

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2023**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from                      to**

Commission file number                      001-38730

**LINDE PLC**

(Exact name of registrant as specified in its charter)

**Ireland**

(State or other jurisdiction of incorporation)

10 Riverview Drive,  
Danbury, Connecticut  
United States 06810

**98-1448883**

(I.R.S. Employer Identification No.)

Forge  
43 Church Street West  
Woking, Surrey GU21 6HT  
United Kingdom

(Address of principal executive offices) (Zip Code)

(203) 837 - 2000

(Registrant's telephone number, including area code)

+44 14 83 242200

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Ordinary shares (€0.001 nominal value per share)	LIN	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At September 30, 2023, 484,890,486 ordinary shares (€0.001 par value) of the Registrant were outstanding.

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## Forward-looking Statements

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are identified by terms and phrases such as: anticipate, believe, intend, estimate, expect, continue, should, could, may, plan, project, predict, will, potential, forecast, and similar expressions. They are based on management’s reasonable expectations and assumptions as of the date the statements are made but involve risks and uncertainties. These risks and uncertainties include, without limitation: the performance of stock markets generally; developments in worldwide and national economies and other international events and circumstances, including trade conflicts and tariffs; changes in foreign currencies and in interest rates; the cost and availability of electric power, natural gas and other raw materials; the ability to achieve price increases to offset cost increases; catastrophic events including natural disasters, epidemics, pandemics such as COVID-19, and acts of war and terrorism; the ability to attract, hire, and retain qualified personnel; the impact of changes in financial accounting standards; the impact of changes in pension plan liabilities; the impact of tax, environmental, healthcare and other legislation and government regulation in jurisdictions in which the company operates; the cost and outcomes of investigations, litigation and regulatory proceedings; the impact of potential unusual or non-recurring items; continued timely development and market acceptance of new products and applications; the impact of competitive products and pricing; future financial and operating performance of major customers and industries served; the impact of information technology system failures, network disruptions and breaches in data security; and the effectiveness and speed of integrating new acquisitions into the business. These risks and uncertainties may cause future results or circumstances to differ materially from adjusted projections, estimates or other forward-looking statements.

Linde plc assumes no obligation to update or provide revisions to any forward-looking statement in response to changing circumstances. The above listed risks and uncertainties are further described in Item 1A. Risk Factors in Linde plc’s Form 10-K for the fiscal year ended December 31, 2022 filed with the SEC on February 28, 2023, which should be reviewed carefully. Please consider Linde plc’s forward-looking statements in light of those risks.

**LINDE PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Millions of dollars, except per share data)  
(UNAUDITED)

	Quarter Ended September 30,	
	2023	2022
<b>Sales</b>	\$ 8,155	\$ 8,797
Cost of sales, exclusive of depreciation and amortization	4,314	5,285
Selling, general and administrative	808	770
Depreciation and amortization	959	1,045
Research and development	36	35
Other charges	2	15
Other income (expense) - net	16	(34)
<b>Operating Profit</b>	2,052	1,613
Interest expense - net	40	18
Net pension and OPEB cost (benefit), excluding service cost	(35)	(53)
<b>Income Before Income Taxes and Equity Investments</b>	2,047	1,648
Income taxes	487	391
<b>Income Before Equity Investments</b>	1,560	1,257
Income from equity investments	41	43
<b>Net Income (Including Noncontrolling Interests)</b>	1,601	1,300
Less: noncontrolling interests	(36)	(27)
<b>Net Income – Linde plc</b>	<u>\$ 1,565</u>	<u>\$ 1,273</u>
<b>Per Share Data – Linde plc Shareholders</b>		
Basic earnings per share	\$ 3.21	\$ 2.56
Diluted earnings per share	\$ 3.19	\$ 2.54
<b>Weighted Average Shares Outstanding (000's):</b>		
Basic shares outstanding	487,122	497,186
Diluted shares outstanding	491,076	501,151

The accompanying notes are an integral part of these financial statements.

**LINDE PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Millions of dollars, except per share data)  
(UNAUDITED)

	Nine Months Ended September 30,	
	2023	2022
<b>Sales</b>	\$ 24,552	\$ 25,465
Cost of sales, exclusive of depreciation and amortization	13,061	15,023
Selling, general and administrative	2,463	2,343
Depreciation and amortization	2,867	3,248
Research and development	107	107
Other charges	42	1,004
Other income (expense) - net	(16)	(58)
<b>Operating Profit</b>	5,996	3,682
Interest expense - net	129	32
Net pension and OPEB cost (benefit), excluding service cost	(125)	(179)
<b>Income Before Income Taxes and Equity Investments</b>	5,992	3,829
Income taxes	1,355	1,046
<b>Income Before Equity Investments</b>	4,637	2,783
Income from equity investments	128	137
<b>Net Income (Including Noncontrolling Interests)</b>	4,765	2,920
Less: noncontrolling interests	(109)	(101)
<b>Net Income – Linde plc</b>	<u>\$ 4,656</u>	<u>\$ 2,819</u>
<b>Per Share Data – Linde plc Shareholders</b>		
Basic earnings per share	\$ 9.51	\$ 5.62
Diluted earnings per share	\$ 9.43	\$ 5.57
<b>Weighted Average Shares Outstanding (000's):</b>		
Basic shares outstanding	489,518	501,743
Diluted shares outstanding	493,567	506,012

The accompanying notes are an integral part of these financial statements.

**LINDE PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Millions of dollars)  
(UNAUDITED)

	Quarter Ended September 30,	
	2023	2022
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	\$ 1,601	\$ 1,300
OTHER COMPREHENSIVE INCOME (LOSS)		
Translation adjustments:		
Foreign currency translation adjustments	(772)	(1,769)
Reclassification to net income	—	24
Income taxes	1	2
Translation adjustments	(771)	(1,743)
Funded status - retirement obligations (Note 8):		
Retirement program remeasurements	(3)	66
Reclassifications to net income	3	24
Income taxes	3	(19)
Funded status - retirement obligations	3	71
Derivative instruments (Note 5):		
Current unrealized gain (loss)	(32)	60
Reclassifications to net income	6	(54)
Income taxes	4	(2)
Derivative instruments	(22)	4
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(790)	(1,668)
COMPREHENSIVE INCOME (LOSS) (INCLUDING NONCONTROLLING INTERESTS)	811	(368)
Less: noncontrolling interests	(23)	15
COMPREHENSIVE INCOME (LOSS) - LINDE PLC	\$ 788	\$ (353)

The accompanying notes are an integral part of these financial statements.

**LINDE PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Millions of dollars)  
(UNAUDITED)

	Nine Months Ended September 30,	
	2023	2022
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	\$ 4,765	\$ 2,920
OTHER COMPREHENSIVE INCOME (LOSS)		
Translation adjustments:		
Foreign currency translation adjustments	(639)	(3,279)
Reclassification to net income	—	(110)
Income taxes	2	(5)
Translation adjustments	(637)	(3,394)
Funded status - retirement obligations (Note 8):		
Retirement program remeasurements	(257)	188
Reclassifications to net income	(13)	62
Income taxes	68	(47)
Funded status - retirement obligations	(202)	203
Derivative instruments (Note 5):		
Current unrealized gain (loss)	(116)	170
Reclassifications to net income	2	(74)
Income taxes	21	(20)
Derivative instruments	(93)	76
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(932)	(3,115)
COMPREHENSIVE INCOME (LOSS) (INCLUDING NONCONTROLLING INTERESTS)	3,833	(195)
Less: noncontrolling interests	(71)	(30)
COMPREHENSIVE INCOME (LOSS) - LINDE PLC	\$ 3,762	\$ (225)

The accompanying notes are an integral part of these financial statements.

**LINDE PLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Millions of dollars)  
(UNAUDITED)

	September 30, 2023	December 31, 2022
<b>Assets</b>		
Cash and cash equivalents	\$ 3,894	\$ 5,436
Accounts receivable - net	4,692	4,559
Contract assets	151	124
Inventories	2,078	1,978
Prepaid and other current assets	922	950
<i>Total Current Assets</i>	11,737	13,047
Property, plant and equipment - net	23,624	23,548
Goodwill	25,955	25,817
Other intangible assets - net	12,092	12,420
Other long-term assets	4,419	4,826
<i>Total Assets</i>	<u>\$ 77,827</u>	<u>\$ 79,658</u>
<b>Liabilities and equity</b>		
Accounts payable	\$ 2,750	\$ 2,995
Short-term debt	3,849	4,117
Current portion of long-term debt	922	1,599
Contract liabilities	1,985	3,073
Other current liabilities	4,656	4,695
<i>Total Current Liabilities</i>	14,162	16,479
Long-term debt	13,232	12,198
Other long-term liabilities	10,195	9,594
<i>Total Liabilities</i>	37,589	38,271
Redeemable noncontrolling interests	13	13
Linde plc Shareholders' Equity (Note 11):		
Ordinary shares, €0.001 par value, authorized 1,750,000,000 shares, 2023 issued: 490,766,972 ordinary shares; 2022 issued: 552,012,862 ordinary shares	—	1
Additional paid-in capital	39,803	40,005
Retained earnings	7,940	20,541
Accumulated other comprehensive income (loss)	(6,676)	(5,782)
Less: Treasury shares, at cost (2023 – 5,876,486 shares and 2022 – 59,555,235 shares)	(2,169)	(14,737)
<i>Total Linde plc Shareholders' Equity</i>	38,898	40,028
Noncontrolling interests	1,327	1,346
<i>Total Equity</i>	40,225	41,374
<i>Total Liabilities and Equity</i>	<u>\$ 77,827</u>	<u>\$ 79,658</u>

The accompanying notes are an integral part of these financial statements.



**LINDE PLC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Millions of dollars)  
(UNAUDITED)

	Nine Months Ended September 30,	
	2023	2022
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Operations</b>		
Net income - Linde plc	\$ 4,656	\$ 2,819
Add: Noncontrolling interests	109	101
Net Income (including noncontrolling interests)	4,765	2,920
Adjustments to reconcile net income to net cash provided by operating activities:		
Other charges, net of payments	(91)	909
Depreciation and amortization	2,867	3,248
Deferred income taxes	(172)	(412)
Share-based compensation	102	78
Working capital:		
Accounts receivable	(169)	(572)
Inventory	(125)	(300)
Prepaid and other current assets	31	(111)
Payables and accruals	(268)	376
Contract assets and liabilities, net	(4)	369
Pension contributions	(35)	(44)
Long-term assets, liabilities and other	(323)	308
Net cash provided by (used for) operating activities	6,578	6,769
<b>Investing</b>		
Capital expenditures	(2,636)	(2,237)
Acquisitions, net of cash acquired	(842)	(110)
Divestitures, net of cash divested and asset sales	34	140
Net cash provided by (used for) investing activities	(3,444)	(2,207)
<b>Financing</b>		
Short-term debt borrowings (repayments) - net	(245)	2,229
Long-term debt borrowings	2,123	2,291
Long-term debt repayments	(1,651)	(1,725)
Issuances of ordinary shares	25	24
Purchases of ordinary shares	(2,925)	(4,478)
Cash dividends - Linde plc shareholders	(1,866)	(1,758)
Noncontrolling interest transactions and other	(81)	(62)
Net cash provided by (used for) financing activities	(4,620)	(3,479)
Effect of exchange rate changes on cash and cash equivalents	(56)	(150)
Change in cash and cash equivalents	(1,542)	933
Cash and cash equivalents, beginning-of-period	5,436	2,823
Cash and cash equivalents, end-of-period	\$ 3,894	\$ 3,756

The accompanying notes are an integral part of these financial statements.

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## 1. Summary of Significant Accounting Policies

Linde plc ("Linde" or "the company") is an incorporated public limited company formed under the laws of Ireland. Linde's registered office is located at Ten Earlsfort Terrace, Dublin 2, D02 T380 Ireland. Linde's principal executive offices are located at Forge, 43 Church Street West, Woking, Surrey GU21 6HT, United Kingdom and 10 Riverview Drive, Danbury, Connecticut, 06810, United States.

On January 18, 2023, shareholders approved the company's proposal for an intercompany reorganization that resulted in the delisting of its ordinary shares from the Frankfurt Stock Exchange, on March 1, 2023, after the completion of legal and regulatory approvals.

In connection with the closing of the intercompany reorganization on March 1, 2023, Linde shareholders automatically received one share of the new holding company, listed on the New York Stock Exchange, in exchange for each share of Linde plc that was previously owned. The new holding company is also named "Linde plc" and trades under the existing ticker LIN (see Note 11).

**Presentation of Condensed Consolidated Financial Statements** - In the opinion of Linde management, the accompanying condensed consolidated financial statements include all adjustments necessary for a fair statement of the results for the interim periods presented and such adjustments are of a normal recurring nature. The accompanying condensed consolidated financial statements should be read in conjunction with the notes to the consolidated financial statements of Linde plc and subsidiaries in Linde's 2022 Annual Report on Form 10-K. There have been no material changes to the company's significant accounting policies during 2023.

**Reclassifications** - Certain prior periods' amounts have been reclassified to conform to the current year's presentation.

## 2. Other Charges

### 2023 Other Charges

Other charges were \$2 million for the quarter and \$42 million for the nine months ended September 30, 2023, respectively. Costs primarily related to severance in the Engineering segment and expenses incurred due to the intercompany reorganization for the nine month period ended September 30, 2023. Other charges for the year-to-date period had an associated income tax benefit of \$79 million primarily comprised of a benefit of \$124 million related to the resolution of a U.S. income tax audit, partially offset by an accrual of \$85 million for the potential settlement of an international income tax matter, both recorded in the first quarter.

The following table summarizes the activities related to the company's pre-tax Other charges for the nine months ended September 30, 2023:

(millions of dollars)	Nine Months Ended September 30, 2023				
	Severance costs	Other cost reduction charges	Total cost reduction program related charges	Other charges	Total other charges
Balance, December 31, 2022	\$ 281	\$ 27	\$ 308	\$ 12	\$ 320
2023 Other charges	24	—	24	18	42
Less: Cash payments / receipts	(113)	(1)	(114)	(19)	(133)
Less: Non-cash charges	—	—	—	7	7
Foreign currency translation and other	(9)	—	(9)	—	(9)
Balance, September 30, 2023	\$ 183	\$ 26	\$ 209	\$ 18	\$ 227

## **2022 Other Charges**

### ***Russia-Ukraine Conflict***

In response to the Russian invasion of Ukraine, multiple jurisdictions, including Europe and the U.S., have imposed several tranches of economic sanctions on Russia. As a result, Linde reassessed its ability to control its Russian subsidiaries and determined that as of June 30, 2022 it can no longer exercise control over these entities. As such, Linde deconsolidated its Russian gas and engineering business entities as of June 30, 2022. The deconsolidation of the company's Russian gas and engineering business entities resulted in a loss of \$787 million (\$730 million after tax) during the second quarter of 2022.

The fair value of Linde's Russian subsidiaries was determined using a probability weighted discounted cash flow model, which resulted in the recognition of a \$407 million loss on deconsolidation when compared to the carrying value of the entities. This loss was recorded within other charges in the consolidated statements of income.

Upon deconsolidation an investment was recorded, which represents the fair value of net assets. The company did not receive any consideration, cash or otherwise, as part of the deconsolidation. Linde will maintain its interest in its Russian subsidiaries and will continue to comply with sanctions and government restrictions. The investment will be monitored for impairment in future periods.

Receivables, primarily loans receivable, with newly deconsolidated entities were reassessed for collectability resulting in a write-off of approximately \$380 million.

Other charges related specifically to the Russia-Ukraine conflict were \$114 million (\$84 million after tax) for the nine months ended September 30, 2022, and were primarily comprised of impairments of assets which are maintained by international entities in support of the Russian business.

### ***Other charges***

Other charges were \$15 million and \$103 million (benefit of \$10 million and expense of \$63 million, after tax) for the quarter and nine months ended September 30, 2022, respectively, primarily related to the sale of GIST business in the quarter and the impairment of an equity method investment in the EMEA segment.

### ***Classification in the condensed consolidated financial statements***

The costs are shown within operating profit in a separate line item on the consolidated statements of income. On the condensed consolidated statements of cash flows, the impact of these costs, net of cash payments, is shown as an adjustment to reconcile net income to net cash provided by operating activities. In Note 10 Segments, Linde excluded these costs from its management definition of segment operating profit; a reconciliation of segment operating profit to consolidated operating profit is shown within the segment operating profit table.

### 3. Supplemental Information

#### *Receivables*

Linde applies loss rates that are lifetime expected credit losses at initial recognition of the receivables. These expected loss rates are based on an analysis of the actual historical default rates for each business, taking regional circumstances into account. If necessary, these historical default rates are adjusted to reflect the impact of current changes in the macroeconomic environment using forward-looking information. The loss rates are also evaluated based on the expectations of the responsible management team regarding the collectability of the receivables. Gross trade receivables aged less than one year were \$4,637 million and \$4,498 million at September 30, 2023 and December 31, 2022, respectively, and gross receivables aged greater than one year were \$346 million and \$321 million at September 30, 2023 and December 31, 2022, respectively. Other receivables were \$155 million and \$145 million at September 30, 2023 and December 31, 2022, respectively. Receivables aged greater than one year are generally fully reserved unless specific circumstances warrant exceptions, such as those backed by federal governments.

Accounts receivable net of reserves were \$4,692 million at September 30, 2023 and \$4,559 million at December 31, 2022. Allowances for expected credit losses were \$446 million at September 30, 2023 and \$405 million at December 31, 2022. Provisions for expected credit losses were \$123 million and \$112 million for the nine months ended September 30, 2023 and 2022, respectively. The allowance activity in the nine months ended September 30, 2023 and 2022 related to write-offs of uncollectible amounts, net of recoveries and currency movements is not material.

#### *Inventories*

The following is a summary of Linde's consolidated inventories:

<i>(Millions of dollars)</i>	September 30, 2023	December 31, 2022
<b>Inventories</b>		
Raw materials and supplies	\$ 598	\$ 567
Work in process	426	368
Finished goods	1,054	1,043
Total inventories	<u>\$ 2,078</u>	<u>\$ 1,978</u>

#### 4. Debt

The following is a summary of Linde's outstanding debt at September 30, 2023 and December 31, 2022:

(Millions of dollars)	September 30, 2023	December 31, 2022
<b>SHORT-TERM</b>		
Commercial paper	\$ 3,647	\$ 3,926
Other bank borrowings (primarily non U.S.)	202	191
<b>Total short-term debt</b>	<b>3,849</b>	<b>4,117</b>
<b>LONG-TERM (a)</b>		
<i>(U.S. dollar denominated unless otherwise noted)</i>		
2.70% Notes due 2023 (c)	—	501
2.00% Euro denominated notes due 2023 (b) (d)	—	699
5.875% GBP denominated notes due 2023 (b) (d)	—	367
1.20% Euro denominated notes due 2024	581	588
1.875% Euro denominated notes due 2024 (b)	318	324
4.800% Notes due 2024	300	299
4.700% Notes due 2025	598	598
2.65% Notes due 2025	399	400
1.625% Euro denominated notes due 2025	527	533
3.625% Euro denominated notes due 2025 (e)	527	—
0.00% Euro denominated notes due 2026	742	751
3.20% Notes due 2026	725	724
3.434% Notes due 2026	198	198
1.652% Euro denominated notes due 2027	86	88
0.25% Euro denominated notes due 2027	792	802
1.00% Euro denominated notes due 2027	530	536
1.00% Euro denominated notes due 2028 (b)	743	749
3.375% Euro denominated notes due 2029 (e)	789	—
1.10% Notes due 2030	697	696
1.90% Euro denominated notes due 2030	109	111
1.375% Euro denominated notes due 2031	794	803
0.55% Euro denominated notes due 2032	788	798
0.375% Euro denominated notes due 2033	523	529
3.625% Euro denominated notes due 2034 (e)	683	—
1.625% Euro denominated notes due 2035	839	849
3.55% Notes due 2042	666	665
2.00% Notes due 2050	296	296
1.00% Euro denominated notes due 2051	722	731
Non U.S. borrowings	172	152
Other	10	10
	14,154	13,797
<b>Less: current portion of long-term debt</b>	<b>(922)</b>	<b>(1,599)</b>
<b>Total long-term debt</b>	<b>13,232</b>	<b>12,198</b>
<b>Total debt</b>	<b>\$ 18,003</b>	<b>\$ 17,914</b>

(a) Amounts are net of unamortized discounts, premiums and/or debt issuance costs as applicable.

(b) September 30, 2023 and December 31, 2022 included a cumulative \$49 million and \$56 million adjustment to carrying value, respectively, related to hedge accounting of interest rate swaps. Refer to Note 5.

(c) In February 2023, Linde repaid \$500 million of 2.70% notes that became due.

(d) In April 2023, Linde repaid €650 million of 2.00% notes and £300 million of 5.875% notes that became due.

(e) In June 2023, Linde issued €500 million of 3.625% notes due in 2025, €750 million of 3.375% notes due in 2029 and €650 million of 3.625% notes due in 2034.

The company maintains a \$5 billion and a \$1.5 billion unsecured revolving credit agreement with a syndicate of banking institutions that expire December 7, 2027 and December 7, 2023, respectively. There are no financial maintenance covenants contained within the credit agreements. No borrowings were outstanding under the credit agreements as of September 30, 2023.

The weighted-average interest rates of short-term borrowings outstanding were 4.6% and 3.2% as of September 30, 2023 and December 31, 2022, respectively.

#### 5. Financial Instruments

In its normal operations, Linde is exposed to market risks relating to fluctuations in interest rates, foreign currency exchange rates, energy and commodity costs. The objective of financial risk management at Linde is to minimize the negative impact of such fluctuations on the company's earnings and cash flows. To manage these risks, among other strategies, Linde routinely enters into various derivative financial instruments ("derivatives") including interest-rate swap and treasury rate lock agreements, currency-swap agreements, forward contracts, currency options, and commodity-swap agreements. These instruments are not entered into for trading purposes and Linde only uses commonly traded and non-leveraged instruments.

There are three types of derivatives that the company enters into: (i) those relating to fair-value exposures, (ii) those relating to cash-flow exposures, and (iii) those relating to foreign currency net investment exposures. Fair-value exposures relate to recognized assets or liabilities, and firm commitments; cash-flow exposures relate to the variability of future cash flows associated with recognized assets or liabilities, or forecasted transactions; and net investment exposures relate to the impact of foreign currency exchange rate changes on the carrying value of net assets denominated in foreign currencies.

When a derivative is executed and hedge accounting is appropriate, it is designated as either a fair-value hedge, cash-flow hedge, or a net investment hedge. Currently, Linde designates all interest-rate and treasury-rate locks as hedges for accounting purposes; however, cross-currency contracts are generally not designated as hedges for accounting purposes. Certain currency contracts related to forecasted transactions are designated as hedges for accounting purposes.

Whether designated as hedges for accounting purposes or not, all derivatives are linked to an appropriate underlying exposure. On an ongoing basis, the company assesses the hedge effectiveness of all derivatives designated as hedges for accounting purposes to determine if they continue to be highly effective in offsetting changes in fair values or cash flows of the underlying hedged items. If it is determined that the hedge is not highly effective through the use of a qualitative assessment, then hedge accounting will be discontinued prospectively.

Counterparties to Linde's derivatives are major banking institutions with credit ratings of investment grade or better. The company has Credit Support Annexes ("CSAs") in place for certain entities with their principal counterparties to minimize potential default risk and to mitigate counterparty risk. Under the CSAs, the fair values of derivatives for the purpose of interest rate and currency management are collateralized with cash on a regular basis. As of September 30, 2023, the impact of such collateral posting arrangements on the fair value of derivatives was insignificant. Management believes the risk of incurring losses on derivative contracts related to credit risk is remote and any losses would be immaterial.

The following table is a summary of the notional amount and fair value of derivatives outstanding at September 30, 2023 and December 31, 2022 for consolidated subsidiaries:

	Notional Amounts		Fair Value			
			Assets (a)		Liabilities (a)	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
<i>(Millions of dollars)</i>						
<b>Derivatives Not Designated as Hedging Instruments:</b>						
<i>Currency contracts:</i>						
Balance sheet items	\$ 3,865	\$ 3,056	\$ 30	\$ 13	\$ 21	\$ 7
Forecasted transactions	353	449	7	9	16	9
Cross-currency swaps	4	42	—	—	—	1
<b>Total</b>	<b>\$ 4,222</b>	<b>\$ 3,547</b>	<b>\$ 37</b>	<b>\$ 22</b>	<b>\$ 37</b>	<b>\$ 17</b>
<b>Derivatives Designated as Hedging Instruments:</b>						
<i>Currency contracts:</i>						
Forecasted transactions	\$ 264	\$ 323	\$ 4	\$ 6	\$ 2	\$ 5
<i>Commodity contracts</i>	N/A	N/A	3	—	26	4
<i>Interest rate swaps</i>	582	856	—	—	66	70
<b>Total Hedges</b>	<b>\$ 846</b>	<b>\$ 1,179</b>	<b>\$ 7</b>	<b>\$ 6</b>	<b>\$ 94</b>	<b>\$ 79</b>
<b>Total Derivatives</b>	<b>\$ 5,068</b>	<b>\$ 4,726</b>	<b>\$ 44</b>	<b>\$ 28</b>	<b>\$ 131</b>	<b>\$ 96</b>

(a) Amounts as of September 30, 2023 and December 31, 2022 included current assets of \$42 million and \$24 million which are recorded in prepaid and other current assets; long-term assets of \$2 million and \$4 million which are recorded in other long-term assets; current liabilities of \$59 million and \$23 million which are recorded in other current liabilities; and long-term liabilities of \$72 million and \$73 million which are recorded in other long-term liabilities.

### ***Balance Sheet Items***

Foreign currency contracts related to balance sheet items consist of forward contracts entered into to manage the exposure to fluctuations in foreign-currency exchange rates on recorded balance sheet assets and liabilities denominated in currencies other than the functional currency of the related operating unit. Certain forward currency contracts are entered into to protect underlying monetary assets and liabilities denominated in foreign currencies from foreign exchange risk and are not designated as hedging instruments. For balance sheet items that are not designated as hedging instruments, the fair value adjustments on these contracts are offset by the fair value adjustments recorded on the underlying monetary assets and liabilities.

### ***Forecasted Transactions***

Foreign currency contracts related to forecasted transactions consist of forward contracts entered into to manage the exposure to fluctuations in foreign-currency exchange rates on (1) forecasted purchases of capital-related equipment and services, (2) forecasted sales, or (3) other forecasted cash flows denominated in currencies other than the functional currency of the related operating units. For forecasted transactions that are designated as cash flow hedges, fair value adjustments are recorded to accumulated other comprehensive income (loss) with deferred amounts reclassified to earnings over the same time period as the income statement impact of the associated purchase. For forecasted transactions that do not qualify for cash flow hedging relationships, fair value adjustments are recorded directly to earnings.

### ***Cross-Currency Swaps***

Cross-currency interest rate swaps are entered into to limit the foreign currency risk of future principal and interest cash flows associated with intercompany loans, and to a more limited extent bonds, denominated in non-functional currencies. The fair value adjustments on the cross-currency swaps are recorded to earnings, where they are offset by fair value adjustments on the underlying intercompany loan or bond.

### ***Commodity Contracts***

Commodity contracts are entered into to manage the exposure to fluctuations in commodity prices, which arise in the normal course of business from its procurement transactions. To reduce the extent of this risk, Linde enters into a limited number of electricity, natural gas, and propane gas derivatives. For forecasted transactions that are designated as cash flow hedges, fair



value adjustments are recorded to accumulated other comprehensive income (loss) with deferred amounts reclassified to earnings over the same time period as the income statement impact of the associated purchase.

### Net Investment Hedges

As of September 30, 2023, Linde has €10.7 billion (\$11.6 billion) Euro-denominated notes and intercompany loans and ¥4.2 billion (\$0.6 billion) CNY-denominated intercompany loans that are designated as hedges of the net investment positions in certain foreign operations. Since hedge inception, the deferred gain recorded within cumulative translation adjustment component of accumulated other comprehensive income (loss) in the consolidated balance sheet is \$555 million (deferred gain of \$356 million and \$206 million in the consolidated statement of comprehensive income for the quarter and nine months ended September 30, 2023, respectively).

As of September 30, 2023, exchange rate movements relating to previously designated hedges that remain in accumulated other comprehensive income (loss) is at a gain of \$56 million. These movements will remain in accumulated other comprehensive income (loss), until appropriate, such as upon sale or liquidation of the related foreign operations at which time amounts will be reclassified to the consolidated statements of income.

### Interest Rate Swaps

Linde uses interest rate swaps to hedge the exposure to changes in the fair value of financial assets and financial liabilities as a result of interest rate changes. These interest rate swaps effectively convert fixed-rate interest exposures to variable rates; fair value adjustments are recognized in earnings along with an equally offsetting charge/benefit to earnings for the changes in the fair value of the underlying financial asset or financial liability (See Note 4).

### Derivatives' Impact on Consolidated Statements of Income

The following table summarizes the impact of the company's derivatives on the consolidated statements of income:

(Millions of dollars)	Amount of Pre-Tax Gain (Loss) Recognized in Earnings *			
	Quarter Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Derivatives Not Designated as Hedging Instruments</b>				
Currency contracts:				
Balance sheet items				
Debt-related	\$ 33	\$ (52)	\$ (50)	\$ (42)
Other balance sheet items	(3)	19	(5)	11
<b>Total</b>	<b>\$ 30</b>	<b>\$ (33)</b>	<b>\$ (55)</b>	<b>\$ (31)</b>

\* The gains (losses) on balance sheet items are offset by gains (losses) recorded on the underlying hedged assets and liabilities. Accordingly, the gains (losses) for the derivatives and the underlying hedged assets and liabilities related to debt items are recorded in the consolidated statements of income as interest expense-net. Other balance sheet items and anticipated net income gains (losses) are generally recorded in the consolidated statements of income as other income (expenses)-net.

The amounts of gain or loss recognized in accumulated other comprehensive income (loss) and reclassified to the consolidated statement of income was not material for the nine months ended September 30, 2023 and 2022, respectively. Net impacts expected to be reclassified to earnings during the next twelve months are also not material.

## 6. Fair Value Disclosures

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities
- Level 2 – quoted prices for similar assets and liabilities in active markets or inputs that are observable
- Level 3 – inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

### Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes assets and liabilities measured at fair value on a recurring basis:

(Millions of dollars)	Fair Value Measurements Using					
	Level 1		Level 2		Level 3	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
<b>Assets</b>						
Derivative assets	\$ —	\$ —	\$ 44	\$ 28	\$ —	\$ —
Investments and securities*	20	20	—	—	11	13
<b>Total</b>	<b>\$ 20</b>	<b>\$ 20</b>	<b>\$ 44</b>	<b>\$ 28</b>	<b>\$ 11</b>	<b>\$ 13</b>
<b>Liabilities</b>						
Derivative liabilities	\$ —	\$ —	\$ 131	\$ 96	\$ —	\$ —

\* Investments and securities are recorded in prepaid and other current assets and other long-term assets in the company's condensed consolidated balance sheets.

Level 1 investments and securities are marketable securities traded on an exchange. Level 2 investments are based on market prices obtained from independent brokers or determined using quantitative models that use as their basis readily observable market parameters that are actively quoted and can be validated through external sources, including third-party pricing services, brokers and market transactions. Level 3 investments and securities consist of a venture fund. For the valuation, Linde uses the net asset value received as part of the fund's quarterly reporting, which for the most part is not based on quoted prices in active markets. In order to reflect current market conditions, Linde proportionally adjusts by observable market data (stock exchange prices) or current transaction prices.

Changes in level 3 investments and securities were immaterial.

The fair value of cash and cash equivalents, short-term debt, accounts receivable-net, and accounts payable approximate carrying value because of the short-term maturities of these instruments.

The fair value of long-term debt is estimated based on the quoted market prices for the same or similar issues. Long-term debt is categorized within Level 2 of the fair value hierarchy. At September 30, 2023, the estimated fair value of Linde's long-term debt portfolio was \$ 12,172 million versus a carrying value of \$14,154 million. At December 31, 2022, the estimated fair value of Linde's long-term debt portfolio was \$11,994 million versus a carrying value of \$13,797 million. Differences between the carrying value and the fair value are attributable to fluctuations in interest rates subsequent to when the debt was issued and relative to stated coupon rates.

## 7. Earnings Per Share – Linde plc Shareholders

Basic and diluted earnings per share is computed by dividing Net income – Linde plc for the period by the weighted average number of either basic or diluted shares outstanding, as follows:

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Numerator (Millions of dollars)</b>				
Net Income – Linde plc	\$ 1,565	\$ 1,273	\$ 4,656	\$ 2,819
<b>Denominator (Thousands of shares)</b>				
Weighted average shares outstanding	486,578	496,691	488,986	501,266
Shares earned and issuable under compensation plans	544	495	532	477
Weighted average shares used in basic earnings per share	487,122	497,186	489,518	501,743
Effect of dilutive securities				
Stock options and awards	3,954	3,965	4,049	4,269
Weighted average shares used in diluted earnings per share	491,076	501,151	493,567	506,012
<b>Basic Earnings Per Share</b>	<b>\$ 3.21</b>	<b>\$ 2.56</b>	<b>\$ 9.51</b>	<b>\$ 5.62</b>
<b>Diluted Earnings Per Share</b>	<b>\$ 3.19</b>	<b>\$ 2.54</b>	<b>\$ 9.43</b>	<b>\$ 5.57</b>

There were no antidilutive shares for any period presented.

## 8. Retirement Programs

The components of net pension and postretirement benefits other than pensions ("OPEB") costs for the quarter and nine months ended September 30, 2023 and 2022 are shown below:

(Millions of dollars)	Quarter Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Amount recognized in Operating Profit</b>				
Service cost	\$ 21	\$ 31	\$ 63	\$ 96
<b>Amount recognized in Net pension and OPEB cost (benefit), excluding service cost</b>				
Interest cost	94	49	280	153
Expected return on plan assets	(132)	(126)	(392)	(394)
Net amortization and deferral	(9)	18	(25)	56
Settlement Charge (a)	12	6	12	6
	(35)	(53)	(125)	(179)
<b>Net periodic benefit cost (benefit)</b>	<b>\$ (14)</b>	<b>\$ (22)</b>	<b>\$ (62)</b>	<b>\$ (83)</b>

(a) In the third quarters of 2023 and 2022, Linde recorded pension settlement charges of \$12 million and \$6 million (\$10 million and \$5 million, after tax), respectively, related to lump sum benefit payments made from a U.S. non-qualified plan.

Components of net periodic benefit expense for other post-retirement plans for the quarter and nine months ended September 30, 2023 and 2022 were not material.

Linde estimates that 2023 required contributions to its pension plans will be in the range of approximately \$40 million to \$50 million, of which \$35 million have been made through September 30, 2023.

## 9. Commitments and Contingencies

### Contingent Liabilities

Linde is subject to various lawsuits and government investigations that arise from time to time in the ordinary course of business. These actions are based upon alleged environmental, tax, antitrust and personal injury claims, among others. Linde has strong defenses in these cases and intends to defend itself vigorously. It is possible that the company may incur losses in connection with some of these actions in excess of accrued liabilities. Management does not anticipate that in the aggregate such losses would have a material adverse effect on the company's consolidated financial position or liquidity; however, it is possible that the final outcomes could have a significant impact on the company's reported results of operations in any given period (see Note 17 to the consolidated financial statements of Linde's 2022 Annual Report on Form 10-K).

Significant matters are:

- During 2009, the Brazilian government published Law 11941/2009 instituting a new voluntary amnesty program ("Refis Program") which allowed Brazilian companies to settle certain federal tax disputes at reduced amounts. During 2009, the company decided that it was economically beneficial to settle many of its outstanding federal tax disputes and such disputes were enrolled in the Refis Program, subject to final calculation and review by the Brazilian federal government. The company recorded estimated liabilities based on the terms of the Refis Program. Since 2009, Linde has been unable to reach final agreement on the calculations and initiated litigation against the government in an attempt to resolve certain items. Open issues relate to the following matters: (i) application of cash deposits and net operating loss carryforwards to satisfy obligations and (ii) the amount of tax reductions available under the Refis Program. It is difficult to estimate the timing of resolution of legal matters in Brazil.
- At September 30, 2023, the most significant non-income tax claims in Brazil, after enrollment in the Refis Program, relate to state VAT tax matters. The total estimated exposure relating to such claims, including interest and penalties, as appropriate, is approximately \$115 million. Linde has not recorded any liabilities related to such claims based on management judgment and opinions of outside counsel.

During the first quarter of 2023, the Brazilian Supreme Court issued a decision related to a federal income tax matter that the company previously disclosed as a contingency in Note 17 to the consolidated financial statements of Linde's 2022 Annual report on Form 10-K. As a result of this decision, the company recorded a reserve based on its best

estimate of potential settlement (see Note 2). Because litigation in Brazil historically takes many years to resolve, it is very difficult to estimate the timing of resolution of these matters; however, it is possible that certain of these matters may be resolved within the near term. The company is vigorously defending against the proceedings.

- On September 1, 2010, CADE (Brazilian Administrative Council for Economic Defense) announced alleged anticompetitive activity on the part of five industrial gas companies in Brazil and imposed fines. CADE imposed a civil fine of R\$1.7 billion Brazilian reais (\$338 million) on White Martins, the Brazil-based subsidiary of Linde Inc., and R\$0.2 billion Brazilian reais (\$40 million) on Linde Gases Ltda., the former Brazil-based subsidiary of Linde AG which was divested to MG Industries GmbH on March 1, 2019 and with respect to which Linde provided a contractual indemnity.

The fine against White Martins and Linde Gases Ltda. was overturned by the Ninth and Seventh Federal Courts of Brasilia, respectively. CADE appealed these decisions, and the Federal Court of Appeals rejected CADE's appeals and confirmed the decision of the Ninth and Seventh Federal Courts of Brasilia. CADE had filed appeals for both subsidiaries with the Superior Court of Justice which were denied. CADE filed subsequent appeals to a panel of the Supreme Court of Justice where a final decision is pending regarding White Martins, but where a final and binding decision was issued in September 2023, whereby the Supreme Court of Justice annulled the fine imposed against Linde Gases Ltda.

Similar to claims against Linde Gases Ltda., White Martins has strong defenses and is confident that it will prevail on appeal and have the fines overturned. Linde strongly believes that the allegations of anticompetitive activity against our Brazilian subsidiary is not supported by valid and sufficient evidence. Linde believes that this decision will not stand up to final judicial review and deems the possibility of cash outflows to be extremely unlikely. No reserves have been recorded as management does not believe that a loss from this case is probable.

- On and after April 23, 2019 former shareholders of Linde AG filed appraisal proceedings at the District Court (*Landgericht*) Munich I (Germany), seeking an increase of the cash consideration paid in connection with the previously completed cash merger squeeze-out of all of Linde AG's minority shareholders for €189.46 per share. Any such increase would apply to all 14,763,113 Linde AG shares that were outstanding on April 8, 2019, when the cash merger squeeze-out was completed. The period for plaintiffs to file claims expired on July 9, 2019. The company believes the consideration paid was fair and that the claims are not supported by sufficient evidence, and no reserve has been established. We cannot estimate the timing of resolution.
- On December 30, 2022, the Russian Arbitration Court of the St. Petersburg and Leningrad Region issued an injunction preventing (i) the sale of any shares in Linde's subsidiaries and joint ventures in Russia, and (ii) the disposal of any of the assets in those entities exceeding 5% of the relevant company's overall asset value. The injunction was requested by RusChemAlliance (RCA) as a preliminary measure to secure payment of a possible eventual award under an arbitration proceeding RCA intended to file against Linde Engineering for alleged breach of contract under the agreement to build a gas processing plant in Ust Luga, Russia entered into between a consortium of Linde Engineering, Renaissance Heavy Industries LLC, and RCA on July 7, 2021. Performance of the agreement was lawfully suspended by Linde Engineering on May 27, 2022 in compliance with applicable sanctions and in accordance with a decision by the sanctions authority in Germany. On March 1, 2023, RCA filed a claim in St. Petersburg against Linde GmbH for recovery of advance payments under the agreement ("Russian Claim"), and subsequently (i) added Linde and other Linde subsidiaries as defendants, and (ii) is seeking payment of alleged damages from Linde (pursuant to corporate guarantees) and guarantor banks.

On March 4, 2023, in accordance with the dispute resolution provisions of the agreement, Linde GmbH filed a notice of arbitration with the Hong Kong International Arbitration Centre ("HKIAC") against RCA to claim that (i) RCA has no entitlement to payment, (ii) RCA's Russian claim is in breach of the arbitration agreement, and (iii) RCA must compensate Linde for the losses and damages caused by the injunction. Additionally, Linde GmbH filed for and on March 17, 2023 obtained an anti-suit injunction from a Hong Kong court against RCA directing RCA to seek a stay of the Russian Claim and ordering it to resolve any disputes in accordance with HKIAC arbitration. On September 27, 2023, the anti-suit injunction was confirmed by the same Hong Kong court.

Despite the anti-suit injunction obtained by Linde in Hong Kong, the proceeding in St. Petersburg has not been stayed and RCA is continuing to pursue its claim in Russia.

As of September 30, 2023, Linde has a contingent liability of \$1.1 billion recorded in Other long-term liabilities, which represents advance payments previously recorded in contract liabilities as of December 31, 2022 related to terminated engineering projects with RCA. As a result of the contract terminations, Linde no longer has future performance

obligations for these projects. Linde deconsolidated its Russian gas and engineering business entities as of June 30, 2022, and the remaining investment value of its Russia subsidiaries is immaterial.

It is difficult to estimate the timing of resolution of this matter. The company intends to vigorously defend its interests in both the injunction and arbitration proceedings.

## 10. Segments

For a description of Linde plc's operating segments, refer to Note 18 to the consolidated financial statements on Linde plc's 2022 Annual Report on Form 10-K.

The table below presents sales and operating profit information about reportable segments and Other for the quarter and nine months ended September 30, 2023 and 2022.

(Millions of dollars)	Quarter Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>SALES<sup>(a)</sup></b>				
Americas	\$ 3,629	\$ 3,694	\$ 10,721	\$ 10,453
EMEA	2,105	2,125	6,442	6,417
APAC	1,639	1,660	4,920	4,913
Engineering	467	828	1,502	2,200
Other	315	490	967	1,482
Total sales	<u>\$ 8,155</u>	<u>\$ 8,797</u>	<u>\$ 24,552</u>	<u>\$ 25,465</u>
<b>SEGMENT OPERATING PROFIT</b>				
Americas	\$ 1,074	\$ 974	\$ 3,169	\$ 2,788
EMEA	634	465	1,871	1,504
APAC	459	429	1,354	1,254
Engineering	116	150	372	398
Other	23	(8)	32	(41)
Segment operating profit	2,306	2,010	6,798	5,903
Other charges (Note 2)	(2)	(15)	(42)	(1,004)
Purchase accounting impacts - Linde AG	(252)	(382)	(760)	(1,217)
Total operating profit	<u>\$ 2,052</u>	<u>\$ 1,613</u>	<u>\$ 5,996</u>	<u>\$ 3,682</u>

(a) Sales reflect external sales only. Intersegment sales, primarily from Engineering to the industrial gases segments, were \$417 million and \$1,046 million for the quarter and nine months ended September 30, 2023, respectively, and \$251 million and \$728 million for the respective 2022 periods.

## 11. Equity

### Equity

On March 1, 2023, in connection with the shareholder approved intercompany reorganization that resulted in the delisting of old Linde plc from the New York Stock Exchange (NYSE) and the Frankfurt Stock Exchange (FSE), and the subsequent relisting of new Linde plc to the NYSE, Linde shareholders automatically received one share of the new holding company, listed on the NYSE in exchange for each share of Linde plc that was previously owned. The company issued 490,766,972 new Linde shares. Linde plc's historical treasury shares were immediately canceled which resulted in an approximately \$15 billion decrease in treasury shares and retained earnings in Shareholders' Equity.

A summary of the changes in total equity for the quarter and nine months ended September 30, 2023 and 2022 is provided below:

Quarter Ended September 30,						
(Millions of dollars)	2023			2022		
Activity	Linde plc Shareholders' Equity	Noncontrolling Interests	Total Equity	Linde plc Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, beginning of period	\$ 39,911	\$ 1,324	\$ 41,235	\$ 39,674	\$ 1,353	\$ 41,027
Net income (a)	1,565	36	1,601	1,273	27	1,300
Other comprehensive income (loss)	(777)	(13)	(790)	(1,628)	(40)	(1,668)
Noncontrolling interests:						
Additions (reductions)	—	(1)	(1)	—	(7)	(7)
Dividends and other capital changes	—	(19)	(19)	—	(35)	(35)
Dividends to Linde plc ordinary share holders (\$1.275 per share in 2023 and \$1.17 per share in 2022)	(620)	—	(620)	(581)	—	(581)
Issuances of ordinary shares:						
For employee savings and incentive plans	(19)	—	(19)	7	—	7
Purchases of ordinary shares	(1,198)	—	(1,198)	(1,144)	—	(1,144)
Share-based compensation	36	—	36	27	—	27
Balance, end of period	\$ 38,898	\$ 1,327	\$ 40,225	\$ 37,628	\$ 1,298	\$ 38,926

Nine Months Ended September 30,						
(Millions of dollars)	2023			2022		
Activity	Linde plc Shareholders' Equity	Noncontrolling Interests	Total Equity	Linde plc Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, beginning of period	\$ 40,028	\$ 1,346	\$ 41,374	\$ 44,035	\$ 1,393	\$ 45,428
Net income (a)	4,656	109	4,765	2,819	101	2,920
Other comprehensive income (loss)	(894)	(38)	(932)	(3,046)	(69)	(3,115)
Noncontrolling interests:						
Additions (reductions)	(11)	(6)	(17)	—	(56)	(56)
Dividends and other capital changes	—	(84)	(84)	—	(71)	(71)
Dividends to Linde plc ordinary share holders (\$3.83 per share in 2023 and \$3.51 per share in 2022)	(1,866)	—	(1,866)	(1,758)	—	(1,758)
Issuances of ordinary shares:						
For employee savings and incentive plans	(117)	—	(117)	(32)	—	(32)
Purchases of ordinary shares	(3,000)	—	(3,000)	(4,468)	—	(4,468)
Share-based compensation	102	—	102	78	—	78
Balance, end of period	\$ 38,898	\$ 1,327	\$ 40,225	\$ 37,628	\$ 1,298	\$ 38,926

(a) Net income for noncontrolling interests excludes net income related to redeemable noncontrolling interests which is not significant for the quarter and nine months ended September 30, 2023 and 2022 and which is not part of total equity.

The components of Accumulated other comprehensive income (loss) are as follows:

	September 30,	December 31,
(Millions of dollars)	2023	2022
Cumulative translation adjustment - net of taxes:		
Americas	\$ (3,767)	\$ (3,942)
EMEA	(1,433)	(1,249)
APAC	(1,486)	(835)
Engineering	(320)	(241)
Other	623	483
	(6,383)	(5,784)
Derivatives - net of taxes	(31)	62
Pension / OPEB (net of \$14 million tax benefit and \$54 million tax obligation at September 30, 2023 and December 31, 2022, respectively)	(262)	(60)
	<u>\$ (6,676)</u>	<u>\$ (5,782)</u>

## 12. Revenue Recognition

Revenue is accounted for in accordance with ASC 606. Revenue is recognized as control of goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled to receive in exchange for the goods or services.

### Contracts with Customers

Linde serves a diverse group of industries including healthcare, chemicals and energy, manufacturing, metals and mining, food and beverage, and electronics.

#### Industrial Gases

Within each of the company's geographic segments for industrial gases, there are three basic distribution methods: (i) on-site or tonnage; (ii) merchant or bulk liquid; and (iii) packaged or cylinder gases. The distribution method used by Linde to supply a customer is determined by many factors, including the customer's volume requirements and location. The distribution method generally determines the contract terms with the customer and, accordingly, the revenue recognition accounting practices. Linde's primary products in its industrial gases business are atmospheric gases (oxygen, nitrogen, argon, rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases, acetylene). These products are generally sold through one of the three distribution methods.

Following is a description of each of the three industrial gases distribution methods and the respective revenue recognition policies:

**On-site.** Customers that require the largest volumes of product and that have a relatively constant demand pattern are supplied by cryogenic and process gas on-site plants. Linde constructs plants on or adjacent to these customers' sites and supplies the product directly to customers by pipeline. Where there are large concentrations of customers, a single pipeline may be connected to several plants and customers. On-site product supply contracts generally are total requirement contracts with terms typically ranging from 10-20 years and contain minimum purchase requirements and price escalation provisions. Many of the cryogenic on-site plants also produce liquid products for the merchant market. Therefore, plants are typically not dedicated to a single customer. Additionally, Linde is responsible for the design, construction, operations and maintenance of the plants and our customers typically have no involvement in these activities. Advanced air separation processes also allow on-site delivery to customers with smaller volume requirements.

The company's performance obligations related to on-site customers are satisfied over time as customers receive and obtain control of the product. Linde has elected to apply the practical expedient for measuring progress towards the completion of a performance obligation and recognizes revenue as the company has the right to invoice each customer, which generally corresponds with product delivery. Accordingly, revenue is recognized when product is delivered to the customer and the company has the right to invoice the customer in accordance with the contract terms. Consideration in these contracts is generally based on pricing which fluctuates with various price indices. Variable components of consideration exist within on-site contracts but are considered constrained.

**Merchant.** Merchant deliveries generally are made from Linde's plants by tanker trucks to storage containers at the customer's site. Due to the relatively high distribution cost, merchant oxygen and nitrogen generally have a relatively small distribution

radius from the plants at which they are produced. Merchant argon, hydrogen and helium can be shipped much longer distances. The customer agreements used in the merchant business are usually three-to seven-year supply agreements based on the requirements of the customer. These contracts generally do not contain minimum purchase requirements or volume commitments.

The company's performance obligations related to merchant customers are generally satisfied at a point in time as the customers receive and obtain control of the product. Revenue is recognized when product is delivered to the customer and the company has the right to invoice the customer in accordance with the contract terms. Any variable components of consideration within merchant contracts are constrained; however, this consideration is not significant.

*Packaged Gases.* Customers requiring small volumes are supplied products in containers called cylinders, under medium to high pressure. Linde distributes merchant gases from its production plants to company-owned cylinder filling plants where cylinders are then filled for distribution to customers. Cylinders may be delivered to the customer's site or picked up by the customer at a packaging facility or retail store. Linde invoices the customer for the industrial gases and the use of the cylinder container(s). The company also sells hardgoods and welding equipment purchased from independent manufacturers. Packaged gases are generally sold under one to three-year supply contracts and purchase orders and do not contain minimum purchase requirements or volume commitments.

The company's performance obligations related to packaged gases are satisfied at a point in time. Accordingly, revenue is recognized when product is delivered to the customer or when the customer picks up product from a packaged gas facility or retail store and the company has the right to payment from the customer in accordance with the contract terms. Any variable consideration is constrained and will be recognized when the uncertainty related to the consideration is resolved.

#### *Engineering*

The company designs and manufactures equipment for air separation and other industrial gas applications manufactured specifically for end customers. Sale of equipment contracts are generally comprised of a single performance obligation. Revenue from sale of equipment is generally recognized over time as Linde has an enforceable right to payment for performance completed to date and performance does not create an asset with alternative use. For contracts recognized over time, revenue is recognized primarily using a cost incurred input method. Costs incurred to date relative to total estimated costs at completion are used to measure progress toward satisfying performance obligations. Costs incurred include material, labor, and overhead costs and represent work contributing and proportionate to the transfer of control to the customer. Changes to cost estimates and contract modifications are typically accounted for as part of the existing contract and are recognized as cumulative adjustments for the inception-to-date effect of such change.

#### *Contract Assets and Liabilities*

Contract assets and liabilities result from differences in timing of revenue recognition and customer invoicing. Contract assets primarily relate to sale of equipment contracts for which revenue is recognized over time. The balance represents unbilled revenue which occurs when revenue recognized under the measure of progress exceeds amounts invoiced to customers. Customer invoices may be based on the passage of time, the achievement of certain contractual milestones or a combination of both criteria. Contract liabilities include advance payments or right to consideration prior to performance under the contract. Contract liabilities are recognized as revenue as performance obligations are satisfied under contract terms. Linde has contract assets of \$151 million and \$124 million at September 30, 2023 and December 31, 2022, respectively. Total contract liabilities are \$2,945 million at September 30, 2023 (current of \$1,985 million and \$960 million within other long-term liabilities in the condensed consolidated balance sheets). As of September 30, 2023, Linde has approximately \$498 million recorded in contract liabilities related to engineering projects in Russia subject to sanctions. Total contract liabilities were \$3,986 million at December 31, 2022 (current contract liabilities of \$3,073 million and \$913 million within other long-term liabilities in the condensed consolidated balance sheets). The decrease in contract liabilities is primarily related to a reclassification of contract liabilities to a contingent liability in other long-term liabilities associated with an engineering project in Russia (see Note 9). Revenue recognized for the nine months ended September 30, 2023 that was included in the contract liability at December 31, 2022 was \$760 million. Contract assets and liabilities primarily relate to the Engineering business.

#### *Payment Terms and Other*

Linde generally receives payment after performance obligations are satisfied, and customer prepayments are not typical for the industrial gases business. Payment terms vary based on the country where sales originate and local customary payment practices. Linde does not offer extended financing outside of customary payment terms. Amounts billed for sales and use taxes, value-added taxes, and certain excise and other specific transactional taxes imposed on revenue producing transactions are presented on a net basis and are not included in sales within the consolidated statement of income. Additionally, sales returns and allowances are not a normal practice in the industry and are not significant.



### Disaggregated Revenue Information

As described above and in Note 19 to Linde plc's 2022 Annual Report on Form 10-K, the company manages its industrial gases business on a geographic basis, while the Engineering and Other businesses are generally managed on a global basis. Furthermore, the company believes that reporting sales by distribution method by reportable geographic segment best illustrates the nature, timing, type of customer, and contract terms for its revenues, including terms and pricing.

The following tables show sales by distribution method at the consolidated level and for each reportable segment and Other for the quarter and nine months ended September 30, 2023 and September 30, 2022.

(Millions of dollars)		Quarter Ended September 30, 2023						
Sales		Americas	EMEA	APAC	Engineering	Other	Total	%
Merchant	\$	1,131	\$ 685	\$ 564	\$ —	\$ 53	\$ 2,433	30 %
On-Site		843	473	651	—	—	1,967	24 %
Packaged Gas		1,599	936	352	—	8	2,895	35 %
Other		56	11	72	467	254	860	11 %
Total	\$	3,629	\$ 2,105	\$ 1,639	\$ 467	\$ 315	\$ 8,155	100 %

(Millions of dollars)		Quarter Ended September 30, 2022						
Sales		Americas	EMEA	APAC	Engineering	Other	Total	%
Merchant	\$	986	\$ 620	\$ 593	\$ —	\$ 43	\$ 2,242	25 %
On-Site		1,178	651	605	—	—	2,434	28 %
Packaged Gas		1,478	841	403	—	21	2,743	31 %
Other		52	13	59	828	426	1,378	16 %
Total	\$	3,694	\$ 2,125	\$ 1,660	\$ 828	\$ 490	\$ 8,797	100 %

(Millions of dollars)		Nine Months Ended September 30, 2023						
Sales		Americas	EMEA	APAC	Engineering	Other	Total	%
Merchant	\$	3,268	\$ 2,089	\$ 1,685	\$ —	\$ 161	\$ 7,203	29 %
On-Site		2,403	1,504	1,972	—	—	5,879	24 %
Packaged Gas		4,875	2,810	1,072	—	40	8,797	36 %
Other		175	39	191	1,502	766	2,673	11 %
Total	\$	10,721	\$ 6,442	\$ 4,920	\$ 1,502	\$ 967	\$ 24,552	100 %

(Millions of dollars)		Nine Months Ended September 30, 2022						
Sales		Americas	EMEA	APAC	Engineering	Other	Total	%
Merchant	\$	2,801	\$ 1,868	\$ 1,671	\$ —	\$ 122	\$ 6,462	25 %
On-Site		3,110	1,892	1,891	—	—	6,893	27 %
Packaged Gas		4,383	2,616	1,153	—	37	8,189	32 %
Other		159	41	198	2,200	1,323	3,921	15 %
Total	\$	10,453	\$ 6,417	\$ 4,913	\$ 2,200	\$ 1,482	\$ 25,465	100 %

### Remaining Performance Obligations

As described above, Linde's contracts with on-site customers are under long-term supply arrangements which generally require the customer to purchase their requirements from Linde and also have minimum purchase requirements. Additionally, plant sales from the Linde Engineering business are primarily contracted on a fixed price basis. The company estimates the consideration related to future minimum purchase requirements and plant sales was approximately \$47 billion (excludes

Russian projects which are impacted by sanctions). This amount excludes all on-site sales above minimum purchase requirements, which can be significant depending on customer needs. In the future, actual amounts will be different due to impacts from several factors, many of which are beyond the company's control including, but not limited to, timing of newly signed, terminated and renewed contracts, inflationary price escalations, currency exchange rates, and pass-through costs related to natural gas and electricity. The actual duration of long-term supply contracts ranges up to twenty years. The company estimates that approximately half of the revenue related to minimum purchase requirements will be earned in the next five years and the remaining thereafter.

### 13. Business Acquisition

#### Acquisition of nexAir, LLC

On January 5, 2023, Linde completed the acquisition of nexAir, LLC, a gas distribution and welding supply company in the United States, in order to further expand the company's geographic footprint into different regions. Prior to completion of the acquisition, Linde held a 23% interest in nexAir, LLC. Pursuant to a signed purchase agreement between Linde and nexAir, LLC, Linde purchased the remaining 77% ownership interest in an all cash transaction with a total purchase price of \$859 million, or \$804 million net of cash acquired. The fair value of Linde's equity interest in nexAir, LLC immediately preceding the acquisition date was \$183 million, which resulted in a gain on remeasurement of the company's previously held equity interest which was not material; this gain is recorded within "Other income (expenses) – net" on the consolidated statements of income.

#### Preliminary Allocation of Purchase Price

The acquisition of nexAir, LLC was accounted for as a business combination. Following the acquisition date, 100% of nexAir, LLC's results were consolidated in the Americas business segment. Linde's quarter and nine months ended September 30, 2023 consolidated income statement includes sales of \$102 million and \$306 million, respectively, related to nexAir, LLC. Pro forma results for 2022 have not been included as the impact of the acquisition is not material to the consolidated statements of income.

The company has estimated the preliminary fair value of net assets acquired based on information currently available and will continue to adjust those estimates as additional information becomes available. The following table summarizes the fair value of identifiable assets acquired and liabilities assumed in the acquisition of nexAir, LLC as of the acquisition date.

(Millions of dollars)		January 5, 2023
<b>Assets:</b>		
Cash and cash equivalents	\$	55
Other current assets - net		48
Property, plant and equipment, net		241
Other intangible assets - net		245
Other long-term liabilities - net		(5)
<b>Total identifiable net assets</b>	<b>\$</b>	<b>584</b>
<b>Goodwill</b>	<b>\$</b>	<b>458</b>
<b>Fair value of previously held equity interest</b>	<b>\$</b>	<b>183</b>
<b>Total purchase price</b>	<b>\$</b>	<b>859</b>

nexAir, LLC's assets and liabilities were measured at estimated fair values at January 5, 2023. Estimates of fair value represent management's best estimate of assumptions about future events and uncertainties, including significant judgments related to future cash flows (sales, costs, customer attrition rates, and contributory asset charges), discount rates, competitive trends, and market comparables. Inputs used were generally obtained from historical data supplemented by current and anticipated market conditions and growth rates.

The fair value of the previously held equity interest was based upon a purchase price valuation (excluding debt) multiplied by the company's previously held ownership interest adjusted by a discount for lack of marketability. The fair value of property, plant & equipment, net is based on assumptions that market participants would use in pricing an asset, based on the most advantageous market for the asset (i.e., its highest and best use). The cost approach, adjusted for the age and condition of the property, plant and equipment, was used to estimate fair value.

Identifiable intangible assets primarily consist of customer relationships of approximately \$245 million that will be amortized over their estimated useful life of 20 years. The fair value of the customer relationships intangible asset was valued using a multi-period excess earnings method, a form of the income approach, which incorporates the estimated future cash flows to be generated from nexAir, LLC's existing customer base. There were no indefinite-lived intangible assets identified in conjunction with the acquisition.

The excess of the consideration for the acquisition over the preliminary fair value of net assets acquired was recorded as goodwill. The acquisition resulted in \$458 million of goodwill, the majority of which is expected to be deductible for tax purposes. The goodwill balance is primarily attributable to the assembled workforce and operating synergies expected to result from the acquisition. The goodwill recorded as a result of the acquisition was allocated to the Americas reportable segment, which represents the reportable segment anticipated to experience operating synergies as a result of the acquisition.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")**

***Non-GAAP Measures***

Throughout MD&A, the company provides adjusted operating results exclusive of certain items such as Other charges, net gains or losses on sale of businesses, purchase accounting impacts of the Linde AG merger and pension settlement charges. Adjusted amounts are non-GAAP measures which are intended to supplement investors' understanding of the company's financial information by providing measures which investors, financial analysts and management find useful in evaluating the company's operating performance. Items which the company does not believe to be indicative of on-going business performance are excluded from these calculations so that investors can better evaluate and analyze historical and future business trends on a consistent basis. In addition, operating results, excluding these items, is important to management's development of annual and long-term employee incentive compensation plans. Definitions of these non-GAAP measures may not be comparable to similar definitions used by other companies and are not a substitute for similar GAAP measures.

The non-GAAP measures and reconciliations are separately included in a later section in the MD&A titled "Non-GAAP Measures and Reconciliations."

### Consolidated Results

The following table provides summary information for the quarters and nine months ended September 30, 2023 and 2022. The reported amounts are GAAP amounts from the Consolidated Statements of Income. The adjusted amounts are intended to supplement investors' understanding of the company's financial information and are not a substitute for GAAP measures:

(Millions of dollars, except per share data)	Quarter Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Sales	\$ 8,155	\$ 8,797	(7) %	\$ 24,552	\$ 25,465	(4) %
Cost of sales, exclusive of depreciation and amortization	\$ 4,314	\$ 5,285	(18) %	\$ 13,061	\$ 15,023	(13) %
As a percent of sales	52.9 %	60.1 %		53.2 %	59.0 %	
Selling, general and administrative	\$ 808	\$ 770	5 %	\$ 2,463	\$ 2,343	5 %
As a percent of sales	9.9 %	8.8 %		10.0 %	9.2 %	
Depreciation and amortization	\$ 959	\$ 1,045	(8) %	\$ 2,867	\$ 3,248	(12) %
Other charges (b)	\$ 2	\$ 15	(87) %	\$ 42	\$ 1,004	(96) %
Other income (expense) - net	\$ 16	\$ (34)	147 %	\$ (16)	\$ (58)	72 %
Operating profit	\$ 2,052	\$ 1,613	27 %	\$ 5,996	\$ 3,682	63 %
Operating margin	25.2 %	18.3 %		24.4 %	14.5 %	
Interest expense - net	\$ 40	\$ 18	122 %	\$ 129	\$ 32	303 %
Net pension and OPEB cost (benefit), excluding service cost	\$ (35)	\$ (53)	(34) %	\$ (125)	\$ (179)	(30) %
Effective tax rate	23.8 %	23.7 %		22.6 %	27.3 %	
Income from equity investments	\$ 41	\$ 43	(5) %	\$ 128	\$ 137	(7) %
Noncontrolling interests	\$ (36)	\$ (27)	33 %	\$ (109)	\$ (101)	8 %
Net Income - Linde plc	\$ 1,565	\$ 1,273	23 %	\$ 4,656	\$ 2,819	65 %
Diluted earnings per share	\$ 3.19	\$ 2.54	26 %	\$ 9.43	\$ 5.57	69 %
Diluted shares outstanding	491,076	501,151	(2) %	493,567	506,012	(2) %
Number of employees	66,442	65,293	2 %	66,442	65,293	2 %
<b>Adjusted Amounts (a)</b>						
Operating profit	\$ 2,306	\$ 2,010	15 %	\$ 6,798	\$ 5,903	15 %
Operating margin	28.3 %	22.8 %		27.7 %	23.2 %	
Effective tax rate	23.7 %	25.0 %		23.8 %	24.6 %	
Net Income - Linde plc	\$ 1,783	\$ 1,555	15 %	\$ 5,236	\$ 4,621	13 %
Diluted earnings per share	\$ 3.63	\$ 3.10	17 %	\$ 10.61	\$ 9.13	16 %
<b>Other Financial Data (a)</b>						
EBITDA	\$ 3,052	\$ 2,701	13 %	\$ 8,991	\$ 7,067	27 %
As percent of sales	37.4 %	30.7 %		36.6 %	27.8 %	
Adjusted EBITDA	\$ 3,074	\$ 2,739	12 %	\$ 9,096	\$ 8,148	
As percent of sales	37.7 %	31.1 %		37.0 %	32.0 %	

(a) Adjusted Amounts and Other Financial Data are non-GAAP performance measures. A reconciliation of reported amounts to adjusted amounts can be found in the "Non-GAAP Measures and Reconciliations" section of this MD&A.

(b) See Note 2 to the condensed consolidated financial statements.

### Reported

In the third quarter of 2023, Linde's sales were \$8,155 million, \$642 million below prior year. Cost pass-through, representing the contractual billing of energy cost variances primarily to onsite customers, decreased sales by 6% in the quarter, with minimal impact on operating profit. Engineering decreased sales by 4% in the quarter. Volumes decreased sales by 2% in the quarter versus the 2022 respective period. Divestitures, net of acquisitions, decreased sales by 1% in the quarter, primarily due to the divestment of the GIST business, partially offset by the nexAir, LLC acquisition. The aforementioned drivers were partially offset by 5% higher price attainment and 1% favorable currency impacts during the quarter.

Reported operating profit for the third quarter of 2023 of \$2,052 million, or 25.2% of sales, was 27% above prior year. The reported year-over-year increase was primarily driven by higher pricing, productivity initiatives and lower depreciation and amortization driven by merger related intangible assets, which more than offset adverse impacts from cost inflation and lower volumes. The reported effective tax rate ("ETR") was 23.8% in the third quarter 2023 versus 23.7% in the third quarter 2022. Diluted earnings per share ("EPS") was \$3.19, or 26% above EPS of \$2.54 in the third quarter of 2022, primarily due to higher net income - Linde plc and lower diluted shares outstanding.

*Adjusted*

In the third quarter of 2023, adjusted operating profit of \$2,306 million, or 28.3% of sales, was 15% higher as compared to the respective 2022 period, driven by higher pricing, and productivity initiatives, partially offset by cost inflation and lower volumes. The adjusted ETR was 23.7% in the third quarter 2023 versus 25.0% in the 2022 quarter, primarily due to higher tax benefits from share based compensation and favorable jurisdictional mix. On an adjusted basis, EPS was \$3.63, 17% above the 2022 adjusted EPS of \$3.10, driven by higher adjusted net income - Linde plc and lower diluted shares outstanding.

***Outlook***

Linde provides quarterly updates on operating results, material trends that may affect financial performance, and financial guidance via quarterly earnings releases and investor teleconferences. These updates are available on the company's website, [www.linde.com](http://www.linde.com), but are not incorporated herein.

## Results of operations

The changes in consolidated sales compared to the prior year are attributable to the following:

	Quarter Ended September 30, 2023 vs. 2022		Nine Months Ended September 30, 2023 vs. 2022	
	% Change		% Change	
Factors Contributing to Changes - Sales				
Volume	(2)	%	(2)	%
Price/Mix	5	%	7	%
Cost pass-through	(6)	%	(4)	%
Currency	1	%	(1)	%
Acquisitions/divestitures	(1)	%	(1)	%
Engineering	(4)	%	(3)	%
	(7)	%	(4)	%

## Sales

Sales decreased \$642 million or 7% for the third quarter of 2023 and decreased \$913 million or 4% for nine months ended September 30, 2023 versus the respective 2022 periods. Cost pass-through decreased sales by 6% in the quarter and 4% in the year-to-date period, with minimal impact on operating profit. Engineering decreased sales by 4% in the quarter and 3% in the year-to-date period. Volumes decreased sales by 2% in the quarter and year-to-date period versus the respective 2022 periods, primarily driven by the metals and mining end market. The impact of divestitures, net of acquisitions decreased sales by 1% in the quarter and year-to-date period. Currency translation increased sales by 1% in the quarter, driven by the strengthening of the Euro and Brazilian real, and decreased 1% in the year-to-date period, driven by the weakening of the Euro, Chinese yuan, British pound and Australian dollar against the U.S. dollar. Higher pricing across all geographic segments contributed 5% to sales in the quarter and 7% in the year-to-date period.

## Cost of sales, exclusive of depreciation and amortization

Cost of sales, exclusive of depreciation and amortization decreased \$971 million, or 18%, for the third quarter of 2023 and decreased \$1,962 million, or 13% for the nine months ended September 30, 2023 primarily due to lower cost pass-through and volumes, the net impact of acquisitions and divestitures and productivity gains which more than offset cost inflation. Cost of sales, exclusive of depreciation and amortization was 52.9% and 53.2% of sales, respectively, for the third quarter and nine months ended September 30, 2023 versus 60.1% and 59.0% for the respective 2022 periods. The decrease as a percentage of sales in the quarter and for the nine months ended September 30, 2023 was primarily due to higher pricing and lower cost pass-through.

## Selling, general and administrative expenses

Selling, general and administrative expense ("SG&A") increased \$38 million, or 5%, for the third quarter of 2023 and increased \$120 million or 5% for the nine months ended September 30, 2023. SG&A was 9.9% of third quarter sales and 10.0% of the sales for the nine months ended September 30, 2023 versus 8.8% and 9.2% for the respective 2022 periods. Currency impacts increased SG&A by \$11 million in the quarter and decreased SG&A by \$13 million for the nine months ended September 30, 2023. Excluding currency impacts, underlying SG&A increased in the third quarter and the nine months ended September 30, 2023 primarily due to the acquisition of nexAir.

## Depreciation and amortization

Reported depreciation and amortization expense decreased \$86 million, or 8%, for the third quarter of 2023 and decreased \$381 million, or 12%, for the nine months ended September 30, 2023. The decrease is related primarily to lower depreciation and amortization of intangible assets acquired in the merger.

On an adjusted basis, depreciation and amortization increased \$42 million, for the third quarter of 2023 and increased \$65 million for the year-to-date period. Currency impacts increased depreciation and amortization by \$9 million in the quarter and decreased \$19 million for the nine months ended September 30, 2023. Excluding currency, underlying depreciation and amortization increased due to the net impact of acquisitions and new project start ups.

## Other charges

Other charges were \$2 million and \$42 million for the third quarter and nine months ended September 30, 2023, respectively, and \$15 million and \$1,004 million for the respective 2022 periods. For the nine months ended September 30, 2023 the costs primarily related to severance in the Engineering segment and expenses incurred due to the intercompany reorganization. For the nine months ended September, 2022 charges related primarily to the deconsolidation and impairment of Russian

subsidiaries resulting from the ongoing war in Ukraine and related sanctions (see Note 2 to the condensed consolidated financial statements).

On an adjusted basis, these benefits and costs have been excluded in both periods.

**Operating profit**

On a reported basis, operating profit increased \$439 million, or 27%, for the third quarter of 2023 and increased \$2,314 million, or 63%, for the nine months ended September 30, 2023. The increase in the quarter was primarily due to higher pricing, savings from productivity initiatives, and lower depreciation and amortization driven by merger related intangible assets in 2023. The increase in the year to date period was primarily driven by Russia-Ukraine conflict and other charges recorded in the third quarter of 2022 and included higher pricing, savings from productivity initiatives, and lower depreciation and amortization driven by merger related intangible assets. These increases more than offset the adverse impacts of cost inflation and lower volumes in the third quarter and year-to-date period of 2023.

On an adjusted basis, which excludes the impacts of merger-related purchase accounting as well as other charges, operating profit increased \$296 million, or 15% in the third quarter of 2023 and increased \$895 million, or 15% for the nine months ended September 30, 2023. Operating profit growth was driven by higher pricing and productivity initiatives, which more than offset the effects of cost inflation and lower volumes during the periods. A discussion of operating profit by segment is included in the segment discussion that follows.

**Interest expense - net**

Reported interest expense - net increased \$22 million for the third quarter of 2023 and increased \$97 million for the nine months ended September 30, 2023. On an adjusted basis, interest expense increased \$16 million for the third quarter of 2023 and increased \$85 million for the nine months ended September 30, 2023 versus the respective 2022 periods. The increase in both periods was driven primarily by higher interest rates on short-term debt.

**Net pension and OPEB cost (benefit), excluding service cost**

Reported net pension and OPEB cost (benefit), excluding service cost were benefits of \$35 million and \$125 million for the quarter and nine months ended September 30, 2023, respectively, versus \$53 million and \$179 million for the respective 2022 periods. The decrease in benefit primarily relates to higher interest cost reflective of the higher discount rate environment year-over-year.

**Effective tax rate**

The reported effective tax rate ("ETR") for the quarter and nine months ended September 30, 2023 was 23.8% and 22.6%, respectively, versus 23.7% and 27.3% for the respective 2022 periods. The decrease in the year-to-date rate is primarily related to a net decrease in the Company's uncertain tax positions, a tax refund related to a prior period and the absence of the net unfavorable tax expense resulting from the Russia deconsolidation in 2022 (see Note 2 to the condensed consolidated financial statements) and higher tax benefits from share based compensation.

On an adjusted basis, the ETR for the quarter and nine months ended September 30, 2023 was 23.7% and 23.8%, respectively, versus 25.0% and 24.6% for the respective 2022 periods. The decrease in the quarter rate is primarily due to higher tax benefits from share based compensation and favorable jurisdictional mix. The decrease in the year-to-date rate is primarily due to higher tax benefits from share based compensation.

**Income from equity investments**

Reported income from equity investments for the third quarter of 2023 and nine months ended September 30, 2023 was \$41 million and \$128 million, respectively, versus \$43 million and \$137 million for the respective 2022 periods.

On an adjusted basis, income from equity investments for the third quarter and nine months ended September 30, 2023 was \$59 million and \$182 million, respectively, versus \$61 million and \$194 million in the respective 2022 periods.

**Noncontrolling interests**

At September 30, 2023, noncontrolling interests consisted primarily of non-controlling shareholders' investments in APAC (primarily China).

Reported noncontrolling interests income increased \$9 million for the third quarter of 2023 and \$8 million for the nine months ended September 30, 2023, from the respective 2022 periods.

**Net Income – Linde plc**

Reported net income - Linde plc increased \$292 million, or 23%, for the third quarter of 2023 and increased \$1,837 million, or 65% for the nine months ended September 30, 2023 versus the respective 2022 periods.



On an adjusted basis, which excludes the impacts of purchase accounting and other charges, net income - Linde plc increased \$228 million, or 15%, for the quarter and increased \$615 million, or 13%, for the nine months ended September 30, 2023 versus the respective 2022 periods.

On both a reported and adjusted basis, the increase was driven by higher operating profit.

***Diluted earnings per share***

Reported diluted earnings per share increased \$0.65, or 26%, for the third quarter of 2023 and increased \$3.86, or 69%, for the nine months ended September 30, 2023 versus the comparable 2022 periods.

On an adjusted basis, diluted EPS increased \$0.53, or 17%, for the third quarter of 2023 and increased \$1.48, or 16% versus the respective 2022 periods.

The increase on both a reported and adjusted basis is primarily due to higher net income - Linde plc and lower diluted shares outstanding.

***Employees***

The number of employees at September 30, 2023 was 66,442, an increase of 1,149 employees from September 30, 2022, driven primarily by the acquisition of nexAir.

***Other Financial Data***

EBITDA was \$3,052 million for the third quarter of 2023 as compared to \$2,701 million in the respective 2022 period. EBITDA was \$8,991 million for the nine months ended September 30, 2023 as compared to \$7,067 million in the respective 2022 period. The increase in both periods was driven by higher net income - Linde plc versus prior year.

Adjusted EBITDA increased to \$3,074 million for the third quarter 2023 from \$2,739 million in the respective 2022 period. Adjusted EBITDA was \$9,096 million for the nine months ended September 30, 2023 as compared to \$8,148 million in the respective 2022 period. The higher EBITDA was primarily due to higher net income - Linde plc versus the respective prior period.

See the "Non-GAAP Measures and Reconciliations" section for definitions and reconciliations of these adjusted non-GAAP measures to reported GAAP amounts.

***Other Comprehensive Income (Loss)***

Other comprehensive losses for the third quarter and nine months ended September 30, 2023 were \$790 million and \$932 million, respectively. The loss in the quarter resulted primarily from currency translation adjustments of \$771 million. The loss during the nine months ended September 30, 2023 resulted primarily from unfavorable currency translation adjustments of \$637 million and \$202 million associated with retirement programs. The translation adjustments reflect the impact of translating local currency foreign subsidiary financial statements to U.S. dollars, and are largely driven by the movement of the U.S. dollar against major currencies including the Euro, British pound and the Chinese yuan. See the "Currency" section of the MD&A for exchange rates used for translation purposes and Note 11 to the condensed consolidated financial statements for a summary of the currency translation adjustment component of accumulated other comprehensive income (loss) by segment.

### Segment Discussion

The following summary of sales and operating profit by segment provides a basis for the discussion that follows. Linde plc evaluates the performance of its reportable segments based on operating profit, excluding items not indicative of ongoing business trends. The reported amounts are GAAP amounts from the Consolidated Statements of Income.

(Millions of dollars)	Quarter Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Variance	2023	2022	Variance
<b>SALES</b>						
Americas	\$ 3,629	\$ 3,694	(2) %	\$ 10,721	\$ 10,453	3 %
EMEA	2,105	2,125	(1) %	6,442	6,417	— %
APAC	1,639	1,660	(1) %	4,920	4,913	— %
Engineering	467	828	(44) %	1,502	2,200	(32) %
Other	315	490	(36) %	967	1,482	(35) %
Total sales	<u>\$ 8,155</u>	<u>\$ 8,797</u>	<u>(7) %</u>	<u>\$ 24,552</u>	<u>\$ 25,465</u>	<u>(4) %</u>
<b>SEGMENT OPERATING PROFIT</b>						
Americas	\$ 1,074	\$ 974	10 %	\$ 3,169	\$ 2,788	14 %
EMEA	634	465	36 %	1,871	1,504	24 %
APAC	459	429	7 %	1,354	1,254	8 %
Engineering	116	150	(23) %	372	398	(7) %
Other	23	(8)	388 %	32	(41)	178 %
Segment operating profit	<u>\$ 2,306</u>	<u>\$ 2,010</u>	<u>15 %</u>	<u>\$ 6,798</u>	<u>\$ 5,903</u>	<u>15 %</u>
Reconciliation to reported operating profit:						
Other charges (Note 2)	(2)	(15)		(42)	(1,004)	
Purchase accounting impacts - Linde AG	(252)	(382)		(760)	(1,217)	
Total operating profit	<u>\$ 2,052</u>	<u>\$ 1,613</u>		<u>\$ 5,996</u>	<u>\$ 3,682</u>	

## Americas

(Millions of dollars)	Quarter Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Sales	\$ 3,629	\$ 3,694	(2) %	\$ 10,721	\$ 10,453	3 %
Operating profit	\$ 1,074	\$ 974	10 %	\$ 3,169	\$ 2,788	14 %
As a percent of sales	29.6 %	26.4 %		29.6 %	26.7 %	

	Quarter Ended September 30, 2023 vs. 2022		Nine Months Ended September 30, 2023 vs. 2022	
	% Change		% Change	
<b>Factors Contributing to Changes - Sales</b>				
Volume	(2)	%	(1)	%
Price/Mix	5	%	6	%
Cost pass-through	(8)	%	(5)	%
Currency	—	%	—	%
Acquisitions/divestitures	3	%	3	%
	(2)	%	3	%

The Americas segment includes Linde's industrial gases operations in approximately 20 countries including the United States, Canada, Mexico, and Brazil.

## Sales

Sales for the Americas segment decreased \$65 million, or 2%, in the third quarter and increased \$268 million, or 3% for the nine months ended September 30, 2023 versus the respective 2022 periods. Higher pricing contributed 5% to sales in the quarter and 6% in the year-to-date period. The impact of net acquisitions increased sales by 3% in the third quarter and nine months ended September 30, 2023, primarily due to the acquisition of nexAir, LLC (See Note 13 to the condensed consolidated financial statements). Cost pass-through decreased sales by 8% for the third quarter and 5% for the nine months ended September 30, 2023, with minimal impact on operating profit. Volumes decreased sales by 2% for the third quarter and decreased 1% for the nine months ended September 30, 2023 driven primarily by the electronics and metals and mining end markets.

## Operating profit

Operating profit in the Americas segment increased \$100 million, or 10%, in the third quarter and increased \$381 million, or 14% for the nine months ended September 30, 2023 versus the respective 2022 periods, driven primarily by higher pricing, acquisitions and continued productivity initiatives which more than offset cost inflation and lower volumes during the quarter and year-to-date period.

## EMEA

(Millions of dollars)	Quarter Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Sales	\$ 2,105	\$ 2,125	(1) %	\$ 6,442	\$ 6,417	— %
Operating profit	\$ 634	\$ 465	36 %	\$ 1,871	\$ 1,504	24 %
As a percent of sales	30.1 %	21.9 %		29.0 %	23.4 %	

	Quarter Ended September 30, 2023 vs. 2022		Nine Months Ended September 30, 2023 vs. 2022	
	% Change		% Change	
Factors Contributing to Changes - Sales				
Volume	(4)	%	(4)	%
Price/Mix	6	%	10	%
Cost pass-through	(9)	%	(4)	%
Currency	6	%	—	%
Acquisitions/divestitures	—	%	(2)	%
	(1)	%	—	%

The EMEA segment includes Linde's industrial gases operations in approximately 45 European, Middle Eastern and African countries including Germany, United Kingdom, France, the Republic of South Africa and Sweden.

### Sales

EMEA segment sales decreased by \$20 million, or 1%, in the third quarter and increased \$25 million for the nine months ended September 30, 2023 as compared to the respective 2022 periods. Higher price attainment increased sales by 6% in the quarter and 10% in the year-to-date period. Volumes decreased sales by 4% in the quarter and year-to-date period led by the chemicals and energy end market. Cost pass-through decreased sales by 9% in the quarter and 4% in the year-to-date period, with minimal impact on operating profit. Currency translation increased sales by 6% in the quarter and was flat in the year-to-date period, due largely to the strengthening of the Euro and British pound against the U.S. Dollar. The impact of net divestitures was flat in the quarter and decreased sales by 2% year-to-date period, primarily due to the deconsolidation of the Russian subsidiaries in June 2022.

### Operating Profit

Operating profit for the EMEA segment increased by \$169 million, or 36%, in the third quarter and increased by \$367 million, or 24% for the nine months ended September 30, 2023, as compared to the respective 2022 periods. The increase in operating profit in the quarter and year-to-date period was driven primarily by higher pricing and continued productivity initiatives, partially offset by cost inflation, lower volumes and divestitures.

### APAC

(Millions of dollars)	Quarter Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Sales	\$ 1,639	\$ 1,660	(1) %	\$ 4,920	\$ 4,913	— %
Operating profit	\$ 459	\$ 429	7 %	\$ 1,354	\$ 1,254	8 %
As a percent of sales	28.0 %	25.8 %		27.5 %	25.5 %	

	Quarter Ended September 30, 2023 vs. 2022		Nine Months Ended September 30, 2023 vs. 2022	
	% Change		% Change	
Factors Contributing to Changes - Sales				
Volume/Equipment	—	%	1	%
Price/Mix	3	%	5	%
Cost pass-through	(1)	%	(1)	%
Currency	(3)	%	(5)	%
Acquisitions/divestitures	—	%	—	%
	(1)	%	—	%

The APAC segment includes Linde's industrial gases operations in approximately 20 Asian and South Pacific countries and regions including China, Australia, India, and South Korea.

### Sales

Sales for the APAC segment decreased \$21 million, or 1%, in the third quarter and increased \$7 million, for the nine months ended September 30, 2023 versus the respective 2022 periods. Higher pricing contributed 3% to sales in the quarter and 5% year-to-date period. Volumes remained flat in the quarter and increased 1% in the year-to-date period including project start-ups in the electronics and chemicals and energy end markets. Currency translation decreased sales by 3% in quarter and 5% year-to-date period, driven primarily by the weakening of the Australian dollar, Indian rupee and Chinese yuan against the U.S. dollar. Cost pass-through decreased sales by 1% in the quarter and year-to-date period.

### Operating profit

Operating profit in the APAC segment increased \$30 million, or 7%, in the third quarter and increased \$100 million, or 8% in the nine months ended September 30, 2023 versus the respective 2022 periods, driven by higher pricing and continued productivity initiatives which more than offset the impact of currency and cost inflation during the quarter and year-to-date period.

### Engineering

(Millions of dollars)	Quarter Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Sales	\$ 467	\$ 828	(44) %	\$ 1,502	\$ 2,200	(32) %
Operating profit	\$ 116	\$ 150	(23) %	\$ 372	\$ 398	(7) %
As a percent of sales	24.8 %	18.1 %		24.8 %	18.1 %	

	Quarter Ended September 30, 2023 vs. 2022		Nine Months Ended September 30, 2023 vs. 2022	
	% Change		% Change	
<b>Factors Contributing to Changes - Sales</b>				
Currency	3	%	—	%
Other	(47)	%	(32)	%
	(44)	%	(32)	%

### Sales

Engineering segment sales decreased \$361 million in the third quarter and decreased \$698 million in the nine months ended September 30, 2023 as compared to the respective 2022 periods. The decrease in both periods were driven primarily by project timing.

Projects for Russia that were sanctioned and have been wound down represented \$48 million and \$135 million of the Engineering segment sales during the third quarter and nine months ended September 30, 2023, respectively, and \$123 million and \$773 million during the respective 2022 periods.

### Operating profit

Engineering segment operating profit decreased, \$34 million in the third quarter and decreased \$26 million in the nine months ended September 30, 2023 as compared to the respective 2022 periods. The decline from lower sales was partially offset by higher margin on wind down of projects subject to sanctions in Russia in both the quarter and year-to-date period.

## Other

(Millions of dollars)	Quarter Ended September 30,			Nine Months Ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Sales	\$ 315	\$ 490	(36) %	\$ 967	\$ 1,482	(35) %
Operating profit (loss)	\$ 23	\$ (8)	388 %	\$ 32	\$ (41)	178 %
As a percent of sales	7.3 %	(1.6)%		3.3 %	(2.8)%	

	Quarter Ended September 30, 2023 vs. 2022		Nine Months Ended September 30, 2023 vs. 2022	
	% Change		% Change	
<b>Factors Contributing to Changes - Sales</b>				
Volume/price	(1)	%	3	%
Currency	1	%	—	%
Acquisitions/divestitures	(36)	%	(38)	%
	(36)	%	(35)	%

Other consists of corporate costs and a few smaller businesses including Surface Technologies and global helium wholesale, which individually do not meet the quantitative thresholds for separate presentation.

## Sales

Sales for Other decreased \$175 million for the third quarter and decreased \$515 million for the nine months ended September 30, 2023 versus the respective 2022 periods. The impact of net divestitures decreased sales by 36% in the quarter and 38% year-to-date period versus the respective 2022 periods, primarily due to sale of GIST business in third quarter of 2022. Underlying sales decreased 1% due to lower volumes partially offset by higher pricing in the quarter and increased 3% in the year-to-date period, driven primarily by price in the coatings and global helium businesses. Currency translation impacts increased sales by 1% in the quarter and were flat in the year-to-date period.

## Operating profit

Operating profit in Other increased \$31 million, or 388% in the third quarter and increased \$73 million, or 178% in the nine months ended September 30, 2023 versus the respective 2022 periods. The increase in the quarter and year-to-date period was driven primarily by higher pricing and lower corporate costs which more than offset the impact of divestitures.

### Currency

The results of Linde's non-U.S. operations are translated to the company's reporting currency, the U.S. dollar, from the functional currencies. For most operations, Linde uses the local currency as its functional currency. There is inherent variability and unpredictability in the relationship of these functional currencies to the U.S. dollar and such currency movements may materially impact Linde's results of operations in any given period.

To help understand the reported results, the following is a summary of the significant currencies underlying Linde's consolidated results and the exchange rates used to translate the financial statements (rates of exchange expressed in units of local currency per U.S. dollar):

Currency	Percentage of YTD 2023 Consolidated Sales		Exchange Rate for Income Statement		Exchange Rate for Balance Sheet	
			Year-To-Date Average		September 30,	December 31,
			2023	2022	2023	2022
Euro	19	%	0.92	0.94	0.94	0.93
Chinese yuan	8	%	7.03	6.59	7.30	6.90
British pound	5	%	0.80	0.79	0.82	0.83
Australian dollar	4	%	1.50	1.41	1.55	1.47
Brazilian real	4	%	5.00	5.12	5.03	5.28
Canadian dollar	3	%	1.35	1.28	1.36	1.36
Korean won	3	%	1,301	1,265	1,349	1,266
Mexican peso	3	%	17.78	20.25	17.42	19.50
Indian rupee	2	%	82.06	77.34	83.04	82.73
South African rand	1	%	18.34	15.90	18.92	17.04
Swedish krona	1	%	10.59	9.88	10.91	10.43
Thailand bhat	1	%	34.51	34.54	36.41	34.61

**Liquidity, Capital Resources and Other Financial Data**

The following selected cash flow information provides a basis for the discussion that follows:

(Millions of dollars)	Nine months ended September 30,	
	2023	2022
<b>NET CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES</b>		
Net income (including noncontrolling interests)	\$ 4,765	\$ 2,920
Non-cash charges (credits):		
Add: Depreciation and amortization	2,867	3,248
Add: Deferred income taxes	(172)	(412)
Add: Share-based compensation	102	78
Add: Other charges, net of payments (a)	(91)	909
Net income adjusted for non-cash charges	7,471	6,743
Less: Working capital	(535)	(238)
Less: Pension contributions	(35)	(44)
Other	(323)	308
Net cash provided by (used for) operating activities	\$ 6,578	\$ 6,769
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(2,636)	(2,237)
Acquisitions, net of cash acquired	(842)	(110)
Divestitures, net of cash divested and asset sales	34	140
Net cash provided by (used for) investing activities	\$ (3,444)	\$ (2,207)
<b>FINANCING ACTIVITIES</b>		
Debt increase (decrease) - net	227	2,795
Issuances (purchases) of common stock - net	(2,900)	(4,454)
Cash dividends - Linde plc shareholders	(1,866)	(1,758)
Noncontrolling interest transactions and other	(81)	(62)
Net cash provided by (used for) financing activities	\$ (4,620)	\$ (3,479)
Effect of exchange rate changes on cash and cash equivalents	\$ (56)	\$ (150)
Cash and cash equivalents, end-of-period	\$ 3,894	\$ 3,756

(a) See Note 2 to the condensed consolidated financial statements.

**Cash Flow from Operations**

Cash provided by operations of \$6,578 million for the nine months ended September 30, 2023 decreased \$191 million, or 3%, versus 2022. The decrease was driven primarily by higher working capital requirements, including lower inflows from contract liabilities from engineering customer advanced payments and higher cash tax payments. Other charges were \$42 million and \$1,004 million, for the nine months ended September 30, 2023 and 2022, respectively. 2022 charges related primarily to the deconsolidation and impairment of Russian subsidiaries resulting from the ongoing war in Ukraine and related sanctions. Related Other charges cash outflows were \$133 million and \$95 million for the nine months ended September 30, 2023 and 2022, respectively.

Linde estimates that total 2023 required contributions to its pension plans will be in the range of approximately \$40 million to \$50 million, of which \$35 million has been made through September 30, 2023.

As of September 30, 2023, Linde has approximately \$498 million recorded in contract liabilities within the condensed consolidated balance sheet related to engineering projects in Russia. Any obligation to satisfy the related residual contract liabilities may have an adverse effect on Linde's cash flows.



### Investing

Net cash used for investing of \$3,444 million for the nine months ended September 30, 2023 increased \$1,237 million versus 2022, due to higher acquisitions, net of cash acquired and higher capital expenditures.

Capital expenditures for the nine months ended September 30, 2023 were \$2,636 million, \$399 million higher than the prior year due primarily to investments in new plant and production equipment for operating and growth requirements.

At September 30, 2023, Linde's sale of gas backlog of large projects under construction was approximately \$4.5 billion. This represents the total estimated capital cost of large plants under construction.

Acquisitions, net of cash acquired for the nine months ended September 30, 2023 and 2022 were \$842 million and \$110 million, respectively, and related primarily to the acquisition of nexAir in the Americas (see Note 13 to the condensed consolidated financial statements).

Divestitures, net of cash divested and asset sales for the nine months ended September 30, 2023 and 2022 were \$34 million and \$140 million, respectively. Divestiture proceeds for 2022 included cash received from the sale of the company's GIST business of \$184 million, net of cash divested of \$75 million, for net proceeds of \$109 million.

### Financing

Cash used for financing activities was \$4,620 million for the nine months ended September 30, 2023 as compared to \$3,479 million for the nine months ended September 30, 2022. Cash provided by debt was \$227 million in 2023 versus cash provided by debt of \$2,795 million in 2022, driven primarily by lower commercial paper borrowings and lower net debt issuances in 2023. In February 2023, Linde repaid \$500 million of 2.70% notes that became due. In April 2023, Linde repaid €650 million of 2.00% notes and £300 million of 5.875% notes that became due. In June 2023, Linde issued €500 million of 3.625% notes due in 2025, €750 million of 3.375% notes due in 2029 and €650 million of 3.625% notes due in 2034.

Net purchases of ordinary shares were \$2,900 million in 2023 versus \$4,454 million in 2022. On October 23, 2023, the company's Board of Directors approved the additional repurchase of \$15.0 billion of its ordinary shares. For additional information related to the share repurchase programs, see Part II Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Cash dividends of \$1,866 million increased \$108 million from 2022 driven primarily by a 9% increase in quarterly dividends per share from \$1.17 per share to \$1.275 per share, partially offset by lower shares outstanding. Cash used for Noncontrolling interest transactions and other was \$81 million for the nine months ended September 30, 2023 versus cash used of \$62 million for the respective 2022 period.

The company continues to believe it has sufficient operating flexibility, cash, and funding sources to meet its business needs around the world. The company had \$3.9 billion of cash as of September 30, 2023, and has a \$5 billion and a \$1.5 billion unsecured and undrawn revolving credit agreement with no associated financial covenants. No borrowings were outstanding under the credit agreements as of September 30, 2023. The company does not anticipate any limitations on its ability to access the debt capital markets and/or other external funding sources and remains committed to its strong ratings from Moody's and Standard & Poor's.

### Legal Proceedings

See Note 9 to the condensed consolidated financial statements.

**NON-GAAP MEASURES AND RECONCILIATIONS**  
(Millions of dollars, except per share data)

The following non-GAAP measures are intended to supplement investors' understanding of the company's financial information by providing measures which investors, financial analysts and management use to help evaluate the company's operating performance and liquidity. Items which the company does not believe to be indicative of on-going business trends are excluded from these calculations so that investors can better evaluate and analyze historical and future business trends on a consistent basis. Definitions of these non-GAAP measures may not be comparable to similar definitions used by other companies and are not a substitute for similar GAAP measures.

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b><u>Adjusted Operating Profit and Operating Margin</u></b>				
Reported operating profit	\$ 2,052	\$ 1,613	\$ 5,996	\$ 3,682
Add: Other charges	2	15	42	1,004
Add: Purchase accounting impacts - Linde AG(c)	252	382	760	1,217
Total adjustments	254	397	802	2,221
Adjusted operating profit	\$ 2,306	\$ 2,010	\$ 6,798	\$ 5,903
Reported percentage change	27 %	25 %	63 %	1 %
Adjusted percentage change	15 %	11 %	15 %	11 %
Reported sales	\$ 8,155	\$ 8,797	\$ 24,552	\$ 25,465
Reported operating margin	25.2 %	18.3 %	24.4 %	14.5 %
Adjusted operating margin	28.3 %	22.8 %	27.7 %	23.2 %
<b><u>Adjusted Depreciation and amortization</u></b>				
Reported depreciation and amortization	\$ 959	\$ 1,045	\$ 2,867	\$ 3,248
Less: Purchase accounting impacts - Linde AG(c)	(249)	(377)	(750)	(1,196)
Adjusted depreciation and amortization	\$ 710	\$ 668	\$ 2,117	\$ 2,052
<b><u>Adjusted Other Income (Expense) - net</u></b>				
Reported Other Income (Expense) - net	\$ 16	\$ (34)	\$ (16)	\$ (58)
Less: Purchase accounting impacts - Linde AG(c)	(3)	(5)	(10)	(21)
Adjusted Other Income (Expense) - net	\$ 19	\$ (29)	\$ (6)	\$ (37)
<b><u>Adjusted Net Pension and OPEB Cost (Benefit), Excluding Service Cost</u></b>				
Reported net pension and OPEB cost (benefit), excluding service cost	\$ (35)	\$ (53)	\$ (125)	\$ (179)
Add: Pension settlement charges	(12)	(6)	(12)	(6)
Adjusted Net Pension and OPEB cost (benefit), excluding service costs	\$ (47)	\$ (59)	\$ (137)	\$ (185)
<b><u>Adjusted Interest Expense - Net</u></b>				
Reported interest expense - net	\$ 40	\$ 18	\$ 129	\$ 32
Add: Purchase accounting impacts - Linde AG(c)	2	8	15	27
Adjusted interest expense - net	\$ 42	\$ 26	\$ 144	\$ 59

**Adjusted Income Taxes (a)**

Reported income taxes	\$	487	\$	391	\$	1,355	\$	1,046
Add: Purchase accounting impacts - Linde AG(c)		59		92		183		308
Add: Pension settlement charges		2		1		2		1
Add: Other charges		—		26		79		127
Total adjustments		61		119		264		436
Adjusted income taxes	\$	548	\$	510	\$	1,619	\$	1,482

**Adjusted Effective Tax Rate (a)**

Reported income before income taxes and equity investments	\$	2,047	\$	1,648	\$	5,992	\$	3,829
Add: Pension settlement charge		12		6		12		6
Add: Purchase accounting impacts - Linde AG(c)		250		374		745		1,190
Add: Other charges		2		15		42		1,004
Total adjustments		264		395		799		2,200
Adjusted income before income taxes and equity investments	\$	2,311	\$	2,043	\$	6,791	\$	6,029
Reported Income taxes	\$	487	\$	391	\$	1,355	\$	1,046
Reported effective tax rate		23.8 %		23.7 %		22.6 %		27.3 %

Adjusted income taxes	\$	548	\$	510	\$	1,619	\$	1,482
Adjusted effective tax rate		23.7 %		25.0 %		23.8 %		24.6 %

**Income from Equity Investments**

Reported income from equity investments	\$	41	\$	43	\$	128	\$	137
Add: Purchase accounting impacts - Linde AG(c)		18		18		54		57
Adjusted income from equity investments	\$	59	\$	61	\$	182	\$	194

**Adjusted Noncontrolling Interests**

Reported noncontrolling interests	\$	(36)	\$	(27)	\$	(109)	\$	(101)
Add: Purchase accounting impacts - Linde AG(c)		(3)		(12)		(9)		(19)
Adjusted noncontrolling interests	\$	(39)	\$	(39)	\$	(118)	\$	(120)

**Adjusted Net Income - Linde plc (b)**

Reported net income - Linde plc	\$	1,565	\$	1,273	\$	4,656	\$	2,819
Add: Pension settlement charge		10		5		10		5
Add: Other charges		2		(11)		(37)		877
Add: Purchase accounting impacts - Linde AG(c)		206		288		607		920
Total adjustments		218		282		580		1,802
Adjusted net income - Linde plc	\$	1,783	\$	1,555	\$	5,236	\$	4,621

**Adjusted Diluted EPS (b)**

Reported diluted EPS	\$	3.19	\$	2.54	\$	9.43	\$	5.57
Add: Pension settlement charge		0.02		0.01		0.02		0.01
Add: Other charges		—		(0.02)		(0.07)		1.73
Add: Purchase accounting impacts - Linde AG(c)		0.42		0.57		1.23		1.82
Total adjustments		0.44		0.56		1.18		3.56
Adjusted diluted EPS	\$	3.63	\$	3.10	\$	10.61	\$	9.13
Reported percentage change		26 %		35 %		69 %		4 %
Adjusted percentage change		17 %		14 %		16 %		15 %

**Adjusted EBITDA and % of Sales**

Net Income - Linde plc	\$	1,565	\$	1,273	\$	4,656	\$	2,819
Add: Noncontrolling interests		36		27		109		101
Add: Net pension and OPEB cost (benefit), excluding service cost		(35)		(53)		(125)		(179)
Add: Interest expense		40		18		129		32
Add: Income taxes		487		391		1,355		1,046
Add: Depreciation and amortization		959		1,045		2,867		3,248
EBITDA	\$	3,052	\$	2,701	\$	8,991	\$	7,067
Add: Other charges		2		15		42		1,004
Add: Purchase accounting impacts - Linde AG(c)		20		23		63		77
Total adjustments		22		38		105		1,081
Adjusted EBITDA	\$	3,074	\$	2,739	\$	9,096	\$	8,148
Reported sales	\$	8,155	\$	8,797	\$	24,552	\$	25,465
% of sales								
EBITDA		37.4 %		30.7 %		36.6 %		27.8 %
Adjusted EBITDA		37.7 %		31.1 %		37.0 %		32.0 %

(a) The income tax expense (benefit) on the non-GAAP pre-tax adjustments was determined using the applicable tax rates for the jurisdictions that were utilized in calculating the GAAP income tax expense (benefit) and included both current and deferred income tax amounts.

(b) Net of income taxes which are shown separately in "Adjusted Income Taxes and Adjusted Effective Tax Rate".

(c) The company believes that its non-GAAP measures excluding Purchase accounting impacts - Linde AG are useful to investors because: (i) the 2018 business combination was a merger of equals in an all-stock merger transaction, with no cash consideration, (ii) the company is managed on a geographic basis and the results of certain geographies are more heavily impacted by purchase accounting than others, causing results that are not comparable at the reportable segment level, therefore, the impacts of purchase accounting adjustments to each segment vary and are not comparable within the company and when compared to other companies in similar regions, (iii) business management is evaluated and variable compensation is determined based on results excluding purchase accounting impacts, and; (iv) it is important to investors and analysts to understand the purchase accounting impacts to the financial statements.

A summary of each of the adjustments made for Purchase accounting impacts - Linde AG are as follows:

*Adjusted Operating Profit and Margin:* The purchase accounting adjustments for the periods presented relate primarily to depreciation and amortization related to the fair value step up of fixed assets and intangible assets (primarily customer related) acquired in the merger and the allocation of fair value step-up for ongoing Linde AG asset disposals (reflected in Other Income/(Expense)).

*Adjusted Interest Expense - Net:* Relates to the amortization of the fair value of debt acquired in the merger.

*Adjusted Income Taxes and Effective Tax Rate:* Relates to the current and deferred income tax impact on the adjustments discussed above. The income tax expense (benefit) on the non-GAAP pre-tax adjustments was determined using the applicable tax rates for the jurisdictions that were utilized in calculating the GAAP income tax expense (benefit) and included both current and deferred income tax amounts.

*Adjusted Income from Equity Investments:* Represents the amortization of increased fair value on equity investments related to depreciable and amortizable assets.

*Adjusted Noncontrolling Interests:* Represents the noncontrolling interests' ownership portion of the adjustments described above determined on an entity by entity basis.

**Net Debt and Adjusted Net Debt**

Net debt is a financial liquidity measure used by investors, financial analysts and management to evaluate the ability of a company to repay its debt. Purchase accounting impacts have been excluded as they are non-cash and do not have an impact on liquidity.

	September 30, 2023	December 31, 2022
<i>(Millions of dollars)</i>		
Debt	\$ 18,003	\$ 17,914
Less: cash and cash equivalents	(3,894)	(5,436)
Net debt	14,109	12,478
Less: purchase accounting impacts - Linde AG	(8)	(22)
Adjusted net debt	<u>\$ 14,101</u>	<u>\$ 12,456</u>

**Supplemental Guarantee Information**

On May 3, 2023, the company filed a Form S-3 Registration Statement with the SEC ("the Registration Statement").

Linde plc may offer debt securities, preferred shares, depositary shares and ordinary shares under the Registration Statement, and debt securities exchangeable for or convertible into preferred shares, ordinary shares or other debt securities. Debt securities of Linde plc may be guaranteed by Linde Inc and/or Linde GmbH. Linde plc may provide guarantees of debt securities offered by its wholly owned subsidiaries Linde Inc. or Linde Finance under the Registration Statement.

Linde Inc. is a wholly owned subsidiary of Linde plc. Linde Inc. may offer debt securities under the Registration Statement. Debt securities of Linde Inc. will be guaranteed by Linde plc, and such guarantees by Linde plc may be guaranteed by Linde GmbH. Linde Inc. may also provide (i) guarantees of debt securities offered by Linde plc under the Registration Statement and (ii) guarantees of the guarantees provided by Linde plc of debt securities of Linde Finance offered under the Registration Statement.

Linde Finance B.V. is a wholly owned subsidiary of Linde plc. Linde Finance may offer debt securities under the Registration Statement. Linde plc will guarantee debt securities of Linde Finance offered under the Registration Statement. Linde GmbH and Linde Inc. may guarantee Linde plc's obligations under its downstream guarantee.

Linde GmbH is a wholly owned subsidiary of Linde plc. Linde GmbH may provide (i) guarantees of debt securities offered by Linde plc under the Registration Statement and (ii) upstream guarantees of downstream guarantees provided by Linde plc of debt securities of Linde Inc. or Linde Finance offered under the Registration Statement.

In September 2019, Linde plc provided downstream guarantees of all pre-existing Linde Inc. and Linde Finance notes, and Linde GmbH and Linde Inc., respectively, provided upstream guarantees of Linde plc's downstream guarantees.

Linde plc has filed a base prospectus with the Luxembourg Stock Exchange for a €10.0 billion debt issuance program, under which Linde plc may offer debt securities. Linde Inc. and Linde GmbH have provided to Linde plc upstream guarantees in relation to debt securities of Linde plc offered under the European debt program.

For further information about the guarantees of the debt securities registered under the Registration Statement (including the ranking of such guarantees, limitations on enforceability of such guarantees and the circumstances under which such guarantees may be released), see "Description of Debt Securities – Guarantees" and "Description of Debt Securities – Ranking" in the Registration Statement, which subsections are incorporated herein by reference.

The following tables present summarized financial information for Linde plc, Linde Inc., Linde GmbH and Linde Finance on a combined basis, after eliminating intercompany transactions and balances between them and excluding investments in and equity in earnings from non-guarantor subsidiaries.

(Millions of dollars)

<b>Statement of Income Data</b>		Nine Months Ended September 30, 2023	Twelve Months Ended December 31, 2022
Sales	\$	5,977	\$ 8,850
Operating profit		1,167	1,337
Net income		298	675
Transactions with non-guarantor subsidiaries		1,852	2,241
<b>Balance Sheet Data (at period end)</b>			
Current assets (a)	\$	4,165	\$ 11,478
Long-term assets (b)		13,008	13,949
Current liabilities (c)		9,513	11,767
Long-term liabilities (d)		56,539	48,210
(a) From current assets above, amount due from non-guarantor subsidiaries	\$	1,677	\$ 7,260
(b) From long-term assets above, amount due from non-guarantor subsidiaries		452	1,982
(c) From current liabilities above, amount due to non-guarantor subsidiaries		1,495	1,334
(d) From long-term liabilities above, amount due to non-guarantor subsidiaries		39,714	33,268

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

Refer to Item 7A. to Part II of Linde's 2022 Annual Report on Form 10-K for discussion.

### Item 4. Controls and Procedures

- (a) Based on an evaluation of the effectiveness of Linde's disclosure controls and procedures, which was made under the supervision and with the participation of management, including Linde's principal executive officer and principal financial officer, the principal executive officer and principal financial officer have each concluded that, as of the end of the quarterly period covered by this report, such disclosure controls and procedures are effective in ensuring that information required to be disclosed by Linde in reports that it files under the Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and accumulated and communicated to management including Linde's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.
- (b) There were no changes in Linde's internal control over financial reporting that occurred during the quarterly period covered by this report that have materially affected, or are reasonably likely to materially affect, Linde's internal control over financial reporting.

## PART II - OTHER INFORMATION

*Linde plc and Subsidiaries*

### Item 1. Legal Proceedings

See Note 9 to the condensed consolidated financial statements for a description of current legal proceedings.

### Item 1A. Risk Factors

Through the quarterly period covered by this report, there have been no material changes to the risk factors disclosed in Item 1A to Part I of Linde's Annual Report on Form 10-K for the year ended December 31, 2022.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities- Certain information regarding purchases made by or on behalf of the company or any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended) of its ordinary shares during the quarter ended September 30, 2023 is provided below:

Period	Total Number of Shares Purchased (Thousands)	Average Price Paid Per Share	Total Numbers of Shares Purchased as Part of Publicly Announced Program (1,2) (Thousands)	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (1) (Millions)
July 2023	905	\$ 376.98	905	\$ 3,226
August 2023	997	\$ 380.63	997	\$ 2,846
September 2023	1,264	\$ 377.81	1,264	\$ 2,369
Third Quarter 2023	3,166	\$ 378.46	3,166	\$ 2,369

(1) On February 28, 2022, the company's board of directors approved the repurchase of \$10.0 billion of its ordinary shares ("2022 program") which could take place from time to time on the open market (and could include the use of 10b5-1 trading plans), subject to market and business conditions. The 2022 program has a maximum repurchase amount of 15% of outstanding shares and began on March 1, 2022.

As of September 30, 2023, the company repurchased \$7.6 billion of its ordinary shares pursuant to the 2022 program. As of September 30, 2023, \$2.4 billion of share repurchases remain authorized under the 2022 program.

(2) On October 23, 2023, the company's board of directors approved the repurchase of \$15.0 billion of its ordinary shares ("2023 program") which could take place from time to time on the open market (and could include the use of 10b5-1 trading plans), subject to market and business conditions. The 2023 program will begin on October 23, 2023 and will terminate on the earlier of the date as the maximum authority under the 2023 program is reached or the board terminates the 2023 program.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.



**Item 6. Exhibits**

(a) Exhibits

31.01	<a href="#">Rule 13a-14(a) Certification</a>
31.02	<a href="#">Rule 13a-14(a) Certification</a>
32.01	<a href="#">Section 1350 Certification (such certifications are furnished for the information of the Commission and shall not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act).</a>
32.02	<a href="#">Section 1350 Certification (such certifications are furnished for the information of the Commission and shall not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act).</a>
101.INS	XBRL Instance Document: The XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

\*Indicates a management contract or compensatory plan or arrangement.

**SIGNATURE**

*Linde plc and Subsidiaries*

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Linde plc

(Registrant)

By: /s/ Kelcey E. Hoyt

Kelcey E. Hoyt  
Chief Accounting Officer

Date: October 26, 2023