

**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 March 31, 2024

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

98-1448883

(State or other jurisdiction of
incorporation)

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

10 Riverview Drive,
Danbury, Connecticut
United States 06810

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

(Address of principal executive offices) (Zip Code)

(203) 837 - 2000

+44 14 83 242200

(Registrant's telephone number, including area code)

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:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Ordinary shares (€0.001 nominal value per share)	LIN	NASDAQ

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 ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

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 March 31, 2024, 480,676,281 ordinary shares (€0.001 par value) of the Registrant were outstanding.

INDEX

PART I - FINANCIAL INFORMATION

Item 1.	Financial Statements (unaudited)	
	Consolidated Statements of Income - Quarters Ended March 31, 2024 and 2023	4
	Consolidated Statements of Comprehensive Income - Quarters Ended March 31, 2024 and 2023	5
	Condensed Consolidated Balance Sheets - March 31, 2024 and December 31, 2023	6
	Condensed Consolidated Statements of Cash Flows - Three Months Ended March 31, 2024 and 2023	7
	Notes to Condensed Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	41
Item 4.	Controls and Procedures	41

PART II - OTHER INFORMATION

Item 1.	Legal Proceedings	42
Item 1A.	Risk Factors	42
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	42
Item 3.	Defaults Upon Senior Securities	42
Item 4.	Mine Safety Disclosures	42
Item 5.	Other Information	42
Item 6.	Exhibits	43
	Signature	44

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, 2023 filed with the SEC on February 28, 2024, 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 March 31,	
	2024	2023
Sales	\$ 8,100	\$ 8,193
Cost of sales, exclusive of depreciation and amortization	4,216	4,431
Selling, general and administrative	860	822
Depreciation and amortization	949	948
Research and development	38	36
Other charges	—	18
Other income (expense) - net	58	(5)
Operating Profit	2,095	1,933
Interest expense - net	65	37
Net pension and OPEB cost (benefit), excluding service cost	(50)	(45)
Income Before Income Taxes and Equity Investments	2,080	1,941
Income taxes	463	430
Income Before Equity Investments	1,617	1,511
Income from equity investments	48	41
Net Income (Including Noncontrolling Interests)	1,665	1,552
Less: noncontrolling interests	(38)	(36)
Net Income - Linde plc	<u>\$ 1,627</u>	<u>\$ 1,516</u>
Per Share Data - Linde plc Shareholders		
Basic earnings per share	\$ 3.38	\$ 3.08
Diluted earnings per share	\$ 3.35	\$ 3.06
Weighted Average Shares Outstanding (000's):		
Basic shares outstanding	481,949	491,817
Diluted shares outstanding	485,592	495,676

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 March 31,	
	2024	2023
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	\$ 1,665	\$ 1,552
OTHER COMPREHENSIVE INCOME (LOSS)		
Translation adjustments:		
Foreign currency translation adjustments	(744)	229
Income taxes	—	—
Translation adjustments	(744)	229
Funded status - retirement obligations (Note 7):		
Retirement program remeasurements	(4)	(249)
Reclassifications to net income	(3)	(8)
Income taxes	12	63
Funded status - retirement obligations	5	(194)
Derivative instruments (Note 4):		
Current unrealized gain (loss)	2	(75)
Reclassifications to net income	—	(6)
Income taxes	(1)	16
Derivative instruments	1	(65)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(738)	(30)
COMPREHENSIVE INCOME (LOSS) (INCLUDING NONCONTROLLING INTERESTS)	927	1,522
Less: noncontrolling interests	(23)	(34)
COMPREHENSIVE INCOME (LOSS) - LINDE PLC	\$ 904	\$ 1,488

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

[Table of Contents](#)

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

	March 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	\$ 4,848	\$ 4,664
Accounts receivable - net	5,009	4,718
Contract assets	217	196
Inventories	2,100	2,115
Prepaid and other current assets	928	927
Total Current Assets	13,102	12,620
Property, plant and equipment - net	24,418	24,552
Goodwill	26,289	26,751
Other intangible assets - net	12,001	12,399
Other long-term assets	4,537	4,489
Total Assets	<u>\$ 80,347</u>	<u>\$ 80,811</u>
Liabilities and equity		
Accounts payable	\$ 2,885	\$ 3,020
Short-term debt	4,046	4,713
Current portion of long-term debt	1,046	1,263
Contract liabilities	1,827	1,901
Other current liabilities	4,585	4,820
Total Current Liabilities	14,389	15,717
Long-term debt	15,227	13,397
Other long-term liabilities	10,502	10,602
Total Liabilities	40,118	39,716
Redeemable noncontrolling interests	13	13
Linde plc Shareholders' Equity (Note 10):		
Ordinary shares, €0.001 par value, authorized 1,750,000,000 shares, 2024 issued: 490,766,972 ordinary shares; 2023 issued: 490,766,972 ordinary shares	1	1
Additional paid-in capital	39,570	39,812
Retained earnings	9,708	8,845
Accumulated other comprehensive income (loss)	(6,528)	(5,805)
Less: Treasury shares, at cost (2024 - 10,090,691 shares and 2023 - 8,321,827 shares)	(3,922)	(3,133)
Total Linde plc Shareholders' Equity	38,829	39,720
Noncontrolling interests	1,387	1,362
Total Equity	40,216	41,082
Total Liabilities and Equity	<u>\$ 80,347</u>	<u>\$ 80,811</u>

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

[Table of Contents](#)

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

	Three Months Ended March 31,	
	2024	2023
Increase (Decrease) in Cash and Cash Equivalents		
Operations		
Net income - Linde plc	\$ 1,627	\$ 1,516
Add: Noncontrolling interests	38	36
Net Income (including noncontrolling interests)	1,665	1,552
Adjustments to reconcile net income to net cash provided by operating activities:		
Other charges, net of payments	(55)	(61)
Depreciation and amortization	949	948
Deferred income taxes	(35)	4
Share-based compensation	38	30
Working capital:		
Accounts receivable	(361)	(131)
Inventory	(27)	(59)
Prepaid and other current assets	(50)	(5)
Payables and accruals	(65)	(64)
Contract assets and liabilities, net	(50)	(66)
Pension contributions	(11)	(10)
Long-term assets, liabilities and other	(44)	(230)
Net cash provided by (used for) operating activities	1,954	1,908
Investing		
Capital expenditures	(1,048)	(829)
Acquisitions, net of cash acquired	—	(808)
Divestitures, net of cash divested and asset sales	7	3
Net cash provided by (used for) investing activities	(1,041)	(1,634)
Financing		
Short-term debt borrowings (repayments) - net	(631)	1,199
Long-term debt borrowings	2,456	60
Long-term debt repayments	(610)	(542)
Issuances of ordinary shares	16	13
Purchases of ordinary shares	(1,041)	(859)
Cash dividends - Linde plc shareholders	(669)	(623)
Noncontrolling interest transactions and other	(189)	(12)
Net cash provided by (used for) financing activities	(668)	(764)
Effect of exchange rate changes on cash and cash equivalents	(61)	16
Change in cash and cash equivalents	184	(474)
Cash and cash equivalents, beginning-of-period	4,664	5,436
Cash and cash equivalents, end-of-period	\$ 4,848	\$ 4,962

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

INDEX TO NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Notes to Condensed Consolidated Financial Statements - Linde plc and Subsidiaries
(Unaudited)

Note 1. Summary of Significant Accounting Policies	9
Note 2. Supplemental Information	10
Note 3. Debt	11
Note 4. Financial Instruments	11
Note 5. Fair Value Disclosures	13
Note 6. Earnings Per Share – Linde plc Shareholders	15
Note 7. Retirement Programs	16
Note 8. Commitments and Contingencies	16
Note 9. Segments	18
Note 10. Equity	19
Note 11. Revenue Recognition	19

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.

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 2023 Annual Report on Form 10-K. There have been no material changes to the company's significant accounting policies during 2024.

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

Accounting Standards to be Implemented

Improvements to Reportable Segments Disclosures - In November 2023, the FASB issued guidance requiring enhanced disclosure related to reportable segments. The new standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The adoption of this standard will only impact disclosures within the company's consolidated financial statements and the company is evaluating the impact this guidance will have on those disclosures. Linde will adopt this guidance in fiscal year 2024.

Improvements to Income Tax Disclosures - In December 2023, the FASB issued guidance requiring enhanced disclosure related to income taxes. The standard requires additional or modified disclosures related to the income tax rate reconciliation, disaggregation of income taxes paid, and several other disclosures. The new standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The adoption of this standard will only impact disclosures within the company's consolidated financial statements and the company is evaluating the impact this guidance will have on those disclosures. Linde will adopt this guidance prospectively in fiscal year 2025.

2. 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 \$4,920 million and \$4,667 million at March 31, 2024 and December 31, 2023, respectively, and gross receivables aged greater than one year were \$372 million and \$354 million at March 31, 2024 and December 31, 2023, respectively. Other receivables were \$167 million and \$154 million at March 31, 2024 and December 31, 2023, 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 \$5,009 million at March 31, 2024 and \$4,718 million at December 31, 2023. Allowances for expected credit losses were \$450 million at March 31, 2024 and \$457 million at December 31, 2023. Provisions for expected credit losses were \$44 million and \$53 million for the three months ended March 31, 2024 and 2023, respectively. The allowance activity in the three months ended March 31, 2024 and 2023 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:

(Millions of dollars)	March 31, 2024	December 31, 2023
Inventories		
Raw materials and supplies	\$ 604	\$ 614
Work in process	410	390
Finished goods	1,086	1,111
Total inventories	<u>\$ 2,100</u>	<u>\$ 2,115</u>

[Table of Contents](#)

3. Debt

The following is a summary of Linde's outstanding debt at March 31, 2024 and December 31, 2023:

(Millions of dollars)	March 31, 2024	December 31, 2023
SHORT-TERM		
Commercial paper	\$ 3,784	\$ 4,483
Other bank borrowings (primarily non U.S.)	262	230
Total short-term debt	4,046	4,713
LONG-TERM (a)		
(U.S. dollar denominated unless otherwise noted)		
1.20% Euro denominated notes due 2024 (b)	—	607
1.875% Euro denominated notes due 2024 (c)	324	332
4.800% Notes due 2024	300	300
4.700% Notes due 2025	599	599
2.65% Notes due 2025	399	399
1.625% Euro denominated notes due 2025	537	550
3.625% Euro denominated notes due 2025	539	551
0.00% Euro denominated notes due 2026	757	774
3.20% Notes due 2026	724	724
3.434% Notes due 2026	198	198
1.652% Euro denominated notes due 2027	87	90
0.25% Euro denominated notes due 2027	808	827
1.00% Euro denominated notes due 2027	541	553
1.00% Euro denominated notes due 2028 (c)	765	780
3.00% Euro denominated notes due 2028 (d)	752	—
3.375% Euro denominated notes due 2029	805	824
1.10% Notes due 2030	697	697
1.90% Euro denominated notes due 2030	111	114
1.375% Euro denominated notes due 2031	811	829
3.20% Euro denominated notes due 2031 (d)	915	—
0.55% Euro denominated notes due 2032	805	823
0.375% Euro denominated notes due 2033	534	546
3.625% Euro denominated notes due 2034	698	714
1.625% Euro denominated notes due 2035	857	876
3.40% Euro denominated notes due 2036 (d)	748	—
3.55% Notes due 2042	666	666
2.00% Notes due 2050	296	296
1.00% Euro denominated notes due 2051	738	755
Non U.S. borrowings	252	226
Other	10	10
	16,273	14,660
Less: current portion of long-term debt	(1,046)	(1,263)
Total long-term debt	15,227	13,397
Total debt	\$ 20,319	\$ 19,373

- (a) Amounts are net of unamortized discounts, premiums and/or debt issuance costs as applicable.
- (b) In February 2024, Linde repaid €550 million of 1.20% notes that became due.
- (c) March 31, 2024 and December 31, 2023 included a cumulative \$41 million and \$46 million adjustment to carrying value, respectively, related to hedge accounting of interest rate swaps. Refer to Note 4.
- (d) In February 2024, Linde issued €700 million of 3.00% notes due in 2028, €850 million of 3.20% notes due in 2031 and €700 million of 3.40% notes due in 2036.

The company maintains a \$5 billion and a \$1.5 billion unsecured revolving credit agreement with a syndicate of banking institutions that expire on December 7, 2027 and December 4, 2024, respectively. There are no financial maintenance covenants contained within the credit agreements. No borrowings were outstanding under the credit agreements as of March 31, 2024.

The weighted-average interest rates of short-term borrowings outstanding were 4.7% and 4.8% as of March 31, 2024 and December 31, 2023, respectively.

4. 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 March 31, 2024, 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 March 31, 2024 and December 31, 2023 for consolidated subsidiaries:

(Millions of dollars)	Notional Amounts		Fair Value			
			Assets (a)		Liabilities (a)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Derivatives Not Designated as Hedging Instruments:						
Currency contracts:						
Balance sheet items	\$ 5,104	\$ 4,567	\$ 35	\$ 46	\$ 17	\$ 26
Forecasted transactions	217	335	3	11	3	6
Total	\$ 5,321	\$ 4,902	\$ 38	\$ 57	\$ 20	\$ 32
Derivatives Designated as Hedging Instruments:						
Currency contracts:						
Forecasted transactions	\$ 777	\$ 749	\$ 8	\$ 20	\$ 1	\$ 4
Commodity contracts	N/A	N/A	11	3	18	7
Interest rate swaps	108	1,214	—	1	2	4
Total Hedges	\$ 885	\$ 1,963	\$ 19	\$ 24	\$ 21	\$ 15
Total Derivatives	\$ 6,206	\$ 6,865	\$ 57	\$ 81	\$ 41	\$ 47

(a) Amounts as of March 31, 2024 and December 31, 2023 included current assets of \$53 million and \$73 million which are recorded in prepaid and other current assets; long-term assets of \$4 million and \$8 million which are recorded in other long-term assets; current liabilities of \$32 million and \$41 million which are recorded in other current liabilities; and long-term liabilities of \$9 million and \$6 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. Linde is hedging forecasted transactions for a maximum period of three years.

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. Linde is hedging commodity contracts for a maximum period of three years.

Net Investment Hedges

As of March 31, 2024, Linde has €12.9 billion (\$14.0 billion) Euro-denominated notes and intercompany loans and ¥4.7 billion (\$0.7 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 \$318 million (deferred gain of \$274 million in the consolidated statement of comprehensive income for the three months ended March 31, 2024).

As of March 31, 2024, 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 3).

In addition, as of December 31, 2023, Linde was using interest rate swaps with a notional value of €1 billion to hedge the variability of future cash flows of forecasted transactions due to interest rate risk and had designated this as a cash flow hedge. The interest rate swaps were terminated during the first quarter of 2024 with the February debt issuance and the settlement values were immaterial.

Derivatives' Impact on Consolidated Statements of Income

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

	Amount of Pre-Tax Gain (Loss) Recognized in Earnings *	
	Quarter Ended March 31,	
	2024	2023
(Millions of dollars)		
Derivatives Not Designated as Hedging Instruments		
Currency contracts:		
Balance sheet items		
Debt-related	\$ (15)	\$ (39)
Other balance sheet items	(8)	(1)
Total	\$ (23)	\$ (40)

* 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 three months ended March 31, 2024 and 2023, respectively. Net impacts expected to be reclassified to earnings during the next twelve months are also not material.

5. 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:

[Table of Contents](#)

(Millions of dollars)	Fair Value Measurements Using					
	Level 1		Level 2		Level 3	
	December		December		December	
	March 31, 2024	31, 2023	March 31, 2024	31, 2023	March 31, 2024	31, 2023
Assets						
Derivative assets	\$ —	\$ —	\$ 57	\$ 81	\$ —	\$ —
Investments and securities*	16	16	—	—	11	12
Total	\$ 16	\$ 16	\$ 57	\$ 81	11	\$ 12
Liabilities						
Derivative liabilities	\$ —	\$ —	\$ 41	\$ 47	\$ —	\$ —

* 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 March 31, 2024, the estimated fair value of Linde's long-term debt portfolio was \$14,843 million versus a carrying value of \$16,273 million. At December 31, 2023, the estimated fair value of Linde's long-term debt portfolio was \$13,337 million versus a carrying value of \$14,660 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.

6. 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 March 31,	
	2024	2023
Numerator (Millions of dollars)		
Net Income – Linde plc	\$ 1,627	\$ 1,516
Denominator (Thousands of shares)		
Weighted average shares outstanding	481,398	491,321
Shares earned and issuable under compensation plans	551	496
Weighted average shares used in basic earnings per share	481,949	491,817
Effect of dilutive securities		
Stock options and awards	3,643	3,859
Weighted average shares used in diluted earnings per share	485,592	495,676
Basic Earnings Per Share	\$ 3.38	\$ 3.08
Diluted Earnings Per Share	\$ 3.35	\$ 3.06

There were no antidilutive shares for any period presented.

7. Retirement Programs

The components of net pension and postretirement benefits other than pensions ("OPEB") costs for the three months ended March 31, 2024 and 2023 are shown below:

(Millions of dollars)	Quarter Ended March 31,	
	2024	2023
Amount recognized in Operating Profit		
Service cost	\$ 21	\$ 21
Amount recognized in Net pension and OPEB cost (benefit), excluding service cost		
Interest cost	91	92
Expected return on plan assets	(138)	(129)
Net amortization and deferral	(3)	(8)
	<u>(50)</u>	<u>(45)</u>
Net periodic benefit cost (benefit)	<u>\$ (29)</u>	<u>\$ (24)</u>

Components of net periodic benefit expense for other post-retirement plans for the three months ended March 31, 2024 and 2023 were not material.

Linde estimates that 2024 required contributions to its pension plans will be in the range of approximately \$30 million to \$40 million, of which \$11 million have been made through March 31, 2024.

8. 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 2023 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 March 31, 2024, 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 2023, the Brazilian Supreme Court issued a decision confirming the constitutionality of a specific federal income tax, with retroactive effect. As a result of this decision, the company recorded a reserve based on its best estimate of potential settlement. This decision has not yet been finalized and is subject to ongoing motions for clarification. 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.

[Table of Contents](#)

- 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. In November 2023, the court issued a decision rejecting the plaintiffs' claims in their entirety and determining that the cash merger squeeze-out consideration was appropriate. The plaintiffs have appealed this decision.

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.

- In December 2022, a Russian court based in St. Petersburg ("St. Petersburg Court") 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) to secure payment of a possible 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 Russia entered into in July 2021. Performance of the agreement was lawfully suspended by Linde Engineering on May 27, 2022 in compliance with applicable sanctions. In March 2023, RCA filed a claim in St. Petersburg against Linde GmbH for recovery of advance payments under the agreement ("GPP Claim"), and subsequently (i) added Linde and other Linde subsidiaries as defendants, and (ii) is seeking payment of alleged damages from Linde and guarantor banks. In March 2024, RCA filed a similar claim for repayment and damages against Linde for alleged breach of contract under the agreement to build a liquefied natural gas plant in Russia entered into in September 2021 ("LNG Claim", and together with the GPP Claim, the "Russian Claims").

In accordance with the dispute resolution provisions of the agreements, in 2023, Linde 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 Claims claims are in breach of the arbitration agreement which requires HKIAC arbitration, and (iii) RCA must compensate Linde for the losses and damages caused by the injunction. Additionally, Linde filed for and obtained an anti-suit injunction from a Hong Kong court against RCA directing RCA to seek a stay of the claims and ordering it to resolve any disputes in accordance with HKIAC arbitration.

In January, 2024, the Hong Kong court issued a final judgment in Linde's favor (i) granting a permanent anti-suit injunction against RCA to seek a stay of the GPP claim and not start an LNG claim, (ii) granting a permanent, global anti-enforcement injunction against RCA for the GPP claim, and (iii) ordering that the injunction issued by the St. Petersburg Court be lifted ("HK Court Judgement").

Despite the judgments of the Hong Kong court and similar orders issued by the HKIAC arbitration tribunals, the St. Petersburg injunction affecting Linde's shares and assets has not been lifted, the proceeding in St. Petersburg has not been stayed and RCA is continuing to pursue its claims in Russia.

In February 2024, the St. Petersburg Court decided the GPP Claim in favor of RCA. Linde appealed this decision in March 2024. RCA cannot enforce the decision (including foreclosing on the shares of the Russian entities) until after the appeal is decided in St. Petersburg.

Linde does not expect a material adverse impact on earnings from this decision given the liability recorded as of March 31, 2024 and the immaterial remaining investment value of its deconsolidated Russia subsidiaries. As of March 31, 2024, Linde has a contingent liability of \$1.2 billion recorded in Other long-term liabilities, which represents advance payments previously recorded in contract liabilities related to terminated engineering projects with RCA. As a result of the contract terminations, Linde no longer has future performance obligations for these projects.

It is difficult to estimate the timing of resolution of these matters. The company intends to vigorously defend its interests in both the Russian Claims and arbitration proceedings.

9. Segments

For a description of Linde plc's operating segments, refer to Note 18 to the consolidated financial statements on Linde plc's 2023 Annual Report on Form 10-K.

The table below presents sales and operating profit information about reportable segments and Other for the three months ended March 31, 2024 and 2023.

	Quarter Ended March 31,	
(Millions of dollars)	2024	2023
SALES^(a)		
Americas	\$ 3,560	\$ 3,551
EMEA	2,091	2,177
APAC	1,591	1,598
Engineering	539	540
Other	319	327
Total sales	\$ 8,100	\$ 8,193

	Quarter Ended March 31,	
(Millions of dollars)	2024	2023
SEGMENT OPERATING PROFIT		
Americas	\$ 1,088	\$ 1,025
EMEA	687	607
APAC	447	423
Engineering	100	149
Other	19	2
Segment operating profit	2,341	2,206
Other charges	—	(18)
Purchase accounting impacts - Linde AG (b)	(246)	(255)
Total operating profit	\$ 2,095	\$ 1,933

(a) Sales reflect external sales only. Intersegment sales, primarily from Engineering to the industrial gases segments, were \$391 million and \$294 million for the three months ended March 31, 2024 and 2023.

(b) Represents purchase accounting impacts related to the 2018 merger.

10. Equity

Equity

A summary of the changes in total equity for the three months ended March 31, 2024 and 2023 is provided below:

(Millions of dollars)	Quarter Ended March 31,					
	2024			2023		
	Linde plc Shareholders' Equity	Noncontrolling Interests	Total Equity	Linde plc Shareholders' Equity	Noncontrolling Interests	Total Equity
Activity						
Balance, beginning of period	\$ 39,720	\$ 1,362	\$41,082	\$ 40,028	\$ 1,346	\$41,374
Net income (a)	1,627	38	1,665	1,516	36	1,552
Other comprehensive income (loss)	(723)	(15)	(738)	(28)	(2)	(30)
Noncontrolling interests:						
Additions (reductions)	—	11	11	—	2	2
Dividends and other capital changes	—	(9)	(9)	—	(29)	(29)
Dividends to Linde plc ordinary share holders (\$1.39 per share in 2024 and \$1.275 per share in 2023)	(669)	—	(669)	(623)	—	(623)
Issuances of ordinary shares:						
For employee savings and incentive plans	(126)	—	(126)	(63)	—	(63)
Purchases of ordinary shares	(1,038)	—	(1,038)	(890)		(890)
Share-based compensation	38	—	38	30	—	30
Balance, end of period	<u>\$ 38,829</u>	<u>\$ 1,387</u>	<u>\$40,216</u>	<u>\$ 39,970</u>	<u>\$ 1,353</u>	<u>\$41,323</u>

(a) Net income for noncontrolling interests excludes net income related to redeemable noncontrolling interests which is not significant for the three months ended March 31, 2024 and 2023 and which is not part of total equity.

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

	March 31,	December 31,
(Millions of dollars)	2024	2023
Cumulative translation adjustment - net of taxes:		
Americas	\$ (3,714)	\$ (3,618)
EMEA	(1,139)	(737)
APAC	(1,426)	(1,037)
Engineering	(214)	(93)
Other	392	113
	(6,101)	(5,372)
Derivatives - net of taxes	8	7
Pension / OPEB (net of \$72 million and \$60 million tax benefit at March 31, 2024 and December 31, 2023, respectively)	(435)	(440)
	<u>\$ (6,528)</u>	<u>\$ (5,805)</u>

11. 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.

[Table of Contents](#)

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,

[Table of Contents](#)

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 \$217 million and \$196 million at March 31, 2024 and December 31, 2023, respectively. Total contract liabilities are \$2,901 million at March 31, 2024 (current of \$1,827 million and \$1,074 million within other long-term liabilities in the condensed consolidated balance sheets). As of March 31, 2024, Linde has approximately \$409 million recorded in contract liabilities related to engineering projects in Russia subject to sanctions. Total contract liabilities were \$2,950 million at December 31, 2023 (current contract liabilities of \$1,901 million and \$1,049 million within other long-term liabilities in the condensed consolidated balance sheets). Revenue recognized for the three months ended March 31, 2024 that was included in the contract liability at December 31, 2023 was \$358 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 2023 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 three months ended March 31, 2024 and March 31, 2023.

(Millions of dollars)

Quarter Ended March 31, 2024

Sales	Americas	EMEA	APAC	Engineering	Other	Total	%
Merchant	\$ 1,117	\$ 686	\$ 529	\$ —	\$ 55	\$ 2,387	29 %
On-Site	782	441	668	—	—	1,891	23 %
Packaged Gas	1,607	951	322	—	7	2,887	36 %
Other	54	13	72	539	257	935	12 %
Total	\$ 3,560	\$ 2,091	\$ 1,591	\$ 539	\$ 319	\$ 8,100	100 %

(Millions of dollars)

Quarter Ended March 31, 2023

Sales	Americas	EMEA	APAC	Engineering	Other	Total	%
Merchant	\$ 1,043	\$ 699	\$ 551	\$ —	\$ 55	\$ 2,348	29 %
On-Site	804	538	643	—	—	1,985	24 %
Packaged Gas	1,638	928	354	—	20	2,940	36 %
Other	66	12	50	540	252	920	11 %
Total	\$ 3,551	\$ 2,177	\$ 1,598	\$ 540	\$ 327	\$ 8,193	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 \$48 billion. 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.

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."

[Table of Contents](#)

Consolidated Results

The following table provides summary information for the three months ended March 31, 2024 and 2023. 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:

	Quarter Ended March 31,		
(Millions of dollars, except per share data)	2024	2023	Variance
Sales	\$ 8,100	\$ 8,193	(1)%
Cost of sales, exclusive of depreciation and amortization	\$ 4,216	\$ 4,431	(5)%
As a percent of sales	52.0 %	54.1 %	
Selling, general and administrative	\$ 860	\$ 822	5 %
As a percent of sales	10.6 %	10.0 %	
Depreciation and amortization	\$ 949	\$ 948	— %
Other charges	\$ —	\$ 18	(100)%
Other income (expense) - net	\$ 58	\$ (5)	1,260 %
Operating profit	\$ 2,095	\$ 1,933	8 %
Operating margin	25.9 %	23.6 %	
Interest expense - net	\$ 65	\$ 37	76 %
Net pension and OPEB cost (benefit), excluding service cost	\$ (50)	\$ (45)	11 %
Effective tax rate	22.3 %	22.2 %	
Income from equity investments	\$ 48	\$ 41	17 %
Noncontrolling interests	\$ (38)	\$ (36)	6 %
Net Income - Linde plc	\$ 1,627	\$ 1,516	7 %
Diluted earnings per share	\$ 3.35	\$ 3.06	9 %
Diluted shares outstanding	485,592	495,676	(2)%
Number of employees	66,195	65,381	1 %
Adjusted Amounts (a)			
Operating profit	\$ 2,341	\$ 2,206	6 %
Operating margin	28.9 %	26.9 %	
Effective tax rate	22.7 %	24.1 %	
Net Income - Linde plc	\$ 1,821	\$ 1,693	8 %
Diluted earnings per share	\$ 3.75	\$ 3.42	10 %
Other Financial Data (a)			
EBITDA	\$ 3,092	\$ 2,922	6 %
As percent of sales	38.2 %	35.7 %	
Adjusted EBITDA	\$ 3,116	\$ 2,963	5 %
As percent of sales	38.5 %	36.2 %	

(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.

Reported

In the first quarter of 2024, Linde's sales were \$8,100 million, \$93 million below prior year. Cost pass-through, representing the contractual billing of energy cost variances primarily to onsite customers, decreased sales by 2% in the quarter, with minimal impact on operating profit. Volumes decreased sales by 1% in the quarter versus the 2023 respective period. The aforementioned drivers were partially offset by 2% higher price attainment.

Reported operating profit for the first quarter of 2024 of \$2,095 million, or 25.9% of sales, was 8% above prior year. The reported year-over-year increase was primarily driven by higher pricing and productivity initiatives which more than offset adverse impacts from cost inflation and lower volumes. The reported effective tax rate ("ETR") was 22.3% in the first quarter 2024 versus 22.2% in the first quarter 2023. Diluted earnings per share ("EPS") was \$3.35, or 9% above EPS of \$3.06 in the first quarter of 2023, primarily due to higher net income - Linde plc and lower diluted shares outstanding.

Adjusted

In the first quarter of 2024, adjusted operating profit of \$2,341, or 28.9% of sales, was 6% higher as compared to 2023, driven by higher pricing, and productivity initiatives, partially offset by cost inflation and lower volumes. The adjusted ETR was 22.7% in the first quarter 2024 versus 24.1% in the 2023 quarter, primarily due to higher tax benefits from share based

[Table of Contents](#)

compensation. On an adjusted basis, EPS was \$3.75, 10% above the 2023 adjusted EPS of \$3.42, 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, 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 March 31, 2024 vs. 2023
	% Change
Factors Contributing to Changes - Sales	
Volume	(1)%
Price/Mix	2 %
Cost pass-through	(2)%
Currency	— %
Acquisitions/divestitures	— %
Engineering	— %
	(1)%

Sales

Sales decreased \$93 million or 1% for the first quarter of 2024 versus the respective 2023 period. Cost pass-through decreased sales by 2% in the quarter, with minimal impact on operating profit. Volumes decreased sales by 1% in the quarter versus the respective 2023 period, primarily driven by the manufacturing end market. Currency translation was flat in the quarter. Higher pricing across all geographic segments contributed 2% to sales in the quarter.

Cost of sales, exclusive of depreciation and amortization

Cost of sales, exclusive of depreciation and amortization decreased \$215 million, or 5%, for the first quarter of 2024 primarily due to lower cost pass-through, lower volumes and productivity gains which more than offset cost inflation. Cost of sales, exclusive of depreciation and amortization was 52.0% of sales, respectively, for the first quarter versus 54.1% respective 2023 period. The decrease as a percentage of sales in the quarter 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 first quarter of 2024 driven by higher costs. SG&A was 10.6% of first quarter sales versus 10.0% for the respective 2023 period.

Depreciation and amortization

Reported depreciation and amortization expense increased \$1 million for the first quarter of 2024.

On an adjusted basis, depreciation and amortization increased \$11 million, for the first quarter of 2024 driven by new project start ups.

Other charges

There were no other charges during the first quarter of 2024 and other charges were \$18 million for the first quarter of 2023, primarily due to the intercompany reorganization related to delisting from the Frankfurt Stock Exchange.

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

Other income (expense) - net

Reported other income (expense) - net was a benefit of \$58 million for the first quarter of 2024 driven by \$43 million in insurance recoveries primarily within the Other segment.

Operating profit

On a reported basis, operating profit increased \$162 million, or 8%, for the first quarter of 2024 . The increase in the quarter was primarily due to higher pricing, savings from productivity initiatives and lower other charges, which more than offset the adverse impacts of cost inflation and lower volumes in the first quarter of 2024.

On an adjusted basis, which excludes the impacts of merger-related purchase accounting as well as other charges, operating profit increased \$135 million, or 6% in the first quarter of 2024. 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 period. A discussion of operating profit by segment is included in the segment discussion that follows.

Interest expense - net

Reported interest expense - net increased \$28 million for the first quarter of 2024. On an adjusted basis, interest expense increased \$21 million for the first quarter of 2024 versus the respective 2023 period. The increase in both periods was driven primarily by higher interest rates on debt.

[Table of Contents](#)

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

Reported net pension and OPEB cost (benefit), excluding service cost were benefits of \$50 million versus \$45 million for the respective 2023 period. The increase in the benefit primarily relates to higher expected return on assets and lower amortization of deferred losses year-over-year.

Effective tax rate

The reported effective tax rate ("ETR") for the quarter was 22.3% versus 22.2% for the respective 2023 period. While the rate is relatively flat year over year, 2024 included higher tax benefits from share based compensation and 2023 included a net decrease in uncertain tax positions. Effective January 1, 2024, Linde is subject to the 15% global minimum tax rate provisions of the OECD's framework for Pillar Two, the implementation of which did not have a significant impact on the effective tax rate for the quarter.

On an adjusted basis, the ETR for the quarter was 22.7% versus 24.1% for the respective 2023 period. The decrease in the adjusted ETR is primarily due to higher tax benefits from share based compensation in 2024.

Income from equity investments

Reported income from equity investments for the first quarter of 2024 was \$48 million versus \$41 million for the respective 2023 period.

On an adjusted basis, income from equity investments for the first quarter was \$66 million versus \$59 million in the respective 2023 period.

Noncontrolling interests

At March 31, 2024, noncontrolling interests consisted primarily of non-controlling shareholders' investments in APAC (primarily China). Reported noncontrolling interests income increased \$2 million for the first quarter of 2024 from the respective 2023 period.

Net Income - Linde plc

Reported net income - Linde plc increased \$111 million, or 7%, for the first quarter of 2024 versus the respective 2023 period.

On an adjusted basis, which excludes the impacts of purchase accounting and other charges, net income - Linde plc increased \$128 million, or 8%, for the first quarter of 2024 versus the respective 2023 period.

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 \$0.29, or 9%, for the first quarter of 2024 versus the comparable 2023 period.

On an adjusted basis, diluted EPS increased \$0.33, or 10%, for the first quarter of 2024 versus the respective 2023 period.

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 March 31, 2024 was 66,195, an increase of 814 employees from March 31, 2023 due primarily to acquisitions.

Other Financial Data

EBITDA was \$3,092 million for the first quarter of 2024 as compared to \$2,922 million in the respective 2023 period. The increase was driven by higher net income - Linde plc versus prior year.

Adjusted EBITDA increased to \$3,116 million for the first quarter 2024 from \$2,963 million in the respective 2023 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 first quarter were \$738 million. The loss in the quarter resulted primarily from currency translation adjustments of \$744 million. 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 10 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 March 31,		
	2024	2023	Variance
SALES			
Americas	\$ 3,560	\$ 3,551	— %
EMEA	2,091	2,177	(4)%
APAC	1,591	1,598	— %
Engineering	539	540	— %
Other	319	327	(2)%
Total sales	<u>\$ 8,100</u>	<u>\$ 8,193</u>	(1)%
SEGMENT OPERATING PROFIT			
Americas	\$ 1,088	\$ 1,025	6 %
EMEA	687	607	13 %
APAC	447	423	6 %
Engineering	100	149	(33)%
Other	19	2	850 %
Segment operating profit	<u>\$ 2,341</u>	<u>\$ 2,206</u>	6 %
Reconciliation to reported operating profit:			
Other charges	—	(18)	
Purchase accounting impacts - Linde AG	(246)	(255)	
Total operating profit	<u>\$ 2,095</u>	<u>\$ 1,933</u>	

[Table of Contents](#)

Americas

	Quarter Ended March 31,		
(Millions of dollars)	2024	2023	Variance
Sales	\$ 3,560	\$ 3,551	— %
Operating profit	\$ 1,088	\$ 1,025	6 %
As a percent of sales	30.6 %	28.9 %	

	Quarter Ended March 31, 2024 vs. 2023
	% Change
Factors Contributing to Changes - Sales	
Volume	(1)%
Price/Mix	3 %
Cost pass-through	(2)%
Currency	— %
Acquisitions/divestitures	— %
	— %

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 increased \$9 million in the first quarter versus the respective 2023 period. Higher pricing contributed 3% to sales in the quarter. Cost pass-through decreased sales by 2% for the first quarter with minimal impact on operating profit. Volumes decreased sales by 1% for the first quarter driven primarily by the manufacturing and healthcare end markets.

Operating profit

Operating profit in the Americas segment increased \$63 million, or 6%, in the first quarter versus the respective 2023 period, driven primarily by higher pricing and continued productivity initiatives which more than offset cost inflation and lower volumes during the quarter.

EMEA

	Quarter Ended March 31,		
(Millions of dollars)	2024	2023	Variance
Sales	\$ 2,091	\$ 2,177	(4)%
Operating profit	\$ 687	\$ 607	13 %
As a percent of sales	32.9 %	27.9 %	

	Quarter Ended March 31, 2024 vs. 2023
	% Change
Factors Contributing to Changes - Sales	
Volume	(2)%
Price/Mix	3 %
Cost pass-through	(5)%
Currency	— %
Acquisitions/divestitures	— %
	(4)%

[Table of Contents](#)

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 \$86 million, or 4%, in the first quarter compared to the respective 2023 period. Higher price attainment increased sales by 3% in the quarter. Volumes decreased sales by 2% in the quarter led by the manufacturing end market. Cost pass-through decreased sales by 5% in the quarter with minimal impact on operating profit. Currency translation was flat in the quarter.

Operating Profit

Operating profit for the EMEA segment increased by \$80 million, or 13%, in the first quarter compared to the respective 2023 periods. The increase in operating profit in the first quarter was driven primarily by higher pricing and continued productivity initiatives, partially offset by cost inflation and lower volumes.

APAC

	Quarter Ended March 31,		
(Millions of dollars)	2024	2023	Variance
Sales	\$ 1,591	\$ 1,598	— %
Operating profit	\$ 447	\$ 423	6 %
As a percent of sales	28.1 %	26.5 %	

	Quarter Ended March 31, 2024 vs. 2023	
	% Change	
Factors Contributing to Changes - Sales		
Volume/Equipment		3 %
Price/Mix		1 %
Cost pass-through		— %
Currency		(4)%
Acquisitions/divestitures		— %
		— %

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 \$7 million in the first quarter versus the respective 2023 period. Higher pricing contributed 1% to sales in the quarter. Volumes increased 3% in the quarter including project start-ups in the electronics and chemicals and energy end markets. Currency translation decreased sales by 4%, driven primarily by the weakening of the Australian dollar, Korean won and Chinese yuan against the U.S. dollar.

Operating profit

Operating profit in the APAC segment increased \$24 million, or 6%, in the first quarter versus the respective 2023 period, driven by continued productivity initiatives which more than offset the impact of currency and cost inflation during the first quarter.

Engineering

(Millions of dollars)	Quarter Ended March 31,		
	2024	2023	Variance
Sales	\$ 539	\$ 540	— %
Operating profit	\$ 100	\$ 149	(33)%
As a percent of sales	18.6 %	27.6 %	

	Quarter Ended March 31, 2024 vs. 2023
	% Change
Factors Contributing to Changes - Sales	
Currency	— %
Other	— %
	— %

Sales

Engineering segment sales were flat in the first quarter as compared to the respective 2023 periods.

Operating profit

Engineering segment operating profit decreased \$49 million, or 33%, in the first quarter compared to the respective 2023 period due to prior year's benefit from higher margin on lawful wind down of projects subject to sanctions in Russia.

Other

	Quarter Ended March 31,		
(Millions of dollars)	2024	2023	Variance
Sales	\$ 319	\$ 327	(2)%
Operating profit (loss)	\$ 19	\$ 2	850 %
As a percent of sales	6.0 %	0.6 %	

	Quarter Ended March 31, 2024 vs. 2023	
	% Change	
Factors Contributing to Changes - Sales		
Volume/price		(2)%
Currency		— %
Acquisitions/divestitures		— %
		(2)%

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

Sales

Sales for Other decreased \$8 million for the first quarter versus the respective 2023 period. Sales decreased 2% due to lower volumes in the helium business partially offset by higher pricing in the coatings business.

Operating profit

Operating profit in Other increased \$17 million in the first quarter versus the respective 2023 period. The increase in the quarter was driven primarily by an insurance recovery in the period for the coatings business partially offset by higher costs due to helium and corporate.

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 2024 Consolidated Sales	Exchange Rate for Income Statement		Exchange Rate for Balance Sheet	
		Year-To-Date Average		March 31,	December 31,
		2024	2023	2024	2023
Euro	18 %	0.92	0.93	0.93	0.92
Chinese yuan	7 %	7.19	6.84	7.22	7.10
British pound	5 %	0.79	0.82	0.79	0.79
Australian dollar	4 %	1.52	1.46	1.53	1.47
Brazilian real	4 %	4.95	5.19	5.01	4.86
Canadian dollar	3 %	1.35	1.35	1.35	1.32
Korean won	3 %	1,329	1,275	1,347	1,288
Mexican peso	3 %	16.97	18.66	16.56	16.97
Indian rupee	2 %	83.04	82.24	83.40	83.21
South African rand	1 %	18.89	17.74	18.88	18.36
Swedish krona	1 %	10.40	10.45	10.66	10.07
Thailand bhat	1 %	35.66	33.94	36.39	34.14

[Table of Contents](#)

Liquidity, Capital Resources and Other Financial Data

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

(Millions of dollars)	Three months ended March 31,	
	2024	2023
NET CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Net income (including noncontrolling interests)	\$ 1,665	\$ 1,552
Non-cash charges (credits):		
Add: Depreciation and amortization	949	948
Add: Deferred income taxes	(35)	4
Add: Share-based compensation	38	30
Add: Other charges, net of payments	(55)	(61)
Net income adjusted for non-cash charges	2,562	2,473
Less: Working capital	(553)	(325)
Less: Pension contributions	(11)	(10)
Other	(44)	(230)
Net cash provided by (used for) operating activities	\$ 1,954	\$ 1,908
INVESTING ACTIVITIES		
Capital expenditures	(1,048)	(829)
Acquisitions, net of cash acquired	—	(808)
Divestitures, net of cash divested and asset sales	7	3
Net cash provided by (used for) investing activities	\$ (1,041)	\$ (1,634)
FINANCING ACTIVITIES		
Debt increase (decrease) - net	1,215	717
Issuances (purchases) of common stock - net	(1,025)	(846)
Cash dividends - Linde plc shareholders	(669)	(623)
Noncontrolling interest transactions and other	(189)	(12)
Net cash provided by (used for) financing activities	\$ (668)	\$ (764)
Effect of exchange rate changes on cash and cash equivalents	\$ (61)	\$ 16
Cash and cash equivalents, end-of-period	\$ 4,848	\$ 4,962

Cash Flow from Operations

Cash provided by operations of \$1,954 million for the three months ended March 31, 2024 increased \$46 million, or 2%, versus 2023. The increase was driven primarily by higher net income adjusted for non-cash charges, partially offset by higher net working capital and other cash requirements.

Linde estimates that total 2024 required contributions to its pension plans will be in the range of approximately \$30 million to \$40 million, of which \$11 million has been made through March 31, 2024.

Investing

Net cash used for investing of \$1,041 million for the three months ended March 31, 2024 decreased \$593 million versus 2023, due to lower acquisitions, net of cash acquired partially offset by higher capital expenditures.

Capital expenditures for the three months ended March 31, 2024 were \$1,048 million, \$219 million higher than the prior year due primarily to investments in new plant and production equipment for backlog growth requirements.

[Table of Contents](#)

At March 31, 2024, Linde's sale of gas backlog of large projects under construction was approximately \$4.9 billion. This represents the total estimated capital cost of large plants under construction.

There were no acquisitions for the three months ended March 31, 2024. Acquisitions, net of cash acquired were \$808 million, for the three months ended March 31, 2023 and related primarily to the acquisition of nexAir in the Americas.

Divestitures, net of cash divested and asset sales for the three months ended March 31, 2024 and 2023 were \$7 million and \$3 million, respectively.

Financing

Cash used for financing activities was \$668 million for the three months ended March 31, 2024 as compared to \$764 million for the three months ended March 31, 2023. Cash provided by debt was \$1,215 million in 2024 versus cash provided by debt of \$717 million in 2023, driven primarily by higher net debt issuances. In the first quarter of 2024 Linde issued €700 million of 3.00% notes due in 2028, €850 million of 3.20% notes due in 2031 and €700 million of 3.40% notes due in 2036. In February 2024, Linde repaid €550 million of 1.20% notes that became due.

Net purchases of ordinary shares were \$1,025 million in 2024 versus \$846 million in 2023. 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 \$669 million increased \$46 million from 2023 driven primarily by a 9% increase in quarterly dividends per share from \$1.275 per share to \$1.39 per share, partially offset by lower shares outstanding. Cash used for Noncontrolling interest transactions and other was \$189 million for the three months ended March 31, 2024 versus cash used of \$12 million for the respective 2023 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 \$4.8 billion of cash as of March 31, 2024, 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 March 31, 2024. 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 8 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 March 31,	
	2024	2023
Adjusted Operating Profit and Operating Margin		
Reported operating profit	\$ 2,095	\$ 1,933
Add: Other charges	—	18
Add: Purchase accounting impacts - Linde AG (c)	246	255
Total adjustments	246	273
Adjusted operating profit	\$ 2,341	\$ 2,206
Reported percentage change	8 %	
Adjusted percentage change	6 %	
Reported sales	\$ 8,100	\$ 8,193
Reported operating margin	25.9 %	23.6 %
Adjusted operating margin	28.9 %	26.9 %
Adjusted Depreciation and amortization		
Reported depreciation and amortization	\$ 949	\$ 948
Less: Purchase accounting impacts - Linde AG (c)	(240)	(250)
Adjusted depreciation and amortization	\$ 709	\$ 698
Adjusted Other Income (Expense) - net		
Reported Other Income (Expense) - net	\$ 58	\$ (5)
Less: Purchase accounting impacts - Linde AG (c)	(6)	(5)
Adjusted Other Income (Expense) - net	\$ 64	\$ —
Adjusted Interest Expense - Net		
Reported interest expense - net	\$ 65	\$ 37
Add: Purchase accounting impacts - Linde AG (c)	2	9
Adjusted interest expense - net	\$ 67	\$ 46

[Table of Contents](#)

Adjusted Income Taxes (a)

Reported income taxes	\$	463	\$	430
Add: Purchase accounting impacts - Linde AG (c)		60		57
Add: Other charges		5		45
Total adjustments		65		102
Adjusted income taxes	\$	528	\$	532

Adjusted Effective Tax Rate (a)

Reported income before income taxes and equity investments	\$	2,080	\$	1,941
Add: Purchase accounting impacts - Linde AG (c)		244		246
Add: Other charges		—		18
Total adjustments		244		264
Adjusted income before income taxes and equity investments	\$	2,324	\$	2,205

Reported Income taxes	\$	463	\$	430
Reported effective tax rate		22.3 %		22.2 %
Adjusted income taxes	\$	528	\$	532
Adjusted effective tax rate		22.7 %		24.1 %

Income from Equity Investments

Reported income from equity investments	\$	48	\$	41
Add: Purchase accounting impacts - Linde AG (c)		18		18
Adjusted income from equity investments	\$	66	\$	59

Adjusted Noncontrolling Interests

Reported noncontrolling interests	\$	(38)	\$	(36)
Add: Purchase accounting impacts - Linde AG (c)		(3)		(3)
Adjusted noncontrolling interests	\$	(41)	\$	(39)

Adjusted Net Income - Linde plc (b)

Reported net income - Linde plc	\$	1,627	\$	1,516
Add: Other charges		(5)		(27)
Add: Purchase accounting impacts - Linde AG (c)		199		204
Total adjustments		194		177
Adjusted net income - Linde plc	\$	1,821	\$	1,693

[Table of Contents](#)

Adjusted Diluted EPS (b)

Reported diluted EPS	\$	3.35	\$	3.06
Add: Pension settlement charge		—		—
Add: Other charges		(0.01)		(0.05)
Add: Purchase accounting impacts - Linde AG (c)		0.41		0.41
Total adjustments		0.40		0.36
Adjusted diluted EPS	\$	3.75	\$	3.42
Reported percentage change		9 %		
Adjusted percentage change		10 %		

Adjusted EBITDA and % of Sales

Net Income - Linde plc	\$	1,627	\$	1,516
Add: Noncontrolling interests		38		36
Add: Net pension and OPEB cost (benefit), excluding service cost		(50)		(45)
Add: Interest expense		65		37
Add: Income taxes		463		430
Add: Depreciation and amortization		949		948
EBITDA	\$	3,092	\$	2,922
Add: Other charges		—		18
Add: Purchase accounting impacts - Linde AG (c)		24		23
Total adjustments		24		41
Adjusted EBITDA	\$	3,116	\$	2,963
Reported sales	\$	8,100	\$	8,193
% of sales				
EBITDA		38.2 %		35.7 %
Adjusted EBITDA		38.5 %		36.2 %

(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.

	March 31, 2024	December 31, 2023
(Millions of dollars)		
Debt	\$ 20,319	\$ 19,373
Less: cash and cash equivalents	(4,848)	(4,664)
Net debt	15,471	14,709
Less: purchase accounting impacts - Linde AG	(5)	(7)
Adjusted net debt	<u>\$ 15,466</u>	<u>\$ 14,702</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.

[Table of Contents](#)

(Millions of dollars)			
Statement of Income Data	Three Months Ended March 31,		Twelve months ended December
	2024		31, 2023
Sales	\$	1,938	\$ 8,143
Operating profit		336	1,656
Net income		(57)	735
Transactions with non-guarantor subsidiaries		759	3,004
Balance Sheet Data (at period end)			
Current assets (a)	\$	5,467	\$ 4,423
Long-term assets (b)		13,329	13,833
Current liabilities (c)		9,765	10,882
Long-term liabilities (d)		59,698	56,546
(a) From current assets above, amount due from non-guarantor subsidiaries	\$	2,477	\$ 1,753
(b) From long-term assets above, amount due from non-guarantor subsidiaries		575	816
(c) From current liabilities above, amount due to non-guarantor subsidiaries		1,698	1,684
(d) From long-term liabilities above, amount due to non-guarantor subsidiaries		40,763	39,458

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Refer to Item 7A. to Part II of Linde's 2023 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 8 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, 2023.

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 March 31, 2024 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) (Thousands)	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (2) (Millions)
January 2024	927	\$ 406.00	927	\$ 15,989
February 2024	742	\$ 424.79	742	\$ 15,674
March 2024	743	\$ 466.22	743	\$ 15,327
First Quarter 2024	2,412	\$ 430.33	2,412	\$ 15,327

- (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 and expires on July 31, 2024. 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 began 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.
- (2) As of March 31, 2024, the company repurchased \$9.7 billion of its ordinary shares pursuant to the 2022 program. As of March 31, 2024, \$0.3 billion and \$15.0 billion of share repurchases remain authorized under the 2022 and 2023 programs, respectively.

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	Rule 13a-14(a) Certification
31.02	Rule 13a-14(a) Certification
32.01	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).
32.02	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).
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)

Date: May 2, 2024

By: /s/ Kelcey E. Hoyt
Kelcey E. Hoyt
Chief Accounting Officer