

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

FORM 10-Q

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

For the quarterly period ended September 30, 2021

or

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

For the transition period from to

Commission file number 001-38730

LINDE PLC

(Exact name of registrant as specified in its charter)

Ireland

(State or other jurisdiction of incorporation)

10 Riverview Dr.,
Danbury, Connecticut
United States 06810

(203) 837-2000

(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code)

N/A

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

98-1448883

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

The Priestley Centre
10 Priestley Road,
Surrey Research Park,
Guildford, Surrey GU2 7XY
United Kingdom

+44 14 83 242200

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

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

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

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

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

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

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

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

At September 30, 2021, 512,554,731 ordinary shares (€0.001 par value) of the Registrant were outstanding.

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Forward-looking Statements

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are identified by terms and phrases such as: anticipate, believe, intend, estimate, expect, continue, should, could, may, plan, project, predict, will, potential, forecast, and similar expressions. They are based on management’s reasonable expectations and assumptions as of the date the statements are made but involve risks and uncertainties. These risks and uncertainties include, without limitation: the performance of stock markets generally; developments in worldwide and national economies and other international events and circumstances, including trade conflicts and tariffs; changes in foreign currencies and in interest rates; the cost and availability of electric power, natural gas and other raw materials; the ability to achieve price increases to offset cost increases; catastrophic events including natural disasters, epidemics, pandemics such as COVID-19, and acts of war and terrorism; the ability to attract, hire, and retain qualified personnel; the impact of changes in financial accounting standards; the impact of changes in pension plan liabilities; the impact of tax, environmental, healthcare and other legislation and government regulation in jurisdictions in which the company operates; the cost and outcomes of investigations, litigation and regulatory proceedings; the impact of potential unusual or non-recurring items; continued timely development and market acceptance of new products and applications; the impact of competitive products and pricing; future financial and operating performance of major customers and industries served; the impact of information technology system failures, network disruptions and breaches in data security; and the effectiveness and speed of integrating new acquisitions into the business. These risks and uncertainties may cause actual future results or circumstances to differ materially from accounting principles generally accepted in the United States of America, International Financial Reporting Standards or 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, 2020 filed with the SEC on March 1, 2021, which should be reviewed carefully. Please consider Linde plc’s forward-looking statements in light of those risks.

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

| | Quarter Ended September 30, | |
|---|-----------------------------|---------------|
| | 2021 | 2020 |
| Sales | \$ 7,668 | \$ 6,855 |
| Cost of sales, exclusive of depreciation and amortization | 4,368 | 3,835 |
| Selling, general and administrative | 793 | 770 |
| Depreciation and amortization | 1,163 | 1,168 |
| Research and development | 36 | 36 |
| Cost reduction programs and other charges | 26 | 48 |
| Other income (expense) - net | 10 | (29) |
| Operating Profit | 1,292 | 969 |
| Interest expense - net | 8 | 38 |
| Net pension and OPEB cost (benefit), excluding service cost | (45) | (41) |
| Income From Continuing Operations Before Income Taxes and Equity Investments | 1,329 | 972 |
| Income taxes on continuing operations | 321 | 265 |
| Income From Continuing Operations Before Equity Investments | 1,008 | 707 |
| Income from equity investments | 1 | 23 |
| Income From Continuing Operations (Including Noncontrolling Interests) | 1,009 | 730 |
| Income from discontinued operations, net of tax | 1 | 1 |
| Net Income (Including Noncontrolling Interests) | 1,010 | 731 |
| Less: noncontrolling interests from continuing operations | (31) | (31) |
| Net Income – Linde plc | \$ 979 | \$ 700 |
| Net Income – Linde plc | | |
| Income from continuing operations | \$ 978 | \$ 699 |
| Income from discontinued operations | \$ 1 | \$ 1 |
| Per Share Data – Linde plc Shareholders | | |
| Basic earnings per share from continuing operations | \$ 1.90 | \$ 1.33 |
| Basic earnings per share from discontinued operations | — | — |
| Basic earnings per share | \$ 1.90 | \$ 1.33 |
| Diluted earnings per share from continuing operations | \$ 1.88 | \$ 1.32 |
| Diluted earnings per share from discontinued operations | — | — |
| Diluted earnings per share | \$ 1.88 | \$ 1.32 |
| Weighted Average Shares Outstanding (000's): | | |
| Basic shares outstanding | 515,169 | 525,694 |
| Diluted shares outstanding | 520,079 | 530,415 |

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

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

| | Nine Months Ended September 30, | |
|---|---------------------------------|-----------------|
| | 2021 | 2020 |
| Sales | \$ 22,495 | \$ 19,971 |
| Cost of sales, exclusive of depreciation and amortization | 12,616 | 11,297 |
| Selling, general and administrative | 2,402 | 2,391 |
| Depreciation and amortization | 3,500 | 3,434 |
| Research and development | 105 | 114 |
| Cost reduction programs and other charges | 222 | 428 |
| Other income (expense) - net | (3) | (14) |
| Operating Profit | 3,647 | 2,293 |
| Interest expense - net | 46 | 80 |
| Net pension and OPEB cost (benefit), excluding service cost | (143) | (131) |
| Income From Continuing Operations Before Income Taxes and Equity Investments | 3,744 | 2,344 |
| Income taxes on continuing operations | 923 | 594 |
| Income From Continuing Operations Before Equity Investments | 2,821 | 1,750 |
| Income from equity investments | 81 | 69 |
| Income From Continuing Operations (Including Noncontrolling Interests) | 2,902 | 1,819 |
| Income from discontinued operations, net of tax | 3 | 3 |
| Net Income (Including Noncontrolling Interests) | 2,905 | 1,822 |
| Less: noncontrolling interests from continuing operations | (105) | (91) |
| Net Income – Linde plc | \$ 2,800 | \$ 1,731 |
| Net Income – Linde plc | | |
| Income from continuing operations | \$ 2,797 | \$ 1,728 |
| Income from discontinued operations | \$ 3 | \$ 3 |
| Per Share Data – Linde plc Shareholders | | |
| Basic earnings per share from continuing operations | \$ 5.39 | \$ 3.28 |
| Basic earnings per share from discontinued operations | 0.01 | 0.01 |
| Basic earnings per share | \$ 5.40 | \$ 3.29 |
| Diluted earnings per share from continuing operations | \$ 5.34 | \$ 3.25 |
| Diluted earnings per share from discontinued operations | 0.01 | 0.01 |
| Diluted earnings per share | \$ 5.35 | \$ 3.26 |
| Weighted Average Shares Outstanding (000's): | | |
| Basic shares outstanding | 518,802 | 527,501 |
| Diluted shares outstanding | 523,662 | 531,724 |

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

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

| | Quarter Ended September 30, | |
|--|-----------------------------|----------|
| | 2021 | 2020 |
| NET INCOME (INCLUDING NONCONTROLLING INTERESTS) | \$ 1,010 | \$ 731 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | |
| Translation adjustments: | | |
| Foreign currency translation adjustments | (823) | 696 |
| Reclassification to net income | — | — |
| Income taxes | 4 | 7 |
| Translation adjustments | (819) | 703 |
| Funded status - retirement obligations (Note 8): | | |
| Retirement program remeasurements | 52 | (49) |
| Reclassifications to net income | 43 | 28 |
| Income taxes | (28) | (2) |
| Funded status - retirement obligations | 67 | (23) |
| Derivative instruments (Note 5): | | |
| Current unrealized gain (loss) | 64 | 16 |
| Reclassifications to net income | (25) | (5) |
| Income taxes | (10) | (3) |
| Derivative instruments | 29 | 8 |
| TOTAL OTHER COMPREHENSIVE INCOME (LOSS) | (723) | 688 |
| COMPREHENSIVE INCOME (LOSS) (INCLUDING NONCONTROLLING INTERESTS) | 287 | 1,419 |
| Less: noncontrolling interests | (18) | (71) |
| COMPREHENSIVE INCOME (LOSS) - LINDE PLC | \$ 269 | \$ 1,348 |

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

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

| | Nine Months Ended September 30, | |
|--|---------------------------------|----------|
| | 2021 | 2020 |
| NET INCOME (INCLUDING NONCONTROLLING INTERESTS) | \$ 2,905 | \$ 1,822 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | |
| Translation adjustments: | | |
| Foreign currency translation adjustments | (1,068) | (1,299) |
| Reclassification to net income (Note 13) | (52) | — |
| Income taxes | (4) | 31 |
| Translation adjustments | (1,124) | (1,268) |
| Funded status - retirement obligations (Note 8): | | |
| Retirement program remeasurements | 53 | 2 |
| Reclassifications to net income | 130 | 71 |
| Income taxes | (53) | (26) |
| Funded status - retirement obligations | 130 | 47 |
| Derivative instruments (Note 5): | | |
| Current period unrealized gain (loss) | 104 | (29) |
| Reclassifications to net income | (30) | 45 |
| Income taxes | (18) | (2) |
| Derivative instruments | 56 | 14 |
| TOTAL OTHER COMPREHENSIVE INCOME (LOSS) | (938) | (1,207) |
| COMPREHENSIVE INCOME (LOSS) (INCLUDING NONCONTROLLING INTERESTS) | 1,967 | 615 |
| Less: noncontrolling interests | (95) | (43) |
| COMPREHENSIVE INCOME (LOSS) - LINDE PLC | \$ 1,872 | \$ 572 |

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

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

| | September 30, 2021 | December 31, 2020 |
|--|--------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ 4,700 | \$ 3,754 |
| Accounts receivable - net | 4,367 | 4,167 |
| Contract assets | 166 | 162 |
| Inventories | 1,694 | 1,729 |
| Prepaid and other current assets | 1,080 | 1,112 |
| <i>Total Current Assets</i> | 12,007 | 10,924 |
| Property, plant and equipment - net | 26,180 | 28,711 |
| Goodwill | 27,178 | 28,201 |
| Other intangible assets - net | 14,048 | 16,184 |
| Other long-term assets | 4,778 | 4,209 |
| <i>Total Assets</i> | \$ 84,191 | \$ 88,229 |
| Liabilities and equity | | |
| Accounts payable | \$ 3,069 | \$ 3,095 |
| Short-term debt | 2,895 | 3,251 |
| Current portion of long-term debt | 2,293 | 751 |
| Contract liabilities | 2,213 | 1,769 |
| Other current liabilities | 4,288 | 4,874 |
| <i>Total Current Liabilities</i> | 14,758 | 13,740 |
| Long-term debt | 11,539 | 12,152 |
| Other long-term liabilities | 12,157 | 12,755 |
| <i>Total Liabilities</i> | 38,454 | 38,647 |
| Redeemable noncontrolling interests | 13 | 13 |
| Linde plc Shareholders' Equity: | | |
| Ordinary shares, €0.001 par value, authorized 1,750,000,000 shares, 2021 issued: 552,012,862 ordinary shares; 2020 issued: 552,012,862 ordinary shares | 1 | 1 |
| Additional paid-in capital | 40,220 | 40,202 |
| Retained earnings | 18,240 | 17,178 |
| Accumulated other comprehensive income (loss) (Note 11) | (5,618) | (4,690) |
| Less: Treasury shares, at cost (2021 – 39,458,131 shares and 2020 – 28,718,333 shares) | (8,520) | (5,374) |
| Total Linde plc Shareholders' Equity | 44,323 | 47,317 |
| Noncontrolling interests | 1,401 | 2,252 |
| <i>Total Equity</i> | 45,724 | 49,569 |
| <i>Total Liabilities and Equity</i> | \$ 84,191 | \$ 88,229 |

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

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

| | Nine Months Ended September 30, | |
|--|---------------------------------|----------|
| | 2021 | 2020 |
| Increase (Decrease) in Cash and Cash Equivalents | | |
| Operations | | |
| Net income - Linde plc | \$ 2,800 | \$ 1,731 |
| Less: Income from discontinued operations, net of tax and noncontrolling interests | (3) | (3) |
| Add: Noncontrolling interests from continuing operations | 105 | 91 |
| Income from continuing operations (including noncontrolling interests) | 2,902 | 1,819 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Cost reduction programs and other charges, net of payments | 83 | 240 |
| Depreciation and amortization | 3,500 | 3,434 |
| Deferred income taxes | (184) | (299) |
| Share-based compensation | 95 | 104 |
| Working capital: | | |
| Accounts receivable | (539) | (76) |
| Inventory | (77) | (101) |
| Prepaid and other current assets | (25) | 1 |
| Payables and accruals | 131 | (12) |
| Contract assets and liabilities, net | 530 | 89 |
| Pension contributions | (32) | (76) |
| Long-term assets, liabilities and other | 108 | (128) |
| Net cash provided by operating activities | 6,492 | 4,995 |
| Investing | | |
| Capital expenditures | (2,247) | (2,373) |
| Acquisitions, net of cash acquired | (31) | (41) |
| Divestitures and asset sales, net of cash divested | 147 | 435 |
| Net cash provided by (used for) investing activities | (2,131) | (1,979) |
| Financing | | |
| Short-term debt borrowings (repayments) - net | 369 | 2,154 |
| Long-term debt borrowings | 2,260 | 2,763 |
| Long-term debt repayments | (821) | (1,582) |
| Issuances of ordinary shares | 39 | 41 |
| Purchases of ordinary shares | (3,251) | (2,030) |
| Cash dividends - Linde plc shareholders | (1,648) | (1,523) |
| Noncontrolling interest transactions and other | (319) | (201) |
| Net cash provided by (used for) financing activities | (3,371) | (378) |
| Effect of exchange rate changes on cash and cash equivalents | (44) | (139) |
| Change in cash and cash equivalents | 946 | 2,499 |
| Cash and cash equivalents, beginning-of-period | 3,754 | 2,700 |
| Cash and cash equivalents, end-of-period | \$ 4,700 | \$ 5,199 |

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)

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1. Summary of Significant Accounting Policies

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 presentation 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 2020 Annual Report on Form 10-K. There have been no material changes to the company's significant accounting policies during 2021.

Accounting Standards Implemented in 2021

- Income Taxes - Simplifying the Accounting for Income Taxes** - In December 2019, the FASB issued guidance which simplifies the accounting for income taxes by removing several exceptions in the current standard and adds guidance to reduce complexity in certain areas, such as requiring that an entity reflect the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date, evaluating whether a step-up in tax basis of goodwill relates to a business combination or a separate transaction and allocating taxes to members of a consolidated group. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The adoption of this standard did not materially impact the company's consolidated financial statements.
- Reference Rate Reform** - In March 2020 with amendments in 2021, the FASB issued guidance related to reference rate reform which provides practical expedients and exceptions for applying GAAP to contract modifications, hedging relationships and other transactions that the reference London Interbank Offered Rate ("LIBOR") and other interbank offered rates. This update is applicable to our contracts and hedging relationships that reference LIBOR and other interbank offered rates. The amendments may be applied to impacted contracts and hedges prospectively through December 31, 2022. The application of this guidance did not materially impact the company's consolidated financial statements.

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

2. Cost Reduction Programs and Other Charges

2021 Charges

Cost reduction programs and other charges were \$26 million and \$222 million for the quarter and nine months ended September 30, 2021, respectively (\$58 million and \$228 million, after tax). The following table summarizes the activities related to the company's cost reduction charges for the quarter and nine months ended September 30, 2021:

| | Quarter Ended September 30, 2021 | | | | Total |
|-----------------------|----------------------------------|------------------------------|--|----------------------------------|--------------|
| | Severance costs | Other cost reduction charges | Total cost reduction program related charges | Merger-related and other charges | |
| (millions of dollars) | | | | | |
| Americas | \$ 1 | \$ — | \$ 1 | \$ (4) | \$ (3) |
| EMEA | 15 | 2 | 17 | — | 17 |
| APAC | — | — | — | — | — |
| Engineering | — | — | — | — | — |
| Other | 4 | 7 | 11 | 1 | 12 |
| Total | \$ 20 | \$ 9 | \$ 29 | \$ (3) | \$ 26 |

Nine Months Ended September 30, 2021

| <i>(millions of dollars)</i> | Severance costs | Other cost reduction charges | Total cost reduction program related charges | Merger-related and other charges | Total |
|------------------------------|-----------------|------------------------------|--|----------------------------------|---------------|
| Americas | \$ 4 | \$ 2 | \$ 6 | \$ (4) | \$ 2 |
| EMEA | 197 | 23 | 220 | — | 220 |
| APAC | 7 | 2 | 9 | (53) | (44) |
| Engineering | 7 | 6 | 13 | — | 13 |
| Other | 13 | 16 | 29 | 2 | 31 |
| Total | \$ 228 | \$ 49 | \$ 277 | \$ (55) | \$ 222 |

Cost Reduction Programs

Total cost reduction program related charges were \$29 million for the quarter and \$277 million for the nine months ended September 30, 2021 (\$25 million and \$209 million, after tax).

Severance costs

Severance costs were \$20 million and \$228 million for the quarter and nine months ended September 30, 2021. As of September 30, 2021, approximately half of the actions have been taken, with remaining actions planned to be completed by the first quarter of 2022.

Other cost reduction charges

Other cost reduction charges of \$9 million and \$49 million for the quarter and nine months ended September 30, 2021, respectively, are primarily charges related to the execution of the company's synergistic actions including location consolidations and business rationalization projects, process harmonization, and associated non-recurring costs.

Merger-related Costs and Other Charges

Merger-related costs and other charges were benefits of \$3 million and \$55 million for the quarter and nine months ended September 30, 2021, respectively (charges of \$33 million and \$19 million, after tax). The year-to-date pre-tax benefit was primarily due to a \$52 million gain triggered by a joint venture deconsolidation in the APAC segment in the first quarter (see Note 13). After-tax charges also include the impact of the below items.

The nine months ended September 30, 2021 include a net income tax charge of \$38 million, primarily related to (i) \$81 million of expense due to the revaluation of a net deferred tax liability resulting from a tax rate increase in the United Kingdom enacted in the second quarter, and (ii) a tax settlement benefit of \$33 million.

The quarter and nine months ended September 30, 2021 also include an impairment charge of \$35 million (\$35 million, after tax) related to a joint venture in the APAC segment. The charge is shown within income from equity investments on the consolidated statements of income.

Cash Requirements

The total cash requirements of the cost reduction program and other charges during the nine months ended September 30, 2021 are estimated to be approximately \$236 million and are expected to be paid through 2023. Total cost reduction programs and other charges, net of payments in the condensed consolidated statements of cash flows for the nine months ended September 30, 2021 also reflects the impact of cash payments of liabilities accrued as of December 31, 2020.

The following table summarizes the activities related to the company's cost reduction related charges for the nine months ended September 30, 2021:

| <i>(millions of dollars)</i> | Severance costs | Other cost reduction charges | Total cost reduction program related charges | Merger-related and other charges | Total |
|--|-----------------|---------------------------------|--|-------------------------------------|---------------|
| Balance, December 31, 2020 | \$ 283 | \$ 22 | \$ 305 | \$ 64 | \$ 369 |
| 2021 Cost Reduction Programs and Other Charges | 228 | 49 | 277 | (55) | 222 |
| Less: Cash payments | (113) | (9) | (122) | (17) | (139) |
| Less: Non-cash charges / benefits | — | (21) | (21) | 54 | 33 |
| Foreign currency translation and other | (14) | (5) | (19) | — | (19) |
| Balance, September 30, 2021 | <u>\$ 384</u> | <u>\$ 36</u> | <u>\$ 420</u> | <u>\$ 46</u> | <u>\$ 466</u> |

2020 Charges

Cost reduction programs and other charges were \$48 million and \$428 million for the quarter and nine months ended September 30, 2020, respectively (\$36 million and \$318 million, after tax).

Total cost reduction program related charges were \$39 million and \$330 million (\$29 million and \$236 million, after tax), for the quarter and nine months ended September 30, 2020, respectively, which consisted primarily of severance charges of \$31 million and \$281 million. Merger-related and other charges were \$9 million and \$98 million for the quarter and nine months ended September 30, 2020 (\$7 million and \$82 million, after tax).

Classification in the condensed consolidated financial statements

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

3. Supplemental Information

Receivables

Linde applies loss rates that are lifetime expected credit losses at initial recognition of the receivables. These expected loss rates are based on an analysis of the actual historical default rates for each business, taking regional circumstances into account. If necessary, these historical default rates are adjusted to reflect the impact of current changes in the macroeconomic environment using forward-looking information. The loss rates are also evaluated based on the expectations of the responsible management team regarding the collectability of the receivables. Gross trade receivables aged less than one year were \$4,358 million and \$4,169 million at September 30, 2021 and December 31, 2020 respectively and gross receivables aged greater than one year were \$308 million and \$358 million at September 30, 2021 and December 31, 2020, respectively. Other receivables were \$124 million and \$111 million at September 30, 2021 and December 31, 2020, respectively. Receivables aged greater than one year are generally fully reserved unless specific circumstances warrant exceptions, such as those backed by federal governments.

Accounts receivable net of reserves were \$4,367 million at September 30, 2021 and \$4,167 million at December 31, 2020. Allowances for expected credit losses were \$423 million at September 30, 2021 and \$471 million at December 31, 2020. Provisions for expected credit losses were \$101 million and \$136 million for the nine months ended September 30, 2021 and 2020, respectively. The allowance activity in the nine months ended September 30, 2021 and 2020 related to write-offs of uncollectible amounts, net of recoveries and currency movements is not material.

Inventories

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

| <i>(Millions of dollars)</i> | September 30, 2021 | December 31, 2020 |
|------------------------------|-----------------------|----------------------|
| Inventories | | |
| Raw materials and supplies | \$ 391 | \$ 411 |
| Work in process | 357 | 337 |
| Finished goods | 946 | 981 |
| Total inventories | <u>\$ 1,694</u> | <u>\$ 1,729</u> |

4. Debt

The following is a summary of Linde's outstanding debt at September 30, 2021 and December 31, 2020:

| <i>(Millions of dollars)</i> | September 30, 2021 | December 31, 2020 |
|---|-----------------------|----------------------|
| SHORT-TERM | | |
| Commercial paper | \$ 2,022 | \$ 2,527 |
| Other borrowings (primarily non U.S.) | 873 | 724 |
| Total short-term debt | 2,895 | 3,251 |
| LONG-TERM (a) | | |
| <i>(U.S. dollar denominated unless otherwise noted)</i> | | |
| 3.875% Euro denominated notes due 2021 (c) | — | 748 |
| 0.250% Euro denominated notes due 2022 (b) | 1,160 | 1,226 |
| 2.45% Notes due 2022 | 600 | 599 |
| 2.20% Notes due 2022 | 500 | 499 |
| 2.70% Notes due 2023 | 499 | 499 |
| 2.00% Euro denominated notes due 2023 (b) | 777 | 832 |
| 5.875% GBP denominated notes due 2023 (b) | 436 | 460 |
| 1.20% Euro denominated notes due 2024 | 636 | 671 |
| 1.875% Euro denominated notes due 2024 (b) | 364 | 389 |
| 2.65% Notes due 2025 | 399 | 398 |
| 1.625% Euro denominated notes due 2025 | 575 | 607 |
| 0.00% Euro denominated notes due 2026 (d) | 814 | — |
| 3.20% Notes due 2026 | 725 | 725 |
| 3.434% Notes due 2026 | 197 | 196 |
| 1.652% Euro denominated notes due 2027 | 95 | 100 |
| 0.250% Euro denominated notes due 2027 | 867 | 914 |
| 1.00% Euro denominated notes due 2028 (b) | 902 | 966 |
| 1.10% Notes due 2030 | 696 | 696 |
| 1.90% Euro denominated notes due 2030 | 121 | 127 |
| 0.550% Euro denominated notes due 2032 | 862 | 909 |
| 0.375% Euro denominated notes due 2033 (d) | 575 | — |
| 3.55% Notes due 2042 | 664 | 664 |
| 2.00% Notes due 2050 | 296 | 296 |
| 1.00% Euro denominated notes due 2051 (d) | 803 | — |
| Non U.S. borrowings | 259 | 372 |
| Other | 10 | 10 |
| | 13,832 | 12,903 |
| Less: current portion of long-term debt | (2,293) | (751) |
| Total long-term debt | 11,539 | 12,152 |
| Total debt | \$ 16,727 | \$ 16,154 |

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

(b) September 30, 2021 and December 31, 2020 included a cumulative \$52 million and \$79 million adjustment to carrying value, respectively, related to hedge accounting of interest rate swaps. Refer to Note 5.

(c) In June 2021, the company repaid €600 million of 3.875% note that became due.

(d) In September 2021, Linde issued €700 million of 0.000% notes due 2026, €500 million of 0.375% notes due 2033, and €700 million of 1.000% notes due 2051.

The company maintains a \$5 billion unsecured revolving credit agreement with a syndicate of banking institutions that expires March 26, 2024. There are no financial maintenance covenants contained within the credit agreement. No borrowings were outstanding under the credit agreement as of September 30, 2021.

5. Financial Instruments

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

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

When a derivative is executed and hedge accounting is appropriate, it is designated as either a fair-value hedge, cash-flow hedge, or a net investment hedge. Currently, Linde designates all interest-rate and treasury-rate locks as hedges for accounting purposes; however, cross-currency contracts are generally not designated as hedges for accounting purposes. Certain currency contracts related to forecasted transactions are designated as hedges for accounting purposes. Whether designated as hedges for accounting purposes or not, all derivatives are linked to an appropriate underlying exposure. On an ongoing basis, the company assesses the hedge effectiveness of all derivatives designated as hedges for accounting purposes to determine if they continue to be highly effective in offsetting changes in fair values or cash flows of the underlying hedged items. If it is determined that the hedge is not highly effective through the use of a qualitative assessment, then hedge accounting will be discontinued prospectively.

Counterparties to Linde's derivatives are major banking institutions with credit ratings of investment grade or better. The company has Credit Support Annexes ("CSAs") in place with its principal counterparties to minimize potential default risk and to mitigate counterparty risk. Under the CSAs, the fair values of derivatives for the purpose of interest rate and currency management are collateralized with cash on a regular basis. As of September 30, 2021, the impact of such collateral posting arrangements on the fair value of derivatives was insignificant. Management believes the risk of incurring losses on derivative contracts related to credit risk is remote and any losses would be immaterial.

The following table is a summary of the notional amount and fair value of derivatives outstanding at September 30, 2021 and December 31, 2020 for consolidated subsidiaries:

| | Notional Amounts | | Fair Value | | | |
|---|-----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | | | Assets (a) | | Liabilities (a) | |
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| <i>(Millions of dollars)</i> | | | | | | |
| Derivatives Not Designated as Hedging Instruments: | | | | | | |
| <i>Currency contracts:</i> | | | | | | |
| Balance sheet items | \$ 4,136 | \$ 6,470 | \$ 19 | \$ 72 | \$ 29 | \$ 48 |
| Forecasted transactions | 520 | 823 | 7 | 16 | 8 | 12 |
| Cross-currency swaps | 165 | 260 | 21 | 24 | 4 | 7 |
| <i>Commodity contracts</i> | N/A | N/A | 6 | 1 | — | — |
| Total | \$ 4,821 | \$ 7,553 | \$ 53 | \$ 113 | \$ 41 | \$ 67 |
| Derivatives Designated as Hedging Instruments: | | | | | | |
| <i>Currency contracts:</i> | | | | | | |
| Forecasted transactions | 322 | 355 | 7 | 20 | 2 | 14 |
| <i>Commodity contracts</i> | N/A | N/A | 56 | 3 | — | — |
| <i>Interest rate swaps</i> | 1,273 | 1,923 | 31 | 64 | — | — |
| Total Hedges | \$ 1,595 | \$ 2,278 | \$ 94 | \$ 87 | \$ 2 | \$ 14 |
| Total Derivatives | \$ 6,416 | \$ 9,831 | \$ 147 | \$ 200 | \$ 43 | \$ 81 |

(a) September 30, 2021 and December 31, 2020 included current assets of \$76 million and \$110 million which are recorded in prepaid and other current assets; long-term assets of \$71 million and \$90 million which are recorded in other long-term assets; current liabilities of \$37 million and \$70 million which are recorded in other current liabilities; and long-term liabilities of \$6 million and \$11 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 ("AOCI") with deferred amounts reclassified to earnings over the same time period as the income statement impact of the associated forecasted transaction. For forecasted transactions that do not qualify for cash flow hedging relationships, fair value adjustments are recorded directly to earnings.

Cross-Currency Swaps

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

Commodity Contracts

Commodity contracts are entered into to manage the exposure to fluctuations in commodity prices, which arise in the normal course of business from its procurement transactions. To reduce the extent of this risk, Linde enters into a limited number of electricity, natural gas, and propane gas derivatives. For forecasted transactions that are designated as cash flow hedges, fair value adjustments are recorded to accumulated other comprehensive income ("AOCI") with deferred amounts reclassified to earnings over the same time period as the income statement impact of the associated purchase.

Net Investment Hedge

As of September 30, 2021, Linde has €4.1 billion (\$4.7 billion) Euro-denominated notes and intercompany loans that are designated as hedges of the net investment positions in foreign operations. Since hedge inception, the deferred gain recorded within the cumulative translation adjustment component of AOCI in the condensed consolidated balance sheets and the consolidated statements of comprehensive income is \$57 million (deferred loss of \$1 million recorded during the quarter and a deferred gain of \$57 million recorded for the nine months ended September 30, 2021).

As of September 30, 2021, exchange rate movements relating to previously designated hedges that remain in AOCI is a loss of \$42 million. These movements will remain in AOCI, until appropriate, such as upon sale or liquidation of the related foreign operations at which time amounts will be reclassified to the consolidated statement 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. The notional value of outstanding interest rate swaps of Linde with maturity dates from 2022 through 2028 was \$1,273 million at September 30, 2021 and \$1,923 million at December 31, 2020 (See Note 4).

Terminated Treasury Rate Locks

The unrecognized aggregated losses related to terminated treasury rate lock contracts on the underlying \$500 million 2.20% fixed-rate notes that mature in 2022 at September 30, 2021 and December 31, 2020 were immaterial in both periods. The unrecognized gains / (losses) for the treasury rate locks are shown in AOCI and are being recognized on a straight line basis to interest expense – net over the term of the underlying debt agreements.

Derivatives' Impact on Consolidated Statements of Income

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

| (Millions of dollars) | Amount of Pre-Tax Gain (Loss) Recognized in Earnings * | | | |
|--|---|----------------|---------------------------------|-----------------|
| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| Derivatives Not Designated as Hedging Instruments | | | | |
| Currency contracts: | | | | |
| Balance sheet items | | | | |
| Debt-related | \$ (13) | \$ (74) | \$ 16 | \$ (213) |
| Other balance sheet items | 2 | 3 | 9 | (48) |
| Total | \$ (11) | \$ (71) | \$ 25 | \$ (261) |

* 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 AOCI and reclassified to the consolidated statement of income was immaterial for the quarter and nine months ended September 30, 2021 and 2020, respectively. Net losses expected to be reclassified to earnings during the next twelve months are also not material.

6. Fair Value Disclosures

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

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

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

| (Millions of dollars) | Fair Value Measurements Using | | | | | |
|-----------------------------|-------------------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | Level 1 | | Level 2 | | Level 3 | |
| | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 | September 30, 2021 | December 31, 2020 |
| Assets | | | | | | |
| Derivative assets | \$ — | \$ — | \$ 147 | \$ 200 | \$ — | \$ — |
| Investments and securities* | 24 | 21 | — | — | 27 | 47 |
| Total | \$ 24 | \$ 21 | \$ 147 | \$ 200 | \$ 27 | \$ 47 |
| Liabilities | | | | | | |
| Derivative liabilities | \$ — | \$ — | \$ 43 | \$ 81 | \$ — | \$ — |

* 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 these 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 either Level 1 or Level 2 of the fair value hierarchy depending on the trading volume of the issues and whether or not they are actively quoted in the market as opposed to traded through over-the-counter transactions. At September 30, 2021, the estimated fair value of Linde's long-term debt portfolio was \$14,097 million versus a carrying value of \$13,832 million. At December 31, 2020, the estimated fair value of Linde's long-term debt portfolio was \$13,611 million versus a carrying value of \$12,903 million. Differences between the carrying value and the fair value are attributable to fluctuations in interest rates subsequent to when the debt was issued and relative to stated coupon rates.

7. Earnings Per Share – Linde plc Shareholders

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

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|--|-----------------------------|---------|---------------------------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Numerator (Millions of dollars) | | | | |
| Income from continuing operations | \$ 978 | \$ 699 | \$ 2,797 | \$ 1,728 |
| Income from discontinued operations | 1 | 1 | 3 | 3 |
| Net Income – Linde plc | \$ 979 | \$ 700 | \$ 2,800 | \$ 1,731 |
| Denominator (Thousands of shares) | | | | |
| Weighted average shares outstanding | 514,770 | 525,339 | 518,418 | 527,177 |
| Shares earned and issuable under compensation plans | 399 | 355 | 384 | 324 |
| Weighted average shares used in basic earnings per share | 515,169 | 525,694 | 518,802 | 527,501 |
| Effect of dilutive securities | | | | |
| Stock options and awards | 4,910 | 4,721 | 4,860 | 4,223 |
| Weighted average shares used in diluted earnings per share | 520,079 | 530,415 | 523,662 | 531,724 |
| Basic earnings per share from continuing operations | \$ 1.90 | \$ 1.33 | \$ 5.39 | \$ 3.28 |
| Basic earnings per share from discontinued operations | — | — | 0.01 | 0.01 |
| Basic Earnings Per Share | \$ 1.90 | \$ 1.33 | \$ 5.40 | \$ 3.29 |
| Diluted earnings per share from continuing operations | \$ 1.88 | \$ 1.32 | \$ 5.34 | \$ 3.25 |
| Diluted earnings per share from discontinued operations | — | — | 0.01 | 0.01 |
| Diluted Earnings Per Share | \$ 1.88 | \$ 1.32 | \$ 5.35 | \$ 3.26 |

There were no antidilutive shares for any period presented.

8. Retirement Programs

The components of net pension and postretirement benefits other than pensions (“OPEB”) costs for the quarter and nine months ended September 30, 2021 and 2020 are shown below:

| <i>(Millions of dollars)</i> | Quarter Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|-----------------------------|---------------|-------------|-------------|---------------------------------|----------------|-------------|-------------|
| | Pensions | | OPEB | | Pensions | | OPEB | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Amount recognized in Operating Profit | | | | | | | | |
| Service cost | \$ 39 | \$ 38 | \$ — | \$ 1 | \$ 117 | \$ 111 | \$ 1 | \$ 2 |
| Amount recognized in Net pension and OPEB cost (benefit), excluding service cost | | | | | | | | |
| Interest cost | 39 | 52 | 2 | 1 | 115 | 154 | 3 | 4 |
| Expected return on plan assets | (129) | (122) | — | — | (391) | (360) | — | — |
| Net amortization and deferral | 41 | 22 | (2) | — | 130 | 67 | (4) | (2) |
| Settlement charge (a) | 4 | 6 | — | — | 4 | 6 | — | — |
| | <u>(45)</u> | <u>(42)</u> | <u>—</u> | <u>1</u> | <u>(142)</u> | <u>(133)</u> | <u>(1)</u> | <u>2</u> |
| Net periodic benefit cost (benefit) | <u>\$ (6)</u> | <u>\$ (4)</u> | <u>\$ —</u> | <u>\$ 2</u> | <u>\$ (25)</u> | <u>\$ (22)</u> | <u>\$ —</u> | <u>\$ 4</u> |

(a) In the third quarters of 2021 and 2020, Linde recorded pension settlement charges of \$4 million and \$6 million (\$3 million and \$5 million, after tax), respectively, related to lump sum benefit payments made from a U.S. non-qualified plan.

Linde estimates that 2021 required contributions to its pension plans will be in the range of \$40 million to \$50 million, of which \$32 million have been made through September 30, 2021.

9. Commitments and Contingencies

Contingent Liabilities

Linde is subject to various lawsuits and government investigations that arise from time to time in the ordinary course of business. These actions are based upon alleged environmental, tax, antitrust and personal injury claims, among others. Linde has strong defenses in these cases and intends to defend itself vigorously. It is possible that the company may incur losses in connection with some of these actions in excess of accrued liabilities. Management does not anticipate that in the aggregate such losses would have a material adverse effect on the company’s consolidated financial position or liquidity; however, it is possible that the final outcomes could have a significant impact on the company’s reported results of operations in any given period (see Note 17 to the consolidated financial statements of Linde’s 2020 Annual Report on Form 10-K).

Significant matters are:

- During 2009, the Brazilian government published Law 11941/2009 instituting a new voluntary amnesty program (“Refis Program”) which allowed Brazilian companies to settle certain federal tax disputes at reduced amounts. During 2009, the company decided that it was economically beneficial to settle many of its outstanding federal tax disputes and such disputes were enrolled in the Refis Program, subject to final calculation and review by the Brazilian federal government. The company recorded estimated liabilities based on the terms of the Refis Program. Since 2009, Linde has been unable to reach final agreement on the calculations and initiated litigation against the government in an attempt to resolve certain items. Open issues relate to the following matters: (i) application of cash deposits and net operating loss carryforwards to satisfy obligations and (ii) the amount of tax reductions available under the Refis Program. It is difficult to estimate the timing of resolution of legal matters in Brazil.
- At September 30, 2021 the most significant non-income and income tax claims in Brazil, after enrollment in the Refis Program, relate to state VAT tax matters and a federal income tax matter where the taxing authorities are challenging the tax rate that should be applied to income generated by a subsidiary company. The total estimated exposure relating to such claims, including interest and penalties, as appropriate, is approximately \$205 million. Linde has not recorded any liabilities related to such claims based on management judgments, after considering judgments and opinions of outside counsel. Because litigation in Brazil historically takes many years to resolve, it is very difficult to estimate the timing of resolution of these matters; however, it is possible that certain of these matters may be resolved within the near term. The company is vigorously defending against the proceedings.

- On September 1, 2010, CADE (Brazilian Administrative Council for Economic Defense) announced alleged anticompetitive activity on the part of five industrial gas companies in Brazil and imposed fines. Originally, CADE imposed a civil fine of R\$2.2 billion Brazilian reais (\$404 million) on White Martins, the Brazil-based subsidiary of Praxair, Inc. The fine was reduced to R\$1.7 billion Brazilian reais (\$312 million) due to a calculation error made by CADE. The fine against White Martins was overturned by the Ninth Federal Court of Brasilia. CADE appealed this decision, and the Federal Court of Appeals rejected CADE's appeal and confirmed the decision of the Ninth Federal Court of Brasilia. CADE has filed an appeal with the Superior Court of Justice and a decision is pending.

Similarly, on September 1, 2010, CADE imposed a civil fine of R\$237 million Brazilian reais (\$44 million) on Linde Gases Ltda., the former Brazil-based subsidiary of Linde AG, which was divested to MG Industries GmbH on March 1, 2019 and with respect to which Linde provided a contractual indemnity. The fine was reduced to R\$188 million Brazilian reais (\$35 million) due to a calculation error made by CADE. The fine against Linde Gases Ltda. was overturned by the Seventh Federal Court in Brasilia. CADE appealed this decision, and the Federal Court of Appeals rejected CADE's appeal and confirmed the decision of the Seventh Federal Court of Brasilia. CADE filed an appeal with the Superior Court of Justice, and a final decision is pending.

Linde has strong defenses and is confident that it will prevail on appeal and have the fines overturned. Linde strongly believes that the allegations of anticompetitive activity against our current and former Brazilian subsidiaries are not supported by valid and sufficient evidence. Linde believes that this decision will not stand up to judicial review and deems the possibility of cash outflows to be extremely unlikely. As a result, no reserves have been recorded as management does not believe that a loss from this case is probable.

On and after April 23, 2019 former shareholders of Linde AG filed appraisal proceedings at the District Court (*Landgericht*) Munich I (Germany), seeking an increase of the cash consideration paid in connection with the previously completed cash merger squeeze-out of all of Linde AG's minority shareholders for €189.46 per share. Any such increase would apply to all 14,763,113 Linde AG shares that were outstanding on April 8, 2019, when the cash merger squeeze-out was completed. The period for plaintiffs to file claims expired on July 9, 2019. The company believes the consideration paid was fair and that the claims lack merit, and no reserve has been established. We cannot estimate the timing of resolution.

10. Segments

For a description of Linde plc's operating segments, refer to Note 18 to the consolidated financial statements on Linde plc's 2020 Annual Report on Form 10-K.

The table below presents sales and operating profit information about reportable segments and Other for the quarters and nine months ended September 30, 2021 and 2020.

| (Millions of dollars) | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|-----------------------|-----------------------------|----------|---------------------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| SALES ^(a) | | | | |
| Americas | \$ 3,091 | \$ 2,641 | \$ 8,951 | \$ 7,735 |
| EMEA | 1,911 | 1,622 | 5,585 | 4,703 |
| APAC | 1,564 | 1,484 | 4,544 | 4,115 |
| Engineering | 601 | 678 | 1,921 | 2,096 |
| Other | 501 | 430 | 1,494 | 1,322 |
| Total sales | \$ 7,668 | \$ 6,855 | \$ 22,495 | \$ 19,971 |

| <i>(Millions of dollars)</i> | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|--|-----------------------------|---------------|---------------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| SEGMENT OPERATING PROFIT | | | | |
| Americas | \$ 859 | \$ 742 | \$ 2,525 | \$ 2,025 |
| EMEA | 476 | 370 | 1,414 | 1,028 |
| APAC | 382 | 337 | 1,122 | 912 |
| Engineering | 106 | 106 | 323 | 335 |
| Other | (13) | (40) | (49) | (116) |
| Segment operating profit | 1,810 | 1,515 | 5,335 | 4,184 |
| Cost reduction programs and other charges (Note 2) | (26) | (48) | (222) | (428) |
| Purchase accounting impacts - Linde AG | (492) | (498) | (1,466) | (1,463) |
| Total operating profit | <u>\$ 1,292</u> | <u>\$ 969</u> | <u>\$ 3,647</u> | <u>\$ 2,293</u> |

(a) Sales reflect external sales only. Intersegment sales, primarily from Engineering to the industrial gases segments, were not material.

11. Equity

Equity

A summary of the changes in total equity for the quarter and nine months ended September 30, 2021 and 2020 is provided below:

| <i>(Millions of dollars)</i> | Quarter Ended September 30, | | | | | |
|---|--------------------------------|--------------------------|------------------|--------------------------------|--------------------------|------------------|
| | 2021 | | | 2020 | | |
| | Linde plc Shareholders' Equity | Noncontrolling Interests | Total Equity | Linde plc Shareholders' Equity | Noncontrolling Interests | Total Equity |
| Activity | | | | | | |
| Balance, beginning of period | \$ 45,777 | \$ 1,438 | \$ 47,215 | \$ 45,537 | \$ 2,387 | \$ 47,924 |
| Net income (a) | 979 | 31 | 1,010 | 700 | 31 | 731 |
| Other comprehensive income (loss) | (710) | (13) | (723) | 648 | 40 | 688 |
| Noncontrolling interests: | | | | | | |
| Additions (reductions) | — | (15) | (15) | — | 11 | 11 |
| Dividends and other capital changes | — | (40) | (40) | — | (65) | (65) |
| Dividends to Linde plc ordinary share holders (\$1.060 per share in 2021 and \$0.963 per share in 2020) | (546) | — | (546) | (506) | — | (506) |
| Issuances of ordinary shares: | | | | | | |
| For employee savings and incentive plans | (1) | — | (1) | (20) | — | (20) |
| Purchases of ordinary shares | (1,208) | — | (1,208) | (213) | — | (213) |
| Share-based compensation | 32 | — | 32 | 29 | — | 29 |
| Balance, end of period | <u>\$ 44,323</u> | <u>\$ 1,401</u> | <u>\$ 45,724</u> | <u>\$ 46,175</u> | <u>\$ 2,404</u> | <u>\$ 48,579</u> |

| <i>(Millions of dollars)</i> | Nine Months Ended September 30, | | | | | |
|---|---------------------------------|--------------------------|------------------|--------------------------------|--------------------------|------------------|
| | 2021 | | | 2020 | | |
| | Linde plc Shareholders' Equity | Noncontrolling Interests | Total Equity | Linde plc Shareholders' Equity | Noncontrolling Interests | Total Equity |
| Activity | | | | | | |
| Balance, beginning of period | \$ 47,317 | \$ 2,252 | \$ 49,569 | \$ 49,074 | \$ 2,448 | \$ 51,522 |
| Net income (a) | 2,800 | 105 | 2,905 | 1,731 | 91 | 1,822 |
| Other comprehensive income (loss) | (928) | (10) | (938) | (1,159) | (48) | (1,207) |
| Noncontrolling interests: | | | | | | |
| Additions (reductions) (b) | — | (861) | (861) | — | 26 | 26 |
| Dividends and other capital changes | — | (85) | (85) | — | (113) | (113) |
| Dividends to Linde plc ordinary share holders (\$3.180 per share in 2021 and \$2.889 per share in 2020) | (1,648) | — | (1,648) | (1,523) | — | (1,523) |
| Issuances of ordinary shares: | | | | | | |
| For employee savings and incentive plans | (12) | — | (12) | (28) | — | (28) |
| Purchases of ordinary shares | (3,301) | — | (3,301) | (2,024) | — | (2,024) |
| Share-based compensation | 95 | — | 95 | 104 | — | 104 |
| Balance, end of period | <u>\$ 44,323</u> | <u>\$ 1,401</u> | <u>\$ 45,724</u> | <u>\$ 46,175</u> | <u>\$ 2,404</u> | <u>\$ 48,579</u> |

(a) Net income for noncontrolling interests excludes net income related to redeemable noncontrolling interests which is not significant for the quarters and nine months ended September 30, 2021 and 2020 and which is not part of total equity.

(b) Additions (reductions) for noncontrolling interests as of the nine months ended September 30, 2021, includes the impact from the deconsolidation of a joint venture with operations in APAC (see Note 13).

The components of AOCI are as follows:

| <i>(Millions of dollars)</i> | September 30, 2021 | December 31, 2020 |
|---|-----------------------|----------------------|
| Cumulative translation adjustment - net of taxes: | | |
| Americas | \$ (3,958) | \$ (3,788) |
| EMEA | 382 | 1,020 |
| APAC | 77 | 616 |
| Engineering | 104 | 354 |
| Other | (537) | (1,020) |
| | <u>(3,932)</u> | <u>(2,818)</u> |
| Derivatives - net of taxes | 60 | 4 |
| Pension / OPEB (net of \$507 million and \$560 million tax benefit in September 30, 2021 and December 31, 2020, respectively) | (1,746) | (1,876) |
| | <u>\$ (5,618)</u> | <u>\$ (4,690)</u> |

12. Revenue Recognition

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

Contracts with Customers

Linde serves a diverse group of industries including healthcare, petroleum refining, energy, manufacturing, food, beverage carbonation, fiber-optics, steel making, aerospace, chemicals and water treatment.

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.

Linde Engineering

The company designs and manufactures equipment for air separation and other industrial gas applications manufactured specifically for end customers. Sale of equipment contracts are generally comprised of a single performance obligation. Revenue from sale of equipment is generally recognized over time as Linde has an enforceable right to payment for performance completed to date and performance does not create an asset with alternative use. For contracts recognized over time, revenue is recognized primarily using a cost incurred input method. Costs incurred to date relative to total estimated costs at completion are used to measure progress toward satisfying performance obligations. Costs incurred include material, labor, and overhead costs and represent work contributing and proportionate to the transfer of control to the customer. Contract modifications are typically accounted for as part of the existing contract and are recognized as a cumulative adjustment 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 \$166 million and \$162 million at September 30, 2021 and December 31, 2020, respectively. Total contract liabilities are \$2,944 million at September 30, 2021 (current of \$2,213 million and \$731 million within other long-term liabilities in the condensed consolidated balance sheets). Total contract liabilities were \$2,301 million at December 31, 2020 (current contract liabilities of \$1,769 million and \$532 million in other long-term liabilities in the condensed consolidated balance sheets). Revenue recognized for the nine months ended September 30, 2021 that was included in the contract liability at December 31, 2020 was \$1,017 million. Contract assets and liabilities primarily relate to the Linde 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 18 to Linde's 2020 Form 10-K, the company manages its industrial gases business on a geographic basis, while the Engineering and Other businesses are generally managed on a global basis. Furthermore, the company believes that reporting sales by distribution method by reportable geographic segment best illustrates the nature,

timing, type of customer, and contract terms for its revenues, including terms and pricing.

The following tables show sales by distribution method at the consolidated level and for each reportable segment and Other for the quarter and nine months ended September 30, 2021 and September 30, 2020.

| <i>(Millions of dollars)</i> | | Quarter Ended September 30, 2021 | | | | | | |
|------------------------------|----|----------------------------------|----------|----------|-------------|--------|----------|-------|
| | | Americas | EMEA | APAC | Engineering | Other | Total | % |
| Sales | | | | | | | | |
| Merchant | \$ | 849 | \$ 559 | \$ 563 | \$ — | \$ 38 | \$ 2,009 | 26 % |
| On-Site | | 836 | 462 | 578 | — | — | 1,876 | 24 % |
| Packaged Gas | | 1,385 | 880 | 394 | — | 7 | 2,666 | 35 % |
| Other | | 21 | 10 | 29 | 601 | 456 | 1,117 | 15 % |
| Total | \$ | 3,091 | \$ 1,911 | \$ 1,564 | \$ 601 | \$ 501 | \$ 7,668 | 100 % |

| <i>(Millions of dollars)</i> | | Quarter Ended September 30, 2020 | | | | | | |
|------------------------------|----|----------------------------------|----------|----------|-------------|--------|----------|-------|
| | | Americas | EMEA | APAC | Engineering | Other | Total | % |
| Sales | | | | | | | | |
| Merchant | \$ | 739 | \$ 472 | \$ 526 | \$ — | \$ 34 | \$ 1,771 | 26 % |
| On-Site | | 622 | 334 | 528 | — | — | 1,484 | 22 % |
| Packaged Gas | | 1,265 | 799 | 413 | — | 5 | 2,482 | 36 % |
| Other | | 15 | 17 | 17 | 678 | 391 | 1,118 | 16 % |
| Total | \$ | 2,641 | \$ 1,622 | \$ 1,484 | \$ 678 | \$ 430 | \$ 6,855 | 100 % |

| <i>(Millions of dollars)</i> | | Nine Months Ended September 30, 2021 | | | | | | |
|------------------------------|----|--------------------------------------|----------|----------|-------------|-----------|-----------|-------|
| | | Americas | EMEA | APAC | Engineering | Other (a) | Total | % |
| Sales | | | | | | | | |
| Merchant | \$ | 2,441 | \$ 1,646 | \$ 1,598 | \$ — | \$ 133 | \$ 5,818 | 26 % |
| On-Site | | 2,299 | 1,250 | 1,712 | — | — | 5,261 | 23 % |
| Packaged Gas | | 4,086 | 2,652 | 1,147 | — | 19 | 7,904 | 35 % |
| Other | | 125 | 37 | 87 | 1,921 | 1,342 | 3,512 | 16 % |
| Total | \$ | 8,951 | \$ 5,585 | \$ 4,544 | \$ 1,921 | \$ 1,494 | \$ 22,495 | 100 % |

| <i>(Millions of dollars)</i> | | Nine Months Ended September 30, 2020 | | | | | | |
|------------------------------|----|--------------------------------------|----------|----------|-------------|-----------|-----------|-------|
| | | Americas | EMEA | APAC | Engineering | Other (a) | Total | % |
| Sales | | | | | | | | |
| Merchant | \$ | 2,099 | \$ 1,357 | \$ 1,444 | \$ — | \$ 110 | \$ 5,010 | 25 % |
| On-Site | | 1,831 | 981 | 1,486 | — | — | 4,298 | 22 % |
| Packaged Gas | | 3,750 | 2,329 | 1,135 | — | 16 | 7,230 | 36 % |
| Other | | 55 | 36 | 50 | 2,096 | 1,196 | 3,433 | 17 % |
| Total | \$ | 7,735 | \$ 4,703 | \$ 4,115 | \$ 2,096 | \$ 1,322 | \$ 19,971 | 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. The company estimates the consideration related to minimum purchase requirements is approximately \$54 billion. This amount excludes all sales above minimum purchase requirements, which can be significant depending on customer needs. In the future, actual amounts will be different due to impacts from several factors, many of which are beyond the company's control including, but not limited to, timing of newly signed, terminated and renewed contracts, inflationary price escalations, currency exchange rates, and pass-through costs related to natural gas and electricity. The actual duration of long-term supply contracts ranges up to twenty years. The company estimates that approximately half of the revenue related to minimum purchase requirements will be earned in the next five years and the remaining thereafter.

13. Divestitures

Effective January 1, 2021, Linde deconsolidated a joint venture with operations in APAC, due to the expiration of certain contractual rights that the parties mutually agreed not to renew. From the effective date, the joint venture is reflected as an equity investment on Linde's consolidated balance sheet with the corresponding results reflected in income from equity investments on the consolidated statement of income.

The fair value of the joint venture at January 1, 2021 was determined using a discounted cash flow model and approximated the carrying amount of its net assets. The net carrying value of \$852 million was mainly comprised of assets of approximately \$1.9 billion (primarily Other intangibles and Property plant and equipment - net), net of liabilities of approximately \$1.0 billion. Upon deconsolidation an equity investment was recorded representing Linde's share of the joint venture's net assets. The deconsolidation resulted in a gain of \$52 million recorded within cost reduction programs and other charges (see Note 2) related to the release of the CTA balance recorded within AOCI. The company did not receive any consideration, cash or otherwise, as part of the deconsolidation.

The joint venture contributed sales of approximately \$600 million in 2020. Future earnings per share will not be affected as the ownership percent remains the same.

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 from continuing operations exclusive of certain items such as cost reduction programs and other charges, net gains 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 from continuing operations, excluding these items, is important to management's development of annual and long-term employee incentive compensation plans. Definitions of these non-GAAP measures may not be comparable to similar definitions used by other companies and are not a substitute for similar GAAP measures.

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

Consolidated Results

The following table provides summary information for the quarters and nine months ended September 30, 2021 and 2020. The reported amounts are GAAP amounts from the Consolidated Statements of Income. The adjusted amounts are intended to supplement investors' understanding of the company's financial information and are not a substitute for GAAP measures:

| (Millions of dollars, except per share data) | Quarter Ended September 30, | | | Nine Months Ended September 30, | | |
|---|-----------------------------|----------|----------|---------------------------------|-----------|----------|
| | 2021 | 2020 | Variance | 2021 | 2020 | Variance |
| Sales | \$ 7,668 | \$ 6,855 | 12 % | \$ 22,495 | \$ 19,971 | 13 % |
| Cost of sales, exclusive of depreciation and amortization | \$ 4,368 | \$ 3,835 | 14 % | \$ 12,616 | \$ 11,297 | 12 % |
| As a percent of sales | 57.0 % | 55.9 % | | 56.1 % | 56.6 % | |
| Selling, general and administrative | \$ 793 | \$ 770 | 3 % | \$ 2,402 | \$ 2,391 | — % |
| As a percent of sales | 10.3 % | 11.2 % | | 10.7 % | 12.0 % | |
| Depreciation and amortization | \$ 1,163 | \$ 1,168 | — % | \$ 3,500 | \$ 3,434 | 2 % |
| Cost reduction programs and other charges (b) | \$ 26 | \$ 48 | (46) % | \$ 222 | \$ 428 | (48) % |
| Other income (expense) - net | \$ 10 | \$ (29) | 134 % | \$ (3) | \$ (14) | 79 % |
| Operating profit | \$ 1,292 | \$ 969 | 33 % | \$ 3,647 | \$ 2,293 | 59 % |
| Operating margin | 16.8 % | 14.1 % | | 16.2 % | 11.5 % | |
| Interest expense - net | \$ 8 | \$ 38 | (79) % | \$ 46 | \$ 80 | (43) % |
| Net pension and OPEB cost (benefit), excluding service cost | \$ (45) | \$ (41) | 10 % | \$ (143) | \$ (131) | 9 % |
| Effective tax rate | 24.2 % | 27.3 % | | 24.7 % | 25.3 % | |
| Income from equity investments | \$ 1 | \$ 23 | (96) % | \$ 81 | \$ 69 | 17 % |
| Noncontrolling interests from continuing operations | \$ (31) | \$ (31) | — % | \$ (105) | \$ (91) | 15 % |
| Income from continuing operations | \$ 978 | \$ 699 | 40 % | \$ 2,797 | \$ 1,728 | 62 % |
| Diluted earnings per share from continuing operations | \$ 1.88 | \$ 1.32 | 42 % | \$ 5.34 | \$ 3.25 | 64 % |
| Diluted shares outstanding | 520,079 | 530,415 | (2) % | 523,662 | 531,724 | (2) % |
| Number of employees | 72,159 | 74,648 | (3) % | 72,159 | 74,648 | (3) % |
| Adjusted Amounts (a) | | | | | | |
| Operating profit | \$ 1,810 | \$ 1,515 | 19 % | \$ 5,335 | \$ 4,184 | 28 % |
| Operating margin | 23.6 % | 22.1 % | | 23.7 % | 21.0 % | |
| Effective tax rate | 23.9 % | 23.5 % | | 24.1 % | 23.9 % | |
| Income from continuing operations | \$ 1,421 | \$ 1,140 | 25 % | \$ 4,148 | \$ 3,154 | 32 % |
| Diluted earnings per share from continuing operations | \$ 2.73 | \$ 2.15 | 27 % | \$ 7.92 | \$ 5.93 | 34 % |
| Other Financial Data (a) | | | | | | |
| EBITDA from continuing operations | \$ 2,456 | \$ 2,160 | 14 % | \$ 7,228 | \$ 5,796 | 25 % |
| As percent of sales | 32.0 % | 31.5 % | | 32.1 % | 29.0 % | |
| Adjusted EBITDA from continuing operations | \$ 2,559 | \$ 2,233 | 15 % | \$ 7,582 | \$ 6,298 | 20 % |
| As percent of sales | 33.4 % | 32.6 % | | 33.7 % | 31.5 % | |

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

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

Reported

In the third quarter of 2021, Linde's sales were \$7,668 million, 12% above prior year, primarily driven by 3% price attainment and 8% higher volumes. Currency translation increased sales by 2% in the third quarter of 2021 as compared to 2020. Cost pass-through, representing the contractual billing of energy cost variances primarily to onsite customers, increased sales by 3% in the quarter, with minimal impact on operating profit.

Reported operating profit for the third quarter of 2021 of \$1,292 million, or 16.8% of sales, was 33% above prior year. The reported year-over-year increase was primarily due to higher price and volumes, partially offset by the deconsolidation of a joint venture with operations in APAC. The reported effective tax rate ("ETR") was 24.2% in the third quarter 2021 versus 27.3% in the third quarter 2020. Diluted earnings per share from continuing operations ("EPS") was \$1.88, or 42% above EPS of \$1.32 in the third quarter of 2020 primarily due to higher income from continuing operations and lower diluted shares outstanding.

Adjusted

In the third quarter of 2021, adjusted operating profit of \$1,810 million, or 23.6% of sales, was 19% higher as compared to 2020 driven by higher price and volumes and continued productivity initiatives across all segments. The adjusted ETR was 23.9% in the third quarter 2021 versus 23.5% in the 2020 quarter. On an adjusted basis, EPS was \$2.73, 27% above the 2020 adjusted EPS of \$2.15, driven by higher adjusted income from continuing operations 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 September 30, 2021 vs. 2020 | | Nine Months Ended September 30, 2021 vs. 2020 | |
|--|---|---|---|---|
| | % Change | | % Change | |
| Factors Contributing to Changes - Sales | | | | |
| Volume | 8 | % | 8 | % |
| Price/Mix | 3 | % | 2 | % |
| Cost pass-through | 3 | % | 2 | % |
| Currency | 2 | % | 4 | % |
| Acquisitions/divestitures | (3) | % | (2) | % |
| Engineering | (1) | % | (1) | % |
| | 12 | % | 13 | % |

Sales

Sales increased \$813 million, or 12%, for the third quarter of 2021 and increased \$2,524 million, or 13%, for the nine months ended September 30, 2021 versus the respective 2020 periods. Volume growth across all end markets and project start-ups increased sales by 8% in the quarter and year-to-date periods. Higher pricing across all geographic segments contributed 3% to sales in the quarter and 2% in the year-to-date period. Currency translation increased sales by 2% in the quarter and 4% in the year-to-date period, largely in EMEA and APAC, driven by the strengthening of the Euro, Australian dollar, Chinese yuan and British pound against the U.S. dollar. Cost pass-through increased sales by 3% in the quarter and 2% in the year-to-date period with minimal impact on operating profit. The deconsolidation of a joint venture with operations in APAC decreased sales by 3% in the quarter and 2% in the year-to-date period (see Note 13 to the condensed consolidated financial statements).

Cost of sales, exclusive of depreciation and amortization

Cost of sales, exclusive of depreciation and amortization increased \$533 million, or 14%, for the third quarter of 2021 and increased \$1,319 million, or 12% for the nine months ended September 30, 2021, primarily due to higher volumes, cost pass-through and currency impacts, partially offset by productivity initiatives. Cost of sales, exclusive of depreciation and amortization was 57.0% and 56.1% of sales, respectively, for the third quarter and nine months ended September 30, 2021 versus 55.9% and 56.6% of sales for the respective 2020 periods. The increase as a percentage of sales for the third quarter of 2021 was due primarily to higher cost pass-through. The decrease as a percentage of sales for the nine months ended September 30, 2021 was due primarily to productivity initiatives which more than offset the impact of higher cost pass-through.

Selling, general and administrative expenses

Selling, general and administrative expense ("SG&A") increased \$23 million, or 3%, for the third quarter of 2021 and increased \$11 million, for the nine months ended September 30, 2021. SG&A was 10.3% of third quarter sales and 10.7% sales for the nine months ended September 30, 2021 versus 11.2% and 12.0% for the respective 2020 periods. Currency impacts increased SG&A by approximately \$10 million in the quarter and \$71 million for the nine months ended September 30, 2021. Excluding currency impacts, underlying SG&A increased in the third quarter of 2021 driven by higher incentive compensation and decreased for the nine months ended September 30, 2021 due to continued productivity initiatives.

Depreciation and amortization

Reported depreciation and amortization expense decreased \$5 million for the third quarter of 2021 and increased \$66 million, or 2%, for the nine months ended September 30, 2021.

On an adjusted basis depreciation and amortization increased \$13 million, or 2%, for the third quarter of 2021 and increased \$71 million, or 4% for the year-to-date period, primarily due to currency translation impacts which increased depreciation and amortization by \$11 million and \$65 million, respectively. Excluding currency impacts, underlying depreciation was relatively flat as the impact of new project start ups largely offset the decrease related to the deconsolidation of a joint venture with operations in APAC (see Note 13 to the condensed consolidated financial statements).

Cost reduction programs and other charges

Cost reduction programs and other charges were \$26 million and \$48 million for the third quarter 2021 and 2020, respectively, primarily related to merger and synergy-related costs (see Note 2 to the condensed consolidated financial statements).

Cost reduction programs and other charges were \$222 million and \$428 million, respectively, for the nine months ended September 30, 2021 and 2020.

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

Operating profit

On a reported basis, operating profit increased \$323 million, or 33%, for the third quarter of 2021 and increased \$1,354 million, or 59% for the nine months ended September 30, 2021. The increase was primarily due to higher volumes and price, partially offset by the deconsolidation of a joint venture with operations in APAC. Cost reduction programs and other charges were \$26 million for the third quarter of 2021, versus \$48 million for the respective 2020 period. In the year-to-date periods, cost reduction programs and other charges were \$222 million and \$428 million for the nine months ended September 30, 2021 and 2020, respectively.

On an adjusted basis, which excludes the impacts of purchase accounting and cost reduction programs and other charges, operating profit increased \$295 million, or 19% in the 2021 quarter and increased \$1,151 million, or 28%, for the nine months ended September 30, 2021. Operating profit growth was driven by higher volume and price and the benefit of cost reduction programs and productivity initiatives, partially offset by the deconsolidation of a joint venture with operations in APAC. A discussion of operating profit by segment is included in the segment discussion that follows.

Interest expense - net

Reported interest expense - net decreased \$30 million for the third quarter of 2021 and decreased \$34 million for the nine months ended September 30, 2021. On an adjusted basis interest expense decreased \$43 million for the third quarter of 2021 and decreased \$58 million for the nine months ended September 30, 2021 versus the respective 2020 periods. The decrease in both periods was driven by a lower effective borrowing rate, a gain on the sale of an investment security and the impact of unfavorable foreign currency revaluation on an unhedged intercompany loan in the prior year periods.

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

Reported net pension and OPEB cost (benefit), excluding service cost was a benefit of \$45 million and \$143 million for the quarter and nine months ended September 30, 2021, respectively, versus a benefit of \$41 million and \$131 million for the respective 2020 periods. The increase in benefit for both the quarter and year-to-date periods largely relates to a higher expected return on assets and lower interest costs, partially offset by higher amortization of deferred losses. The third quarter of 2021 and 2020 included settlement charges of \$4 million and \$6 million, respectively (see Note 8 to the condensed consolidated financial statements).

Effective tax rate

The reported effective tax rate ("ETR") for the quarter and nine months ended September 30, 2021 was 24.2% and 24.7%, respectively, versus 27.3% and 25.3% for the respective 2020 periods. The 2020 quarter and year-to-date periods include a deferred income tax charge related to the revaluation of net deferred tax liabilities for a tax rate increase in the United Kingdom. The 2021 year-to-date period includes net tax charges of \$38 million primarily related to \$81 million of a deferred income tax charge related to the revaluation of net deferred tax liabilities for a tax rate increase in United Kingdom, partially offset by a tax settlement benefit of \$33 million (see Note 2 to the condensed consolidated financial statements).

On an adjusted basis, the ETR for the quarter and nine months ended September 30, 2021 was 23.9% and 24.1%, respectively, versus 23.5% and 23.9% for the respective 2020 periods. The increase in both periods is primarily due to lower tax benefits from share option exercises.

Income from equity investments

Reported income from equity investments for the third quarter of 2021 and nine months ended September 30, 2021 was \$1 million and \$81 million, respectively, versus \$23 million and \$69 million for the respective 2020 periods. On an adjusted basis, income from equity investments for the third quarter and nine months ended September 30, 2021 was \$55 million and \$173 million, respectively, versus \$37 million and \$111 million, in the prior year respective periods.

On a reported basis, income from equity investments decreased in the third quarter of 2021 due to a \$35 million impairment charge related to a joint venture in the APAC segment (see Note 2 to the condensed consolidated financial statements), which more than offset the increase due to the deconsolidation of a joint venture with operations in APAC which is reflected in equity income effective January 1, 2021. Income from equity investments increased for the nine months ended September 30, 2021 as the increase related to the deconsolidation more than offset the impairment charge.

The increase in adjusted income from equity investments for the quarter and year-to-date periods was driven by the deconsolidation of a joint venture with operations in APAC which is reflected in equity income effective January 1, 2021 (See Note 13 to the condensed consolidated financial statements). The quarter and year-to-date 2020 periods also include the impact of unfavorable foreign currency revaluation on an unhedged loan of an investment in EMEA.

Noncontrolling interests from continuing operations

At September 30, 2021, noncontrolling interests from continuing operations consisted primarily of non-controlling shareholders' investments in APAC (primarily China) and surface technologies.

Reported noncontrolling interests from continuing operations was flat for the third quarter of 2021 and increased \$14 million for the nine months ended September 30, 2021 versus the respective 2020 periods primarily driven by higher income from continuing operations, partially offset by the deconsolidation of a joint venture with operations in APAC (See Note 13 to the condensed consolidated financial statements) and the buyout of minority shareholders in the Republic of South Africa.

Adjusted noncontrolling interests from continuing operations decreased \$10 million for the third quarter of 2021 and decreased \$18 million for the nine months ended September 30, 2021 versus the respective 2020 periods primarily driven by the deconsolidation of a joint venture with operations in APAC (See Note 13 to the condensed consolidated financial statements) and the buyout of minority shareholders in the Republic of South Africa, which more than offset the increase from higher income from continuing operations.

Income from continuing operations

Reported income from continuing operations increased \$279 million, or 40%, for the third quarter of 2021 and increased \$1,069 million, or 62%, for the nine months ended September 30, 2021 versus the respective 2020 periods, primarily due to higher overall operating profit.

On an adjusted basis, which excludes the impacts of purchase accounting and other non-GAAP adjustments, income from continuing operations increased \$281 million, or 25%, for the quarter and increased \$994 million, or 32% for the nine months ended September 30, 2021 versus the respective 2020 periods. The increase in the quarter and year-to-date periods was driven by higher overall adjusted operating profit.

Diluted earnings per share from continuing operations

Reported diluted earnings per share from continuing operations increased \$0.56, or 42%, for the third quarter of 2021 and increased \$2.09, or 64% for the nine months ended September 30, 2021 versus the comparable 2020 periods.

On an adjusted basis, diluted EPS for the third quarter of 2021 increased \$0.58, or 27%, and increased \$1.99, or 34% for the nine months ended September 30, 2021 versus the respective 2020 periods, primarily due to higher income from continuing operations and lower diluted shares outstanding.

Employees

The number of employees at September 30, 2021 was 72,159, a decrease of 2,489 employees from September 30, 2020 primarily driven by cost reduction actions and divestitures.

Other Financial Data

EBITDA was \$2,456 million for the third quarter of 2021 as compared to \$2,160 million in the respective 2020 period. EBITDA increased to \$7,228 million for the nine months ended September 30, 2021 from \$5,796 million in the respective 2020 period. Adjusted EBITDA from continuing operations increased to \$2,559 million for the third quarter 2021 from \$2,233 million in the respective 2020 period. Adjusted EBITDA from continuing operations increased to \$7,582 million from \$6,298 million for the nine months ended September 30, 2021 as compared to the respective 2020 period primarily due to higher income from continuing operations versus the prior period.

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

Other Comprehensive Income (Loss)

Other comprehensive losses for the third quarter of 2021 and the nine months ended September 30, 2021 were \$723 million and \$938 million, respectively, resulted primarily from currency translation adjustments of \$819 million during the quarter and \$1,124 million during the year-to-date period. The translation adjustments reflect the impact of translating local currency foreign subsidiary financial statements to U.S. dollars, and are largely driven by the movement of the U.S. dollar against major currencies including the Euro, British pound and the Chinese yuan. See the "Currency" section of the MD&A for exchange rates used for translation purposes and Note 11 to the condensed consolidated financial statements for a summary of the currency translation adjustment component of accumulated other comprehensive income 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 Condensed Consolidated Statements of Income.

| (Millions of dollars) | Quarter Ended September 30, | | | Nine Months Ended September 30, | | |
|--|-----------------------------|----------|----------|---------------------------------|-----------|----------|
| | 2021 | 2020 | Variance | 2021 | 2020 | Variance |
| SALES | | | | | | |
| Americas | \$ 3,091 | \$ 2,641 | 17 % | \$ 8,951 | \$ 7,735 | 16 % |
| EMEA | 1,911 | 1,622 | 18 % | 5,585 | 4,703 | 19 % |
| APAC | 1,564 | 1,484 | 5 % | 4,544 | 4,115 | 10 % |
| Engineering | 601 | 678 | (11) % | 1,921 | 2,096 | (8) % |
| Other | 501 | 430 | 17 % | 1,494 | 1,322 | 13 % |
| Total sales | \$ 7,668 | \$ 6,855 | 12 % | \$ 22,495 | \$ 19,971 | 13 % |
| SEGMENT OPERATING PROFIT | | | | | | |
| Americas | \$ 859 | \$ 742 | 16 % | \$ 2,525 | \$ 2,025 | 25 % |
| EMEA | 476 | 370 | 29 % | 1,414 | 1,028 | 38 % |
| APAC | 382 | 337 | 13 % | 1,122 | 912 | 23 % |
| Engineering | 106 | 106 | — % | 323 | 335 | (4) % |
| Other | (13) | (40) | 68 % | (49) | (116) | 58 % |
| Segment operating profit | \$ 1,810 | \$ 1,515 | 19 % | \$ 5,335 | \$ 4,184 | 28 % |
| Reconciliation to reported operating profit: | | | | | | |
| Cost reduction programs and other charges (Note 2) | (26) | (48) | | (222) | (428) | |
| Purchase accounting impacts - Linde AG | (492) | (498) | | (1,466) | (1,463) | |
| Total operating profit | \$ 1,292 | \$ 969 | | \$ 3,647 | \$ 2,293 | |

Americas

| (Millions of dollars) | Quarter Ended September 30, | | | Nine Months Ended September 30, | | |
|-----------------------|-----------------------------|----------|----------|---------------------------------|----------|----------|
| | 2021 | 2020 | Variance | 2021 | 2020 | Variance |
| Sales | \$ 3,091 | \$ 2,641 | 17 % | \$ 8,951 | \$ 7,735 | 16 % |
| Operating profit | \$ 859 | \$ 742 | 16 % | \$ 2,525 | \$ 2,025 | 25 % |
| As a percent of sales | 27.8 % | 28.1 % | | 28.2 % | 26.2 % | |

| | Quarter Ended September 30, 2021 vs. 2020 | | Nine Months Ended September 30, 2021 vs. 2020 | |
|--|---|---|---|---|
| | % Change | | % Change | |
| | | | | |
| Factors Contributing to Changes - Sales | | | | |
| Volume | 9 | % | 10 | % |
| Price/Mix | 3 | % | 3 | % |
| Cost pass-through | 4 | % | 3 | % |
| Currency | 1 | % | — | % |
| Acquisitions/divestitures | — | % | — | % |
| | 17 | % | 16 | % |

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 \$450 million, or 17%, for the third quarter and increased \$1,216 million, or 16%, for the nine months ended September 30, 2021 versus the respective 2020 periods. Higher pricing contributed 3% to sales in the quarter and year-to-date period. Higher volumes increased sales by 9% for the third quarter and increased 10% for the nine months ended September 30, 2021, led by higher demand across all end markets and project start-ups. Currency translation increased sales by 1% in the quarter and was flat for the year-to-date period primarily driven by the strengthening of the Canadian dollar and Mexican peso against the U.S. Dollar. Cost pass-through increased sales by 4% for the third quarter and 3% for the year-to-date period with minimal impact on operating profit.

Operating profit

Operating profit in the Americas segment increased \$117 million, or 16%, in the third quarter and increased \$500 million, or 25%, for the nine months ended September 30, 2021 versus the respective 2020 periods. For the quarter and year-to-date periods, operating profit increased due primarily to higher pricing and volumes and continued productivity initiatives.

EMEA

| (Millions of dollars) | Quarter Ended September 30, | | | Nine Months Ended September 30, | | |
|-----------------------|-----------------------------|----------|----------|---------------------------------|----------|----------|
| | 2021 | 2020 | Variance | 2021 | 2020 | Variance |
| Sales | \$ 1,911 | \$ 1,622 | 18 % | \$ 5,585 | \$ 4,703 | 19 % |
| Operating profit | \$ 476 | \$ 370 | 29 % | \$ 1,414 | \$ 1,028 | 38 % |
| As a percent of sales | 24.9 % | 22.8 % | | 25.3 % | 21.9 % | |

| | Quarter Ended September 30, 2021 vs. 2020 | | Nine Months Ended September 30, 2021 vs. 2020 | |
|--|---|---|---|---|
| | % Change | | % Change | |
| | | | | |
| Factors Contributing to Changes - Sales | | | | |
| Volume | 5 | % | 6 | % |
| Price/Mix | 4 | % | 3 | % |
| Cost pass-through | 7 | % | 4 | % |
| Currency | 2 | % | 7 | % |
| Acquisitions/divestitures | — | % | (1) | % |
| | 18 | % | 19 | % |

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

Sales

EMEA segment sales increased by \$289 million, or 18%, in the third quarter and increased by \$882 million, or 19%, for the nine months ended September 30, 2021 as compared to the respective 2020 periods. Volumes increased 5% in the quarter and 6% in the year-to-date period driven by increased demand across all end markets. Currency translation increased sales by 2% in

the quarter and 7% in the year-to-date period due to the strengthening of the Euro, British pound and Swedish krona against the U.S. Dollar. Higher price increased sales by 4% in the quarter and 3% in the year-to-date period. Sales decreased 1% in the year-to-date period related to the divestiture of a non-core business in Scandinavia. Cost pass-through contributed 7% to sales in the quarter and increased sales by 4% in the year-to-date periods with minimal impact on operating profit.

Operating profit

Operating profit for the EMEA segment increased by \$106 million, or 29%, in the third quarter and increased \$386 million, or 38%, for the nine months ended September 30, 2021 as compared to the respective 2020 periods, driven largely by higher price and volumes and continued productivity initiatives.

APAC

| (Millions of dollars) | Quarter Ended September 30, | | | Nine Months Ended September 30, | | |
|-----------------------|-----------------------------|----------|----------|---------------------------------|----------|----------|
| | 2021 | 2020 | Variance | 2021 | 2020 | Variance |
| Sales | \$ 1,564 | \$ 1,484 | 5 % | \$ 4,544 | \$ 4,115 | 10 % |
| Operating profit | \$ 382 | \$ 337 | 13 % | \$ 1,122 | \$ 912 | 23 % |
| As a percent of sales | 24.4 % | 22.7 % | | 24.7 % | 22.2 % | |

| | Quarter Ended September 30, 2021 vs. 2020 | | Nine Months Ended September 30, 2021 vs. 2020 | |
|--|---|---|---|---|
| | % Change | | % Change | |
| Factors Contributing to Changes - Sales | | | | |
| Volume/Equipment | 10 | % | 13 | % |
| Price/Mix | 1 | % | 1 | % |
| Cost pass-through | 2 | % | 2 | % |
| Currency | 3 | % | 6 | % |
| Acquisitions/divestitures | (11) | % | (12) | % |
| | 5 | % | 10 | % |

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

Sales

Sales for the APAC segment increased \$80 million, or 5%, for the third quarter and increased \$429 million, or 10% for the nine months ended September 30, 2021 versus the respective 2020 periods. Volumes increased 10% in the quarter and 13% in the year-to-date period driven by increased demand across all end markets, led by the cyclical end markets, and electronics and project start-ups. Higher price contributed 1% to sales in both the quarter and year-to-date periods. Currency translation increased sales by 3% in quarter and increased sales by 6% in the year-to-date periods driven primarily by the strengthening of the Chinese yuan, Australian dollar and Korean won against the U.S. Dollar. Sales decreased \$161 million, or 11%, in the third quarter of 2021 and decreased \$457 million, or 12%, for the nine months ended September 30, 2021 due to the deconsolidation of a joint venture with operations in Taiwan (See Note 13 to the condensed consolidated financial statements).

Operating profit

Operating profit in the APAC segment increased \$45 million, or 13%, in the third quarter and increased \$210 million, or 23%, for the nine months ended September 30, 2021 versus the respective 2020 periods. Higher volumes and price, and continued productivity initiatives in both periods were partially offset by a \$29 million and \$85 million reduction due to the deconsolidation of the joint venture in the third quarter and year-to-date periods, respectively.

Engineering

| (Millions of dollars) | Quarter Ended September 30, | | | Nine Months Ended September 30, | | |
|-----------------------|-----------------------------|--------|----------|---------------------------------|----------|----------|
| | 2021 | 2020 | Variance | 2021 | 2020 | Variance |
| Sales | \$ 601 | \$ 678 | (11) % | \$ 1,921 | \$ 2,096 | (8) % |
| Operating profit | \$ 106 | \$ 106 | — % | \$ 323 | \$ 335 | (4) % |
| As a percent of sales | 17.6 % | 15.6 % | | 16.8 % | 16.0 % | |

| | Quarter Ended September 30, 2021 vs. 2020 | | Nine Months Ended September 30, 2021 vs. 2020 | |
|--|---|---|---|---|
| | % Change | | % Change | |
| Factors Contributing to Changes - Sales | | | | |
| Volume | (12) | % | (14) | % |
| Currency | 1 | % | 6 | % |
| | (11) | % | (8) | % |

Sales

Engineering segment sales decreased \$77 million, or 11%, in the third quarter 2021 and decreased \$175 million, or 8%, for the nine months ended September 30, 2021 as compared to the respective 2020 periods driven primarily by project timing, partially offset by currency impacts which increased sales by 1% in the quarter and 6% in the year-to-date period.

Operating profit

Engineering segment operating profit was flat in the third quarter 2021 and decreased \$12 million, or 4%, for the nine months ended September 30, 2021 as compared to the respective 2020 periods driven primarily by sales and project timing.

Other

| (Millions of dollars) | Quarter Ended September 30, | | | Nine Months Ended September 30, | | |
|-------------------------|-----------------------------|---------|----------|---------------------------------|----------|----------|
| | 2021 | 2020 | Variance | 2021 | 2020 | Variance |
| Sales | \$ 501 | \$ 430 | 17 % | \$ 1,494 | \$ 1,322 | 13 % |
| Operating profit (loss) | \$ (13) | \$ (40) | 68 % | \$ (49) | \$ (116) | 58 % |
| As a percent of sales | (2.6)% | (9.3)% | | (3.3)% | (8.8)% | |

| | Quarter Ended September 30, 2021 vs. 2020 | | Nine Months Ended September 30, 2021 vs. 2020 | |
|--|---|---|---|---|
| | % Change | | % Change | |
| Factors Contributing to Changes - Sales | | | | |
| Volume/price | 15 | % | 9 | % |
| Cost pass-through | — | % | — | % |
| Currency | 2 | % | 4 | % |
| Acquisitions/divestitures | — | % | — | % |
| | 17 | % | 13 | % |

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

Sales

Sales for Other increased \$71 million, or 17%, for the third quarter 2021 and increased \$172 million, or 13%, for the nine months ended September 30, 2021 versus the respective 2020 periods. Currency translation increased sales by 2% in the quarter and 4% for the year-to-date period. Higher volumes and price increased sales by 15% in the quarter and 9% in the year-to-date period across all businesses.

Operating profit

Operating profit in Other increased \$27 million, or 68% in the third quarter 2021 and increased \$67 million, or 58%, for the nine months ended September 30, 2021 versus the respective 2020 periods, due primarily to volume growth, higher price and continued productivity initiatives.

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 2021 Consolidated Sales | | Exchange Rate for Income Statement | | Exchange Rate for Balance Sheet | |
|--------------------|--|---|---------------------------------------|-------|------------------------------------|----------------------|
| | | | Year-To-Date Average | | September 30, 2021 | December 31, 2020 |
| | | | 2021 | 2020 | | |
| Euro | 20 | % | 0.84 | 0.89 | 0.86 | 0.82 |
| Chinese yuan | 9 | % | 6.47 | 6.99 | 6.44 | 6.53 |
| British pound | 7 | % | 0.72 | 0.79 | 0.74 | 0.73 |
| Australian dollar | 4 | % | 1.32 | 1.48 | 1.38 | 1.30 |
| Brazilian real | 4 | % | 5.33 | 5.02 | 5.44 | 5.20 |
| Canadian dollar | 3 | % | 1.25 | 1.35 | 1.27 | 1.27 |
| Korean won | 3 | % | 1,131 | 1,200 | 1,184 | 1,087 |
| Mexican peso | 2 | % | 20.13 | 21.64 | 20.64 | 19.91 |
| Indian rupee | 2 | % | 73.57 | 74.18 | 74.24 | 73.07 |
| South African rand | 2 | % | 14.56 | 16.65 | 15.07 | 14.69 |
| Swedish krona | 1 | % | 8.48 | 9.39 | 8.76 | 8.23 |
| Thailand bhat | 1 | % | 31.48 | 31.52 | 33.83 | 29.96 |

Liquidity, Capital Resources and Other Financial Data

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

| <i>(Millions of dollars)</i> | Nine months ended September 30, | |
|---|---------------------------------|-------------------|
| | 2021 | 2020 |
| NET CASH PROVIDED BY (USED FOR): | | |
| OPERATING ACTIVITIES | | |
| Net income (including noncontrolling interests) | \$ 2,902 | \$ 1,819 |
| Non-cash charges (credits): | | |
| Add: Depreciation and amortization | 3,500 | 3,434 |
| Add: Deferred income taxes | (184) | (299) |
| Add: Share-based compensation | 95 | 104 |
| Add: Cost reduction programs and other charges, net of payments (a) | 83 | 240 |
| Net income adjusted for non-cash charges | 6,396 | 5,298 |
| Less: Working capital | 20 | (99) |
| Less: Pension contributions | (32) | (76) |
| Other | 108 | (128) |
| Net cash provided by operating activities | <u>\$ 6,492</u> | <u>\$ 4,995</u> |
| INVESTING ACTIVITIES | | |
| Capital expenditures | (2,247) | (2,373) |
| Acquisitions, net of cash acquired | (31) | (41) |
| Divestitures and asset sales | 147 | 435 |
| Net cash provided by (used for) investing activities | <u>\$ (2,131)</u> | <u>\$ (1,979)</u> |
| FINANCING ACTIVITIES | | |
| Debt increase (decrease) - net | 1,808 | 3,335 |
| Issuances (purchases) of common stock - net | (3,212) | (1,989) |
| Cash dividends - Linde plc shareholders | (1,648) | (1,523) |
| Noncontrolling interest transactions and other | (319) | (201) |
| Net cash provided by (used for) financing activities | <u>\$ (3,371)</u> | <u>\$ (378)</u> |
| Effect of exchange rate changes on cash and cash equivalents | \$ (44) | \$ (139) |
| Cash and cash equivalents, end-of-period | \$ 4,700 | \$ 5,199 |

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

Cash Flow from Operations

Cash provided by operations of \$6,492 million for the nine months ended September 30, 2021 increased \$1,497 million, or 30%, versus 2020. The increase was driven by higher net income adjusted for non-cash charges and lower working capital requirements, including an increase in contract liabilities due to engineering customer advanced payments, which more than offset higher cash taxes. Cost reduction programs and other charges were \$222 million and \$428 million, respectively, for the nine months ended September 30, 2021 and 2020. Related cash outflows were \$139 million and \$188 million for the same respective periods.

Linde estimates that total 2021 required contributions to its pension plans will be in the range of \$40 million to \$50 million, of which \$32 million has been made through September 30, 2021. At a minimum, Linde contributes to its pension plans to comply with local regulatory requirements (e.g., ERISA in the United States). Discretionary contributions in excess of the local minimum requirements are made based on many factors, including long-term projections of the plans' funded status, the economic environment, potential risk of overfunding, pension insurance costs and alternative uses of the cash. Changes to these factors can impact the amount and timing of discretionary contributions from year to year.

Investing

Net cash used for investing of \$2,131 million for the nine months ended September 30, 2021 increased \$152 million versus 2020, primarily driven by the proceeds from divestitures in 2020, partially offset by lower capital expenditures and acquisitions.

Capital expenditures for the nine months ended September 30, 2021 were \$2,247 million, \$126 million lower than the prior year.

At September 30, 2021, Linde's sale of gas backlog of large projects under construction was approximately \$3.5 billion. This represents the total estimated capital cost of large plants under construction.

Acquisitions for the nine months ended September 30, 2021 were \$31 million and related primarily to acquisitions in the Americas and EMEA. Acquisitions for the nine months ended September 30, 2020 were \$41 million and related to acquisitions in the Americas and APAC.

Divestitures and asset sales for the nine months ended September 30, 2021 and 2020 were \$147 million and \$435 million, respectively. The 2020 period includes net proceeds from merger-related divestitures of \$98 million from the sale of selected assets of Linde China and proceeds of approximately \$130 million related to the divestiture of a non-core business in Scandinavia.

Financing

Cash used for financing activities was \$3,371 million for the nine months ended September 30, 2021 as compared to cash used for financing activities of \$378 million for the nine months ended September 30, 2020. Cash provided by debt was \$1,808 million versus \$3,335 million in 2020. Net purchases of ordinary shares were \$3,212 million in 2021 versus \$1,989 million in 2020. Cash dividends of \$1,648 million increased \$125 million from 2020 driven primarily by a 10% increase in quarterly dividends per share from 96.3 cents per share to 106 cents per share. Cash used for Noncontrolling interest transactions and other was \$319 million for the nine months ended September 30, 2021 versus cash used of \$201 million for the respective 2020 period primarily due to the settlement of the buyout of minority interests in the Republic of South Africa in January of 2021.

In June 2021, Linde repaid €600 million of 3.875% note that became due. In September 2021, Linde issued €700 million of 0.000% notes due 2026, €500 million of 0.375% notes due 2033, and €700 million of 1.000% notes due 2051 (see Note 4 to the condensed consolidated financial statements).

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 \$4.7 billion of cash as of September 30, 2021, and has a \$5 billion unsecured and undrawn revolving credit agreement with no associated financial covenants. No borrowings were outstanding under the credit agreement as of September 30, 2021. 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.

On January 25, 2021, the company's board of directors approved the repurchase of \$5.0 billion of its ordinary shares ("2021 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 2021 program has a maximum repurchase amount of 15% of outstanding shares, began on February 1, 2021 and expires on July 31, 2023.

Legal Proceedings

See Note 9 to the condensed consolidated financial statements.

NON-GAAP MEASURES AND RECONCILIATIONS

(Millions of dollars, except per share data)

(UNAUDITED)

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

| | Quarter Ended September 30, | | Nine Months Ended September 30, | |
|--|-----------------------------|-----------------|---------------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| <u>Adjusted Operating Profit and Operating Margin</u> | | | | |
| Reported operating profit | \$ 1,292 | \$ 969 | \$ 3,647 | \$ 2,293 |
| Add: Cost reduction programs and other charges | 26 | 48 | 222 | 428 |
| Add: Purchase accounting impacts - Linde AG (c) | 492 | 498 | 1,466 | 1,463 |
| Total adjustments | 518 | 546 | 1,688 | 1,891 |
| Adjusted operating profit | <u>\$ 1,810</u> | <u>\$ 1,515</u> | <u>\$ 5,335</u> | <u>\$ 4,184</u> |
| Reported percentage change | 33 % | | 59 % | |
| Adjusted percentage change | 19 % | | 28 % | |
| Reported sales | \$ 7,668 | \$ 6,855 | \$ 22,495 | \$ 19,971 |
| Reported operating margin | 16.8 % | | 14.1 % | |
| Adjusted operating margin | 23.6 % | | 22.1 % | |
| | | | 23.7 % | |
| | | | 21.0 % | |
| <u>Adjusted Depreciation and amortization</u> | | | | |
| Reported depreciation and amortization | \$ 1,163 | \$ 1,168 | \$ 3,500 | \$ 3,434 |
| Less: Purchase accounting impacts - Linde AG (c) | (469) | (487) | (1,426) | (1,431) |
| Adjusted depreciation and amortization | <u>\$ 694</u> | <u>\$ 681</u> | <u>\$ 2,074</u> | <u>\$ 2,003</u> |
| <u>Adjusted Other Income (Expense) - net</u> | | | | |
| Reported Other Income (Expense) - net | \$ 10 | \$ (29) | \$ (3) | \$ (14) |
| Less: Purchase accounting impacts - Linde AG (c) | (23) | (11) | (40) | (32) |
| Adjusted Other Income (Expense) - net | <u>\$ 33</u> | <u>\$ (18)</u> | <u>\$ 37</u> | <u>\$ 18</u> |
| <u>Adjusted Net Pension and OPEB Cost (Benefit), Excluding Service Cost</u> | | | | |
| Reported net pension and OPEB cost (benefit), excluding service cost | \$ (45) | \$ (41) | \$ (143) | \$ (131) |
| Add: Pension settlement charges | (4) | (6) | (4) | (6) |
| Adjusted Net Pension and OPEB cost (benefit), excluding service costs | <u>\$ (49)</u> | <u>\$ (47)</u> | <u>\$ (147)</u> | <u>\$ (137)</u> |
| <u>Adjusted Interest Expense - Net</u> | | | | |
| Reported interest expense - net | \$ 8 | \$ 38 | \$ 46 | \$ 80 |
| Add: Purchase accounting impacts - Linde AG (c) | 10 | 23 | 43 | 67 |
| Adjusted interest expense - net | <u>\$ 18</u> | <u>\$ 61</u> | <u>\$ 89</u> | <u>\$ 147</u> |

Adjusted Income Taxes (a)

| | | | | | | | | |
|---|----|-----|----|-----|----|-------|----|-----|
| Reported income taxes | \$ | 321 | \$ | 265 | \$ | 923 | \$ | 594 |
| Add: Purchase accounting impacts - Linde AG (c) | | 115 | | 75 | | 349 | | 292 |
| Add: Pension settlement charges | | 1 | | 1 | | 1 | | 1 |
| Add: Cost reduction programs and other charges | | 3 | | 12 | | 29 | | 110 |
| Total adjustments | | 119 | | 88 | | 379 | | 403 |
| Adjusted income taxes | \$ | 440 | \$ | 353 | \$ | 1,302 | \$ | 997 |

Adjusted Effective Tax Rate (a)

| | | | | | | | | |
|--|----|-------|----|-------|----|-------|----|-------|
| Reported income before income taxes and equity investments | \$ | 1,329 | \$ | 972 | \$ | 3,744 | \$ | 2,344 |
| Add: Pension settlement charge | | 4 | | 6 | | 4 | | 6 |
| Add: Purchase accounting impacts - Linde AG (c) | | 482 | | 475 | | 1,423 | | 1,396 |
| Add: Cost reduction programs and other charges | | 26 | | 48 | | 222 | | 428 |
| Total adjustments | | 512 | | 529 | | 1,649 | | 1,830 |
| Adjusted income before income taxes and equity investments | \$ | 1,841 | \$ | 1,501 | \$ | 5,393 | \$ | 4,174 |

| | | | | | | | | |
|-----------------------------|----|--------|----|--------|----|--------|----|--------|
| Reported Income taxes | \$ | 321 | \$ | 265 | \$ | 923 | \$ | 594 |
| Reported effective tax rate | | 24.2 % | | 27.3 % | | 24.7 % | | 25.3 % |

| | | | | | | | | |
|-----------------------------|----|--------|----|--------|----|--------|----|--------|
| Adjusted income taxes | \$ | 440 | \$ | 353 | \$ | 1,302 | \$ | 997 |
| Adjusted effective tax rate | | 23.9 % | | 23.5 % | | 24.1 % | | 23.9 % |

Income from Equity Investments

| | | | | | | | | |
|--|----|----|----|----|----|-----|----|-----|
| Reported income from equity investments | \$ | 1 | \$ | 23 | \$ | 81 | \$ | 69 |
| Add: Purchase accounting impacts - Linde AG (c) | | 19 | | 14 | | 57 | | 42 |
| Add: Cost reduction programs and other charges (e) | | 35 | | — | | 35 | | — |
| Adjusted income from equity investments | \$ | 55 | \$ | 37 | \$ | 173 | \$ | 111 |

Adjusted Noncontrolling Interests from Continuing Operations

| | | | | | | | | |
|--|----|------|----|------|----|-------|----|-------|
| Reported noncontrolling interests from continuing operations | \$ | (31) | \$ | (31) | \$ | (105) | \$ | (91) |
| Add: Purchase accounting impacts - Linde AG (c) | | (4) | | (14) | | (11) | | (43) |
| Adjusted noncontrolling interests from continuing operations | \$ | (35) | \$ | (45) | \$ | (116) | \$ | (134) |

Adjusted Income from Continuing Operations (b)

| | | | | | | | | |
|---|----|-------|----|-------|----|-------|----|-------|
| Reported income from continuing operations | \$ | 978 | \$ | 699 | \$ | 2,797 | \$ | 1,728 |
| Add: Pension settlement charge | | 3 | | 5 | | 3 | | 5 |
| Add: Cost reduction programs and other charges | | 58 | | 36 | | 228 | | 318 |
| Add: Purchase accounting impacts - Linde AG (c) | | 382 | | 400 | | 1,120 | | 1,103 |
| Total adjustments | | 443 | | 441 | | 1,351 | | 1,426 |
| Adjusted income from continuing operations | \$ | 1,421 | \$ | 1,140 | \$ | 4,148 | \$ | 3,154 |

| Adjusted Diluted EPS from Continuing Operations (b) | | | | | | | | |
|--|----|--------|----|--------|----|--------|----|--------|
| Reported diluted EPS from continuing operations | \$ | 1.88 | \$ | 1.32 | \$ | 5.34 | \$ | 3.25 |
| Add: Pension settlement charge | | 0.01 | | 0.01 | | 0.01 | | 0.01 |
| Add: Cost reduction programs and other charges | | 0.11 | | 0.07 | | 0.44 | | 0.60 |
| Add: Purchase accounting impacts - Linde AG (c) | | 0.73 | | 0.75 | | 2.13 | | 2.07 |
| Total adjustments | | 0.85 | | 0.83 | | 2.58 | | 2.68 |
| Adjusted diluted EPS from continuing operations | \$ | 2.73 | \$ | 2.15 | \$ | 7.92 | \$ | 5.93 |
| | | | | | | | | |
| Reported percentage change | | 42 % | | | | 64 % | | |
| Adjusted percentage change | | 27 % | | | | 34 % | | |
| | | | | | | | | |
| Adjusted EBITDA and % of Sales | | | | | | | | |
| Income from continuing operations | \$ | 978 | \$ | 699 | \$ | 2,797 | \$ | 1,728 |
| Add: Noncontrolling interests related to continuing operations | | 31 | | 31 | | 105 | | 91 |
| Add: Net pension and OPEB cost (benefit), excluding service cost | | (45) | | (41) | | (143) | | (131) |
| Add: Interest expense | | 8 | | 38 | | 46 | | 80 |
| Add: Income taxes | | 321 | | 265 | | 923 | | 594 |
| Add: Depreciation and amortization | | 1,163 | | 1,168 | | 3,500 | | 3,434 |
| EBITDA from continuing operations | \$ | 2,456 | \$ | 2,160 | \$ | 7,228 | \$ | 5,796 |
| Add: Cost reduction programs and other charges | | 61 | | 48 | | 257 | | 428 |
| Add: Purchase accounting impacts - Linde AG (c) | | 42 | | 25 | | 97 | | 74 |
| Total adjustments | | 103 | | 73 | | 354 | | 502 |
| Adjusted EBITDA from continuing operations | \$ | 2,559 | \$ | 2,233 | \$ | 7,582 | \$ | 6,298 |
| | | | | | | | | |
| Reported sales | \$ | 7,668 | \$ | 6,855 | \$ | 22,495 | \$ | 19,971 |
| % of sales | | | | | | | | |
| EBITDA from continuing operations | | 32.0 % | | 31.5 % | | 32.1 % | | 29.0 % |
| Adjusted EBITDA from continuing operations | | 33.4 % | | 32.6 % | | 33.7 % | | 31.5 % |

(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 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 from Continuing Operations: Represents the noncontrolling interests' ownership portion of the adjustments described above determined on an entity by entity basis.

(e) Impairment charge related to a joint venture in the APAC segment.

Net Debt and Adjusted Net Debt

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

| | September 30, 2021 | December 31, 2020 |
|--|-----------------------|----------------------|
| <i>(Millions of dollars)</i> | | |
| Debt | \$ 16,727 | \$ 16,154 |
| Less: cash and cash equivalents | (4,700) | (3,754) |
| Net debt | 12,027 | 12,400 |
| Less: purchase accounting impacts - Linde AG | (72) | (121) |
| Adjusted net debt | \$ 11,955 | \$ 12,279 |

Supplemental Guarantee Information

On June 6, 2020, 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 (previously Praxair) and/or Linde GmbH (previously Linde AG). 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. (previously Praxair, 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 of the pre-business combination Linde Inc. and Linde Finance notes, and Linde GmbH and Linde Inc., respectively, provided upstream guarantees of Linde plc's downstream guarantees.

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

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

(Millions of dollars)

| Statement of Income Data | Nine Months Ended September 30, 2021 | | Twelve Months Ended December 31, 2020 | |
|--|--------------------------------------|--------|---------------------------------------|--------|
| Sales | \$ | 5,433 | \$ | 6,876 |
| Operating profit | | 661 | | 786 |
| Net income | | 358 | | 690 |
| Transactions with non-guarantor subsidiaries | | 1,267 | | 2,222 |
| Balance Sheet Data (at period end) | | | | |
| Current assets (a) | \$ | 6,061 | \$ | 4,174 |
| Long-term assets (b) | | 16,100 | | 17,978 |
| Current liabilities (c) | | 10,343 | | 8,337 |
| Long-term liabilities (d) | | 41,348 | | 39,208 |
| (a) From current assets above, amount due from non-guarantor subsidiaries | \$ | 3,287 | \$ | 1,984 |
| (b) From long-term assets above, amount due from non-guarantor subsidiaries | | 3,219 | | 4,565 |
| (c) From current liabilities above, amount due to non-guarantor subsidiaries | | 1,276 | | 1,054 |
| (d) From long-term liabilities above, amount due to non-guarantor subsidiaries | | 25,810 | | 23,394 |

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Refer to Item 7A. to Part II of Linde's 2020 Annual Report on Form 10-K for discussion.

Item 4. Controls and Procedures

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

PART II - OTHER INFORMATION*Linde plc and Subsidiaries***Item 1. Legal Proceedings**

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

Item 1A. Risk Factors

Through the quarterly period covered by this report, there have been no material changes to the risk factors disclosed in Item 1A to Part I of Linde's Annual Report on Form 10-K for the year ended December 31, 2020.

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

Purchases of Equity Securities- Certain information regarding purchases made by or on behalf of the company or any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended) of its ordinary shares during the quarter ended September 30, 2021 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 (1) (Millions) |
|--------------------|---|------------------------------|--|--|
| July 2021 | 969 | \$ 292.43 | 969 | \$ 2,761 |
| August 2021 | 1,248 | \$ 308.98 | 1,248 | \$ 2,376 |
| September 2021 | 1,749 | \$ 307.62 | 1,749 | \$ 1,838 |
| Third Quarter 2021 | 3,966 | \$ 304.33 | 3,966 | \$ 1,838 |

(1) On January 25, 2021 the company's board of directors approved the repurchase of \$5.0 billion of its ordinary shares ("2021 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 2021 program has a maximum repurchase amount of 15% of outstanding shares, began on February 1, 2021 and expires on July 31, 2023.

As of September 30, 2021, the company repurchased \$3.16 billion of its ordinary shares pursuant to the 2021 program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

| | |
|---------|---|
| (a) | Exhibits |
| 1.1 | Amended and Restated Dealer Agreement, dated August 3, 2021, among Linde plc, as Issuer and, in respect of Notes issued by Linde Finance B.V., as Guarantor, Linde Finance B.V., as Issuer, Deutsche Bank Aktiengesellschaft, as Arranger and Dealer and the other Dealers party thereto (Filed as Exhibit 1.1 to Linde plc 's current report on Form 8-K, dated September 30, 2021, Filing No. 1-38730, and incorporated herein by reference). |
| 4.1 | Final Terms of 0.000% Notes due 2026 of Linde plc (Filed as Exhibit 4.1 to Linde plc 's current report on Form 8-K, dated September 30, 2021, Filing No. 1-38730, and incorporated herein by reference). |
| 4.2 | Final Terms of 0.375% Notes due 2033 of Linde plc (Filed as Exhibit 4.2 to Linde plc 's current report on Form 8-K, dated September 30, 2021, Filing No. 1-38730, and incorporated herein by reference). |
| 4.3 | Final Terms of 1.000% Notes due 2051 of Linde plc (Filed as Exhibit 4.3 to Linde plc 's current report on Form 8-K, dated September 30, 2021, Filing No. 1-38730, and incorporated herein by reference). |
| 4.4 | Amended and Restated Fiscal Agency Agreement, dated August 3, 2021, among Linde plc, as Issuer and as Guarantor, Linde Finance B.V., as Issuer, and Deutsche Bank Aktiengesellschaft, as Fiscal Agent and Paying Agent (Filed as Exhibit 4.6 to Linde plc 's current report on Form 8-K, dated September 30, 2021, Filing No. 1-38730, and incorporated herein by reference). |
| *10.1 | Form of Transferable Stock Option Award under the 2021 Linde plc Long Term Incentive Plan. |
| *10.2 | Form of Restricted Stock Unit Award under the 2021 Linde plc Long Term Incentive Plan |
| *10.3 | Form of Performance Share Unit Award under the 2021 Linde plc Long Term Incentive Plan with Return on Capital performance metrics |
| *10.4 | Form of Performance Share Unit Award under the 2021 Linde plc Long Term Plan with Total Shareholder Return performance metrics |
| 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)

By: /s/ Kelcey E. Hoyt

Kelcey E. Hoyt
Chief Accounting Officer

Date: October 29, 2021

NONQUALIFIED STOCK OPTION AWARD
UNDER THE
2021 LINDE PLC
LONG TERM INCENTIVE PLAN

Effective as of **(#insert grant date#)** (the “Grant Date”), **«Legal_First_Name» «MI» «MI1» «MI2» «Last_Name»** (the “Participant”) is hereby granted the following Nonqualified Stock Option Award (the “Award”) under the 2021 Linde plc Long Term Incentive Plan (the “Plan”), subject to the terms and conditions of the Plan, which are incorporated herein by reference, and those set forth below. The Plan shall control in the event of any conflict between the terms and conditions of the Plan and those set forth in this Award.

This Award has been conveyed and will be managed online, and the Participant’s online acceptance and acknowledgement of this Award constitutes his or her acceptance of all of the terms and conditions of the Plan and this Award. A copy of the Plan has been made available to the Participant, and the Participant hereby acknowledges that he or she has read and understands the Plan and this Award.

Capitalized terms used herein and not defined shall have the meanings set forth in the Plan, as the same may be amended from time to time. For purposes of this Award, Linde plc (the “Company”) and its Subsidiaries are collectively referred to herein as “Linde.”

1. **Grant of Option.** The Company hereby grants to Participant, as of the Grant Date, a Nonqualified Stock Option to purchase all or any part of the aggregate of **[INSERT Number]** Shares (the “Option Shares”) at the Option Price of **\$ (Insert Strike price)** per Share. This Award will be exercisable only as hereinafter provided.
2. **Expiration Date.** Except as otherwise provided herein, this Award shall expire on the tenth anniversary of the Grant Date and in no event may this Award be exercised on or after such date.
3. **Exercisability; Treatment upon Termination of Service.**
 - a. **Exercisability Generally.** Except as otherwise provided in either the Plan or this Section 3, this Award shall become exercisable as to one-third of the Option Shares on each of the first three anniversaries of the Grant Date. Once this Award has become exercisable, it shall continue to be exercisable until the earlier of its expiration date or the termination of the Participant’s rights hereunder pursuant to either the Plan or this Award. In the event that the number of Option Shares is not evenly divisible by three, the remaining amount shall be added to the last vesting period. Notwithstanding the foregoing, this Award shall become immediately vested and exercisable as to all of the Option Shares upon the occurrence of the Participant’s death or Total and Permanent Disability, in either case occurring while the Participant remains actively employed by Linde and shall become vested and exercisable in the event of a Change in Control in accordance with Section 3.b.v. below. For purposes of this Award, the Participant shall be “Totally and

Permanently Disabled” if the Participant is determined to be unable to engage in any substantial gainful activity because of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

- b. **Termination of Employment.** This Award is exercisable by the Participant only while the Participant is in active employment with Linde and will be immediately forfeited upon the effective date of the Participant’s termination of employment with Linde (an individual who is employed by a Subsidiary shall be deemed to have terminated employment for purposes of this Award at such time as the employing entity ceases to be a Subsidiary), except that this Award shall continue to be exercisable following the effective date of the Participant’s termination of employment with Linde as follows:
- i. Death. In the event the Participant’s employment terminates by reason of his or her death, this Award shall continue to be exercisable by the Participant’s executor, administrator, or legal representative at any time prior to the earlier of the first anniversary of the Participant’s death or the Award’s expiration date and thereafter shall be forfeited.
 - ii. Total and Permanent Disability. In the event the Participant becomes Totally and Permanently Disabled while employed by Linde, this Award shall continue to be exercisable at any time prior to the earlier of the first anniversary of the date the Participant is determined to be Totally and Permanently Disabled or the Award’s expiration date and thereafter shall be forfeited.
 - iii. Termination After Satisfying Age/Service Requirement. In the case of the Participant’s termination of employment with Linde for any reason other than for cause, and not due to the Participant’s death or Total and Permanent Disability, after: (A) attaining age 65; or (B) attaining age 55 and completing at least 10 years of employment with Linde (collectively, the “Age/Service Requirement”), this Award shall continue to be exercisable at any time prior to its expiration date; *provided, however*, that following the Participant’s satisfaction of the Age/Service Requirement, this Award shall only become exercisable in accordance with Section 3.a.; and *provided further*, that in the event of the Participant’s termination of employment with Linde prior to the first anniversary of the Grant Date, regardless of satisfying the Age/Service Requirement, this Award shall never become vested and exercisable and shall be immediately forfeited upon the effective date of the Participant’s termination of employment with Linde.
 - iv. Termination by Action of Linde Other than for Cause. In the event of the Participant’s termination of employment by action of Linde other than for cause prior to the Participant’s satisfaction of the Age/Service Requirement and not due to the Participant’s death or Total and

Permanent Disability, this Award shall continue to be exercisable by the Participant at any time prior to the earlier of the third anniversary of the effective date of the Participant's termination or the Award's expiration date and thereafter shall be forfeited; *provided, however*, that following such termination of the Participant's employment, this Award shall only become exercisable in accordance with Section 3.a.; and *provided further*, that in the event such termination of the Participant's employment by Linde occurs prior to the first anniversary of the Grant Date, this Award shall never become exercisable and shall be immediately forfeited upon the effective date of such termination of the Participant's employment. For purposes of this Section 3.b.iv only, the Participant's termination by action of Linde for cause, shall include, but not be limited to, the Participant's termination by action of Linde for violation of Linde's Code of Business Integrity (or any superseding integrity policy) or poor performance.

- v. Termination following a Change in Control. Notwithstanding any other provision of this Award to the contrary, in the event the Participant's employment with Linde or any successor thereto is terminated (a) by action of Linde other than for Cause, or (b) by Participant with Good Reason, in each case, within two (2) years following the Change in Control, this Award shall become immediately vested and exercisable as to all of the Option Shares and shall continue to be exercisable by the Participant at any time prior to the earlier of the first anniversary of the effective date of the Participant's termination or the Award's expiration date and thereafter shall be forfeited.
- (A) For purposes of this Section 3.b.v., "Cause" shall have the meaning set forth in the Participant's employment agreement or severance compensation agreement, in either case, as in effect immediately before the Change in Control. In the absence of any such agreement or in the event that such agreement does not contain a definition of "Cause," Cause shall mean (i) the Participant's willful and continued failure to substantially perform his or her reasonably assigned duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), (ii) the Participant's breach of his or her fiduciary duty, (iii) the Participant's commission of a felony or of a lesser crime involving fraud or moral turpitude, or (iv) the Participant's material breach of any written Company policy (including Linde's Standards of Business Integrity (or any superseding integrity policy)) or any written agreement with the Company, which breach is materially injurious to the Company, and no termination of the Participant's employment shall be for Cause until (1) there shall have been delivered to the Participant a notice of termination and (2) Participant shall have 30 days following the receipt of notice from the Company to

cure the act or omission that is the basis of such claim, to the extent such act or omission is curable, including the Participant having been provided an opportunity to be heard in person by the Board (or its successor).

- (B) For purposes of this Section 3.b.v., “Good Reason” shall have the meaning set forth in the Participant’s employment agreement or severance compensation agreement, in either case, as in effect immediately before the Change in Control, provided, however, that in the absence of any such agreement or in the event that such agreement does not contain a definition of “Good Reason,” Good Reason shall mean, without the Participant’s express written consent, (a) a material reduction in the annual rate of base salary or target bonus opportunity, in each case, as in effect immediately prior to the date of the Change in Control or as the same may be increased from time to time thereafter, (b) the assignment of any duties or responsibilities or diminution of duties or responsibilities which are inconsistent with the Participant’s title, status or position (including a change in any position reporting to the Participant or any position to which the Participant reports) with Linde in effect immediately prior to the Change in Control, or (c) requiring the Participant to relocate to a principal work location where the distance between the Participant’s primary residence and new principal work location is more than 50 miles greater than the distance from the Participant’s primary residence and principal work location as in effect immediately prior to the date of the Change in Control, provided, however, that Good Reason shall not exist unless the Participant provides Linde with a notice of termination not later than 60 days after the occurrence of the event giving rise to Good Reason and Linde fails to remedy such condition to the Participant’s reasonable satisfaction within 30 days of such notice.

4. **Transferability.**

- a. This Award is not transferable other than:
- i. in the event of the Participant’s death, in which case this Award shall be transferred to the Participant’s executor, administrator, or legal representative, or
 - ii. if the Participant has met the Company’s stock ownership guidelines applicable to him/her at the time of such proposed transfer, by the Participant, as a gift and without consideration, in whole or in parts to;
 - (A) the Participant’s spouse, children (including by adoption), stepchildren or grandchildren (“immediate family members”),

- (B) a partnership in which such immediate family members are the only partners, or
- (C) a trust for the exclusive benefit of such immediate family members; or
- iii. in the case of a transferee's or distributee's death, to his/her estate, in which case this Award may be exercised only by the executor or administrator of such estate and shall not be subject to further transfer; or
- iv. pursuant to a domestic relations order.
- b. Any transfer of this Award, in whole or in part, is subject to acceptance by the Company in its sole discretion and shall be affected according to such procedures as the Company's Chief Human Resources Officer may establish.
- c. The provisions of this Award, relating to the Participant, shall apply to this Award notwithstanding any transfer to a third party.

5. **Exercise of Option.**

- a. **Notice of Exercise.** This Award may be exercised by the delivery of a notice of exercise to the Company or an agent designated by the Company in a form specified or accepted by the Committee, or by complying with any alternative procedures which may be authorized by the Committee, setting forth the number of Option Shares with respect to which the Award is to be exercised, accompanied by full payment for the Option Shares. The Award may be exercised only in a whole number of Shares.
- b. **Exercise Price Payment.** A condition of the issuance of the Shares as to which this Award is exercised shall be the payment of the Option Price. The Option Price shall be payable to the Company in full either: (i) in cash or its equivalent; (ii) by tendering (either by actual delivery or attestation) previously acquired Shares having an aggregate Market Price at the time of exercise equal to the Option Price (provided that the Shares that are tendered may be subject to a minimum holding period, as determined by the Committee in its discretion, prior to their tender to satisfy the Option Price if acquired under this Plan or any other compensation plan maintained by the Company or have been purchased on the open market); (iii) by having the Company withhold Shares that otherwise would be delivered to the exerciser pursuant to the exercise of the Option having a value equaling the aggregate Option Price due; (iv) by a combination of (i), (ii) and/or (iii); or (v) any other method approved or accepted by the Committee in its sole discretion. Unless otherwise determined by the Committee, all payments under all of the methods indicated above shall be paid in United States dollars.

- c. **Taxes.** To enable Linde to meet any applicable federal, state, city, local or foreign withholding tax requirements arising as a result of the exercise of the Award, the exerciser shall pay Linde the amount of tax to be withheld, if any, in cash or by having Linde withhold Shares that would otherwise be delivered pursuant to the exercise of the Award, provided that, if Shares are so withheld, they shall be withheld only up to the rate that will not trigger a negative accounting impact on Linde. The value of any Shares so withheld shall be the Share price at the time of exercise. Linde reserves the right to (i) disapprove an exerciser's election to utilize any of the alternatives under this Section, and (ii) to delay the completion of any exercise of this Award until the applicable withholding tax has been paid.
 - d. **Delivery of Shares.** Upon the exercise of an Award with respect to a part or all of the Option Shares in the manner and within the time herein provided, the Company shall issue and deliver to the exerciser, the number of Shares with respect to which the Award was exercised. Notwithstanding any provision of the Plan or this Award to the contrary, such Shares shall be subject to applicable Linde policies as from time to time in effect, including but not limited to, Linde's insider trading and Executive Stock Ownership Policies.
6. **Other Terms and Conditions.** It is understood and agreed that the Award evidenced hereby is subject to the following terms and conditions:
- a. **No Right to Continued Employment.** This Award shall not confer upon the Participant any right with respect to continuance of employment by Linde nor shall this Award interfere with the right of Linde to terminate the Participant's employment.
 - b. **No Right to Future Awards.** The selection of recipients of Awards under the Plan is determined annually on the basis of several factors, including job responsibilities and anticipated future job performance. The Participant's selection to receive this Award shall in no way entitle him/her to receive, or otherwise obligate Linde to provide the Participant, any future option Award or other award under the Plan or otherwise.
 - c. **Cancellation of Award.** Notwithstanding any other provision of this Award, the Committee may, in its sole discretion, cancel, rescind, suspend, withhold, or otherwise limit or restrict this Award, and/or recover any gains realized by the Participant in connection with this Award, in the event of any actions by the Participant are determined by the Committee to (a) constitute a conflict of interest with Linde, (b) be prejudicial to Linde's interests, or (c) violate any non-compete agreement or obligation of the Participant to Linde, any confidentiality agreement or obligation of the Participant to Linde, Linde's applicable policies, or the Participant's terms and conditions of employment.
 - d. **Clawback.** This Award shall be subject to the clawback or recapture policy, if any, that Linde may adopt from time to time to the extent provided in such

policy and, in accordance with such policy, may be subject to the requirement that this Award be repaid to Linde after it has been distributed or paid to the Participant.

- e. **Governing Law.** This Award shall be governed by and construed in accordance with the laws of Connecticut, without giving effect to principles of conflict of laws.
- f. **No Third Party Beneficiaries.** Except as expressly provided in the Plan or herein, neither the Plan nor this Award will confer on any person other than Linde and the Participant any rights or remedies under the Plan or hereunder.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its proper officer hereunto duly authorized, as of the day and year first hereinabove written.

Linde plc

By

David Strauss
Chief Human Resources
Officer

RESTRICTED STOCK UNIT AWARD
UNDER THE
2021 LINDE PLC
LONG TERM INCENTIVE PLAN

Effective as of **(#insert grant date#)** (the “Grant Date”), «Legal_First_Name» «MI» «MI1» «MI2» «Last_Name» (the “Participant”) is hereby granted the following Restricted Stock Unit (“RSU”) Award under the 2021 Linde plc Long Term Incentive Plan (the “Plan”), subject to the terms and conditions of the Plan, which are incorporated herein by reference, and those set forth below. The Plan shall control in the event of any conflict between the terms and conditions of the Plan and those set forth in this Award.

This Award has been conveyed and will be managed online, and the Participant’s online acceptance and acknowledgement of this Award constitutes his or her acceptance of all of the terms and conditions of the Plan and this Award. A copy of the Plan has been made available to the Participant, and the Participant hereby acknowledges that he or she has read and understands the Plan and this Award.

Capitalized terms used herein and not defined shall have the meanings set forth in the Plan, as the same may be amended from time to time. For purposes of this Award, Linde plc (the “Company”) and its Subsidiaries are collectively referred to herein as “Linde.”

1. **Award of Restricted Stock Units.** The Participant is hereby granted an award of **(insert #)** notional RSUs (the “Award”). Each RSU represents a bookkeeping entry which is equal in value to a single Share.
 2. **Vesting of Award; Treatment upon Termination of Service or Change in Control.**
 - a. Vesting Generally. Except as otherwise provided in this Section 2, this Award shall vest on the third anniversary of the Grant Date, if the Participant has remained continuously employed by Linde at all times from the Grant Date through the third anniversary of the Grant Date (a Participant who is employed by a Subsidiary shall be deemed to have terminated employment by action of Linde other than for cause for purposes of this Award at such time as the employing entity ceases to be a Subsidiary), and as soon as practicable thereafter, shall be settled by payment to the Participant of a number of Shares equal to the number of RSUs subject to this Award.
 - b. Death or Disability. Notwithstanding any provision of this Section 2 to the contrary, if after the Grant Date but prior to the third anniversary of the Grant date:
 - (i) the Participant’s employment with Linde terminates by reason of the Participant’s death; or
-

(ii) the Participant becomes Totally and Permanently Disabled while employed by Linde,

this Award shall become immediately vested as to a number of Shares equal to the number of RSUs subject to this Award, multiplied by a fraction having a numerator equal to the number of days elapsed from the Grant Date through the date the Participant's death or Total and Permanent Disability (as applicable), and a denominator equal to 1,095, and settled as soon as practicable thereafter by payment to the Participant such resulting Shares. For purposes of this Award, a Participant shall be "Totally and Permanently Disabled" if the Participant is determined by Linde to be unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

c. Termination by Action of Linde Other than for Cause, or Termination After Attaining Certain Age and Service Requirements. Notwithstanding any provision of this Section 2 to the contrary, in the event the Participant's employment with Linde terminates on or after the first anniversary of the Grant Date, but prior to the third anniversary of the Grant Date, by reason of the Participant's:

- (i) termination of employment by action of Linde other than for cause and not due to the Participant's Total and Permanent Disability; or
- (ii) termination of employment with Linde other than for cause and not due to the Participant's death or Total and Permanent Disability, after: (a) attaining age 65; or (b) attaining age 55 and completing at least ten (10) years of employment with Linde,

this Award shall become immediately vested and shall be settled on the third anniversary of the Grant Date by payment to the Participant of a number of Shares equal to the number of RSUs subject to this Award. For purposes of this Award, the Participant's termination by action of Linde for cause, shall include, but not be limited to, the Participant's termination by action of Linde for violation of Linde's Code of Business Integrity (or any superseding integrity policy) or poor performance.

d. Termination following a Change in Control. Notwithstanding any provision of this Section 2 to the contrary, in the event the Participant's employment with Linde or any successor thereto is terminated (a) by action of Linde other than for Cause, or (b) by the Participant with Good Reason, in each case, within two (2) years following the Change in Control but prior to the third anniversary of the Grant Date, this Award shall become immediately vested (y) if the effective date of such termination is prior to the first anniversary of the Grant Date, as to one-third of the RSUs subject to this Award (rounded down in the event of fractional Shares), and the remaining RSUs shall be immediately forfeited, or (z) if the effective date of such termination is on or

after the first anniversary of the Grant Date, as to all of the RSUs subject to this Award, and as soon as practicable thereafter, shall be settled by payment to the Participant of a number of Shares (or such other form of payment having an equivalent value as may be authorized by the Committee in its sole discretion) equal to the number of RSUs vesting under this Award.

- (i) For purposes of this Section 2.d., “Cause” shall have the meaning set forth in the Participant’s employment agreement or severance compensation agreement, in either case, as in effect immediately before the Change in Control. In the absence of any such agreement or in the event that such agreement does not contain a definition of “Cause,” Cause shall mean (a) the Participant’s willful and continued failure to substantially perform his or her reasonably assigned duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), (b) the Participant’s breach of his or her fiduciary duty, (c) the Participant’s commission of a felony or of a lesser crime involving fraud or moral turpitude, or (d) the Participant’s material breach of any written Company policy (including Linde’s Standards of Business Integrity (or any superseding integrity policy)) or any written agreement with the Company, which breach is materially injurious to the Company, and no termination of the Participant’s employment shall be for Cause until (1) there shall have been delivered to the Participant a notice of termination and (2) Participant shall have 30 days following the receipt of notice from the Company to cure the act or omission that is the basis of such claim, to the extent such act or omission is curable, including the Participant having been provided an opportunity to be heard in person by the Board (or its successor).
- (ii) For purposes of this Section 2.d., “Good Reason” shall have the meaning set forth in the Participant’s employment agreement or severance compensation agreement, in either case, as in effect immediately before the Change in Control, provided, however, that in the absence of any such agreement or in the event that such agreement does not contain a definition of “Good Reason,” Good Reason shall mean, without the Participant’s express written consent, (a) a material reduction in the annual rate of base salary or target bonus opportunity, in each case, as in effect immediately prior to the date of the Change in Control or as the same may be increased from time to time thereafter, (b) the assignment of any duties or responsibilities or diminution of duties or responsibilities which are inconsistent with the Participant’s title, status or position (including a change in any position reporting to the Participant or any position to which the Participant reports) with Linde in effect immediately prior to the Change in Control, or (c) requiring the Participant to relocate to a principal work location where the distance between the Participant’s primary residence and new principal work location is more than 50

miles greater than the distance from the Participant's primary residence and principal work location as in effect immediately prior to the date of the Change in Control, provided, however, that Good Reason shall not exist unless the Participant provides Linde with a notice of termination not later than 60 days after the occurrence of the event giving rise to Good Reason and Linde fails to remedy such condition to the Participant's reasonable satisfaction within 30 days of such notice.

- e. Forfeiture of Award. In the event the Participant's employment with Linde terminates for any reason other than those specifically set forth in Sections 2.b., c. or d. prior to the third anniversary of the Grant Date, this Award shall be immediately forfeited. In the event this Award is forfeited for any reason, no payment shall be made in settlement of the Award.

3. **Other Terms and Conditions.** It is understood and agreed that the Award of RSUs evidenced hereby is subject to the following terms and conditions:

- a. Rights of Participant. Except as provided in Section 3.d., the Participant shall have no right to transfer, pledge, hypothecate or otherwise encumber the Award. Prior to the payment of Shares in satisfaction of this Award, the Participant shall have none of the rights of a stockholder of the Company with respect to the Award, including, but not limited to, voting rights and the right to receive or accrue dividends or dividend equivalents. Notwithstanding any provision of the Plan or this Award to the contrary, Shares delivered in satisfaction of this Award shall be subject to applicable Linde policies as from time to time in effect, including but not limited to, Linde's insider trading and Executive Stock Ownership policies.
- b. No Right to Continued Employment. This Award shall not confer upon the Participant any right with respect to continuance of employment by Linde nor shall this Award interfere with the right of Linde to terminate the Participant's employment.
- c. No Right to Future Awards. The selection of recipients of Awards under the Plan is determined annually on the basis of several factors, including job responsibilities and anticipated future job performance. The Participant's selection to receive this Award shall in no way entitle him/her to receive, or otherwise obligate Linde to provide the Participant, any future RSUs or other awards under the Plan or otherwise.
- d. Transferability. This Award is not transferable other than:
 - (i) in the event of the Participant's death, in which case this Award shall be transferred to the Participant's executor, administrator, or legal representative; or
 - (ii) pursuant to a domestic relations order.

Any transfer of this Award, in whole or in part, is subject to acceptance by the Company in its sole discretion and shall be affected according to such procedures as the Company's Chief Human Resources Officer may establish. The provisions of this Award, relating to the Participant, shall apply to this Award notwithstanding any transfer to a third party.

- e. **Cancellation of Award.** Notwithstanding any other provision of this Award, the Committee may, in its sole discretion, cancel, rescind, suspend, withhold, or otherwise limit or restrict this Award, and/or recover any gains realized by the Participant in connection with this Award, in the event any actions by the Participant are determined by the Committee to (i) constitute a conflict of interest with Linde, (ii) be prejudicial to Linde's interests, or (iii) violate any non-compete agreement or obligation of the Participant to Linde, any confidentiality agreement or obligation of the Participant to Linde, Linde's applicable policies, or the Participant's terms and conditions of employment.
 - f. **Clawback.** This Award shall be subject to the clawback or recapture policy, if any, that Linde may adopt from time to time to the extent provided in such policy and, in accordance with such policy, may be subject to the requirement that this Award be repaid to Linde after it has been distributed or paid to the Participant.
4. **Tax Withholding.** Upon the date of payment of the Award, Linde will deduct from the number of Shares (or other form of payment, if applicable) otherwise due the Participant, Shares (or other form of payment, if applicable) having a Fair Market Value (or fair market value in the event of payment other than in Shares) sufficient to discharge all applicable federal, state, city, local or foreign taxes of any kind required to be withheld with respect to such payment, provided that, if Shares are so withheld, they shall be withheld only up to the rate that will not trigger a negative accounting impact on Linde. In the alternative, Linde shall have the right to require the Participant to pay cash to satisfy any applicable withholding taxes as a condition to the payment of the Award. Notwithstanding the foregoing, to the extent any employment or other taxes are due in respect of the Award prior to the payment of the Award, Linde shall have the right to require the value of such taxes to either be withheld by deducting Shares underlying the Award (as described above) or by requiring the Participant to pay cash to satisfy such applicable withholding.
5. **References.** References herein to rights and obligations of the Participant shall apply, where appropriate, to the Participant's legal representative or estate without regard to whether specific reference to such legal representative or estate is contained in a particular provision of this Award.
6. **Governing Law.** This Award shall be governed by and construed in accordance with the laws of Connecticut, without giving effect to principles of conflict of laws.
7. **No Third Party Beneficiaries.** Except as expressly provided in the Plan or herein, neither the Plan nor this Award will confer on any person other than Linde and the Participant any rights or remedies under the Plan or hereunder

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its proper officer hereunto duly authorized, as of the day and year first herein above written.

Linde plc

By

David Strauss
Chief Human Resources
Officer

PERFORMANCE SHARE UNIT AWARD
UNDER THE
2021 LINDE PLC
LONG TERM INCENTIVE PLAN

Effective as of **(#insert grant date#)** (the “Grant Date”), **«Legal_First_Name» «MI» «MI1» «MI2» «Last_Name»** (the “Participant”) is hereby granted the following Performance Share Unit Award under the 2021 Linde plc Long Term Incentive Plan (the “Plan”), subject to the terms and conditions of the Plan, which are incorporated herein by reference, and those set forth below. The Plan shall control in the event of any conflict between the terms and conditions of the Plan and those set forth in this Award.

This Award has been conveyed and will be managed online, and the Participant’s online acceptance and acknowledgement of this Award constitutes his or her acceptance of all of the terms and conditions of the Plan and this Award. A copy of the Plan has been made available to the Participant, and the Participant hereby acknowledges that he or she has read and understands the Plan and this Award.

Capitalized terms used herein and not defined shall have the meanings set forth in the Plan, as the same may be amended from time to time. For purposes of this Award, Linde plc (the “Company”) and its Subsidiaries are collectively referred to herein as “Linde.”

1. **Award of Performance Share Units, Performance Measure and Performance Period.** The Participant is hereby granted an Award of **(insert #)** notional “Performance Share Units” (the “Award”). A Performance Share Unit is a bookkeeping entry which is intended to be equal in value to a single Share. For purposes of this Award, **(insert #)** Performance Share Units are considered the Participant’s “Target Amount.” Except as otherwise provided herein, the payment due in settlement of the Participant’s vested Award shall be made in the form of Shares, with the number of Shares payable determined by reference to the Company’s average annual return on capital (“ROC”) for the three-year period commencing on January 1, 202x and ending on December 31, 202x (the “Performance Period”) as set forth below. For purposes of this Award, ROC shall mean the Company’s after-tax return on capital as reported in its quarterly and annual Consolidated Financial Statements and the related Notes, which may be adjusted in the discretion of the Committee as it deems appropriate to eliminate the after-tax effects of any acquisition, divestiture, restructuring, other corporate transaction, accounting charges or any other extraordinary, unusual or non-recurring item, in each case, occurring during the Performance Period.
2. **Vesting of Award; Treatment upon Termination of Service; Change in Control.**
 - a. Vesting Generally. Except as otherwise provided in this Section 2, this Award shall vest on the third anniversary of the Grant Date, provided that: (i) the Participant has remained continuously employed by Linde at all times from the Grant Date through the third anniversary of the Grant Date (a Participant who is employed by a Subsidiary shall be deemed to have terminated

employment by action of Linde other than for cause for purposes of this Award at such time as the employing entity ceases to be a Subsidiary); and (ii) the Company's average annual ROC for the Performance Period meets the minimum threshold Performance Goal for payout set forth in Section 3.a. Payment with respect to such vested Award shall be determined and made in accordance with Section 3.a.

b. Death or Disability. Notwithstanding any provision of this Section 2 to the contrary, if after the Grant Date, but prior to the third anniversary of the Grant Date:

- (i) the Participant's employment with Linde terminates by reason of the Participant's death; or
- (ii) the Participant becomes Totally and Permanently Disabled while employed by Linde;

this Award shall become immediately vested and payment with respect to such vested Award shall be determined and made in accordance with Section 3.b. For purposes of this Award, a Participant shall be "Totally and Permanently Disabled" if the Participant is determined by Linde to be unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

c. Termination by Action of Linde Other than for Cause, or Termination After Attaining Certain Age and Service Requirements. Notwithstanding any provision of this Section 2 to the contrary, in the event the Participant's employment with Linde terminates on or after the first anniversary of the Grant Date, but prior to the third anniversary of the Grant Date, by reason of the Participant's:

- (i) termination of employment by action of Linde other than for cause and not due to the Participant's Total and Permanent Disability; or
- (ii) termination of employment with Linde, other than for cause and not due to the Participant's death or Total and Permanent Disability, after: (a) attaining age 65; or (b) attaining age 55 and completing at least ten (10) years of employment with Linde,

this Award shall vest on the third anniversary of the Grant Date, provided that the Company's average annual ROC for the Performance Period meets the minimum threshold Performance Goal for payout set forth in Section 3.a. Payment with respect to such vested Award shall be determined and made in accordance with Section 3.a. For purposes of this Section 2.c. only, the Participant's termination by action of Linde for cause, shall include, but not be limited to, the Participant's termination by action of Linde for violation of

Linde's Code of Business Integrity (or any superseding integrity policy) or poor performance.

- d. Change in Control. Notwithstanding any provision of this Section 2 to the contrary, in the event of a Change in Control occurring prior to the third anniversary of the Grant Date, payment with respect to this Award shall be determined and made in accordance with Section 3.c. and this Award shall be subject to time-based vesting through the third anniversary of the Grant Date, provided, however, that in the event the Participant's employment with Linde or any successor thereto is terminated (a) by action of Linde other than for Cause or (b) by the Participant with Good Reason, in each case, within two (2) years following the Change in Control, this Award, to the extent not previously vested, shall become immediately vested.
- (i) For purposes of this Section 2.d., "Cause" shall have the meaning set forth in the Participant's employment agreement or severance compensation agreement, in either case, as in effect immediately before the Change in Control. In the absence of any such agreement or in the event that such agreement does not contain a definition of "Cause," Cause shall mean (a) the Participant's willful and continued failure to substantially perform his or her reasonably assigned duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), (b) the Participant's breach of his or her fiduciary duty, (c) the Participant's commission of a felony or of a lesser crime involving fraud or moral turpitude, or (d) the Participant's material breach of any written Company policy (including Linde's Standards of Business Integrity (or any superseding integrity policy)) or any written agreement with the Company, which breach is materially injurious to the Company, and no termination of the Participant's employment shall be for Cause until (1) there shall have been delivered to the Participant a notice of termination and (2) Participant shall have 30 days following the receipt of notice from the Company to cure the act or omission that is the basis of such claim, to the extent such act or omission is curable, including the Participant having been provided an opportunity to be heard in person by the Board (or its successor).
- (ii) For purposes of this Section 2.d., "Good Reason" shall have the meaning set forth in the Participant's employment agreement or severance compensation agreement, in either case, as in effect immediately before the Change in Control, provided, however, that in the absence of any such agreement or in the event that such agreement does not contain a definition of "Good Reason," Good Reason shall mean, without the Participant's express written consent, (a) a material reduction in the annual rate of base salary or target bonus opportunity, in each case, as in effect immediately prior to the date of the Change in Control or as the same may be increased from

time to time thereafter, (b) the assignment of any duties or responsibilities or diminution of duties or responsibilities which are inconsistent with the Participant's title, status or position (including a change in any position reporting to the Participant or any position to which the Participant reports) with Linde in effect immediately prior to the Change in Control, or (c) requiring the Participant to relocate to a principal work location where the distance between the Participant's primary residence and new principal work location is more than 50 miles greater than the distance from the Participant's primary residence and principal work location as in effect immediately prior to the date of the Change in Control, provided, however, that Good Reason shall not exist unless the Participant provides Linde with a notice of termination not later than 60 days after the occurrence of the event giving rise to Good Reason and Linde fails to remedy such condition to the Participant's reasonable satisfaction within 30 days of such notice.

e. Forfeiture of Award.

- (i) In the event the Participant's employment with Linde terminates for any reason other than those specifically set forth in Sections 2.b. or 2.c. prior to the third anniversary of the Grant Date and before the occurrence of a Change in Control, this Award shall be immediately forfeited.
- (ii) Absent the occurrence of a Change in Control occurring prior to the third anniversary of the Grant Date, and to the extent not previously forfeited pursuant to Section 2.e.(i), this Award shall be immediately forfeited as of the end of the Performance Period if the Company's average annual ROC for the Performance Period does not meet the minimum threshold Performance Goal for payout set forth in Section 3.a.
- (iii) In the event this Award is forfeited for any reason, no payment shall be made in settlement of the Award.

3. **Payment of Vested Award.**

- a. Performance Goal and Determination of Amount of Payment. Except as otherwise provided in this Section 3, the number of Shares payable in settlement of the Participant's vested Award shall be determined by reference to the Linde plc's average annual ROC for the Performance Period in accordance with the table below, and may range from 0% to 200% of the Participant's Target Amount. Each Performance Share Unit is equivalent to one Share. Payouts will be interpolated if the average annual ROC attained for the Performance Period falls between the Threshold and Maximum percentages specified in the table, and will be rounded down to the nearest whole number of Shares. The payment of Shares pursuant to this Section

3.a. will be made as soon as practicable after the date the Award becomes vested, but in no event later than December 31, 202x¹.

| Average Annual ROC For Performance Period | Payout as Percentage of Target Amount |
|---|---------------------------------------|
| Less than X% | 0% |
| X% (Threshold) | 50% |
| Y% (Target) | 100% |
| Z% or More (Maximum) | 200% |

- b. Determination of Amount of Payment Following Death or Total and Permanent Disability. In the event the Participant becomes vested in this Award by reason of his or her death or Total and Permanent Disability in accordance with Section 2.b., this Award shall be settled by payment of a number of Shares equal to the product of (i) the Participant's Target Amount, times (ii) a fraction having a numerator equal to the number of days elapsed from the Grant Date through the date the Participant's death or Total and Permanent Disability (as applicable), and a denominator equal to 1,095, as soon as practicable following the date the Award becomes vested, but in no event later than March 15th of the year following the year in which the Award becomes vested.
- c. Determination of Amount of Payment Following a Change in Control. In the event of a Change in Control occurring prior to the third anniversary of the Grant Date, the amount payable in settlement of this Award shall be the Participant's Target Amount, or if greater, the percentage of the Participant's Target Amount determined based on the achievement of the applicable performance goals as of the effective date of the Change in Control, as determined by the Committee in its sole discretion, and this Award shall vest in accordance with Section 2.d. Payment will be made as soon as practicable following the earlier of (i) the date the Participant's employment is terminated by action of Linde other than for Cause or by Participant with Good Reason or (ii) the third anniversary of the Grant Date. Notwithstanding any provision of this Award to the contrary, any amounts paid in settlement of this Award pursuant to this Section 3.c. shall be paid in Shares or such other form having a value equivalent to the Award amount payable, as may be authorized by the Committee in its sole discretion. All references to the Committee in this Section 3.c. shall mean the Committee as constituted immediately before the Change in Control.

4. **Other Terms and Conditions.** It is understood and agreed that the Award evidenced hereby is subject to the following terms and conditions:

¹ Insert year of third anniversary of Grant Date.

- a. Rights of Participant. Except as provided in Section 4.d., the Participant shall have no right to transfer, pledge, hypothecate or otherwise encumber the Award. Prior to the payment of Shares in satisfaction of this Award, the Participant shall have none of the rights of a stockholder of the Company with respect to the Award, including, but not limited to, voting rights and the right to receive or accrue dividends or dividend equivalents. Notwithstanding any provision of the Plan or this Award to the contrary, Shares delivered in satisfaction of this Award shall be subject to applicable Linde policies as from time to time in effect, including but not limited to, Linde's insider trading and Executive Stock Ownership Policies.
- b. No Right to Continued Employment. This Award shall not confer upon the Participant any right with respect to continuance of employment by Linde nor shall this Award interfere with the right of Linde to terminate the Participant's employment.
- c. No Right to Future Awards. The selection of recipients of Awards under the Plan is determined annually on the basis of several factors, including job responsibilities and anticipated future job performance. The Participant's selection to receive this Award shall in no way entitle him/her to receive, or otherwise obligate Linde to provide the Participant, any future Performance Share Unit Award or other award under the Plan or otherwise.
- d. Transferability. This Award is not transferable other than:
 - (i) in the event of the Participant's death, in which case this Award shall be transferred to the Participant's executor, administrator, or legal representative, or
 - (ii) pursuant to a domestic relations order.

Any transfer of this Award, in whole or in part, is subject to acceptance by the Company in its sole discretion and shall be affected according to such procedures as the Company's Chief Human Resources Officer may establish. The provisions of this Award, relating to the Participant, shall apply to this Award notwithstanding any transfer to a third party.

- e. Cancellation of Award. Notwithstanding any other provision of this Award, the Committee may, in its sole discretion, cancel, rescind, suspend, withhold, or otherwise limit or restrict this Award, and/or recover any gains realized by the Participant in connection with this Award, in the event any actions by the Participant are determined by the Committee to (i) constitute a conflict of interest with Linde, (ii) be prejudicial to Linde's interests, or (iii) violate any non-compete agreement or obligation of the Participant to Linde, any confidentiality agreement or obligation of the Participant to Linde, Linde's applicable policies, or the Participant's terms and conditions of employment.

- f. **Clawback.** This Award shall be subject to the clawback or recapture policy, if any, that Linde may adopt from time to time to the extent provided in such policy and, in accordance with such policy, may be subject to the requirement that this Award be repaid to Linde after it has been distributed or paid to the Participant.
5. **Tax Withholding.** Upon the date of payment of the Award, Linde will deduct from the number of Shares (or other form of payment, if applicable) otherwise due the Participant, Shares (or other form of payment, if applicable) having a Fair Market Value (or fair market value in the event of payment other than in Shares) sufficient to discharge all applicable federal, state, city, local or foreign taxes of any kind required to be withheld with respect to such payment, provided that, if Shares are so withheld, they shall be withheld only up to the rate that will not trigger a negative accounting impact on Linde. In the alternative, Linde shall have the right to require the Participant to pay cash to satisfy any applicable withholding taxes as a condition to the payment of the Award.
6. **References.** References herein to rights and obligations of the Participant shall apply, where appropriate, to the Participant's legal representative or estate without regard to whether specific reference to such legal representative or estate is contained in a particular provision of this Award.
7. **Governing Law.** This Award shall be governed by and construed in accordance with the laws of Connecticut, without giving effect to principles of conflict of laws.
8. **No Third Party Beneficiaries.** Except as expressly provided in the Plan or herein, neither the Plan nor this Award will confer on any person other than Linde and the Participant any rights or remedies under the Plan or hereunder.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its proper officer hereunto duly authorized, as of the day and year first hereinabove written.

Linde plc

By

David Strauss
Chief Human Resources
Officer

PERFORMANCE SHARE UNIT AWARD
UNDER THE
2021 LINDE PLC
LONG TERM INCENTIVE PLAN

Effective as of **(#insert grant date#)** (the “Grant Date”), **«Legal_First_Name» «Last_Name»** (the “Participant”) is hereby granted the following Performance Share Unit Award under the 2021 Linde plc Long Term Incentive Plan (the “Plan”), subject to the terms and conditions of the Plan, which are incorporated herein by reference, and those set forth below. The Plan shall control in the event of any conflict between the terms and conditions of the Plan and those set forth in this Award.

This Award has been conveyed and will be managed online, and the Participant’s online acceptance and acknowledgement of this Award constitutes his or her acceptance of all of the terms and conditions of the Plan and this Award. A copy of the Plan has been made available to the Participant, and the Participant hereby acknowledges that he or she has read and understands the Plan and this Award.

Capitalized terms used herein and not defined shall have the meanings set forth in the Plan, as the same may be amended from time to time. For purposes of this Award, Linde plc (the “Company”) and its Subsidiaries are collectively referred to herein as “Linde.”

1. Award of Performance Share Units, Performance Measure and Performance Period.

- a. Award. The Participant is hereby granted an Award of **(insert #)** notional “Performance Share Units” (the “Award”). A Performance Share Unit is a bookkeeping entry which is intended to be equal in value to a single Share. For purposes of this Award, **(insert #)** Performance Share Units are considered the Participant’s “Target Amount.” Except as otherwise provided herein, the payment due in settlement of the Participant’s vested Award shall be made in the form of Shares, with the number of Shares payable determined by reference to the Company’s Total Shareholder Return (“TSR”) relative to the TSR of the Peer Index (“Relative TSR”) over the three-year period commencing on January 1, 202x and ending on December 31, 202x (the “Performance Period”) as set forth below.
- b. Applicable Definitions. For purposes of this Award:
 - (i) “Total Shareholder Return” or “TSR” shall mean the percentage equal to the appreciation in the underlying company’s stock price from the beginning to the end of the Performance Period plus the value of dividends paid on such stock during the Period (which shall be deemed to have been reinvested in the underlying company’s stock effective as of the “ex-dividend” date based on the then closing price of such company). The stock prices at the beginning and end of the Performance Period will be determined using the trailing average

stock price over the 20 trading days prior to the beginning and end of the Performance Period, as applicable.

- (ii) "Relative TSR" shall mean the Company's TSR for the Performance Period relative to that of the TSR for the Performance Period of each member company on the Peer Index, expressed as a percentile rank.
- (iii) "Peer Index" shall mean a weighted combination of the S&P 500 Index excluding Financial sector companies (weighted 67%) and the Eurofirst 300 (weighted 33%). For purposes of the Relative TSR determination, the companies that comprise the S&P 500 Index and the Eurofirst 300, respectively, on the first day of the Performance Period (each a "Peer Company" and collectively, the "Peer Companies") will remain constant throughout the performance period. As a result, at the end of the Performance Period, the actual number of Peer Companies used to calculate Relative TSR is expected to be fewer than at the beginning of the Performance Period. In determining Relative TSR, the Committee may, in its discretion, make adjustments to the list of Peer Companies and assumptions with respect to any such Peer Company's TSR to reflect events that occur during the Performance Period, including, but not limited to, acquisitions, divestitures, spin-offs, bankruptcy, insolvency and other extraordinary events.

2. **Vesting of Award; Treatment upon Termination of Service; Change in Control.**

- a. Vesting Generally. Except as otherwise provided in this Section 2, this Award shall vest on the third anniversary of the Grant Date, provided that: (i) the Participant has remained continuously employed by Linde at all times from the Grant Date through the third anniversary of the Grant Date (a Participant who is employed by a Subsidiary shall be deemed to have terminated employment by action of Linde other than for cause for purposes of this Award at such time as the employing entity ceases to be a Subsidiary); and (ii) the Company's Relative TSR meets the minimum threshold Performance Goal for payout set forth in Section 3.a. Payment with respect to such vested Award shall be determined and made in accordance with Section 3.a.
- b. Death or Disability. Notwithstanding any provision of this Section 2 to the contrary, if after the Grant Date, but prior to the third anniversary of the Grant Date:
 - (i) the Participant's employment with Linde terminates by reason of the Participant's death; or
 - (ii) the Participant becomes Totally and Permanently Disabled while employed by Linde;

this Award shall become immediately vested and payment with respect to such vested Award shall be determined and made in accordance with

Section 3.b. For purposes of this Award, a Participant shall be “Totally and Permanently Disabled” if the Participant is determined by Linde to be unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

c. Termination by Action of Linde Other than for Cause, or Termination After Attaining Certain Age and Service Requirements. Notwithstanding any provision of this Section 2 to the contrary, in the event the Participant’s employment with Linde terminates on or after the first anniversary of the Grant Date, but prior to the third anniversary of the Grant Date, by reason of the Participant’s:

- (i) termination of employment by action of Linde other than for cause and not due to the Participant’s Total and Permanent Disability; or
- (ii) termination of employment with Linde, other than for cause and not due to the Participant’s death or Total and Permanent Disability, after: (a) attaining age 65; or (b) attaining age 55 and completing at least ten (10) years of employment with Linde,

this Award shall vest on the third anniversary of the Grant Date, provided that the Company’s Relative TSR meets the minimum threshold Performance Goal for payout set forth in Section 3.a. Payment with respect to such vested Award shall be determined and made in accordance with Section 3.a. For purposes of this Section 2.c. only, the Participant’s termination by action of Linde for cause, shall include, but not be limited to, the Participant’s termination by action of Linde for violation of Linde’s Code of Business Integrity (or any superseding integrity policy) or poor performance.

d. Change in Control. Notwithstanding any provision of this Section 2 to the contrary, in the event of a Change in Control occurring prior to the third anniversary of the Grant Date, payment with respect to this Award shall be determined and made in accordance with Section 3.c. and this Award shall be subject to time-based vesting through the third anniversary of the Grant Date, provided, however, that in the event the Participant’s employment with Linde or any successor thereto is terminated (a) by action of Linde other than for Cause or (b) by the Participant with Good Reason, in each case, within two (2) years following the Change in Control, this Award, to the extent not previously vested, shall become immediately vested.

- (i) For purposes of this Section 2.d., “Cause” shall have the meaning set forth in the Participant’s employment agreement or severance compensation agreement, in either case, as in effect immediately before the Change in Control. In the absence of any such agreement or in the event that such agreement does not contain a definition of “Cause,” Cause shall mean (a) the Participant’s willful and continued

failure to substantially perform his or her reasonably assigned duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), (b) the Participant's breach of his or her fiduciary duty, (c) the Participant's commission of a felony or of a lesser crime involving fraud or moral turpitude, or (d) the Participant's material breach of any written Company policy (including Linde's Standards of Business Integrity (or any superseding integrity policy)) or any written agreement with the Company, which breach is materially injurious to the Company, and no termination of the Participant's employment shall be for Cause until (1) there shall have been delivered to the Participant a notice of termination and (2) Participant shall have 30 days following the receipt of notice from the Company to cure the act or omission that is the basis of such claim, to the extent such act or omission is curable, including the Participant having been provided an opportunity to be heard in person by the Board (or its successor).

- (ii) For purposes of this Section 2.d., "Good Reason" shall have the meaning set forth in the Participant's employment agreement or severance compensation agreement, in either case, as in effect immediately before the Change in Control, provided, however, that in the absence of any such agreement or in the event that such agreement does not contain a definition of "Good Reason," Good Reason shall mean, without the Participant's express written consent, (a) a material reduction in the annual rate of base salary or target bonus opportunity, in each case, as in effect immediately prior to the date of the Change in Control or as the same may be increased from time to time thereafter, (b) the assignment of any duties or responsibilities or diminution of duties or responsibilities which are inconsistent with the Participant's title, status or position (including a change in any position reporting to the Participant or any position to which the Participant reports) with Linde in effect immediately prior to the Change in Control, or (c) requiring the Participant to relocate to a principal work location where the distance between the Participant's primary residence and new principal work location is more than 50 miles greater than the distance from the Participant's primary residence and principal work location as in effect immediately prior to the date of the Change in Control, provided, however, that Good Reason shall not exist unless the Participant provides Linde with a notice of termination not later than 60 days after the occurrence of the event giving rise to Good Reason and Linde fails to remedy such condition to the Participant's reasonable satisfaction within 30 days of such notice.

e. Forfeiture of Award.

- (i) In the event the Participant's employment with Linde terminates for any reason other than those specifically set forth in Sections 2.b. or 2.c. prior to the third anniversary of the Grant Date and before the occurrence of a Change in Control, this Award shall be immediately forfeited.
- (ii) Absent the occurrence of a Change in Control occurring prior to the third anniversary of the Grant Date, and to the extent not previously forfeited pursuant to Section 2.e.(i), this Award shall be immediately forfeited as of the end of the Performance Period if the Company's Relative TSR does not meet the minimum threshold Performance Goal for payout set forth in Section 3.a.
- (iii) In the event this Award is forfeited for any reason, no payment shall be made in settlement of the Award.

3. Payment of Vested Award.

- a. Performance Goal and Determination of Amount of Payment. Except as otherwise provided in this Section 3, the number of Shares payable in settlement of the Participant's vested Award shall be determined by reference to the Linde plc's Relative TSR in accordance with the table below, and may range from 0% to 200% of the Participant's Target Amount. Each Performance Share Unit is equivalent to one Share. Payouts will be interpolated if the Relative TSR attained falls between the Relative TSR Rank percentiles specified in the table, and will be rounded down to the nearest whole number of Shares. The payment of Shares pursuant to this Section 3.a. will be made as soon as practicable after the date the Award becomes vested, but in no event later than December 31, 202X¹.

| Relative TSR Rank By Percentile | Payout as Percentage of Target Amount |
|--------------------------------------|--|
| Less than 25 th | 0% |
| 25 th (Threshold) | 25% |
| 50 th (Target) | 100% |
| 75 th or Higher (Maximum) | 200% |

- b. Determination of Amount of Payment Following Death or Total and Permanent Disability. In the event the Participant becomes vested in this Award by reason of his or her death or Total and Permanent Disability in accordance with Section 2.b., this Award shall be settled by payment of a number of Shares equal to the product of (i) the Participant's Target Amount, times (ii) a fraction having a numerator equal to the number of days elapsed from the Grant Date through the date the Participant's death or Total and

¹ Insert year of third anniversary of Grant Date.

Permanent Disability (as applicable), and a denominator equal to 1,095, as soon as practicable following the date the Award becomes vested, but in no event later than March 15th of the year following the year in which the Award becomes vested.

- c. Determination of Amount of Payment Following a Change in Control. In the event of a Change in Control occurring prior to the third anniversary of the Grant Date, the amount payable in settlement of this Award shall be the Participant's Target Amount, or if greater, the percentage of the Participant's Target Amount determined based on the achievement of the applicable performance goals as of the effective date of the Change in Control, as determined by the Committee in its sole discretion, and this Award shall vest in accordance with Section 2.d. Payment will be made as soon as practicable following the earlier of (i) the date the Participant's employment is terminated by action of Linde other than for Cause or by Participant with Good Reason or (ii) the third anniversary of the Grant Date. Notwithstanding any provision of this Award to the contrary, any amounts paid in settlement of this Award pursuant to this Section 3.c. shall be paid in Shares or such other form having a value equivalent to the Award amount payable, as may be authorized by the Committee in its sole discretion. All references to the Committee in this Section 3.c. shall mean the Committee as constituted immediately before the Change in Control.

4. **Other Terms and Conditions.** It is understood and agreed that the Award evidenced hereby is subject to the following terms and conditions:

- a. Rights of Participant. Except as provided in Section 4.d., the Participant shall have no right to transfer, pledge, hypothecate or otherwise encumber the Award. Prior to the payment of Shares in satisfaction of this Award, the Participant shall have none of the rights of a stockholder of the Company with respect to the Award, including, but not limited to, voting rights and the right to receive or accrue dividends or dividend equivalents. Notwithstanding any provision of the Plan or this Award to the contrary, Shares delivered in satisfaction of this Award shall be subject to applicable Linde policies as from time to time in effect, including but not limited to, Linde's insider trading and Executive Stock Ownership Policies.
- b. No Right to Continued Employment. This Award shall not confer upon the Participant any right with respect to continuance of employment by Linde nor shall this Award interfere with the right of Linde to terminate the Participant's employment.
- c. No Right to Future Awards. The selection of recipients of Awards under the Plan is determined annually on the basis of several factors, including job responsibilities and anticipated future job performance. The Participant's selection to receive this Award shall in no way entitle him/her to receive, or otherwise obligate Linde to provide the Participant, any future Performance Share Unit Award or other award under the Plan or otherwise.

- d. Transferability. This Award is not transferable other than:
- (i) in the event of the Participant's death, in which case this Award shall be transferred to the Participant's executor, administrator, or legal representative, or
 - (ii) pursuant to a domestic relations order.

Any transfer of this Award, in whole or in part, is subject to acceptance by the Company in its sole discretion and shall be affected according to such procedures as the Company's Chief Human Resources Officer may establish. The provisions of this Award, relating to the Participant, shall apply to this Award notwithstanding any transfer to a third party.

- e. Cancellation of Award. Notwithstanding any other provision of this Award, the Committee may, in its sole discretion, cancel, rescind, suspend, withhold, or otherwise limit or restrict this Award, and/or recover any gains realized by the Participant in connection with this Award, in the event any actions by the Participant are determined by the Committee to (i) constitute a conflict of interest with Linde, (ii) be prejudicial to Linde's interests, or (iii) violate any non-compete agreement or obligation of the Participant to Linde, any confidentiality agreement or obligation of the Participant to Linde, Linde's applicable policies, or the Participant's terms and conditions of employment.
- f. Clawback. This Award shall be subject to the clawback or recapture policy, if any, that Linde may adopt from time to time to the extent provided in such policy and, in accordance with such policy, may be subject to the requirement that this Award be repaid to Linde after it has been distributed or paid to the Participant.
5. **Tax Withholding**. Upon the date of payment of the Award, Linde will deduct from the number of Shares (or other form of payment, if applicable) otherwise due the Participant, Shares (or other form of payment, if applicable) having a Fair Market Value (or fair market value in the event of payment other than in Shares) sufficient to discharge all applicable federal, state, city, local or foreign taxes of any kind required to be withheld with respect to such payment, provided that, if Shares are so withheld, they shall be withheld only up to the rate that will not trigger a negative accounting impact on Linde. In the alternative, Linde shall have the right to require the Participant to pay cash to satisfy any applicable withholding taxes as a condition to the payment of the Award.
6. **References**. References herein to rights and obligations of the Participant shall apply, where appropriate, to the Participant's legal representative or estate without regard to whether specific reference to such legal representative or estate is contained in a particular provision of this Award.
7. **Governing Law**. This Award shall be governed by and construed in accordance with the laws of Connecticut, without giving effect to principles of conflict of laws.

8. **No Third Party Beneficiaries.** Except as expressly provided in the Plan or herein, neither the Plan nor this Award will confer on any person other than Linde and the Participant any rights or remedies under the Plan or hereunder.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its proper officer hereunto duly authorized, as of the day and year first hereinabove written.

Linde plc

By

David Strauss
Chief Human Resources
Officer

RULE 13a-14(a) CERTIFICATIONS

Linde plc and Subsidiaries

EXHIBIT 31.01

I, Stephen F. Angel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Linde plc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 29, 2021

By: /s/ Stephen F. Angel

Stephen F. Angel

Chief Executive Officer

RULE 13a-14(a) CERTIFICATIONS

Linde plc and Subsidiaries

EXHIBIT 31.02

I, Matthew J. White, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Linde plc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 29, 2021

By: /s/ Matthew J. White

Matthew J. White

Chief Financial Officer

SECTION 1350 CERTIFICATION

Linde plc and Subsidiaries

EXHIBIT 32.01

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Linde plc (the “Company”), hereby certifies that the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 29, 2021

By: /s/ Stephen F. Angel

Stephen F. Angel

Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by 18 U.S.C. § 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

SECTION 1350 CERTIFICATION

Linde plc and Subsidiaries

EXHIBIT 32.02

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Linde plc (the “Company”), hereby certifies that the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 29, 2021

By: /s/ Matthew J. White

Matthew J. White

Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by 18 U.S.C. § 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.