2 |

(a) *In 2022, revenues from long-term loans and other financial revenues include a 52.7 million euros net income resulted from the dissolution without liquidation of its subsidiary Chemoxal in L'Air Liquide S.A.*

Other financial income and expenses amount to 24.6 million euros in 2022 versus -30.8 million euros in 2021. It includes in 2022 the reversal of 24.9 million euros related to the 2021 provision booked for interests on arrears regarding the risk of equalization charge refund (see note 1).

## 7. Exceptional income and expenses

As part of the tax consolidation of L'Air Liquide S.A. and its consolidated French subsidiaries, an exceptional income of 108.1 million euros was booked in 2022 (128.3 million euros in 2021).

Exceptional income and expenses also include the impact of eliminations related to the tax consolidation regime in the amount of 13.4 million euros in 2022 and 13.8 million euros in 2021.

The 2022 exceptional income and expenses include the reversal of a provision of 31.9 million euros related to the risk of equalization charge refund (interest penalties excluded – see note 1).

## 8. Corporate income tax

The total tax expense amounts to 29.9 million euros, compared to 16.0 million euros in 2021.

After allocation of add-backs, deductions and tax credits, it breaks down as follows:

| (in millions of euros) | 2021 | 2022 |
|---|---|---|
| Net profit from ordinary activities before tax | (14.6) | (27.8) |
| Additional contributions on earnings [a] | (1.4) | (2.1) |
| TOTAL | (16.0) | (29.9) |

*(a) Social security contribution on earnings of 3.3%.*

## 9. Intangible and tangible assets

Changes in gross value break down as follows:

| (in millions of euros) | Gross value as of January 1, 2022 | Additions | Disposals | Gross value as of December 31, 2022 |
|---|---|---|---|---|
| Concessions, patents, licenses | 112.3 | 8.1 | (0.3) | 120.1 |
| Other intangible assets | 187.0 | 3.7 | (4.0) | 186.7 |
| **INTANGIBLE ASSETS** | **299.3** | **11.8** | **(4.3)** | **306.8** |
| Land and buildings | 101.2 | 1.4 | (0.4) | 102.2 |
| Plant, machinery and equipment | 41.3 | 15.1 | (13.3) | 43.1 |
| Other tangible assets | 17.4 | 0.4 | (0.2) | 17.6 |
| Tangible assets under construction and payments on account – tangible assets | 15.7 | 6.6 | (14.0) | 8.3 |
| **TANGIBLE ASSETS** | **175.6** | **23.5** | **(27.9)** | **171.2** |
| TOTAL | 474.9 | 35.3 | (32.2) | 478.0 |

Changes in amortization, depreciation and impairment losses break down as follows:

| (in millions of euros) | Amortization, depreciation, and impairment losses as of January 1, 2022 | Amortization and depreciation | Decreases, disposals, scrappings | Amortization, depreciation and impairment losses as of December 31, 2022 |
|---|---|---|---|---|
| Intangible assets | (265.2) | (10.6) | 0.3 | (275.5) |
| Tangible assets | (85.9) | (5.5) | 0.9 | (90.5) |
| Tangible assets | (351.1) | (16.1) | 1.2 | (366.0) |

## 10. Financial assets

Changes in gross value break down as follows:

| *(in millions of euros)* | Gross value as of January 1, 2022 | Increases | | Decreases | | Gross value as of December 31, 2022 | |
|---|---|---|---|---|---|---|---|
| Equity investments | 12,481.3 | 138.4 | (a) | (200.4) | (a) | 12,419.3 | |
| Other long-term investment securities (b) | 9.5 | 279.6 | | (279.3) | | 9.8 | (d) |
| Long-term loans | 629.0 | 60.5 | (c) | (60.0) | (c) | 629.5 | |
| Other long-term financial assets | 17.2 | — | | — | | 17.2 | (e) |
| **FINANCIAL ASSETS** | **13,137.0** | **478.5** | | **(539.7)** | | **13,075.8** | |

*(a)*


| *(in millions of euros)* | Gross value as of January 1, 2022 | Increases | | Decreases | | Gross value as of December 31, 2022 | |
|---|---|---|---|---|---|---|---|
| Equity investments | 12,481.3 | 138.4 | (a) | (200.4) | (a) | 12,419.3 | |
| Other long-term investment securities (b) | 9.5 | 279.6 | | (279.3) | | 9.8 | (d) |
| Long-term loans | 629.0 | 60.5 | (c) | (60.0) | (c) | 629.5 | |
| Other long-term financial assets | 17.2 | — | | — | | 17.2 | (e) |
| **FINANCIAL ASSETS** | **13,137.0** | **478.5** | | **(539.7)** | | **13,075.8** | |


*(b) The increase and decrease in equity investments mainly correspond to:*

- *contributions made under Articles 210.A and B of the Code Général des Impôts (C.G.I.) by Air Liquide France Industrie (ALFI) to Air Liquide Maritime and by Air Liquide Biogas Solutions Europe (ALGBSE) to Air Liquide Biogas Solutions International (ALBGI). Pursuant to Article 115-2 of the C.G.I, the securities received by the companies providing the contributions were awarded free of charge to L'Air Liquide S.A. The book values of these securities on the Company's balance sheet were proportionately allocated in accordance with the doctrine of the tax administration (BOI-IS-FUS-20-40-40), which means an increase in the value of Air Liquide Maritime. securities of 4.7 million euros and ALBGI securities of 41.0 million euros offset by a decrease in the value of ALFI securities of -4.7 million euros and ALBGSE of -41.0 million euros.*
- *the entry of SEPPIC securities for 17.7 million euros and the cancellation of Chemoxal securities for 30.3 million euros following the dissolution without liquidation of its subsidiary Chemoxal into L'Air Liquide S.A. in accordance with article 1844-5 al. 3 of French Civil Code;*
- *the 75.0 million euros capital increase of the subsidiary Air Liquide Biogas Solutions International;*
- *the -15.9 million euros share capital reduction in Air Liquide Biogas Solutions Europe;*
- *the disposal of the investment Air Liquide Biogas Solutions Europe for 106.1 millions d'euros.*

*(b) The change in other long-term investment securities mainly corresponds to:*

- *the acquisition and sale of Company treasury shares under the liquidity contract for 120.8 million euros and -120.4 million euros respectively;*
- *the acquisition of 999,000 of the Company treasury shares (for the purpose of cancellation) for 158.8 million euros;*
- *the cancellation of 1,098,000 Company treasury shares (including free share attribution of 99,900 treasury shares - see note 13 (b)) and allocated for that for -158.8 million euros.*

*(c) "Long-term loans" movements mainly include a 60 million loan coming from Chemoxal financial statements in January 2022 and following its dissolution without liquidation into L'Air Liquide S.A. This loan was reimbursed in June 2022 to the company Air Liquide Finance.*

*At the 2022 year-end:*

*(d) "Other long-term investment securities" includes 10,500 shares held under the liquidity contract in an amount of 1.4 million euros;*

*(e) "Other long-term financial assets" mainly includes the receivable linked to the refund claim on the equalization charge paid for the years 2000 to 2004 for 9.5 million euros and the interest on arrears for 6.6 million euros.*

## 11. Impairment, allowances and provisions

### A. Impairment and allowances

Impairment and allowances are recognized when the asset's carrying amount is lower than its entry value.

They break down as follows:

| *(in millions of euros)* | 2021 | Charges / Increase | Reversals / Decrease | 2022 |
|---|---|---|---|---|
| Intangible and tangible assets | (4.3) | (1.9) | — | (6.2) |
| Equity investments | (48.8) | — | 48.8 | — |
| Other long-term investment securities | (8.3) | — | 0.1 | (8.2) |
| Inventories and work-in-progress | (0.7) | — | 0.7 | — |
| Operating receivables | (5.9) | (7.1) | — | (13.0) |

| | | | | |
|---|---|---|---|---|
| IMPAIRMENT AND ALLOWANCES | (68.0) | (9.0) | 49.6 | (27.4) |
| *Whose charges and reversals:* | *operating items* | *(9.0)* | *0.7* | |
| | *financial items* | — | *47.4* | |
| | *exceptional items* | — | — | |

Charges and reversals mainly relate to impairment of equity investments.

### B. Provisions

Provisions mainly include:

- foreign exchange provisions;
- third party or employee contingency and litigation provisions;
- jubilee awards and vested rights with regard to retirement benefits (30.0 million euros in 2022 and 29.8 million euros in 2021).

| *(in millions of euros)* | 2021 | Charges | Reversals | 2022 |
|---|---|---|---|---|
| Provisions for contingencies | 78.7 | 2.7 | (71.3) | 10.1 |
| Provisions for losses | 41.1 | 12.6 | (8.8) | 44.9 |
| PROVISIONS | 119.8 | 15.3 | (80.1) | 55.0 |
| *Whose charges and reversals:* | *operating items* | *14.5* | *(10.0)* | |
| | *financial items* | | *(24.9)* | |
| | *exceptional items* | *0.8* | *(45.2)* | |

Charges mainly relate to provisions for jubilee awards and vested rights with regard to retirement termination payments for 2.3 million euros and provisions to cover the future charge of the remittance of performance shares for 10.3 million euros.

Reversals primarily consist in the release of the provision booked in 2021 to cover the risk of refund of the equalization charge, reimbursed to L'Air Liquide S.A.in July 2020 for 56.8 millions euros. This reversal follows favourable conclusions on May, 12th 2022 from the Court of Justice of the European Union. The other reversals also include the utilization of -13 million euros provision relating to a R&D project with significantly reduced market potential and the utilization of -6.2 million euros of provisions to cover the future charge of the remittance of performance shares.

## 12. Short-term financial investments

The item breaks down as follows:

| *(in millions of euros)* | Gross value as of December 31, 2021 | Gross value as of December 31, 2022 |
|---|---|---|
| Company treasury shares | 115.5 | 115.2 |
| Other short-term financial investments | — | — |
| SHORT-TERM FINANCIAL INVESTMENTS | 115.5 | 115.2 |

At the end of 2022, “Company treasury shares” consisted in 951,833 shares (984,570 shares in 2021) allocated to the implementation of performance shares plans to employees.

During the year 2022, the Company bought 201,000 shares (for an amount of 32.0 million euros) allocated to the implementation of performance shares plans to employees and gave 357,059 performance shares, allocated to this objective, for - 32.3 million euros.

## 13. Shareholders' equity

As of December 31, 2022, the share capital is made of 523,450,271 shares with a par value of 5.50 euros.

The portion of share capital arising from the special revaluation reserve amounts to 71.4 million euros.

| *(in millions of euros)* | As of December 31, 2021 (before appropriation of earnings) | Appropriation of 2021 net profit | Capital increases | Capital decrease | Other changes | As of December 31, 2022 (before appropriation of earnings) |
|---|---|---|---|---|---|---|
| Share capital [(b)] | 2,614.1 | — | 270.9 | (6.0) | — | 2,879.0 |
| Additional paid-in capital [(b)] | 2,749.2 | — | (247.4) | (152.8) | — | 2,349.0 |
| Revaluation reserve | 23.9 | — | — | — | — | 23.9 |
| Reserves: | | | | | | |
| ■ Legal reserve | 260.4 | 0.9 | — | — | — | 261.3 |
| ■ Tax-driven reserves | 307.8 | — | — | — | — | 307.8 |
| ■ Translation reserve | 7.7 | — | — | — | — | 7.7 |
| ■ Other reserves | 73.0 | — | — | — | — | 73.0 |
| Retained earnings [(c)] | 4,819.0 | (467.5) | 5.8 | — | (0.5) | 4,356.8 |
| Net profit for the year | 950.9 | (950.9) | — | — | 924.7 | 924.7 |
| Investment grants | 0.3 | — | — | — | — | 0.2 |
| Accelerated depreciation [(d)] | 2.5 | — | — | — | 0.3 | 2.8 |
| **SHAREHOLDERS' EQUITY** | **11,808.8** | **(1,417.5)** [(a)] | **29.3** | **(158.8)** | **924.5** | **11,186.2** |

*(a) Following the decision of the Combined Annual Shareholders' Meeting of May 4, 2022.*

*(b) The change in Share capital and Additional paid-in capital results from the following transactions:*
- *capital decrease in the amount of -6.0 million euros by cancelling 1,098,900 treasury shares, as decided by the Board of Directors on July 27, 2022. The Additional paid-in capital was reduced by the amount of premiums related to these shares, i.e. -152.8 million euros;*
- *capital increase of 269.0 million euros, noted by the Chairman and Chief Executive Officer, as delegated by the Board of Directors on May 4, 2022, resulting from the granting of one free share for 10 existing shares (creation of 47,547,083 new shares) and one free share for 100 existing shares as part of a 10% bonus allotment (creation of 1,358,416 new shares) by deducting -269.0 million euros from "Additional paid-in-capital";*
  *The Additional paid-in capital was reduced by the capital increase costs, i.e. -1.6 million euros;*
- *capital increases of 1.9 million euros resulting from the exercise of 179,795 subscription options before the free share attribution and 172,840 subscription options after the free share attribution. The Additional paid-in capital was increased by the premiums related to these share capital increases, i.e. 23.2 million euros.*

*(c) The change in Retained earnings also includes the difference between the estimated loyalty dividend and the loyalty dividend actually paid and the cancellation of the dividend pertaining to treasury shares.*

*(d) The change in the Accelerated depreciation results from the new accelerated depreciation in accordance with asset depreciation and amortization policies.*

## 14. Debt maturity analysis

| *(in millions of euros)* | December 31, 2022 | | |
|---|---|---|---|
| | **Gross** | **<= 1 year** | **> 1 year** |
| Long-term loans | 629.5 | 0.6 | 628.9 |
| Other long-term investments | 17.2 | — | 17.2 |
| Operating receivables | 727.2 | 645.4 | 81.8 |
| Current account loans with subsidiaries [(a)] | 268.2 | 268.2 | — |
| **ASSETS** | **1,642.1** | **914.2** | **727.9** |

*(a) Current amount loans agreements are concluded for an indefinite period.*

| *(in millions of euros)* | December 31, 2022 | | | |
|---|---|---|---|---|
| | **Gross** | **<= 1 year** | **> 1 to <= 5 years** | **> 5 years** |
| Other bonds [(a)] | 302.3 | 302.3 | — | — |
| Bank borrowings | 2.0 | 2.0 | — | — |
| Other borrowings | 251.9 | 1.9 | 250.0 | — |
| Operating payables | 630.8 | 549.0 | 81.8 | — |
| Current account borrowings with subsidiaries [(b)] | 1,865.2 | 1,865.2 | — | — |
| **DEBTS** | **3,052.2** | **2,720.4** | **331.8** | — |

*(a) All new bond issues carried out by L'Air Liquide S.A., and constituting the outstanding bonds as of December 31, 2022, include a change of control clause.*

*(b) Current amount borrowings agreements are concluded for an indefinite period.*

15. Financial instruments

Unsettled derivatives as of December 31, 2022 break down as follows:

| | December 31, 2022 | |
|---|---|---|
| *(in millions of euros)* | Carrying value | Fair value |
| Currency forwards | | |
| ■ Buy | 86.9 | (1.0) |
| ■ Sell | 250.2 | 4.5 |
| TOTAL | | 3.5 |

The fair value of derivative instruments is based on the value of the contract on the market at the closing date.

All of these instruments are allocated to hedging. There is therefore no isolated open position whose change in fair value would have a direct impact on the income statement.

## 16. Retirement and similar plans

### A. Group retirement benefit guarantee agreement

In France, Air Liquide grants additional benefits to retirees (3,206 retirees as of December 31, 2022). These benefits provide a supplemental retirement income based on final pay, which is paid in addition to other normal retirement benefits. This plan is closed to employees under the age 45, or with less than 20 years of service as of January 1, 1996. These plans are unfunded. The annual amount paid with regards to additional benefits cannot exceed originally 12% of total payroll or, in some case, 12% of pre-tax profits of companies involved. This 12% threshold will be proportionately reduced by comparing the number of plan beneficiaries for the year to the number of plan beneficiaries for the previous year. The additional benefit granted by Air Liquide is indexed to the pension revaluation rates of normal and supplemental retirement benefits up to a certain annuity threshold without any indexation beyond. This additional benefit was funded subsequently to the article 50 of the law of January 20, 2014 securing the future and fairness of pensions plans.

The contributions amounted to 19.2 million euros after reinvoicing subsidiaries (21.8 million euros in 2021). Excluding the impact of timelines, and until the plan ends, the actuarial value of obligations vis-à-vis retirees and those eligible as of December 31, 2022 amounts to 393.8 million euros.

Based on the assumptions used for the valuation of the retirement obligations, an estimated 199.9 million euros will be recharged to the subsidiaries of L'Air Liquide S.A. as and when benefits are paid to the retirees.

### B. Externally funded plan

L'Air Liquide S.A. grants to employees not covered by the preceding plan (1,074 employees as of December 31, 2022) and with at least one half-year of service benefit from an externally funded defined contribution plan. Contributions to this plan are jointly paid by the employer and employee. For 2022, employer

## 16. Retirement and similar plans

### A. Group retirement benefit guarantee agreement

In France, Air Liquide grants additional benefits to retirees (3,206 retirees as of December 31, 2022). These benefits provide a supplemental retirement income based on final pay, which is paid in addition to other normal retirement benefits. This plan is closed to employees under the age 45, or with less than 20 years of service as of January 1, 1996. These plans are unfunded. The annual amount paid with regards to additional benefits cannot exceed originally 12% of total payroll or, in some case, 12% of pre-tax profits of companies involved. This 12% threshold will be proportionately reduced by comparing the number of plan beneficiaries for the year to the number of plan beneficiaries for the previous year. The additional benefit granted by Air Liquide is indexed to the pension revaluation rates of normal and supplemental retirement benefits up to a certain annuity threshold without any indexation beyond. This additional benefit was funded subsequently to the article 50 of the law of January 20, 2014 securing the future and fairness of pensions plans.

The contributions amounted to 19.2 million euros after reinvoicing subsidiaries (21.8 million euros in 2021). Excluding the impact of timelines, and until the plan ends, the actuarial value of obligations vis-à-vis retirees and those eligible as of December 31, 2022 amounts to 393.8 million euros.

Based on the assumptions used for the valuation of the retirement obligations, an estimated 199.9 million euros will be recharged to the subsidiaries of L'Air Liquide S.A. as and when benefits are paid to the retirees.

### B. Externally funded plan

L'Air Liquide S.A. grants to employees not covered by the preceding plan (1,074 employees as of December 31, 2022) and with at least one half-year of service benefit from an externally funded defined contribution plan. Contributions to this plan are jointly paid by the employer and employee. For 2022, employer contributions amounted to 8.4 million euros (8.1 million euros in 2021).

### C. Retirement termination payments and jubilees

The corresponding obligations are provided for in the amount of 29.0 million euros (net of tax) and 1.0 million euros, respectively.

### D. Calculation of actuarial assumptions and methods

The calculations with respect to the Group's retirement benefit guarantee agreement, retirement termination payments and jubilees are performed by independent actuaries using the projected unit credit method.

Actuarial gains and losses exceeding the greater of 10% of the obligations related to retirement termination payments and unrecognized past service costs are amortized over the expected average working lives of the plan participants. As of December 31, 2022, the amounts stand at -5.7 million euros (15.8 million euros in 2021).

The actuarial assumptions (turnover, mortality, retirement age, salary increase) vary according to demographic and economic conditions.
The discount rates used to determine the present value of obligations are based on Government bonds or High-quality Corporate bonds, with the same duration as the obligations at the valuation date (3.75 % as of December 31, 2022).

### E. Change in retirement obligations and similar benefits

Company obligations with respect to pension plans and similar benefits break down as follows:

| *(in millions of euros)* | Defined benefit plan | Retirement indemnities | Jubilees | Total |
|---|---|---|---|---|
| OBLIGATIONS AS OF JANUARY 1, 2022 | 549.4 | 59.2 | 1.0 | 609.6 |
| Service cost | 0.8 | 3.0 | | 3.8 |
| Interest cost | 3.5 | 0.3 | | 3.8 |
| Plan amendments | | | | — |
| Benefit payments | (55.3) | (1.3) | | (56.6) |
| Actuarial (gains) / losses | (104.6) | (20.8) | | (125.4) |
| OBLIGATIONS AS OF DECEMBER 31, 2022 | 393.8 | 40.4 | 1.0 | 435.2 |

## 17. Accrued income and accrued expenses

| *(in millions of euros)* | December 31, 2022 |
|---|---|
| Accrued income | |
| Other long-term financial assets | 16.7 |
| Operating receivables | 193.4 |
| ACCRUED INCOME | 210.1 |
| Accrued expenses | |
| Other bonds | 2.3 |
| Other borrowings | 1.9 |
| Operating payables | 343.2 |
| ACCRUED EXPENSES | 347.4 |

## 18. Deferred taxes

Deferred taxes arise from timing differences between the tax regime and the accounting treatment of income and expenses. Depending on the nature of the timing differences, these deferred taxes will increase or decrease the future tax expense and are not recorded as per the French Chart of Accounts.

Deferred taxes are estimated as follows:

| *(in millions of euros)* | December 31, 2021 | December 31, 2022 |
|---|---|---|
| Deferred tax assets (decrease in future tax expense) | 21.2 | 5.3 |
| Deferred tax liabilities (increase in future tax expense) | — | — |

The deferred taxes were calculated taking into account the 3.3% social security contribution on earnings i.e. a general rate of 25.83% in 2022 and 28.41% in 2021.

## OTHER INFORMATIONS

### 19. Items concerning related undertakings

The Company conducted related party transactions with its wholly owned subsidiaries or subsidiaries that were directly or indirectly controlled.

| *(in millions of euros)* | December 31, 2022 | |
|---|---|---|
| | Gross | Including related undertakings |
| **Balance sheet** | | |
| Long-term loans | 629.5 | 625.6 |
| Other long-term financial assets | 17.2 | — |
| Operating receivables | 727.2 | 655.5 |
| Current account loans with subsidiaries | 268.2 | 268.2 |
| Other borrowings | 251.9 | 251.9 |
| Operating payables | 630.8 | 204.2 |
| Current account borrowings with subsidiaries | 1,865.2 | 1,865.2 |
| **Income statement** | | |
| Financial income from equity affiliates | 414.1 | 414.1 |
| Interests, similar income and expenses | 47.2 | 55.4 |
| Other financial income and expenses | 24.6 | — |

### 20. Off-balance sheet commitments

Off-balance sheet commitments break down as follows:

| *(in millions of euros)* | December 31, 2021 | December 31, 2022 |
|---|---|---|
| **Commitments given** | | |
| Endorsements, securities and guarantees given [(a)] | 863.4 | 1,109.1 |
| To Air Liquide Finance and Air Liquide US LLC on transactions performed [(b)] | 11,293.3 | 10,635.6 |
| Firm purchase orders for fixed assets | 4.5 | 5.1 |
| **COMMITMENTS GIVEN** | **12,161.2** | **11,749.8** |

*(a) Endorsements, securities and guarantees given mainly consist of the joint and several liability guarantee linked to the European program of non-recourse assignments of trade receivable in an amount of 608 million euros (638 million euros as of December 31, 2021) and the joint and several liability guarantee of the subsidiaries Société Européenne de Gestion de l'Energie and Air Liquide France Industrie in connection with the energy purchases.*

*(b) L'Air Liquide S.A. holds 100% of the French subsidiary Air Liquide Finance, which manages the Group's cash position and interest rate risk, as well as financing. In addition, Air Liquide Finance holds 100% of Air Liquide US LLC, in order to borrow on the US market.*
*Insofar as the sole activity of Air Liquide Finance and Air Liquide US LLC is the Group's financing, L'Air Liquide S.A. is required to guarantee any issuances performed by these companies.*

### 21. Remuneration paid to members of Executive Management and the Board of Directors

The remuneration (short-term benefits: fixed and variable portions, benefits in kind, retirement termination payments, Directors' fees) paid by the Company to members of Executive Management and the Board of Directors respectively, amounts to:

| *(in millions of euros)* | 2022 |
|---|---|
| Remuneration of the Board of Directors | 0.8 |
| Remuneration of the Chairman of the Board from June, 1st 2022 | 0.5 |
| Remuneration of Executive Management | 3.5 |
| **TOTAL** | **4.8** |

During the 2022 fiscal year, the Company also paid contributions to external organizations for the benefit of Mr Benoît Potier :

- for the year 2021 under the collective life insurance policy (222,134 euros) and the collective pension insurance contract (340,000 euros, divided between a payment to the insurer and a payment to Mr Benoît Potier to cover social security contributions and taxes due on payments made to the insurer), as well as
- relating to the period from January 1 to May 31, 2022 under the defined contribution pension plan (4,066 euros) and the collective death and disability benefits plan (4,237 euros),
  i.e. a total amount of 570,437 euros.

In 2023, the Company will also pay contributions for the period from January 1 to May 31, 2022 under the collective life insurance policy (91,897 euros) and, under the collective pension insurance contract, for an amount of 141,667 euros (split between a payment to the insurer and a payment to Mr Benoît Potier to cover social security contributions and taxes due on payments made to the insurer).

During the 2022 fiscal year, the Company also paid contributions to external organizations for the benefit of Mr François Jackow for the period from June 1 to December 31, 2022 in respect of defined contribution pension plans (10,876 euros), the collective death and disability benefits plan (5,932 euros) and the collective healthcare plan (231 euros), i.e. a total of 17,039 euros.

In 2023, the Company will also pay contributions for the period from June 1 to December 31, 2022, under the collective pension insurance contract, for an amount of 202,274 euros (split between a payment to the insurer and a payment to Mr François Jackow to cover social security contributions and taxes due on payments made to the insurer).

## 22. Average number of employees

The average number of employees is:

| | 2021 | 2022 |
|---|---|---|
| Engineers and executives | 911 | 916 |
| Supervisory staff | 193 | 191 |
| Employees | 15 | 26 |
| Laborers | 2 | 1 |
| TOTAL | 1,121 | 1,134 |

## 23. Subsidiaries and affiliates information

| *(in thousands of euros)* | Share capital as of December 31, 2022 | Other equity as of December 31, 2022 | % share holding | Carrying amount of shares held after the revaluations of 1976, 1978 and 1979 | | | Loans and advances granted by the Company and not repaid | Guarantees and endorsements given by the Company | 2021 net revenue [a] | Net profit (or loss) for 2021 [a] | Dividends collected by the Company during 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Gross | Net | Net | | | | | |
| **A. Detailed information on affiliates whose carrying amounts exceed 1% of the capital of the Company required to publish its financial statements** | | | | | | | | | | | |
| **a) Companies operating in France** | | | | | | | | | | | |
| Air Liquide International [b] - 75, quai d'Orsay - 75007 Paris | 3,151,080 | 5,522,305 | 100.00% | 9,122,262 | 9,122,262 | 20,706 | 30,172 | | 387 | 749,834 | — |
| Air Liquide France Industrie - 6, rue Cognacq-Jay - 75007 Paris | 72,453 | 410,353 | 100.00% | 292,872 | 292,872 | | | | 1,223,050 | 123,426 | 110,129 |
| Air Liquide Finance - 6, rue Cognacq-Jay - 75007 Paris | 359,722 | 96,900 | 100.00% | 284,562 | 284,562 | 480 | 684,192 | 10,588,697 | — | 46,141 | 43,801 |
| Air Liquide Santé (International) - 75, quai d'Orsay - 75007 Paris | 38,477 | 362,641 | 100.00% | 331,728 | 331,728 | 6,301 | | | — | 103,264 | 105,000 |
| Air Liquide Investissements d'Avenir et de Démonstration - 6, rue Cognacq-Jay - 75007 Paris | 85,050 | 4,266 | 100.00% | 85,050 | 85,050 | | | | — | 18,778 | — |
| Air Liquide Biogas International (ex Air Liquide International Participations) - 6, rue Cognacq-Jay - 75007 Paris | 59,390 | 31,182 | 100.00% | 116,011 | 116,011 | | | | — | (12) | — |
| **b) Companies operating outside of France** | | | | | | | | | | | |
| Air Liquide Industriegase GmbH & Co. KG - Hans-Günther-Sohl-Strasse 5 - 40235 Düsseldorf - Allemagne | 10 | 2,779,395 | 100.00% | 2,106,474 | 2,106,474 | | | | 90,186 | — | 80,491 |
| **B. General information on other subsidiaries and affiliates** | | | | | | | | | | | |
| a) French companies (together) | | | | 75,910 | 75,909 | 16,068 | 6,979 | — | — | — | 67,647 |
| b) Foreign companies (together) | | | | 3,211 | 3,212 | | — | — | — | — | 7,002 |

*(a) Most recent year-end accounts approved by the competent decision-making bodies.*
*(b) Holding company.*

**Statutory auditors' report on the annual Financial Statements**

This is a translation into English of the Statutory Auditors' report on the Financial Statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This Statutory Auditors' report includes information required by European regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the Management Report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of L' Air Liquide,

**OPINION**

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying Financial Statements of L'Air Liquide for the year ended December 31, 2022.

In our opinion, the Financial Statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Accounts Committee.

**BASIS FOR OPINION**

**Audit Framework**

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

**Independence**

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de Commissaire aux comptes) for the period from January 1st, 2022 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

**JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS**

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the Financial Statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the Financial Statements.

**Equity investments measurement**

**Risk identified**
As at December 31, 2022, the net book value of the equity investments amounts to 12,419.3 million euros and represents 86,9% of the total balance sheet. Equity investments are recognized at their initial consideration, excluding acquisition costs and after considering legal reevaluation if any (as provided by Law 76-1232 of December 29, 1976).

As disclosed in note "2.D. Accounting policies – Equity investments" to the statutory Financial Statements, when the carrying amount (determined applying the market multiples method based on the Group market capitalization or the estimated cash flows method or the method of net asset value re-measured at fair value) is lower than the net book value of the equity investment, an impairment loss is recognized for the difference
The selection of the method used to determine the carrying amount requires significant judgement of the Company.

Due to the significant equity investments balance and the impact of the method retained to determine the carrying amount, we have considered that the measurement of the equity investments as a key audit matter.

**Our response**
Our procedures mainly consisted in considering, based on information provided by the Company, the valuation methods applied by the Company, and assessing;

• the assumptions used to determine the re-measured net asset;

• the methodology and the results of the tests performed based on the Group market capitalization;

• the appropriateness of information included in notes "2.D. Accounting policies – Equity investments", "10. Financial assets" and "11. Impairment, allowances and provisions" to the Statutory Financial Statements.

**SPECIFIC VERIFICATIONS**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

**Information given in the Management Report and in the other documents with respect to the financial position and the Financial Statements provided to the Shareholders**

We have no matters to report as to the fair presentation and the consistency with the Financial Statements of the information given in the Board of Directors Management Report and in the other documents with respect to the financial position and the Financial Statements provided to the shareholders.

We attest the fair presentation and the consistency with the Financial Statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (Code de commerce).

**Report on corporate governance**
We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (Code de commerce).
Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (Code de commerce) relating to the remuneration and benefits received by the directors

and any other commitments made in their favor, we have verified its consistency with the Financial Statements, or with the underlying information used to prepare these Financial Statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (Code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

**Other information**

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Format of the presentation of the Financial Statements included in the Annual Financial Report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by Statutory Auditors regarding the annual and Consolidated Financial Statements prepared in the European single electronic format, that the preparation of the Financial Statements included in the Annual Financial Report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (Code monétaire et financier), prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the Financial Statements included in the annual financial report complies, in all material respects, with the European single electronic format.

### Appointment of the Statutory Auditors

We were appointed as statutory auditors of the Annual General Meeting held on May 12, 2016 for PricewaterhouseCoopers Audit and on May 4, 2022 for KPMG S.A..

As at December 31, 202, PricewaterhouseCoopers Audit was in its seventh year of uninterrupted engagement and KPMG S.A. in its first year.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.
The Audit and Accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.
The Financial Statements were approved by the Board of Directors.

## STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

### Objectives and audit approach

Our role is to issue a report on the Financial Statements. Our objective is to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these Financial Statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

• identifies and assesses the risks of material misstatement of the Financial Statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

• obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

• evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the Financial Statements;

assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the Financial Statements or, if such disclosures are not provided or

inadequate, to modify the opinion expressed therein;
evaluates the overall presentation of the Financial Statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

## REPORT TO THE AUDIT AND ACCOUNTS COMMITTEE

We submit to the Audit and Accounts Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Accounts Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the Financial Statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Accounts Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de Commissaire aux comptes). Where appropriate, we discuss with the Audit and Accounts Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

**Neuilly-sur-Seine et Paris-La Défense, March 1st, 2023**
**The Statutory Auditors**
**French original signed by**

**PricewaterhouseCoopers Audit**
**Olivier Lotz**
**Cédric Le Gal**

**KPMG S.A.**
**Valérie Besson**
**Laurent Genin**

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## Five-year summary of Company results (Articles R. 225-83 and R. 225-102 of the French Commercial Code)

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| I - Share capital at the end of the year | | | | | |
| a) Share capital (in euros) [(a) (b) (c)] | 2,361,828,887 | 2,602,080,327 | 2,605,133,982 | 2,614,100,704 | 2,878,976,491 |
| b) Number of outstanding ordinary shares | 429,423,434 | 473,105,514 | 473,660,724 | 475,291,037 | 523,450,271 |
| c) Number of shares with loyalty dividend entitlement [(d)] | 128,524,663 | 134,154,877 | 131,753,261 | 134,993,503 | 149,161,232 |
| d) Convertible bonds | | | | | |
| II - Operations and results of the year *(in millions of euros)* | | | | | |
| a) Revenue | 110.3 | 117.4 | 86.8 | 96.7 | 97.5 |
| b) Net profit before tax, employee profit-sharing, depreciation, amortization and provisions | 624.0 | 622.4 | 1,378.9 | 1,072.1 | 998.9 |
| c) Corporate income tax | 27.5 | 12.5 | 8.8 | 16.0 | 29.9 |
| d) Employee profit-sharing for the year | 2.6 | 2.7 | 2.8 | 3.2 | 3.9 |
| e) Net profit after tax, employee profit-sharing, depreciation, amortization and provisions | 544.8 | 567.7 | 1,333.8 | 950.9 | 924.7 |
| f) Distributed profit | 1,171.4 | 1,316.6 | 1,338.1 | 1,417.5 | 1,587.4 |
| III - Per share data *(in euros)* | | | | | |
| a) Net profit after tax, employee profit-sharing, but before depreciation, amortization and provisions | | | | | |
| ■ over the number of ordinary shares outstanding | 1.38 | 1.28 | 2.89 | 2.22 | 1.84 |
| ■ over the adjusted number of shares [(e)] | 1.14 | 1.17 | 2.63 | 2.02 | 1.85 |
| b) Net profit after tax, employee profit-sharing, depreciation, amortization and provisions | | | | | |
| ■ over the number of ordinary shares outstanding | 1.27 | 1.20 | 2.82 | 2.00 | 1.77 |
| ■ over the adjusted number of shares [(e)] | 1.05 | 1.09 | 2.56 | 1.82 | 1.77 |
| c) Dividend allocated to each share | | | | | |
| ■ over the number of ordinary shares outstanding | 2.65 | 2.70 | 2.75 | 2.90 | 2.95 |
| ■ over the adjusted number of shares [(f)] | 2.18 | 2.45 | 2.49 | 2.63 | 2.95 |
| d) Loyalty dividend | | | | | |
| ■ over the number of ordinary shares outstanding | 0.26 | 0.27 | 0.27 | 0.29 | 0.29 |
| ■ over the adjusted number of shares [(f)] | 0.21 | 0.24 | 0.24 | 0.26 | 0.29 |
| IV - Employees working in France | | | | | |
| a) Average number of employees during the year | 1,046 | 1,032 | 1,066 | 1,121 | 1,134 |
| b) Total payroll for the year *(in millions of euros)* | 160.4 | 156.6 | 155.3 | 162.9 | 171.0 |
| c) Amounts paid with respect to employee benefits during the year (social security, staff benefits, etc.) (in millions of euros) | 75.2 | 82.5 | 80.1 | 83.4 | 76.9 |

*(a) Using the authorization granted by the 15th resolution of the Combined Annual Shareholders' Meeting of May 16, 2018, the 14th resolution of the Combined Annual Shareholders' Meeting of May 4, 2021 and the 18th resolution of the Combined Annual Shareholders' Meeting of May 4, 2022, the Board of Directors made the following decisions:*

*-in its meeting of May 16, 2018, capital decrease by cancellation of 654,000 treasury shares;*
*-in its meeting of May 7, 2019, capital decrease by cancellation of 953,000 treasury shares;*
*-in its meeting of July 28, 2021, capital decrease by cancellation of 165,000 treasury shares;*
*in its meeting of July 27, 2022, capital decrease by cancellation of 1,098,900 treasury shares.*

*(b) Using the authorization granted by the 16th resolution of the Combined Annual Shareholders' Meeting of May 16, 2018, the Board of Directors decided in its meeting of July 29, 2019, the granting of one free share for ten existing shares, and the granting of a 10% bonus for shares held in registered form from December 31, 2016 to October 8, 2019.*
*Using the authorization granted by the 19th resolution of the Combined Annual Shareholders' Meeting of May 4, 2022, the Board of Directors decided in its meeting of May,4th 2022, the granting of one free share for ten existing shares, and the granting of a 10% bonus for shares held in registered form from December 31, 2019 to June 7, 2022.*

*(c) Using the authorizations granted by the resolutions of Combined Annual Shareholders' Meetings of May 5, 2010, May 7, 2013, and May 12, 2016,*
*– the Board of Directors noted in its meeting of May 4, 2022 the issuance of 179,795 shares arising from:*
*-the exercise of 77,102 options subscribed at the price of 70.14 euros;*
*-the exercise of 35,709 options subscribed at the price of 74.06 euros;*
*-the exercise of 9,375 options subscribed at the price of 76.47 euros;*
*-the exercise of 38,699 options subscribed at the price of 77.67 euros;*
*-the exercise of 13,889 options subscribed at the price of 84.08 euros;*
*-the exercise of 5,021 options subscribed at the price of 85,52 euros.*
*-the Board of Directors noted in its meeting of February 15, 2023 the issuance of 172,840 shares arising from:*
*-the exercise of 70,127 options subscribed at the price of 63.59 euros;*
*-the exercise of 53,194 options subscribed at the price of 67.15 euros;*
*-the exercise of 2,654 options subscribed at the price of 69.33 euros;*
*-the exercise of 24,920 options subscribed at the price of 70.42 euros;*
*-the exercise of 12,876 options subscribed at the price of 76.23 euros;*
*-the exercise of 3,235 options subscribed at the price of 77.54 euros;*
*-the exercise of 5,834 options subscribed at the price of 87.97 euros.*

*Using the authorization granted by the 15th resolution of the Combined Annual Shareholders' Meeting of May 3, 2017, pursuant to the delegation granted by the Board of Directors in its meeting of May 16, 2018 and confirmed on July 27, 2018, the Chairman and C.E.O. noted on December 7, 2018 the employee-reserved issuance of 1,049,529 new shares:*

*934,697 new shares subscribed in cash at a price of 87.09 euros per share, of which 2,413 shares were subscribed as part of the contribution paid by the Company (1 bonus share for 4 shares subscribed with a maximum of 3 bonus shares per employee);*
*114,832 new shares subscribed in cash at a price of 92.53 euros per share.*
*Using the authorization granted by the 17th resolution of the Combined Annual Shareholders' Meeting of May 4, 2021, the Chairman and Chief Executive Officer, pursuant to the delegation granted by the Board of Directors in its meeting of February 9, 2021 with the right to sub-delegate and confirmed on July 28, 2021, has delegated his authority during the Board of Directors meeting hold in July, 28 2021 to the Executive Vice President who noted on December 9, 2021 the employee-reserved issuance of 1 098 738 new shares:*
*- 984,988 new shares subscribed in cash at a price of 113.23 euros per share, of which 2,760 shares were subscribed as part of the contribution paid by the Company (1 bonus share for 4 shares subscribed with a maximum of 3 bonus shares per employee);*
*-113,750 new shares subscribed in cash at a price of 120.31 euros per share.*
*(d) Beginning December 31, 1995, shareholders holding their shares in registered form for at least two years at the period-end, and who will retain these shares in this form until the dividend payment date, will receive a dividend with a 10% bonus compared to the dividend paid to other shares. The difference between the loyalty dividend calculated on the number of shares outstanding as of the period-end and the loyalty dividend actually paid shall be allocated to retaining earnings.*

*(e)Adjusted to take into account, in the weighted average, the capital increases performed via cash subscriptions and treasury shares.*
*(f) Adjusted to account for share capital movements.*

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated income statement

| *(in millions of euros)* | Notes | 1st half 2022 | 1st half 2023 |
|---|---|---|---|
| **Revenue** | (2) | **14,206.6** | **13,980.3** |
| Other income | | 103.3 | 115.3 |
| Purchases | | (6,515.7) | (5,736.8) |
| Personnel expenses | | (2,380.0) | (2,545.8) |
| Other expenses | | (1,939.6) | (2,103.1) |
| **Operating income recurring before depreciation and amortization** | | **3,474.6** | **3,709.9** |
| Depreciation and amortization expense | (3) | (1,188.6) | (1,229.2) |
| **Operating income recurring** | | **2,286.0** | **2,480.7** |
| Other non-recurring operating income | (4) | 205.5 | 205.3 |
| Other non-recurring operating expenses | (4) | (475.3) | (172.3) |
| **Operating income** | | **2,016.2** | **2,513.7** |
| Net finance costs | (5) | (144.7) | (118.4) |
| Other financial income | (5) | 29.0 | 9.8 |
| Other financial expenses | (5) | (64.6) | (102.8) |
| Income taxes | (6) | (459.3) | (538.6) |
| Share of profit of equity affiliates | | 1.0 | 1.9 |
| **PROFIT FOR THE PERIOD** | | **1,377.6** | **1,765.6** |
| ■ Minority interests | | 72.8 | 44.0 |
| ■ Net profit (Group share) | | 1,304.8 | 1,721.6 |

| | | | |
|---|---|---|---|
| **Basic earnings per share** *(in euros)* | **(8)** | **2.50** | **3.30** |
| **Diluted earnings per share** *(in euros)* | **(8)** | **2.49** | **3.29** |

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

| *(in millions of euros)* | **1st half 2022** | **1st half 2023** |
|---|---|---|
| **Profit for the period** | **1,377.6** | **1,765.6** |
| Items recognized in equity | | |
| Change in fair value of financial instruments | 28.0 | 0.2 |
| Change in foreign currency translation reserve | 1,462.3 | (748.6) |
| **Items that may be subsequently reclassified to profit** | **1,490.3** | **(748.4)** |
| Actuarial gains/(losses) | 290.7 | (0.5) |
| **Items that may not be subsequently reclassified to profit** | **290.7** | **(0.5)** |
| **Items recognized in equity, net of taxes** | **1,781.0** | **(748.9)** |
| **Net income and gains and losses recognized directly in equity** | **3,158.6** | **1,016.7** |
| ■ Attributable to minority interests | 113.4 | 3.3 |
| ■ Attributable to equity holders of the parent | 3,045.2 | 1,013.4 |

# Consolidated balance sheet

| ASSETS *(in millions of euros)* | Notes | December 31, 2022 | June 30, 2023 |
|---|---|---|---|
| Goodwill | (9) | 14,587.2 | 14,300.4 |
| Other intangible assets | | 1,811.4 | 1,664.7 |
| Property, plant and equipment | | 23,646.9 | 23,658.3 |
| **Non-current assets** | | **40,045.5** | **39,623.4** |
| Non-current financial assets | | 775.5 | 752.3 |
| Investments in equity affiliates | | 185.7 | 180.8 |
| Deferred tax assets | | 232.3 | 191.6 |
| Fair value of non-current derivatives (assets) | | 40.8 | 25.0 |
| **Other non-current assets** | | **1,234.3** | **1,149.7** |
| **TOTAL NON-CURRENT ASSETS** | | **41,279.8** | **40,773.1** |
| Inventories and work-in progress | | 1,961.0 | 2,022.6 |
| Trade receivables | | 3,034.8 | 2,971.9 |
| Other current assets | | 985.4 | 844.0 |
| Current tax assets | | 196.3 | 70.2 |
| Fair value of current derivatives (assets) | | 107.6 | 74.8 |
| Cash and cash equivalents | (11) | 1,911.4 | 1,712.2 |
| **TOTAL CURRENT ASSETS** | | **8,196.5** | **7,695.7** |
| **ASSETS HELD FOR SALE** | | **41.7** | **87.4** |
| **TOTAL ASSETS** | | **49,518.0** | **48,556.2** |

| **EQUITY AND LIABILITIES** *(in millions of euros)* | **Notes** | **December 31, 2022** | **June 30, 2023** |
|---|---|---|---|
| Share capital | | 2,879.0 | 2,880.6 |
| Additional paid-in capital | | 2,349.0 | 2,367.8 |
| Retained earnings | | 15,868.0 | 16,471.0 |
| Treasury shares | | (118.4) | (200.7) |
| Net profit (Group share) | | 2,758.8 | 1,721.6 |
| **Shareholders' equity** | | **23,736.4** | **23,240.3** |
| **Minority interests** | | **835.6** | **806.1** |
| **TOTAL EQUITY** [a] | | **24,572.0** | **24,046.4** |
| Provisions, pensions and other employee benefits | (10) | 1,991.1 | 1,986.9 |
| Deferred tax liabilities | | 2,465.4 | 2,434.3 |

| | | | |
|---|---|---|---|
| Non-current borrowings | (11) | 10,168.8 | 8,762.1 |
| Non-current lease liabilities | | 1,052.2 | 1,042.6 |
| Other non-current liabilities | | 317.8 | 399.2 |
| Fair value of non-current derivatives (liabilities) | | 54.5 | 46.1 |
| **TOTAL NON-CURRENT LIABILITIES** | | **16,049.8** | **14,671.2** |
| Provisions, pensions and other employee benefits | (10) | 282.4 | 308.9 |
| Trade payables | | 3,782.6 | 3,234.0 |
| Other current liabilities | | 2,215.6 | 2,161.2 |
| Current tax payables | | 260.1 | 311.3 |
| Current borrowings | (11) | 2,003.9 | 3,500.5 |
| Current lease liabilities | | 227.6 | 222.9 |
| Fair value of current derivatives (liabilities) | | 108.6 | 59.2 |
| **TOTAL CURRENT LIABILITIES** | | **8,880.8** | **9,798.0** |
| **LIABILITIES HELD FOR SALE** | | **15.4** | **40.6** |
| **TOTAL EQUITY AND LIABILITIES** | | **49,518.0** | **48,556.2** |

*(a) A breakdown of changes in shareholders' equity and minority interests.*

# Consolidated cash flow statement

| (in millions of euros) | Notes | 1st half 2022 | 1st half 2023 |
|---|---|---|---|
| Operating activities | | | |
| **Net profit (Group share)** | | **1,304.8** | **1,721.6** |
| **Minority interests** | | **72.8** | **44.0** |
| Adjustments: | | | |
| ■ Depreciation and amortization expense | (3) | 1,188.6 | 1,229.2 |
| ■ Changes in deferred taxes [a] | | (24.2) | 66.3 |
| ■ Changes in provisions | | 357.1 | 115.9 |
| ■ Share of profit of equity affiliates | | (1.0) | (1.9) |
| ■ Profit/loss on disposal of assets | | (170.0) | (149.4) |
| ■ Net finance costs | | 108.5 | 90.7 |
| ■ Other non cash items | | 70.7 | 94.4 |
| **Cash flows from operating activities before changes in working capital** [b] | | **2,907.3** | **3,210.8** |
| Changes in working capital | | (634.5) | (298.4) |
| Other cash items | | (31.9) | 47.9 |
| **Net cash flows from operating activities** | | **2,240.9** | **2,960.3** |
| Investing activities | | | |
| Purchase of property, plant and equipment and intangible assets | | (1,574.0) | (1,713.9) |
| Acquisition of consolidated companies and financial assets | | (54.0) | (31.7) |
| Proceeds from sale of property, plant and equipment and intangible assets | | 45.8 | 34.8 |
| Proceeds from the sale of subsidiaries, net of net debt sold and from the sale of financial assets | | 22.5 | 252.2 |
| Dividends received from equity affiliates | | 12.7 | 1.2 |
| **Net cash flows used in investing activities** | | **(1,547.0)** | **(1,457.4)** |
| Financing activities | | | |
| Dividends paid [c] | | | |
| ■ L'Air Liquide S.A. | (13) | (1,408.1) | (1,578.4) |
| ■ Minority interests | | (20.1) | (34.0) |
| Proceeds from issues of share capital [c] | | 16.8 | 20.4 |
| Purchase of treasury shares [c] | | (192.5) | (82.6) |
| Net financial interests paid | | (145.1) | (135.4) |
| Increase (decrease) in borrowings | | 467.0 | 238.7 |
| Lease liabilities repayments | | (125.3) | (116.2) |
| Net interests paid on lease liabilities | | (14.6) | (18.3) |
| Transactions with minority shareholders | | — | (8.4) |
| **Net cash flows from (used in) financing activities** | | **(1,421.9)** | **(1,714.2)** |
| Effect of exchange rate changes and change in scope of consolidation | | (35.2) | (39.8) |
| **Net increase (decrease) in net cash and cash equivalents** | | **(763.2)** | **(251.1)** |

| | | |
|---|---|---|
| **NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD** | **2,138.9** | **1,760.9** |
| **NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | **1,375.7** | **1,509.8** |

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

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

*(c) A breakdown of dividends paid, share capital increases and treasury share purchases.*

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

| *(in millions of euros)* | Notes | December 31, 2022 | June 30, 2022 | June 30, 2023 |
|---|---|---|---|---|
| Cash and cash equivalents | (11) | 1,911.4 | 1,519.7 | 1,712.2 |
| Bank overdrafts (included in current borrowings) | | (150.5) | (144.0) | (202.4) |
| **NET CASH AND CASH EQUIVALENTS** | | **1,760.9** | **1,375.7** | **1,509.8** |

# Consolidated statement of changes in equity

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2023 TO JUNE 30, 2023

| *(in millions of euros)* | Notes | Share capital | Additional paid-in capital | Retained earnings (including net profit) | Fair value of financial instruments | Translation reserves | Treasury shares | Shareholders' equity | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Equity and minority interests as of January 1, 2023** | | 2,879.0 | 2,349.0 | 18,858.0 | (169.4) | (61.8) | (118.4) | 23,736.4 | 835.6 | 24,572.0 |
| **Profit for the period** | | | | **1,721.6** | | | | **1,721.6** | **44.0** | **1,765.6** |
| Items recognized directly in equity | | | | (0.5) | 0.2 | (707.9) | | (708.2) | (40.7) | (748.9) |
| **Net income and gains and losses recognized directly in equity** [(a)] | | | | 1,721.1 | 0.2 | (707.9) | | 1,013.4 | 3.3 | 1,016.7 |
| Increase (decrease) in share capital | | 1.6 | 18.8 | | | | | 20.4 | | 20.4 |
| Distribution | (13) | | | (1,582.7) | | | | (1,582.7) | (34.1) | (1,616.8) |
| Purchase/Sale of treasury shares [(c)] | | | | | | | (82.3) | (82.3) | | (82.3) |
| Share-based payments | | | | 21.2 | | | | 21.2 | | 21.2 |
| Transactions with minority shareholders recognized directly in equity | | | | (0.6) | | | | (0.6) | 1.3 | 0.7 |
| Others [(d)] | | | | 114.5 | | | | 114.5 | | 114.5 |
| **EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2023** | | 2,880.6 [(b)] | 2,367.8 | 19,131.5 | (169.2) | (769.7) | (200.7) [(c)] | 23,240.3 | 806.1 | 24,046.4 |

*(a) The statement of net income and gains and losses recognized directly in equity*

*(b) Share capital as of June 30, 2023 was made up of 523,745,183 shares at a par value of 5.50 euros. During the fiscal year, share capital was increased by the creation of 294,912 shares in cash with a par value of 5.50 euros resulting from the exercise of options.*

*(c) The number of treasury shares as of June 30, 2023 totaled 1,767,625 (including 1,506,508 held by L'Air Liquide S.A.). During the fiscal year, movements affecting treasury shares were mainly as follows:*

*– acquisitions, net of disposals and allocations, of 544,175 shares.*

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2022 TO JUNE 30, 2022

| *(in millions of euros)* | Share capital | Additional paid-in capital | Retained earnings (including net profit) | Fair value of financial instruments | Translation reserves | Treasury shares | Shareholders' equity | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Equity and minority interests as of January 1, 2022** | 2,614.1 | 2,749.2 | 17,128.4 | (209.2) | (701.9) | (118.3) | 21,462.3 | 536.5 | 21,998.8 |
| **Profit for the period** | | | **1,304.8** | | | | **1,304.8** | **72.8** | **1,377.6** |
| Items recognized directly in equity | | | 290.7 | 28.0 | 1,421.7 | | 1,740.4 | 40.6 | 1,781.0 |
| **Net income and gains and losses recognized directly in equity** [(a)] | | | 1,595.5 | 28.0 | 1,421.7 | | 3,045.2 | 113.4 | 3,158.6 |
| Increase (decrease) in share capital | 1.1 | 13.8 | | | | | 14.9 | 1.9 | 16.8 |
| Free share attribution | 269.0 | (269.0) | | | | | | | |
| Distribution | | | (1,412.0) | | | | (1,412.0) | (20.1) | (1,432.1) |
| Purchase/Sale of treasury shares | | | | | | (191.9) | (191.9) | | (191.9) |
| Share-based payments | | | 19.9 | | | | 19.9 | | 19.9 |
| Transactions with minority shareholders recognized directly in equity | | | (0.1) | | | | (0.1) | 261.7 | 261.6 |
| Others [(b)] | | | 68.2 | | (6.0) | | 62.2 | | 62.2 |
| **EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2022** | 2,884.2 | 2,494.0 | 17,399.9 | (181.2) | 713.8 | (310.2) | 23,000.5 | 893.4 | 23,893.9 |

*(a) The statement of net income and gains and losses recognized directly in equity*

*(b) Mainly including the effects of hyperinflation in Argentina.*

**Accounting principles**

The condensed interim consolidated financial statements for the half-year ended June 30, 2023 include the Company and its subsidiaries (together referred to as the "Group") as well as the Group share of associates or joint ventures. The Group consolidated financial statements for the fiscal year ended December 31, 2022 are available upon request at the Company registered office at 75, quai d'Orsay, 75007 Paris, France or on the website
**www.airliquide.com.**

**BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", a standard within the IFRS (International Financial Reporting Standards), as endorsed by the European Union. They do not include all the information required for complete annual financial statements and should be read in conjunction with the Group financial statements for the fiscal year ended December 31, 2022.

Except for the application of standards, interpretations and amendments being mandatory as of January 1, 2023, the accounting principles used for the preparation of the condensed interim consolidated financial statements are identical to those used for the preparation of the consolidated financial statements for the fiscal year ended December 31, 2022. They have been prepared in accordance with IFRS, as endorsed by the European Union as of June 30, 2023.
The IFRS standards and interpretations as endorsed by the European Union are available at the following website:
**https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/international-accounting-standards-regulation_en**

The Group has not anticipated any standards, amendments or interpretations published by the IASB but not yet approved or not yet mandatory in the European Union as of June 30, 2023.
The financial statements are presented in million of euros. They were reviewed by the Board of Directors on July 26, 2023.

**NEW IFRS AND INTERPRETATIONS**
**1. Standards, interpretations and amendments endorsed by the European Union whose application is mandatory as of January 1, 2023**

The following texts have no material impact on the Group financial statements:

• amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction", issued on May 7, 2021;

• amendments to IAS 1 "Presentation of Financial Statements", issued on February 12, 2021;

• amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates", issued on February 12, 2021.
In addition, the following texts are not applicable to the Group:

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

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

The impacts on the financial statements of texts published by the IASB as of June 30, 2023 and not yet endorsed by the European Union are currently being analyzed. These texts are as follows:

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

amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures: Supplier Finance Arrangements”, issued on May 25, 2023;

• amendments to IAS 12 “Income taxes : International Tax Reform - Pillar Two Model Rules”, issued on May 23, 2023.

## USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires Group or subsidiary Management to make estimates and use certain assumptions which have a significant impact on the carrying amounts of assets and liabilities recorded in the consolidated balance sheet, the notes related to these assets and liabilities, the profit and expense items in the income statement and the commitments relating to the period-end. Subsequent results may differ.

The significant judgments exercised by the Group or subsidiary Management in applying the Group accounting policies used in preparing the half-year condensed consolidated financial statements, and the main sources of uncertainty in making the estimates, are identical to those described in the consolidated financial statements for the fiscal year ended December 31, 2022.

## BASIS FOR PRESENTATION AND MEASUREMENT OF FIRST HALF-YEAR INFORMATION

The segment information corresponds to the information required by IAS 34 “Interim Financial Reporting”.
The Group’s activities may be affected by significant changes in the economic situation. Therefore, its interim results are not necessarily indicative of those to be expected for the fiscal year as a whole.
The income tax expense for the period is calculated by applying the estimated effective income tax rate for the fiscal year, based on the information available as of the interim reporting date, to the different categories of profit.

# Notes to the consolidated financial statements for the half-year ended June 30, 2023

4

## Note 1 Segment information

### 1.1. INCOME STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2023

| | Gas & Services | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | Europe | Americas | Asia Pacific | Middle East and Africa | Sub-total | Engineering & Construction | Global Markets & Technologies | Reconciliation | Total |
| Revenue | 4,975.4 | 5,158.7 | 2,762.7 | 508.2 | 13,405.0 | 180.1 | 395.2 | — | 13,980.3 |
| *Inter-segment revenue* | *0.0* | *0.0* | *0.0* | *0.0* | *0.0* | *266.5* | *373.5* | *(640.0)* | *0.0* |
| **Operating income recurring** | **845.9** | **1,029.1** | **610.7** | **101.4** | **2,587.1** | **17.9** | **64.2** | **(188.5)** | **2,480.7** |
| *incl. depreciation and amortization* | *(372.0)* | *(481.7)* | *(251.5)* | *(52.0)* | *(1,157.2)* | *(12.7)* | *(36.6)* | *(22.7)* | *(1,229.2)* |
| Other non-recurring operating income | | | | | | | | | 205.3 |
| Other non-recurring operating expenses | | | | | | | | | (172.3) |
| Net finance costs | | | | | | | | | (118.4) |
| Other financial income | | | | | | | | | 9.8 |
| Other financial expenses | | | | | | | | | (102.8) |
| Income taxes | | | | | | | | | (538.6) |
| Share of profit of equity affiliates | | | | | | | | | 1.9 |
| Profit for the period | | | | | | | | | 1,765.6 |

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

### 1.2. INCOME STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2022

| | Gas & Services | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (in millions of euros) | Europe | Americas | Asia Pacific | Middle East and Africa | Sub-total | Engineering & Construction | Global Markets & Technologies | Reconciliation | Total |
| Revenue | 5,424.0 | 5,016.8 | 2,746.2 | 413.3 | 13,600.3 | 220.8 | 385.5 | — | 14,206.6 |
| *Inter-segment revenue* | *0.0* | *0.0* | *0.0* | *0.0* | *0.0* | *294.1* | *287.5* | *(581.6)* | *0.0* |
| **Operating income recurring** | **771.0** | **969.0** | **567.3** | **96.5** | **2,403.8** | **22.2** | **49.6** | **(189.6)** | **2,286.0** |
| *incl. depreciation and amortization* | *(362.2)* | *(455.6)* | *(249.5)* | *(55.2)* | *(1,122.5)* | *(12.0)* | *(33.8)* | *(20.3)* | *(1,188.6)* |
| Other non-recurring operating income | | | | | | | | | 205.5 |
| Other non-recurring operating expenses | | | | | | | | | (475.3) |
| Net finance costs | | | | | | | | | (144.7) |
| Other financial income | | | | | | | | | 29.0 |
| Other financial expenses | | | | | | | | | (64.6) |
| Income taxes | | | | | | | | | (459.3) |
| Share of profit of equity affiliates | | | | | | | | | 1.0 |
| Profit for the period | | | | | | | | | 1,377.6 |

## Note 2 Revenue

Consolidated revenue for the 1st half of 2023 amounts to 13,980.3 million euros, down to 1.6% compared to the 1st half of 2022 (14,206.6 million euros). Revenue was up +0.5% after adjusting for the cumulative impact of foreign exchange fluctuations, and +5.2% after adjusting for the energy pricing.

## Note 3 Depreciation and amortization expense

| (in millions of euros) | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Intangible assets | (96.9) | (102.3) |
| Property, plant and equipment [(a)] | (1,091.7) | (1,126.9) |
| TOTAL | (1,188.6) | (1,229.2) |

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

# Note 4 Other non-recurring operating income and expenses

| *(in millions of euros)* | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Income | | |
| Net gain on the disposals of activities or group of assets | — | 198.7 |
| Impact of financial operations related to the scope of consolidation | 205.5 | — |
| Others | — | 6.6 |
| **TOTAL OTHER NON-RECURRING OPERATING INCOME** | **205.5** | **205.3** |
| Expenses | | |
| Reorganization, restructuring and realignment programs costs | (29.5) | (23.2) |
| Acquisition costs | (2.2) | (2.3) |
| Political risks and legal procedures | (6.4) | (17.2) |
| Net loss on the disposals of activities or group of assets and impairments of assets | (429.4) | (126.5) |
| Others | (7.8) | (3.1) |
| **TOTAL OTHER NON-RECURRING OPERATING EXPENSES** | **(475.3)** | **(172.3)** |
| TOTAL | (269.8) | 33.0 |

In the 1st half of 2023, the Group recognized:

- Net gains on the disposals of activities or group of assets amounting to 198.7 million euros including 174 million euros related to the disposal of non-consolidated investments;
- Restructuring costs corresponding to realignment programs primarily in Gas & Services;
- Incomes and expenses related to political risks and legal procedures, including a 21 million euros depreciation related to the equalization charge following the decision of the Council of State in March 2023 which partially questioned the favorable judgment of May 12, 2022 of the Court of Justice of the European Union (CJEU) by referring the case to an Administrative Court of Appeal;
- Impairment losses on assets amounting to 125 million euros, mainly on an intangible asset and on assets held for sale.

In the 1st half of 2022, the Group recognized:

- Impact on financial transactions amounting to 205.5 million euros corresponding to Air Liquide taking control of an existing 50/50 Joint Venture in Asia Pacific on January 11, 2022, and reevaluated at fair market value;
- Restructuring costs corresponding to realignment programs primarily in Gas & Services;
- Incomes and expenses related to legal procedure including a 46.8 million euros provision for risk in Engineering & Construction and a 31.9 million euros reversal of reserve initially set up to cover the risk of being requested to refund the equalization charge reimbursed to L'Air Liquide S.A in 2020. This reversal follows favorable conclusions released by the European Court of Justice on May 12, 2022;
- A 404 millions euros provision on its Russia assets booked in net loss on the disposals of activities or group of assets and impairments of assets.

## Note 5 Net finance costs and other financial income and expenses

The average net finance costs stands at 3.3% in the 1st half of 2023, in slight increase compared with the 1st half of 2022. The average net finance costs does not include the exceptional income related to the liability management of bonds denominated in US dollars.

The increase of the other financial expenses mainly comes from a depreciation related to the interests on the equalization charge for 15 million euros following the decision of the State Council of March 2023 as well as the increase of interest cost linked to IAS 19 (Note 7).

## Note 6 Income taxes

| *(in %)* | **1st half 2022** | **1st half 2023** |
|---|---|---|
| Average effective tax rate | 25.0 | 23.4 |

The average effective tax rate of the 1st half of 2023 is impacted by the application of the reduced tax rate on long term gain for non-consolidated investment sale.

## Note 7 Employee benefits

The expenses recognized for pension and other employee benefits amount to 86.5 million euros in the 1st half of 2023 and can be broken down as follows:

| *(in millions of euros)* | **1st half 2022** | **1st half 2023** |
|---|---|---|
| Service cost | 15.5 | 13.2 |
| Interest cost | 4.4 | 17.7 |
| **Defined benefit plans** | **19.9** | **30.9** |
| **Defined contribution plans** | **51.2** | **55.6** |
| TOTAL | 71.1 | 86.5 |

## Note 8 Net earnings per share

### 8.1. BASIC EARNINGS PER SHARE

| | 1st half 2022 | 1st half 2023 |
|---|---|---|
| Net profit (Group share) attributable to ordinary shareholders of the parent *(in millions of euros)* | 1,304.8 | 1,721.6 |
| Weighted average number of ordinary shares outstanding | 522,144,843 | 521,952,149 |
| **Basic earnings per share** *(in euros)* | **2.50** | **3.30** |

### 8.2. DILUTED EARNINGS PER SHARE

| | 1st half 2022 | 1st half 2023 |
|---|---|---|
| **Net profit used to calculate diluted earnings per share** *(in millions of euros)* | **1,304.8** | **1,721.6** |
| Weighted average number of ordinary shares outstanding | 522,144,843 | 521,952,149 |
| Adjustment for dilutive impact of share subscription options | 824,814 | 660,158 |
| Adjustment for dilutive impact of performance shares | 1,072,674 | 1,333,339 |
| **Adjusted weighted average number of shares outstanding used to calculate diluted earnings per share** | **524,042,331** | **523,945,646** |
| **Diluted earnings per share** *(in euros)* | **2.49** | **3.29** |

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

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

## Note 9 Goodwill

| (in millions of euros) | As of January 1, 2023 | Goodwill recognized during the period | Goodwill removed during the period | Foreign exchange differences | As of June 30, 2023 |
|---|---|---|---|---|---|
| Goodwill | 14,587.2 | 13.9 | (30.6) | (270.1) | 14,300.4 |

As of June 30, 2023, the Group did not identify any indications of impairment loss on cash-generating units (CGU) or group of cash-generating units to which goodwill is allocated.

## Note 10 Provisions, pensions and other employee benefits

| 2023 (in millions of euros) | As of January 1 | Increase | Utilized | Other reversals | Discounting | Foreign exchange differences | Other movements [(a)] | As of June 30 |
|---|---|---|---|---|---|---|---|---|
| Pensions and other employee benefits | 1,091.4 | 31.5 | (48.6) | — | 12.0 | (4.2) | (13.4) | 1,068.7 |
| Restructuring plans | 15.8 | 1.9 | (2.1) | — | — | (0.2) | 4.8 | 20.2 |
| Guarantees and other provisions related to engineering contracts | 185.6 | 33.1 | (15.8) | (7.8) | — | (0.7) | (3.5) | 190.9 |
| Dismantling | 259.9 | 0.9 | (2.0) | — | 3.5 | (3.9) | 3.8 | 262.2 |
| Provisions and contingent liabilities as part of a business combination | 164.9 | 0.9 | (5.9) | (6.1) | 0.8 | (3.8) | (8.0) | 142.8 |
| Other provisions | 555.9 | 112.3 | (21.5) | (26.0) | 1.1 | (0.1) | (10.7) | 611.0 |
| TOTAL PROVISIONS | 2,273.5 | 180.6 | (95.9) | (39.9) | 17.4 | (12.9) | (27.0) | 2,295.8 |

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

In the 1st half of 2023, no new litigation is likely to have a material impact on the Group's financial position or profitability.

Furthermore, the assets covering defined benefit plan obligations were measured at fair value. The discount rates used to determine the present value of the Group's obligations were also reviewed.

## Note 11 Borrowings

### Net debt calculation

| (in millions of euros) | December 31, 2022 | June 30, 2022 | June 30, 2023 |
|---|---|---|---|
| Non-current borrowings | (10,168.8) | (10,690.0) | (8,762.1) |
| Current borrowings | (2,003.9) | (2,839.6) | (3,500.5) |
| TOTAL GROSS DEBT | (12,172.7) | (13,529.6) | (12,262.6) |
| **Cash and cash equivalents** | **1,911.4** | **1,519.7** | **1,712.2** |
| TOTAL NET DEBT AT THE END OF THE PERIOD | (10,261.3) | (12,009.9) | (10,550.4) |

### Statement of changes in net debt

| (in millions of euros) | 2022 financial year | 1st half 2022 | 1st half 2023 |
|---|---|---|---|
| **Net debt at the beginning of the period** | **(10,448.3)** | **(10,448.3)** | **(10,261.3)** |
| Net cash flows from operating activities | 5,810.1 | 2,240.9 | 2,960.3 |
| Net cash flows used in investing activities | (3,241.9) | (1,547.0) | (1,457.4) |
| Net cash flows from (used in) financing activities excluding changes in borrowings | (1,927.2) | (1,743.8) | (1,817.6) |
| **Total net cash flows** | **641.0** | **(1,049.9)** | **(314.7)** |
| Effect of exchange rate changes, opening net indebtedness of newly acquired companies and others | (248.0) | (407.1) | 171.5 |
| Adjustment of net finance costs | (206.0) | (104.6) | (145.9) |
| **Change in net debt** | **187.0** | **(1,561.6)** | **(289.1)** |
| TOTAL NET DEBT AT THE END OF THE PERIOD | (10,261.3) | (12,009.9) | (10,550.4) |

The Air Liquide Group net debt breaks down as follows:

| | December 31, 2022 | | | June 30, 2023 | | |
|---|---|---|---|---|---|---|
| | Carrying amount | | | Carrying amount | | |
| *(in millions of euros)* | Non-current | Current | Total | Non-current | Current | Total |
| Bonds and private placements | 9,332.8 | 1,206.9 | 10,539.7 | 7,927.8 | 2,046.5 | 9,974.3 |
| Commercial paper programs | — | 130.6 | 130.6 | — | 754.0 | 754.0 |
| Bank debt and other financial debt | 760.5 | 665.1 | 1,425.6 | 774.3 | 691.1 | 1,465.4 |
| Put options granted to minority shareholders | 75.5 | 1.3 | 76.8 | 60.0 | 8.9 | 68.9 |
| **TOTAL BORROWINGS (A)** | **10,168.8** | **2,003.9** | **12,172.7** | **8,762.1** | **3,500.5** | **12,262.6** |
| **TOTAL CASH AND CASH EQUIVALENTS (B)** | **—** | **1,911.4** | **1,911.4** | **—** | **1,712.2** | **1,712.2** |
| **NET DEBT (A) - (B)** | **10,168.8** | **92.5** | **10,261.3** | **8,762.1** | **1,788.3** | **10,550.4** |

Gross debt (A) increased by 90 million euros between December 31, 2022 and June 30, 2023. This rise mainly comes from the extended use of commercial paper programs, mainly in US dollar.

In return, the second and third tranche of the Panda (bond issue in 2018 on the Chinese domestic market, amounting to 800 million Chinese renminbi (equivalent to 109 million euros), has been reimbursed at maturity on March 7, 2023.

In addition, as part of the management of the maturity of its long-term debt, Air Liquide Finance purchased in advance:

- 315 million American dollars (equivalent to 295 million euros) on a bond of 1,250 million American dollars issued in September 2016 conforming to format 144A and maturing on September 2026;
- 68 million American dollars (equivalent to 63 million euros) on a bond of 750 million American dollars issued in September 2016 conforming to format 144A and maturing in September 2046.

In addition, gross debt is impacted by a favorable foreign exchange impact, including 66 million euros for bonds, related to the appreciation of the euro against the majority of other currencies.

Gross current debt (maturity in less than 12 months) (A) increased by 1,497 million euros compared to December 31, 2022. This increase in current gross debt is explained by:

- the increase in commercial paper portfolio by 623 million euros;
- the reclassification to current borrowings of 2 bond issues of 500 million euros each, maturing on June 5 and 13, 2024;
- in return, the repayments of bond issues of the first half of 2023.

Cash decreased by 199 million euros compared to December 31, 2022. The net debt amounts to 10,550 million euros, increasing by 289 million euros compared to December 31, 2022 and decreasing significantly by 1,459 million euros compared to June 30, 2022.

## Note 12 Commitments

The Group's energy purchase commitments as of June 30, 2023 increased compared to December 31, 2022 mainly due to the signing of five new power purchase agreements in South Africa and China for a global amount of 795 million euros. These 20 years contracts for South Africa and 10 years for China are scheduled to start in 2025 and 2024 respectively. As a result, these contracts are not yet subject to reciprocal commitments received from customers under long-term gas supply contracts.

The other commitments did not change significantly in comparison to December 31, 2022.

### Note 13 Dividend per share

The 2022 dividend authorized by the General Meeting and paid on May 17, 2023 to the Group shareholders was 1,582.7 million euros (including fidelity premium), corresponding to an ordinary dividend of 2.95 euros and a fidelity premium of 0.29 per share.

### Note 14 Related party disclosures

Due to the activities and legal organization of the Group, only executives, associates and joint ventures are considered to be related parties to the Group. Transactions performed between these individuals or these companies and Group subsidiaries are not material.

### Note 15 Contingent liabilities

To the best of the Group's knowledge, there is no exceptional event or litigation which has affected in the recent past or which is likely to materially affect its financial situation or profitability.

### Note 16 Post-balance sheet events

On July 5, 2023, the management of Air Liquide Healthcare presented a project to transform its Home Healthcare activity in France to employee representatives. The project aims to address the needs and expectations of patients and healthcare professionals, and to adapt the activity's business model to meet the challenges of the healthcare system.

### Note 17 Other information

As of June 30, 2023, given the geopolitical context and reinforced sanctions and counter-sanctions, the Group continues to consider that it no longer has control of its activities in Russia since September 1, 2022. As a reminder, all assets in Russia have been fully depreciated in the accounts as of December 31, 2022.

## Statutory auditors' review report on the half-yearly financial information

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of L'Air Liquide, for the period from January 1 to June 30, 2023;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

### 1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.
A review of interim financial information consists of making inquiries, primarily of persons responsible

for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

**2. Specific verification**
We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

**Paris La Défense, July 27, 2023**
**Neuilly-sur-Seine, July 27, 2023**

**KPMG S.A.**

**Valérie Besson**
**Laurent Genin**

**French original signed by**

**PricewaterhouseCoopers Audit**
**Oliviez Lotz**
**Cédric Le Gal**

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Air Liquide 2023 Employee Stock Purchase Plan U.S. Offering Package



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