

**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, 2022

or

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

For the transition period from            to

Commission file number                      001-38730

**LINDE PLC**

(Exact name of registrant as specified in its charter)

**Ireland**

(State or other jurisdiction of incorporation)

10 Riverview Drive,  
Danbury, Connecticut  
United States 06810

**98-1448883**

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

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

(Address of principal executive offices) (Zip Code)

(203) 837 - 2000

+44 14 83 242200

(Registrant's telephone number, including area code)

N/A

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

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

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, 2022, 494,379,532 ordinary shares (€0.001 par value) of the Registrant were outstanding.

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## **Forward-looking Statements**

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

Linde plc assumes no obligation to update or provide revisions to any forward-looking statement in response to changing circumstances. The above listed risks and uncertainties are further described in Item 1A. Risk Factors in Linde plc’s Form 10-K for the fiscal year ended December 31, 2021 filed with the SEC on February 28, 2022, 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,	
	2022	2021
<b>Sales</b>	\$ 8,797	\$ 7,668
Cost of sales, exclusive of depreciation and amortization	5,285	4,368
Selling, general and administrative	770	793
Depreciation and amortization	1,045	1,163
Research and development	35	36
Russia-Ukraine conflict and other charges	15	26
Other income (expense) - net	(34)	10
<b>Operating Profit</b>	1,613	1,292
Interest expense - net	18	8
Net pension and OPEB cost (benefit), excluding service cost	(53)	(45)
<b>Income From Continuing Operations Before Income Taxes and Equity Investments</b>	1,648	1,329
Income taxes on continuing operations	391	321
<b>Income From Continuing Operations Before Equity Investments</b>	1,257	1,008
Income from equity investments	43	1
<b>Income From Continuing Operations (Including Noncontrolling Interests)</b>	1,300	1,009
Income from discontinued operations, net of tax	—	1
<b>Net Income (Including Noncontrolling Interests)</b>	1,300	1,010
Less: noncontrolling interests from continuing operations	(27)	(31)
<b>Net Income – Linde plc</b>	\$ 1,273	\$ 979
<b>Net Income – Linde plc</b>		
Income from continuing operations	\$ 1,273	\$ 978
Income from discontinued operations	\$ —	\$ 1
<b>Per Share Data – Linde plc Shareholders</b>		
Basic earnings per share from continuing operations	\$ 2.56	\$ 1.90
Basic earnings per share from discontinued operations	—	—
Basic earnings per share	\$ 2.56	\$ 1.90
Diluted earnings per share from continuing operations	\$ 2.54	\$ 1.88
Diluted earnings per share from discontinued operations	—	—
Diluted earnings per share	\$ 2.54	\$ 1.88
<b>Weighted Average Shares Outstanding (000's):</b>		
Basic shares outstanding	497,186	515,169
Diluted shares outstanding	501,151	520,079

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,	
	2022	2021
<b>Sales</b>	\$ 25,465	\$ 22,495
Cost of sales, exclusive of depreciation and amortization	15,023	12,616
Selling, general and administrative	2,343	2,402
Depreciation and amortization	3,248	3,500
Research and development	107	105
Russia-Ukraine conflict and other charges	1,004	222
Other income (expense) - net	(58)	(3)
<b>Operating Profit</b>	3,682	3,647
Interest expense - net	32	46
Net pension and OPEB cost (benefit), excluding service cost	(179)	(143)
<b>Income From Continuing Operations Before Income Taxes and Equity Investments</b>	3,829	3,744
Income taxes on continuing operations	1,046	923
<b>Income From Continuing Operations Before Equity Investments</b>	2,783	2,821
Income from equity investments	137	81
<b>Income From Continuing Operations (Including Noncontrolling Interests)</b>	2,920	2,902
Income from discontinued operations, net of tax	—	3
<b>Net Income (Including Noncontrolling Interests)</b>	2,920	2,905
Less: noncontrolling interests from continuing operations	(101)	(105)
<b>Net Income – Linde plc</b>	\$ 2,819	\$ 2,800
<b>Net Income – Linde plc</b>		
Income from continuing operations	\$ 2,819	\$ 2,797
Income from discontinued operations	\$ —	\$ 3
<b>Per Share Data – Linde plc Shareholders</b>		
Basic earnings per share from continuing operations	\$ 5.62	\$ 5.39
Basic earnings per share from discontinued operations	—	0.01
Basic earnings per share	\$ 5.62	\$ 5.40
Diluted earnings per share from continuing operations	\$ 5.57	\$ 5.34
Diluted earnings per share from discontinued operations	—	0.01
Diluted earnings per share	\$ 5.57	\$ 5.35
<b>Weighted Average Shares Outstanding (000's):</b>		
Basic shares outstanding	501,743	518,802
Diluted shares outstanding	506,012	523,662

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,	
	2022	2021
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	\$ 1,300	\$ 1,010
OTHER COMPREHENSIVE INCOME (LOSS)		
Translation adjustments:		
Foreign currency translation adjustments	(1,769)	(823)
Reclassification to net income	24	—
Income taxes	2	4
Translation adjustments	(1,743)	(819)
Funded status - retirement obligations (Note 8):		
Retirement program remeasurements	66	52
Reclassifications to net income	24	43
Income taxes	(19)	(28)
Funded status - retirement obligations	71	67
Derivative instruments (Note 5):		
Current unrealized gain (loss)	60	64
Reclassifications to net income	(54)	(25)
Income taxes	(2)	(10)
Derivative instruments	4	29
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(1,668)	(723)
COMPREHENSIVE INCOME (LOSS) (INCLUDING NONCONTROLLING INTERESTS)	(368)	287
Less: noncontrolling interests	15	(18)
COMPREHENSIVE INCOME (LOSS) - LINDE PLC	\$ (353)	\$ 269

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,	
	2022	2021
NET INCOME (INCLUDING NONCONTROLLING INTERESTS)	\$ 2,920	\$ 2,905
OTHER COMPREHENSIVE INCOME (LOSS)		
Translation adjustments:		
Foreign currency translation adjustments	(3,279)	(1,068)
Reclassification to net income	(110)	(52)
Income taxes	(5)	(4)
Translation adjustments	(3,394)	(1,124)
Funded status - retirement obligations (Note 8):		
Retirement program remeasurements	188	53
Reclassifications to net income	62	130
Income taxes	(47)	(53)
Funded status - retirement obligations	203	130
Derivative instruments (Note 5):		
Current unrealized gain (loss)	170	104
Reclassifications to net income	(74)	(30)
Income taxes	(20)	(18)
Derivative instruments	76	56
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(3,115)	(938)
COMPREHENSIVE INCOME (LOSS) (INCLUDING NONCONTROLLING INTERESTS)	(195)	1,967
Less: noncontrolling interests	(30)	(95)
COMPREHENSIVE INCOME (LOSS) - LINDE PLC	\$ (225)	\$ 1,872

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, 2022	December 31, 2021
<b>Assets</b>		
Cash and cash equivalents	\$ 3,756	\$ 2,823
Accounts receivable - net	4,599	4,499
Contract assets	104	134
Inventories	1,855	1,733
Prepaid and other current assets	889	970
<i>Total Current Assets</i>	11,203	10,159
Property, plant and equipment - net	22,586	26,003
Goodwill	24,565	27,038
Other intangible assets - net	11,810	13,802
Other long-term assets	4,159	4,603
<i>Total Assets</i>	<u>\$ 74,323</u>	<u>\$ 81,605</u>
<b>Liabilities and equity</b>		
Accounts payable	\$ 3,067	\$ 3,503
Short-term debt	3,179	1,163
Current portion of long-term debt	1,551	1,709
Contract liabilities	2,902	2,940
Other current liabilities	4,362	4,328
<i>Total Current Liabilities</i>	15,061	13,643
Long-term debt	10,608	11,335
Other long-term liabilities	9,715	11,186
<i>Total Liabilities</i>	35,384	36,164
Redeemable noncontrolling interests	13	13
Linde plc Shareholders' Equity:		
Ordinary shares, €0.001 par value, authorized 1,750,000,000 shares, 2022 and 2021 issued: 552,012,862 ordinary shares	1	1
Additional paid-in capital	40,011	40,180
Retained earnings	19,845	18,710
Accumulated other comprehensive income (loss) (Note 11)	(8,094)	(5,048)
Less: Treasury shares, at cost (2022 – 57,633,330 shares and 2021 – 43,331,983 shares)	(14,135)	(9,808)
Total Linde plc Shareholders' Equity	37,628	44,035
Noncontrolling interests	1,298	1,393
<i>Total Equity</i>	38,926	45,428
<i>Total Liabilities and Equity</i>	<u>\$ 74,323</u>	<u>\$ 81,605</u>

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



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

	Nine Months Ended September 30,	
	2022	2021
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Operations</b>		
Net income - Linde plc	\$ 2,819	\$ 2,800
Less: Income from discontinued operations, net of tax and noncontrolling interests	—	(3)
Add: Noncontrolling interests from continuing operations	101	105
Income from continuing operations (including noncontrolling interests)	2,920	2,902
Adjustments to reconcile net income to net cash provided by operating activities:		
Russia-Ukraine conflict and other charges, net of payments	909	83
Depreciation and amortization	3,248	3,500
Deferred income taxes	(412)	(184)
Share-based compensation	78	95
Working capital:		
Accounts receivable	(572)	(539)
Inventory	(300)	(77)
Prepaid and other current assets	(111)	(25)
Payables and accruals	376	131
Contract assets and liabilities, net	369	530
Pension contributions	(44)	(32)
Long-term assets, liabilities and other	308	108
Net cash provided by operating activities	6,769	6,492
<b>Investing</b>		
Capital expenditures	(2,237)	(2,247)
Acquisitions, net of cash acquired	(110)	(31)
Divestitures, net of cash divested and asset sales	140	147
Net cash provided by (used for) investing activities	(2,207)	(2,131)
<b>Financing</b>		
Short-term debt borrowings (repayments) - net	2,229	369
Long-term debt borrowings	2,291	2,260
Long-term debt repayments	(1,725)	(821)
Issuances of ordinary shares	24	39
Purchases of ordinary shares	(4,478)	(3,251)
Cash dividends - Linde plc shareholders	(1,758)	(1,648)
Noncontrolling interest transactions and other	(62)	(319)
Net cash provided by (used for) financing activities	(3,479)	(3,371)
Effect of exchange rate changes on cash and cash equivalents	(150)	(44)
Change in cash and cash equivalents	933	946
Cash and cash equivalents, beginning-of-period	2,823	3,754
Cash and cash equivalents, end-of-period	\$ 3,756	\$ 4,700

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

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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 2021 Annual Report on Form 10-K. There have been no material changes to the company's significant accounting policies during 2022.

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

## 2. Russia-Ukraine Conflict and Other Charges

### 2022 Charges

Other charges were \$15 million (benefit of \$10 million, after tax) for the quarter ended September 30, 2022 and primarily related to the sale of the GIST business. Total Russia-Ukraine conflict and other charges were \$1,004 million (\$878 million, after tax and noncontrolling interests) for the nine months ended September 30, 2022, largely attributable to the Russia-Ukraine conflict.

The following tables summarize the company's pre-tax charges for the nine months ended September 30, 2022:

(millions of dollars)	Nine Months Ended September 30, 2022				
	Russia deconsolidation charges	Other Russia related charges	Total Russia charges	Merger-related and other charges	Total
Americas	\$ —	\$ —	\$ —	\$ 3	\$ 3
EMEA	733	2	735	49	784
APAC	—	—	—	29	29
Engineering	54	112	166	(9)	157
Other	—	—	—	31	31
<b>Total</b>	<b>\$ 787</b>	<b>\$ 114</b>	<b>\$ 901</b>	<b>\$ 103</b>	<b>\$ 1,004</b>

### Russia-Ukraine Conflict

#### Deconsolidation of Russian entities

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

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

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

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

*Other Russia related charges*

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

***Merger-related and other charges***

Merger related and other charges were \$15 million for the quarter ended September 30, 2022, primarily related to the sale of the GIST business. On September 30, 2022, Linde completed the sale of its GIST business. The total consideration for the sale was \$292 million, \$184 million of which was paid in cash with the remaining \$108 million to be paid in future periods. The sale of the GIST business resulted in a loss of \$21 million (benefit of \$3 million, after tax) recorded within the Russia-Ukraine conflict and other charges in the consolidated statement of income.

Merger related and other charges were \$103 million for the nine months ended September 30, 2022, primarily related to the impairment of an equity method investment in the EMEA segment.

***Cash Requirements***

The total cash requirements of the Russia-Ukraine conflict and other charges incurred during the nine months ended September 30, 2022 are expected to be immaterial. Liabilities accrued are expected to be paid through 2023. Russia-Ukraine conflict and other charges, net of payments in the condensed consolidated statements of cash flows for the nine months ended September 30, 2022 also reflects the impact of cash payments of liabilities accrued as of December 31, 2021.

The following table summarizes the activities related to the company's Russia-Ukraine conflict and other charges for the nine months ended September 30, 2022:

<i>(millions of dollars)</i>	<b>Total Russia charges</b>	Severance costs	Other cost reduction charges	<b>Total cost reduction program related charges</b>	<b>Merger-related and other charges</b>	<b>Total</b>
Balance, December 31, 2021	\$ —	\$ 384	\$ 38	\$ 422	\$ 31	\$ 453
2022 Russia-Ukraine conflict and other charges	901	30	16	46	57	1,004
Less: Cash payments / receipts		(99)	(15)	(114)	19	(95)
Less: Non-cash charges	(901)	—	(7)	(7)	(76)	(984)
Foreign currency translation and other	—	(41)	(5)	(46)	(3)	(49)
Balance, September 30, 2022	\$ —	\$ 274	\$ 27	\$ 301	\$ 28	\$ 329

***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).

Total cost reduction program related charges were \$29 million and \$277 million (\$25 million and \$209 million after tax), for the quarter and nine months ended September 30, 2021, respectively. These expenses consisted primarily of severance charges of \$20 million and \$228 million and other charges of \$9 million and \$49 million for the quarter and nine months ended September 30, 2021, respectively, 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 and other charges were benefits of \$3 million and \$55 million for the quarter and nine months ended September 30, 2021, respectively (charge of \$33 million and a benefit of \$19 million, after tax). The 2021 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 addition, the nine months ended September 30, 2021 include net income tax charges 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 current 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.

#### ***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 \$4,574 million and \$4,425 million at September 30, 2022 and December 31, 2021, respectively, and gross receivables aged greater than one year were \$285 million and \$329 million at September 30, 2022 and December 31, 2021, respectively. Other receivables were \$117 million and \$150 million at September 30, 2022 and December 31, 2021, 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 \$4,599 million at September 30, 2022 and \$4,499 million at December 31, 2021. Allowances for expected credit losses were \$377 million at September 30, 2022 and \$405 million at December 31, 2021. Provisions for expected credit losses were \$112 million and \$101 million for the nine months ended September 30, 2022 and 2021, respectively. The allowance activity in the nine months ended September 30, 2022 and 2021 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, 2022	December 31, 2021
<b>Inventories</b>		
Raw materials and supplies	\$ 477	\$ 399
Work in process	321	334
Finished goods	1,057	1,000
Total inventories	<u>\$ 1,855</u>	<u>\$ 1,733</u>

#### 4. Debt

The following is a summary of Linde's outstanding debt at September 30, 2022 and December 31, 2021:

<i>(Millions of dollars)</i>	September 30, 2022	December 31, 2021
<b>SHORT-TERM</b>		
Commercial paper	\$ 2,954	\$ 278
Other bank borrowings (primarily non U.S.)	225	885
<b>Total short-term debt</b>	<b>3,179</b>	<b>1,163</b>
<b>LONG-TERM (a)</b>		
<i>(U.S. dollar denominated unless otherwise noted)</i>		
0.250% Euro denominated notes due 2022 (b) (c)	—	1,137
2.20% Notes due 2022 (e)	—	500
2.70% Notes due 2023	500	500
2.00% Euro denominated notes due 2023 (b)	642	759
5.875% GBP denominated notes due 2023 (b)	345	432
1.20% Euro denominated notes due 2024	539	625
1.875% Euro denominated notes due 2024 (b)	298	356
2.65% Notes due 2025	399	399
1.625% Euro denominated notes due 2025	487	565
0.00% Euro denominated notes due 2026	689	799
3.20% Notes due 2026	725	725
3.434% Notes due 2026	198	197
1.652% Euro denominated notes due 2027	80	94
0.250% Euro denominated notes due 2027	734	850
1.00% Euro denominated notes due 2027 (d)	488	—
1.00% Euro denominated notes due 2028 (b)	689	879
1.10% Notes due 2030	696	696
1.90% Euro denominated notes due 2030	102	118
1.375% Euro denominated notes due 2031 (d)	728	—
0.550% Euro denominated notes due 2032	730	847
0.375% Euro denominated notes due 2033	487	565
1.625% Euro denominated notes due 2035 (d)	773	—
3.55% Notes due 2042	665	664
2.00% Notes due 2050	296	296
1.00% Euro denominated notes due 2051	679	788
Non U.S borrowings	180	243
Other	10	10
	<b>12,159</b>	<b>13,044</b>
Less: current portion of long-term debt	<b>(1,551)</b>	<b>(1,709)</b>
<b>Total long-term debt</b>	<b>10,608</b>	<b>11,335</b>
<b>Total debt</b>	<b>\$ 15,338</b>	<b>\$ 14,207</b>

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

(b) September 30, 2022 and December 31, 2021 included a cumulative \$46 million and \$42 million adjustment to carrying value, respectively, related to hedge accounting of interest rate swaps. Refer to Note 5.

(c) In January 2022, Linde repaid €1.0 billion of 0.250% notes that became due.

(d) In March 2022, Linde issued €500 million of 1.000% notes due 2027, €750 million of 1.375% notes due 2031, and €800 million of 1.625% notes due 2035.

(e) In May 2022, Linde repaid \$500 million of 2.20% notes due in August 2022. There was no impact to interest within the consolidated statements of income.

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, 2022.

#### 5. Financial Instruments

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

There are three types of derivatives that the company enters into: (i) those relating to fair-value exposures, (ii) those relating to cash-flow exposures, and (iii)

those relating to foreign currency net investment exposures. Fair-value exposures relate to recognized assets or liabilities, and firm commitments; cash-flow exposures relate to the variability of future cash flows associated with recognized assets or liabilities, or forecasted transactions; and net investment exposures relate to the impact of foreign currency exchange rate changes on the carrying value of net assets denominated in foreign currencies.

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

Counterparties to Linde's derivatives are major banking institutions with credit ratings of investment grade or better. The company has Credit Support Annexes ("CSAs") in place for certain entities with 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, 2022, 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, 2022 and December 31, 2021 for consolidated subsidiaries:

	Notional Amounts		Fair Value			
			Assets (a)		Liabilities (a)	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
<i>(Millions of dollars)</i>						
<b>Derivatives Not Designated as Hedging Instruments:</b>						
<i>Currency contracts:</i>						
Balance sheet items	\$ 3,237	\$ 4,427	\$ 36	\$ 22	\$ 17	\$ 17
Forecasted transactions	471	537	11	6	25	11
Cross-currency swaps	60	148	1	21	2	4
<b>Total</b>	<b>\$ 3,768</b>	<b>\$ 5,112</b>	<b>\$ 48</b>	<b>\$ 49</b>	<b>\$ 44</b>	<b>\$ 32</b>
<b>Derivatives Designated as Hedging Instruments:</b>						
<i>Currency contracts:</i>						
Forecasted transactions	323	758	10	14	4	3
<i>Commodity contracts</i>	N/A	N/A	20	49	2	—
<i>Interest rate swaps</i>	784	1,251	—	24	59	—
<b>Total Hedges</b>	<b>\$ 1,107</b>	<b>\$ 2,009</b>	<b>\$ 30</b>	<b>\$ 87</b>	<b>\$ 65</b>	<b>\$ 3</b>
<b>Total Derivatives</b>	<b>\$ 4,875</b>	<b>\$ 7,121</b>	<b>\$ 78</b>	<b>\$ 136</b>	<b>\$ 109</b>	<b>\$ 35</b>

- (a) Amounts as at September 30, 2022 and December 31, 2021 included current assets of \$72 million and \$101 million which are recorded in prepaid and other current assets; long-term assets of \$6 million and \$35 million which are recorded in other long-term assets; current liabilities of \$42 million and \$27 million which are recorded in other current liabilities; and long-term liabilities of \$67 million and \$8 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 used to limit the foreign currency risk of future principal and interest cash flows associated with intercompany loans 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 used to manage the exposure to fluctuations in commodity prices, which arise in the normal course of business from its procurement transactions. Commodity price fluctuations are largely covered through contractual pass through to customers. To reduce the extent of the remaining 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 Hedges***

As of September 30, 2022, Linde has €7.5 billion (\$7.5 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 \$1,191 million (deferred gain of \$512 million and \$1,051 million recorded for the quarter and nine months ended September 30, 2022).

As of September 30, 2022, Linde has exchange rate movements relating to previously designated hedges that remain in AOCI at 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 statements of income.

### ***Interest Rate Swaps***

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



## Derivatives' Impact on Consolidated Statements of Income

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

(Millions of dollars)	Amount of Pre-Tax Gain (Loss) Recognized in Earnings *			
	Quarter Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Derivatives Not Designated as Hedging Instruments</b>				
Currency contracts:				
Balance sheet items				
Debt-related	\$ (52)	\$ (13)	\$ (42)	\$ 16
Other balance sheet items	19	2	11	9
<b>Total</b>	<b>\$ (33)</b>	<b>\$ (11)</b>	<b>\$ (31)</b>	<b>\$ 25</b>

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

The amounts of gain or loss recognized in AOCI and reclassified to the consolidated statement of income was not material for the quarter and nine months ended September 30, 2022 and 2021, respectively. Net impacts expected to be reclassified to earnings during the next twelve months are also not material.

## 6. Fair Value Disclosures

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

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

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

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

(Millions of dollars)	Fair Value Measurements Using					
	Level 1		Level 2		Level 3	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
<b>Assets</b>						
Derivative assets	\$ —	\$ —	\$ 78	\$ 136	\$ —	\$ —
Investments and securities*	20	42	—	—	12	20
<b>Total</b>	<b>\$ 20</b>	<b>\$ 42</b>	<b>\$ 78</b>	<b>\$ 136</b>	<b>\$ 12</b>	<b>\$ 20</b>
<b>Liabilities</b>						
Derivative liabilities	\$ —	\$ —	\$ 109	\$ 35	\$ —	\$ —

\* 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 the investment value 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, 2022, the estimated fair value of Linde's long-term debt portfolio was \$10,298 million versus a carrying value of \$12,159 million. At December 31, 2021, the estimated fair value of Linde's long-term debt portfolio was \$13,219 million versus a carrying value of \$13,044 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,	
	2022	2021	2022	2021
<b>Numerator (Millions of dollars)</b>				
Income from continuing operations	\$ 1,273	\$ 978	\$ 2,819	\$ 2,797
Income from discontinued operations	—	1	—	3
Net Income – Linde plc	<u>\$ 1,273</u>	<u>\$ 979</u>	<u>\$ 2,819</u>	<u>\$ 2,800</u>
<b>Denominator (Thousands of shares)</b>				
Weighted average shares outstanding	496,691	514,770	501,266	518,418
Shares earned and issuable under compensation plans	495	399	477	384
Weighted average shares used in basic earnings per share	<u>497,186</u>	<u>515,169</u>	<u>501,743</u>	<u>518,802</u>
Effect of dilutive securities				
Stock options and awards	3,965	4,910	4,269	4,860
Weighted average shares used in diluted earnings per share	<u>501,151</u>	<u>520,079</u>	<u>506,012</u>	<u>523,662</u>
Basic earnings per share from continuing operations	\$ 2.56	\$ 1.90	\$ 5.62	\$ 5.39
Basic earnings per share from discontinued operations	—	—	—	0.01
<b>Basic Earnings Per Share</b>	<u>\$ 2.56</u>	<u>\$ 1.90</u>	<u>\$ 5.62</u>	<u>\$ 5.40</u>
Diluted earnings per share from continuing operations	\$ 2.54	\$ 1.88	\$ 5.57	\$ 5.34
Diluted earnings per share from discontinued operations	—	—	—	0.01
<b>Diluted Earnings Per Share</b>	<u>\$ 2.54</u>	<u>\$ 1.88</u>	<u>\$ 5.57</u>	<u>\$ 5.35</u>

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, 2022 and 2021 are shown below:

<i>(Millions of dollars)</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Amount recognized in Operating Profit</b>				
Service cost	\$ 31	\$ 39	\$ 96	\$ 118
<b>Amount recognized in Net pension and OPEB cost (benefit), excluding service cost</b>				
Interest cost	49	41	153	118
Expected return on plan assets	(126)	(129)	(394)	(391)
Net amortization and deferral	18	39	56	126
Settlement charge (a)	6	4	6	4
	(53)	(45)	(179)	(143)
<b>Net periodic benefit cost (benefit)</b>	<u>\$ (22)</u>	<u>\$ (6)</u>	<u>\$ (83)</u>	<u>\$ (25)</u>

(a) In the third quarters of 2022 and 2021, Linde recorded pension settlement charges of \$6 million and \$4 million (\$5 million and \$3 million, after tax), respectively, related to lump sum benefit payments made from a U.S. non-qualified plan.

Components of net periodic benefit expense for other post-retirement plans for the quarter and nine months ended September 30, 2022 and 2021 were not material.

Linde estimates that 2022 required contributions to its pension plans will be approximately \$50 million, of which \$44 million have been made through September 30, 2022.

## 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 2021 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, 2022 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 \$215 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 \$2.2 billion Brazilian reais (\$407 million) on White Martins, the Brazil-based subsidiary of Linde Inc. The fine was reduced to \$1.7 billion Brazilian reais (\$314 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 \$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 \$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 which was denied. In parallel, CADE filed (i) an appeal with the Supreme Court of Justice, which was denied, and (ii) a subsequent appeal to a panel of the Supreme Court of Justice where 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 2021 Annual Report on Form 10-K.

The table below presents sales and operating profit information about reportable segments and Other for the quarter and nine months ended September 30, 2022 and 2021.

(Millions of dollars)	Quarter Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>SALES<sup>(a)</sup></b>				
Americas	\$ 3,694	\$ 3,091	\$ 10,453	\$ 8,951
EMEA	2,125	1,911	6,417	5,585
APAC	1,660	1,564	4,913	4,544
Engineering	828	601	2,200	1,921
Other	490	501	1,482	1,494
Total sales	\$ 8,797	\$ 7,668	\$ 25,465	\$ 22,495

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<i>(Millions of dollars)</i>	Quarter Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>SEGMENT OPERATING PROFIT</b>				
Americas	\$ 974	\$ 859	\$ 2,788	\$ 2,525
EMEA	465	476	1,504	1,414
APAC	429	382	1,254	1,122
Engineering	150	106	398	323
Other	(8)	(13)	(41)	(49)
Segment operating profit	2,010	1,810	5,903	5,335
Russia-Ukraine conflict and other charges (Note 2)	(15)	(26)	(1,004)	(222)
Purchase accounting impacts - Linde AG	(382)	(492)	(1,217)	(1,466)
Total operating profit	\$ 1,613	\$ 1,292	\$ 3,682	\$ 3,647

- (a) Sales reflect external sales only. Intersegment sales, primarily from Engineering to the industrial gases segments, were \$251 million and \$728 million for the quarter and nine months ended September 30, 2022, respectively, and \$243 million and \$666 million for the respective 2021 periods.

## 11. Equity

### Equity

A summary of the changes in total equity for the quarter and nine months ended September 30, 2022 and 2021 is provided below:

<i>(Millions of dollars)</i>	Quarter Ended September 30,					
	2022			2021		
	Linde plc Shareholders' Equity	Noncontrolling Interests	Total Equity	Linde plc Shareholders' Equity	Noncontrolling Interests	Total Equity
<b>Activity</b>						
Balance, beginning of period	\$ 39,674	\$ 1,353	\$ 41,027	\$ 45,777	\$ 1,438	\$ 47,215
Net income (a)	1,273	27	1,300	979	31	1,010
Other comprehensive income (loss)	(1,628)	(40)	(1,668)	(710)	(13)	(723)
Noncontrolling interests:						
Additions (reductions)	—	(7)	(7)	—	(15)	(15)
Dividends and other capital changes	—	(35)	(35)	—	(40)	(40)
Dividends to Linde plc ordinary share holders (\$1.17 per share in 2022 and \$1.06 per share in 2021)	(581)	—	(581)	(546)	—	(546)
Issuances of ordinary shares:						
For employee savings and incentive plans	7	—	7	(1)	—	(1)
Purchases of ordinary shares	(1,144)	—	(1,144)	(1,208)	—	(1,208)
Share-based compensation	27	—	27	32	—	32
Balance, end of period	\$ 37,628	\$ 1,298	\$ 38,926	\$ 44,323	\$ 1,401	\$ 45,724

<i>(Millions of dollars)</i>	Nine Months Ended September 30,					
	2022			2021		
	Linde plc Shareholders' Equity	Noncontrolling Interests	Total Equity	Linde plc Shareholders' Equity	Noncontrolling Interests	Total Equity
<b>Activity</b>						
Balance, beginning of period	\$ 44,035	\$ 1,393	\$ 45,428	\$ 47,317	\$ 2,252	\$ 49,569
Net income (a)	2,819	101	2,920	2,800	105	2,905
Other comprehensive income (loss)	(3,046)	(69)	(3,115)	(928)	(10)	(938)
Noncontrolling interests:						
Additions (reductions) (b)	—	(56)	(56)	—	(861)	(861)
Dividends and other capital changes	—	(71)	(71)	—	(85)	(85)
Dividends to Linde plc ordinary share holders (\$3.51 per share in 2022 and \$3.18 per share in 2021)	(1,758)	—	(1,758)	(1,648)	—	(1,648)
Issuances of ordinary shares:						
For employee savings and incentive plans	(32)	—	(32)	(12)	—	(12)
Purchases of ordinary shares	(4,468)	—	(4,468)	(3,301)	—	(3,301)
Share-based compensation	78	—	78	95	—	95
Balance, end of period	\$ 37,628	\$ 1,298	\$ 38,926	\$ 44,323	\$ 1,401	\$ 45,724

(a) Net income for noncontrolling interests excludes net income related to redeemable noncontrolling interests which is not significant for the quarter and nine months ended September 30, 2022 and 2021 and which is not part of total equity.

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(b) Additions (reductions) for noncontrolling interests for the nine months ended September 30, 2022 includes the impact of deconsolidating the company's Russian gas and engineering business entities (refer to Note 2). Additions (reductions) for noncontrolling interests for the nine months ended September 30, 2021 includes the impact from the deconsolidation of a joint venture with operations in APAC.

The components of AOCI are as follows:

<i>(Millions of dollars)</i>	September 30,	December 31,
	2022	2021
Cumulative translation adjustment - net of taxes:		
Americas	\$ (4,087)	\$ (3,985)
EMEA	(2,625)	94
APAC	(1,514)	154
Engineering	(626)	24
Other	1,534	(280)
	(7,318)	(3,993)
Derivatives - net of taxes	151	75
Pension / OPEB (net of \$258 million and \$305 million tax benefit in September 30, 2022 and December 31, 2021, respectively)	(927)	(1,130)
	<u>\$ (8,094)</u>	<u>\$ (5,048)</u>

## 12. Revenue Recognition

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

### *Contracts with Customers*

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

### *Industrial Gases*

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

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

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

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

*Merchant.* Merchant deliveries generally are made from Linde's plants by tanker trucks to storage containers at the customer's site. Due to the relatively high distribution cost, merchant oxygen and nitrogen generally have a relatively small distribution radius from the plants at which they are produced. Merchant argon, hydrogen and helium can be shipped much longer distances. The customer agreements used in the merchant business are usually three-to seven-year supply agreements based on the requirements of the customer. These contracts generally do not contain minimum purchase requirements or volume commitments.

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

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

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

#### *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. Changes to cost estimates and contract modifications are typically accounted for as part of the existing contract and are recognized as a cumulative adjustments for the inception-to-date effect of such change.

#### *Contract Assets and Liabilities*

Contract assets and liabilities result from differences in timing of revenue recognition and customer invoicing. Contract assets primarily relate to sale of equipment contracts for which revenue is recognized over time. The balance represents unbilled revenue which occurs when revenue recognized under the measure of progress exceeds amounts invoiced to customers. Customer invoices may be based on the passage of time, the achievement of certain contractual milestones or a combination of both criteria. Contract liabilities include advance payments or right to consideration prior to performance under the contract. Contract liabilities are recognized as revenue as performance obligations are satisfied under contract terms. Linde has contract assets of \$104 million and \$134 million at September 30, 2022 and December 31, 2021, respectively. Total contract liabilities are \$3,799 million at September 30, 2022 (current of \$2,902 million and \$897 million within other long-term liabilities in the condensed consolidated balance sheets). As of September 30, 2022, Linde has approximately \$1.8 billion recorded in contract liabilities related to engineering projects subject to sanctions in Russia. Total contract liabilities were \$3,699 million at December 31, 2021 (current contract liabilities of \$2,940 million and \$759 million in other long-term liabilities in the condensed consolidated balance sheets). Revenue recognized for the nine months ended September 30, 2022 that was included in the contract liability at December 31, 2021 was \$1,085 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 statements 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 plc's 2021 Annual Report on Form 10-K, the company manages its industrial gases business on a geographic basis, while the Engineering and Other businesses are generally managed on a global basis. Furthermore, the company believes that reporting sales by distribution method by reportable geographic segment best illustrates the nature, timing, type of customer, and contract terms for its revenues, including terms and pricing.

The following tables show sales by distribution method at the consolidated level and for each reportable segment and Other for the third quarter and nine months ended September 30, 2022 and September 30, 2021.

(Millions of dollars)

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

(Millions of dollars)

Sales	Quarter Ended September 30, 2021						
	Americas	EMEA	APAC	Engineering	Other	Total	%
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 %
<b>Total</b>	<b>\$ 3,091</b>	<b>\$ 1,911</b>	<b>\$ 1,564</b>	<b>\$ 601</b>	<b>\$ 501</b>	<b>\$ 7,668</b>	<b>100 %</b>

(Millions of dollars)

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

(Millions of dollars)

Sales	Nine Months Ended September 30, 2021						
	Americas	EMEA	APAC	Engineering	Other	Total	%
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 %
<b>Total</b>	<b>\$ 8,951</b>	<b>\$ 5,585</b>	<b>\$ 4,544</b>	<b>\$ 1,921</b>	<b>\$ 1,494</b>	<b>\$ 22,495</b>	<b>100 %</b>

### Remaining Performance Obligations

As described above, Linde's contracts with on-site customers are under long-term supply arrangements which generally require the customer to purchase their requirements from Linde and also have minimum purchase requirements. Additionally, plant sales from the Linde Engineering business are primarily contracted on a fixed price basis. The company estimates the consideration related to future minimum purchase requirements and plant sales was approximately \$52 billion (excludes Russian projects which are impacted by sanctions, refer to Note 2). This amount excludes all on-site sales above minimum purchase requirements, which can be significant depending on customer needs. In the future, actual amounts will be different due to impacts from several factors, many of which are beyond the company's control including, but not limited to, timing of newly signed, terminated and renewed contracts, inflationary price escalations, currency exchange rates, and pass-through costs

related to natural gas and electricity. The actual duration of long-term supply contracts ranges up to twenty years. The company estimates that approximately half of the revenue related to minimum purchase requirements will be earned in the next five years and the remaining thereafter.

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

***Non-GAAP Measures***

Throughout MD&A, the company provides adjusted operating results from continuing operations exclusive of certain items such as cost reduction programs as well as Russia-Ukraine conflict and other charges, net gains or losses on sale of businesses, purchase accounting impacts of the Linde AG merger and pension settlement charges. Adjusted amounts are non-GAAP measures which are intended to supplement investors' understanding of the company's financial information by providing measures which investors, financial analysts and management find useful in evaluating the company's operating performance. Items which the company does not believe to be indicative of on-going business performance are excluded from these calculations so that investors can better evaluate and analyze historical and future business trends on a consistent basis. In addition, operating results 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 quarter and nine months ended September 30, 2022 and 2021. 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,		
	2022	2021	Variance	2022	2021	Variance
Sales	\$ 8,797	\$ 7,668	15 %	\$ 25,465	\$ 22,495	13 %
Cost of sales, exclusive of depreciation and amortization	\$ 5,285	\$ 4,368	21 %	\$ 15,023	\$ 12,616	19 %
As a percent of sales	60.1 %	57.0 %		59.0 %	56.1 %	
Selling, general and administrative	\$ 770	\$ 793	(3)%	\$ 2,343	\$ 2,402	(2)%
As a percent of sales	8.8 %	10.3 %		9.2 %	10.7 %	
Depreciation and amortization	\$ 1,045	\$ 1,163	(10)%	\$ 3,248	\$ 3,500	(7)%
Russia-Ukraine conflict and other charges (b)	\$ 15	\$ 26	—%	\$ 1,004	\$ 222	—%
Other income (expense) - net	\$ (34)	\$ 10	—%	\$ (58)	\$ (3)	—%
Operating profit	\$ 1,613	\$ 1,292	25 %	\$ 3,682	\$ 3,647	1 %
Operating margin	18.3 %	16.8 %		14.5 %	16.2 %	
Interest expense - net	\$ 18	\$ 8	125 %	\$ 32	\$ 46	(30)%
Net pension and OPEB cost (benefit), excluding service cost	\$ (53)	\$ (45)	18 %	\$ (179)	\$ (143)	25 %
Effective tax rate	23.7 %	24.2 %		27.3 %	24.7 %	
Income from equity investments	\$ 43	\$ 1	—%	\$ 137	\$ 81	—%
Noncontrolling interests from continuing operations	\$ (27)	\$ (31)	(13)%	\$ (101)	\$ (105)	(4)%
Income from continuing operations	\$ 1,273	\$ 978	30 %	\$ 2,819	\$ 2,797	1 %
Diluted earnings per share from continuing operations	\$ 2.54	\$ 1.88	35 %	\$ 5.57	\$ 5.34	4 %
Diluted shares outstanding	501,151	520,079	(4)%	506,012	523,662	(3)%
Number of employees	65,293	72,159	(10)%	65,293	72,159	(10)%
<b>Adjusted Amounts (a)</b>						
Operating profit	\$ 2,010	\$ 1,810	11 %	\$ 5,903	\$ 5,335	11 %
Operating margin	22.8 %	23.6 %		23.2 %	23.7 %	
Effective tax rate	25.0 %	23.9 %		24.6 %	24.1 %	
Income from continuing operations	\$ 1,555	\$ 1,421	9 %	\$ 4,621	\$ 4,148	11 %
Diluted earnings per share from continuing operations	\$ 3.10	\$ 2.73	14 %	\$ 9.13	\$ 7.92	15 %
<b>Other Financial Data (a)</b>						
EBITDA from continuing operations	\$ 2,701	\$ 2,456	10 %	\$ 7,067	\$ 7,228	(2)%
As percent of sales	30.7 %	32.0 %		27.8 %	32.1 %	
Adjusted EBITDA from continuing operations	\$ 2,739	\$ 2,559	7 %	\$ 8,148	\$ 7,582	7 %
As percent of sales	31.1 %	33.4 %		32.0 %	33.7 %	

(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 2022, Linde's sales were \$8,797 million, 15% above prior year, primarily driven by 8% price attainment and 3% higher volumes. Cost pass-through, representing the contractual billing of energy cost variances primarily to onsite customers, increased sales by 8% in the quarter, with minimal impact on operating profit. Engineering increased sales by 4% in the quarter. Currency translation decreased sales by 7% in the quarter. Divestitures, net of acquisitions, decreased sales by 1%, primarily in EMEA, in the third quarter of 2022 as compared to 2021.

Reported operating profit for the third quarter of 2022 of \$1,613 million, or 18.3% of sales, was 25% above prior year. The reported year-over-year increase was primarily due to higher pricing, volumes, productivity initiatives and lower depreciation and amortization driven by merger related intangible assets. The reported effective tax rate ("ETR") was 23.7% in the third quarter 2022 versus 24.2% in the third quarter 2021. Diluted earnings per share from continuing operations ("EPS") was \$2.54,

or 35% above EPS of \$1.88 in the third quarter of 2021 primarily due to higher income from continuing operations and lower diluted shares outstanding.

*Adjusted*

In the third quarter of 2022, adjusted operating profit of \$2,010 million, or 22.8% of sales, was 11% higher as compared to 2021, driven by higher pricing, volumes and productivity initiatives, partially offset by inflation. The adjusted ETR was 25.0% in the third quarter 2022 versus 23.9% in the 2021 quarter, primarily due to lower tax benefits from share option exercises. On an adjusted basis, EPS was \$3.10, 14% above the 2021 adjusted EPS of \$2.73, 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](http://www.linde.com), but are not incorporated herein.

**Results of operations**

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

	Quarter Ended September 30, 2022 vs. 2021	Nine Months Ended September 30, 2022 vs. 2021
	% Change	% Change
<b>Factors Contributing to Changes - Sales</b>		
Volume	3 %	2 %
Price/Mix	8 %	7 %
Cost pass-through	8 %	7 %
Currency	(7)%	(5)%
Acquisitions/divestitures	(1)%	— %
Engineering	4 %	2 %
	15 %	13 %

**Sales**

Sales increased \$1,129 million, or 15%, for the third quarter of 2022 and increased \$2,970 million, or 13% for the nine months ended September 30, 2022 versus the respective 2021 periods. Volume growth in all end markets, except healthcare, and project startups increased sales by 3% in the quarter and 2% in the year-to-date period. Higher pricing across all geographic segments contributed 8% to sales in the quarter and 7% in the year-to-date period. Cost pass-through increased sales by 8% in the quarter and 7% in the year-to-date period with minimal impact on operating profit. Currency translation decreased sales by 7% in the quarter and 5% in the year-to-date period, largely in EMEA, APAC and Engineering, driven by the weakening of the Euro, Chinese yuan, British pound and Australian dollar against the U.S. dollar. The impact of divestitures decreased sales by 1% in the quarter. Engineering increased sales by 4% in the quarter and 2% in the year-to-date period.

**Cost of sales, exclusive of depreciation and amortization**

Cost of sales, exclusive of depreciation and amortization increased \$917 million, or 21%, for the third quarter of 2022 and increased \$2,407 million, or 19% for the nine months ended September 30, 2022 primarily due to inflation and higher volumes, partially offset by productivity gains and currency effects. Cost of sales, exclusive of depreciation and amortization was 60.1% and 59.0% of sales, respectively, for the third quarter and nine months ended September 30, 2022 versus 57.0% and 56.1% of sales for the respective 2021 periods. The increase as a percentage of sales for the quarter and nine months ended September 30, 2022 was due primarily to higher cost pass-through to customers.

**Selling, general and administrative expenses**

Selling, general and administrative expense ("SG&A") decreased \$23 million, or 3%, for the third quarter of 2022 and decreased \$59 million, or 2%, for the nine months ended September 30, 2022. SG&A was 8.8% of third quarter sales and 9.2% of sales for the nine months ended September 30, 2022 versus 10.3% and 10.7% for the respective 2021 periods. Currency impacts decreased SG&A by approximately \$42 million and \$92 million for the quarter and nine months ended September 30, 2022, respectively. Excluding currency impacts, underlying SG&A increased in the third quarter and nine months ended September 30, 2022 primarily due to higher costs.

**Depreciation and amortization**

Reported depreciation and amortization expense decreased \$118 million, or 10%, for the third quarter of 2022 and decreased \$252 million, or 7%, for the nine months ended September 30, 2022. The decrease is related primarily to lower depreciation and amortization of intangible assets acquired in the merger and currency impacts.

On an adjusted basis, depreciation and amortization decreased \$26 million, for the third quarter of 2022 and decreased \$22 million, for the year-to-date period. Currency impacts decreased depreciation and amortization by \$41 million and \$86 million, for the quarter and nine months ended September 30, 2022, respectively. Excluding currency, underlying depreciation and amortization increased including new project start ups.

**Russia-Ukraine conflict and other charges**

Russia-Ukraine conflict and other charges were \$15 million and \$1,004 million for the third quarter and nine months ended September 30, 2022, respectively. The charge recorded in the third quarter of 2022 is primarily driven by the sale of the GIST business. The charge for the nine months ended September 30, 2022 relates primarily to the deconsolidation and impairment of Russian subsidiaries resulting from the ongoing war in Ukraine and related sanctions recorded as of June 30, 2022. 2021 charges of \$26 million and \$222 million, for the quarter and year-to-date periods respectively, relate to cost reduction program and other charges, primarily severance (see Note 2 to the condensed consolidated financial statements).

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

***Operating profit***

On a reported basis, operating profit increased \$321 million, or 25%, for the third quarter of 2022 and increased \$35 million, or 1%, for the nine months ended September 30, 2022. The increase for the quarter and year-to-date periods was primarily due to higher pricing, volumes, savings from productivity initiatives, and lower depreciation and amortization driven by merger related intangible assets. These increases more than offset the adverse impacts of inflation and currency in the quarter and year-to-date periods as well as the Russia-Ukraine conflict and other charges recorded during the second quarter of 2022.

On an adjusted basis, which excludes the impacts of purchase accounting as well as Russia-Ukraine conflict and other charges, operating profit increased \$200 million, or 11% in the 2022 quarter and increased \$568 million, or 11%, for the nine months ended September 30, 2022. Operating profit growth was driven by higher pricing, volumes and productivity initiatives, which more than offset the effects of inflation and currency during the periods. A discussion of operating profit by segment is included in the segment discussion that follows.

***Interest expense - net***

Reported interest expense - net increased \$10 million for the third quarter of 2022 and decreased \$14 million for the nine months ended September 30, 2022. On an adjusted basis, interest expense increased \$8 million for the third quarter of 2022 and decreased \$30 million for the nine months ended September 30, 2022 versus the respective 2021 periods. The increase in the quarter-to-date period is driven primarily by higher borrowing costs on short-term debt and unfavorable foreign currency revaluation on unhedged intercompany exposures in the current year. In the year-to-date period, interest expense - net decreased as higher interest income on cash deposits more than offset these impacts.

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

Reported net pension and OPEB cost (benefit), excluding service cost was a benefit of \$53 million and \$179 million for the quarter and nine months ended September 30, 2022, respectively, versus a benefit of \$45 million and \$143 million for the respective 2021 periods. The increase in benefit primarily relates to lower amortization of deferred losses, partially offset by higher interest cost reflective of the higher discount rate environment year-over-year.

***Effective tax rate***

The reported effective tax rate ("ETR") for the quarter and nine months ended September 30, 2022 was 23.7% and 27.3%, respectively, versus 24.2% and 24.7% for the respective 2021 periods. The decrease in the quarter rate is primarily related to a deferred tax benefit resulting from the divestiture of the GIST business, partially offset by lower tax benefits from share based compensation. The increase in the year-to-date rate is primarily related to the net tax expense resulting from the deconsolidation and impairment of the company's business in Russia, partially offset by the reversal of a related deferred tax liability. For the quarter and nine months ended September 30, 2021, the ETR included net tax charges of \$38 million primarily related to \$81 million of expense due to a tax rate increase in the 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, 2022 was 25.0% and 24.6%, respectively, versus 23.9% and 24.1% for the respective 2021 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 quarter and nine months ended September 30, 2022 was \$43 million and \$137 million, respectively, versus \$1 million and \$81 million for the respective 2021 periods. On an adjusted basis, income from equity investments for the quarter and nine months ended September 30, 2022 was \$61 million and \$194 million, respectively, versus \$55 million and \$173 million in the prior year respective periods.

On a reported basis, income from equity investments was higher in the third quarter of 2022 due primarily to a \$35 million impairment charge taken in the third quarter of 2021 related to a joint venture in the APAC segment (see Note 2 to the condensed consolidated financial statements). On an adjusted basis, the increase year-over-year was primarily driven by the overall performance of investments in APAC.

***Noncontrolling interests from continuing operations***

At September 30, 2022, noncontrolling interests from continuing operations consisted primarily of non-controlling shareholders' investments in APAC (primarily China).

Reported noncontrolling interests from continuing operations decreased \$4 million for both the quarter and nine months ended September 30, 2022 versus the respective 2021 periods.

***Income from continuing operations***

Reported income from continuing operations increased \$295 million, or 30%, for the third quarter of 2022 and increased \$22 million, or 1%, for the nine months ended September 30, 2022 versus the respective 2021 periods. On an adjusted basis, which excludes the impacts of purchase accounting and Russia-Ukraine conflict and other charges, income from continuing operations increased \$134 million, or 9%, for the quarter and increased \$473 million, or 11%, for the nine months ended September 30, 2022 versus the respective 2021 periods. On both a reported and adjusted basis, the increase was driven by higher operating profit.

***Diluted earnings per share from continuing operations***

Reported diluted earnings per share from continuing operations increased \$0.66, or 35%, for the third quarter of 2022 and increased \$0.23, or 4%, for the nine months ended September 30, 2022 versus the comparable 2021 periods. On an adjusted basis, diluted EPS increased \$0.37, or 14%, for the third quarter of 2022 and increased \$1.21, or 15%, for the nine months ended September 30, 2022 versus the respective 2021 periods. The increase on both a reported and adjusted basis is primarily due to higher income from continuing operations and lower diluted shares outstanding.

***Employees***

The number of employees at September 30, 2022 was 65,293, a decrease of 6,866 employees from September 30, 2021, driven primarily by the sale of the GIST business, cost reduction initiatives and the deconsolidation of Russian subsidiaries in the EMEA and Engineering segments.

***Other Financial Data***

EBITDA was \$2,701 for the third quarter of 2022 as compared to \$2,456 million in the respective 2021 period driven by higher income from continuing operations versus prior year. EBITDA was \$7,067 million for the nine months ended September 30, 2022 as compared to \$7,228 million in the respective 2021 period driven by lower income from continuing operations due to the impact of Russia-Ukraine conflict and other charges.

Adjusted EBITDA from continuing operations increased to \$2,739 million for the third quarter 2022 from \$2,559 million in the respective 2021 period. Adjusted EBITDA from continuing operations increased to \$8,148 million from \$7,582 million for the nine months ended September 30, 2022 as compared to the respective 2021 period. On both a quarter-to-date and year-to-date adjusted basis, higher EBITDA was primarily due to higher income from continuing operations versus the respective prior periods.

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

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

Other comprehensive losses for the third quarter of 2022 and nine months ended September 30, 2022 were \$1,668 million and \$3,115 million, respectively, resulting primarily from currency translation adjustments of \$1,743 million and \$3,394 million during the quarter and year-to-date periods, respectively. 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 Consolidated Statements of Income.

<i>(Millions of dollars)</i>	Quarter Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Variance	2022	2021	Variance
<b>SALES</b>						
Americas	\$ 3,694	\$ 3,091	20 %	\$ 10,453	\$ 8,951	17 %
EMEA	2,125	1,911	11 %	6,417	5,585	15 %
APAC	1,660	1,564	6 %	4,913	4,544	8 %
Engineering	828	601	38 %	2,200	1,921	15 %
Other	490	501	(2)%	1,482	1,494	(1)%
Total sales	<u>\$ 8,797</u>	<u>\$ 7,668</u>	15 %	<u>\$ 25,465</u>	<u>\$ 22,495</u>	13 %
<b>SEGMENT OPERATING PROFIT</b>						
Americas	\$ 974	\$ 859	13 %	\$ 2,788	\$ 2,525	10 %
EMEA	465	476	(2)%	1,504	1,414	6 %
APAC	429	382	12 %	1,254	1,122	12 %
Engineering	150	106	42 %	398	323	23 %
Other	(8)	(13)	38 %	(41)	(49)	16 %
Segment operating profit	<u>\$ 2,010</u>	<u>\$ 1,810</u>	11 %	<u>\$ 5,903</u>	<u>\$ 5,335</u>	11 %
Reconciliation to reported operating profit:						
Russia-Ukraine conflict and other charges (Note 2)	(15)	(26)		(1,004)	(222)	
Purchase accounting impacts - Linde AG	(382)	(492)		(1,217)	(1,466)	
Total operating profit	<u>\$ 1,613</u>	<u>\$ 1,292</u>		<u>\$ 3,682</u>	<u>\$ 3,647</u>	

## Americas

(Millions of dollars)	Quarter Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Variance	2022	2021	Variance
Sales	\$ 3,694	\$ 3,091	20 %	\$ 10,453	\$ 8,951	17 %
Operating profit	\$ 974	\$ 859	13 %	\$ 2,788	\$ 2,525	10 %
As a percent of sales	26.4 %	27.8 %		26.7 %	28.2 %	

	Quarter Ended September 30, 2022 vs. 2021		Nine Months Ended September 30, 2022 vs. 2021	
	% Change		% Change	
<b>Factors Contributing to Changes - Sales</b>				
Volume		7 %		4 %
Price/Mix		6 %		5 %
Cost pass-through		8 %		8 %
Currency		(1)%		— %
Acquisitions/divestitures		— %		— %
		20 %		17 %

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 \$603 million, or 20%, in the third quarter and increased \$1,502 million, or 17%, for the nine months ended September 30, 2022 versus the respective 2021 periods. Higher pricing contributed 6% to sales in the quarter and 5% in the year-to-date period. Higher volumes increased sales by 7% for the third quarter and increased 4% for the nine months ended September 30, 2022, driven by higher demand across all end markets except healthcare, led by chemicals and energy. Cost pass-through increased sales by 8% for the third quarter and the nine months ended September 30, 2022 with minimal impact on operating profit. Currency translation decreased sales by 1% for the third quarter and was not significant for the year-to-date period.

### Operating profit

Operating profit in the Americas segment increased \$115 million, or 13%, in the third quarter and increased \$263 million, or 10%, for the nine months ended September 30, 2022 versus the respective 2021 periods, driven primarily by higher pricing, volumes and continued productivity initiatives which more than offset inflation during the quarter and year-to-date period.

## EMEA

(Millions of dollars)	Quarter Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Variance	2022	2021	Variance
Sales	\$ 2,125	\$ 1,911	11 %	\$ 6,417	\$ 5,585	15 %
Operating profit	\$ 465	\$ 476	(2)%	\$ 1,504	\$ 1,414	6 %
As a percent of sales	21.9 %	24.9 %		23.4 %	25.3 %	

	Quarter Ended September 30, 2022 vs. 2021		Nine Months Ended September 30, 2022 vs. 2021	
	% Change		% Change	
<b>Factors Contributing to Changes - Sales</b>				
Volume	(3)%		(2)%	
Price/Mix	14 %		13 %	
Cost pass-through	17 %		15 %	
Currency	(14)%		(10)%	
Acquisitions/divestitures	(3)%		(1)%	
	11 %		15 %	

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 \$214 million, or 11%, in the third quarter and increased \$832 million, or 15%, for the nine months ended September 30, 2022 as compared to the respective 2021 periods driven by higher sales across all end-markets except healthcare. Cost pass-through contributed 17% to sales in the quarter and 15% in the year-to-date period, with minimal impact on operating profit, while higher price attainment increased sales by 14% in the quarter and 13% in the year-to-date period. Volumes decreased sales by 3% in the quarter and 2% in the year to date period. Currency translation decreased sales by 14% in the quarter and 10% in the year-to-date period, due largely to the weakening of the Euro and British pound against the U.S. Dollar. The impact of net divestitures decreased sales by 3% in the quarter and 1% in the year-to-date period, primarily due to the deconsolidation of Russian subsidiaries as of June 30, 2022.

### Operating Profit

Operating profit for the EMEA segment decreased by \$11 million, or 2%, in the third quarter and increased \$90 million, or 6%, for the nine months ended September 30, 2022 as compared to the respective 2021 periods. The decrease in operating profit in the quarter was driven primarily by currency translation, lower volumes and divestitures, partially offset by higher pricing and continued productivity initiatives. The increase in the year-to-date period was driven largely by higher pricing and continued productivity initiatives which more than offset currency, inflation and divestitures.

### APAC

(Millions of dollars)	Quarter Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Variance	2022	2021	Variance
Sales	\$ 1,660	\$ 1,564	6 %	\$ 4,913	\$ 4,544	8 %
Operating profit	\$ 429	\$ 382	12 %	\$ 1,254	\$ 1,122	12 %
As a percent of sales	25.8 %	24.4 %		25.5 %	24.7 %	

	Quarter Ended September 30, 2022 vs. 2021		Nine Months Ended September 30, 2022 vs. 2021	
	% Change		% Change	
<b>Factors Contributing to Changes - Sales</b>				
Volume/Equipment	5 %		4 %	
Price/Mix	7 %		5 %	
Cost pass-through	2 %		4 %	
Currency	(8)%		(5)%	
Acquisitions/divestitures	— %		— %	
	6 %		8 %	

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

### Sales

Sales for the APAC segment increased \$96 million, or 6%, for the third quarter and increased \$369 million, or 8%, for the nine months ended September 30, 2022 versus the respective 2021 periods. Volumes increased 5% in the quarter and 4% in the year-to-date period including project start-ups in the electronics and chemicals and energy end markets. Higher pricing contributed 7% to sales in the quarter and 5% to sales in the year-to-date period. Cost pass-through contributed 2% to sales in the quarter and 4% in the year-to-date period with minimal impact on operating profit. Currency translation decreased sales by 8% in quarter and 5% in the year-to-date period driven primarily by the weakening of the Australian dollar, Korean won and Chinese Yuan against the U.S. Dollar.

### Operating profit

Operating profit in the APAC segment increased \$47 million, or 12%, in the third quarter and increased \$132 million, or 12%, for the nine months ended September 30, 2022 versus the respective 2021 periods driven by higher volumes and pricing and continued productivity initiatives which more than offset the impact of currency and inflation during the quarter and year-to-date period.

### Engineering

(Millions of dollars)	Quarter Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Variance	2022	2021	Variance
Sales	\$ 828	\$ 601	38 %	\$ 2,200	\$ 1,921	15 %
Operating profit	\$ 150	\$ 106	42 %	\$ 398	\$ 323	23 %
As a percent of sales	18.1 %	17.6 %		18.1 %	16.8 %	

	Quarter Ended September 30, 2022 vs. 2021		Nine Months Ended September 30, 2022 vs. 2021	
	% Change		% Change	
<b>Factors Contributing to Changes - Sales</b>				
Volume	50 %		24 %	
Currency	(12)%		(9)%	
	38 %		15 %	

### Sales

Engineering segment sales increased \$227 million in the third quarter and increased \$279 million, or 15%, in the nine months ended September 30, 2022 as compared to the respective 2021 periods. The increase was driven by a \$321 million project progress recognition partially offset by other project timing and negative currency translation.

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

### Operating profit

Engineering segment operating profit increased, \$44 million in the third quarter and increased \$75 million for the nine months ended September 30, 2022 as compared to the respective 2021 periods driven by the aforementioned project partially offset by project timing and currency impacts.

**Other**

<i>(Millions of dollars)</i>	Quarter Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Variance	2022	2021	Variance
Sales	\$ 490	\$ 501	(2)%	\$ 1,482	\$ 1,494	(1)%
Operating profit (loss)	\$ (8)	\$ (13)	38 %	\$ (41)	\$ (49)	16 %
As a percent of sales	(1.6)%	(2.6)%		(2.8)%	(3.3)%	
			Quarter Ended September 30, 2022 vs. 2021			Nine Months Ended September 30, 2022 vs. 2021
			% Change			% Change
<b>Factors Contributing to Changes - Sales</b>						
Volume/price				6 %		3 %
Cost pass-through				— %		1 %
Currency				(8)%		(5)%
Acquisitions/divestitures				— %		— %
				(2)%		(1)%

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

**Sales**

Sales for Other decreased \$11 million for the third quarter and decreased \$12 million for the nine months ended September 30, 2022 versus the respective 2021 periods. Currency translation decreased sales by 8% in the quarter and 5% in the year-to-date period. Underlying sales increased 6% in the quarter and 3% for the year-to-date period driven primarily by price and higher aviation and electronic sales in the coatings business. Cost pass-through increased sales by 1% in the year-to-date period.

Sales of the GIST business which was divested as of September 30, 2022 represented approximately \$200 million and \$630 million of Other sales during the third quarter and nine months ended September 30, 2022, respectively.

**Operating profit**

Operating profit in Other increased \$5 million, or 38% in the third quarter and increased \$8 million, or 16%, in the nine months ended September 30, 2022 versus the respective 2021 periods, due primarily to lower corporate costs in the quarter, partially offset by higher sourcing costs in the global helium business.

**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 2022 Consolidated Sales	Exchange Rate for Income Statement		Exchange Rate for Balance Sheet	
		Year-To-Date Average		September 30,	December 31,
		2022	2021	2022	2021
Euro	21 %	0.94	0.84	1.02	0.88
Chinese yuan	8 %	6.59	6.47	7.12	6.36
British pound	6 %	0.79	0.72	0.90	0.74
Australian dollar	4 %	1.41	1.32	1.56	1.38
Brazilian real	4 %	5.12	5.33	5.41	5.58
Canadian dollar	3 %	1.28	1.25	1.38	1.26
Korean won	3 %	1,265	1,131	1,432	1,189
Mexican peso	2 %	20.25	20.13	20.14	20.53
Indian rupee	2 %	77.34	73.57	81.35	74.34
South African rand	2 %	15.90	14.56	18.09	15.94
Swedish krona	1 %	9.88	8.48	11.09	9.05
Thailand bhat	1 %	34.54	31.48	37.85	33.40

## 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,	
	2022	2021
<b>NET CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES</b>		
Net income (including noncontrolling interests)	\$ 2,920	\$ 2,902
Non-cash charges (credits):		
Add: Depreciation and amortization	3,248	3,500
Add: Deferred income taxes	(412)	(184)
Add: Share-based compensation	78	95
Add: Russia-Ukraine conflict and other charges, net of payments (a)	909	83
Net income adjusted for non-cash charges	6,743	6,396
Less: Working capital	(238)	20
Less: Pension contributions	(44)	(32)
Other	308	108
Net cash provided by operating activities	\$ 6,769	\$ 6,492
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(2,237)	(2,247)
Acquisitions, net of cash acquired	(110)	(31)
Divestitures, net of cash divested and asset sales	140	147
Net cash provided by (used for) investing activities	\$ (2,207)	\$ (2,131)
<b>FINANCING ACTIVITIES</b>		
Debt increase (decrease) - net	2,795	1,808
Issuances (purchases) of common stock - net	(4,454)	(3,212)
Cash dividends - Linde plc shareholders	(1,758)	(1,648)
Noncontrolling interest transactions and other	(62)	(319)
Net cash provided by (used for) financing activities	\$ (3,479)	\$ (3,371)
Effect of exchange rate changes on cash and cash equivalents	\$ (150)	\$ (44)
Cash and cash equivalents, end-of-period	\$ 3,756	\$ 4,700

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

### Cash Flow from Operations

Cash provided by operations of \$6,769 million for the nine months ended September 30, 2022 increased \$277 million, or 4%, versus 2021. The increase was driven primarily by higher net income adjusted for non-cash charges, partially offset by higher working capital requirements. Russia-Ukraine conflict and other charges were \$1,004 million and \$222 million, respectively, for the nine months ended September 30, 2022 and 2021. Related cash outflows were \$95 million and \$139 million for the same respective periods.

Linde estimates that total 2022 required contributions to its pension plans will be approximately \$50 million, of which \$44 million has been made through September 30, 2022.

As of September 30, 2022, Linde has approximately \$1.8 billion recorded in contract liabilities within the condensed consolidated balance sheet related to engineering projects in Russia. Any obligation to satisfy the related residual contract liabilities may have an adverse effect on Linde's cash flows.

### Investing

Net cash used for investing of \$2,207 million for the nine months ended September 30, 2022 increased \$76 million versus 2021, as higher acquisition and lower proceeds from divestitures, net of cash divested and asset sales more than offset lower capital expenditures.

Capital expenditures for the nine months ended September 30, 2022 were \$2,237 million, \$10 million lower than the prior year.

At September 30, 2022, Linde's sale of gas backlog of large projects under construction was approximately \$3.7 billion. This represents the total estimated capital cost of large plants under construction.

Acquisitions, net of cash acquired for the nine months ended September 30, 2022 and 2021 were \$110 million and \$31 million, respectively, and related primarily to acquisitions in EMEA and the Americas. Divestitures, net of cash divested and asset sales for the nine months ended September 30, 2022 and 2021 were \$140 million and \$147 million, respectively. Divestiture proceeds for the nine months ended September 30, 2022 include cash received from the sale of the company's GIST business of \$184 million, net of cash divested of \$75 million, for net proceeds of \$109 million (see Note 2 to the condensed consolidated financial statements).

### Financing

Cash used for financing activities was \$3,479 million for the nine months ended September 30, 2022 as compared to cash used for financing activities of \$3,371 million for the nine months ended September 30, 2021. Cash provided by debt was \$2,795 million versus \$1,808 million in 2021 driven by higher commercial paper borrowings and debt issuances in 2022. In January 2022, Linde repaid €1.0 billion of 0.250% notes that became due. In March 2022, Linde issued €500 million of 1.000% notes due 2027, €750 million of 1.375% notes due 2031, and €800 million of 1.625% notes due 2035. In May 2022, Linde repaid \$500 million of 2.20% notes due in August 2022.

Net purchases of ordinary shares were \$4,454 million in 2022 versus \$3,212 million in 2021. On February 28, 2022, the company's Board of Directors approved the additional repurchase of \$10.0 billion of its ordinary shares. For additional information related to the share repurchase programs, see Part II Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Cash dividends of \$1,758 million increased \$110 million from 2021 driven primarily by a 10% increase in quarterly dividends per share from \$1.06 per share to \$1.17 per share, partially offset by lower shares outstanding. Cash used for Noncontrolling interest transactions and other was \$62 million for the nine months ended September 30, 2022 versus cash used of \$319 million for the respective 2021 period due to the settlement of the buyout of minority interests in the Republic of South Africa in January of 2021.

The company continues to believe it has sufficient operating flexibility, cash, and funding sources to meet its business needs around the world. The company had \$3.8 billion of cash as of September 30, 2022, 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, 2022. The company does not anticipate any limitations on its ability to access the debt capital markets and/or other external funding sources and remains committed to its strong ratings from Moody's and Standard & Poor's.

### Legal Proceedings

See Note 9 to the condensed consolidated financial statements.



## NON-GAAP MEASURES AND RECONCILIATIONS

(Millions of dollars, except per share data)

(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,	
	2022	2021	2022	2021
<b><u>Adjusted Operating Profit and Operating Margin</u></b>				
Reported operating profit	\$ 1,613	\$ 1,292	\$ 3,682	\$ 3,647
Add: Russia-Ukraine conflict and other charges	15	26	1,004	222
Add: Purchase accounting impacts - Linde AG (c)	382	492	1,217	1,466
Total adjustments	397	518	2,221	1,688
Adjusted operating profit	\$ 2,010	\$ 1,810	\$ 5,903	\$ 5,335
Reported percentage change	25 %		1 %	
Adjusted percentage change	11 %		11 %	
Reported sales	\$ 8,797	\$ 7,668	\$ 25,465	\$ 22,495
Reported operating margin	18.3 %	16.8 %	14.5 %	16.2 %
Adjusted operating margin	22.8 %	23.6 %	23.2 %	23.7 %
<b><u>Adjusted Depreciation and amortization</u></b>				
Reported depreciation and amortization	\$ 1,045	\$ 1,163	\$ 3,248	\$ 3,500
Less: Purchase accounting impacts - Linde AG (c)	(377)	(469)	(1,196)	(1,426)
Adjusted depreciation and amortization	\$ 668	\$ 694	\$ 2,052	\$ 2,074
<b><u>Adjusted Other Income (Expense) - net</u></b>				
Reported Other Income (Expense) - net	\$ (34)	\$ 10	\$ (58)	\$ (3)
Less: Purchase accounting impacts - Linde AG (c)	(5)	(23)	(21)	(40)
Adjusted Other Income (Expense) - net	\$ (29)	\$ 33	\$ (37)	\$ 37
<b><u>Adjusted Net Pension and OPEB Cost (Benefit), Excluding Service Cost</u></b>				
Reported net pension and OPEB cost (benefit), excluding service cost	\$ (53)	\$ (45)	\$ (179)	\$ (143)
Add: Pension settlement charges	(6)	(4)	(6)	(4)
Adjusted Net Pension and OPEB cost (benefit), excluding service costs	\$ (59)	\$ (49)	\$ (185)	\$ (147)
<b><u>Adjusted Interest Expense - Net</u></b>				
Reported interest expense - net	\$ 18	\$ 8	\$ 32	\$ 46
Add: Purchase accounting impacts - Linde AG (c)	8	10	27	43
Adjusted interest expense - net	\$ 26	\$ 18	\$ 59	\$ 89

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**Adjusted Income Taxes (a)**

Reported income taxes	\$	391	\$	321	\$	1,046	\$	923
Add: Purchase accounting impacts - Linde AG (c)		92		115		308		349
Add: Pension settlement charges		1		1		1		1
Add: Russia-Ukraine conflict and other charges		26		3		127		29
Total adjustments		119		119		436		379
Adjusted income taxes	\$	510	\$	440	\$	1,482	\$	1,302

**Adjusted Effective Tax Rate (a)**

Reported income before income taxes and equity investments	\$	1,648	\$	1,329	\$	3,829	\$	3,744
Add: Pension settlement charge		6		4		6		4
Add: Purchase accounting impacts - Linde AG (c)		374		482		1,190		1,423
Add: Russia-Ukraine conflict and other charges		15		26		1,004		222
Total adjustments		395		512		2,200		1,649
Adjusted income before income taxes and equity investments	\$	2,043	\$	1,841	\$	6,029	\$	5,393

Reported Income taxes	\$	391	\$	321	\$	1,046	\$	923
Reported effective tax rate		23.7 %		24.2 %		27.3 %		24.7 %

Adjusted income taxes	\$	510	\$	440	\$	1,482	\$	1,302
Adjusted effective tax rate		25.0 %		23.9 %		24.6 %		24.1 %

**Income from Equity Investments**

Reported income from equity investments	\$	43	\$	1	\$	137	\$	81
Add: Purchase accounting impacts - Linde AG (c)		18		19		57		57
Add: Russia-Ukraine conflict and other charges (d)		—		35		—		35
Adjusted income from equity investments	\$	61	\$	55	\$	194	\$	173

**Adjusted Noncontrolling Interests from Continuing Operations**

Reported noncontrolling interests from continuing operations	\$	(27)	\$	(31)	\$	(101)	\$	(105)
Add: Purchase accounting impacts - Linde AG (c)		(12)		(4)		(19)		(11)
Adjusted noncontrolling interests from continuing operations	\$	(39)	\$	(35)	\$	(120)	\$	(116)

**Adjusted Income from Continuing Operations (b)**

Reported income from continuing operations	\$	1,273	\$	978	\$	2,819	\$	2,797
Add: Pension settlement charge		5		3		5		3
Add: Russia-Ukraine conflict and other charges		(11)		58		877		228
Add: Purchase accounting impacts - Linde AG (c)		288		382		920		1,120
Total adjustments		282		443		1,802		1,351
Adjusted income from continuing operations	\$	1,555	\$	1,421	\$	4,621	\$	4,148

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**Adjusted Diluted EPS from Continuing Operations (b)**

Reported diluted EPS from continuing operations	\$	2.54	\$	1.88	\$	5.57	\$	5.34
Add: Pension settlement charge		0.01		0.01		0.01		0.01
Add: Russia-Ukraine conflict and other charges		(0.02)		0.11		1.73		0.44
Add: Purchase accounting impacts - Linde AG (c)		0.57		0.73		1.82		2.13
Total adjustments		0.56		0.85		3.56		2.58
Adjusted diluted EPS from continuing operations	\$	3.10	\$	2.73	\$	9.13	\$	7.92

Reported percentage change		35 %				4 %		
Adjusted percentage change		14 %				15 %		

**Adjusted EBITDA and % of Sales**

Income from continuing operations	\$	1,273	\$	978	\$	2,819	\$	2,797
Add: Noncontrolling interests related to continuing operations		27		31		101		105
Add: Net pension and OPEB cost (benefit), excluding service cost		(53)		(45)		(179)		(143)
Add: Interest expense		18		8		32		46
Add: Income taxes		391		321		1,046		923
Add: Depreciation and amortization		1,045		1,163		3,248		3,500
EBITDA from continuing operations	\$	2,701	\$	2,456	\$	7,067	\$	7,228
Add: Russia-Ukraine conflict and other charges		15		61		1,004		257
Add: Purchase accounting impacts - Linde AG (c)		23		42		77		97
Total adjustments		38		103		1,081		354
Adjusted EBITDA from continuing operations	\$	2,739	\$	2,559	\$	8,148	\$	7,582

Reported sales	\$	8,797	\$	7,668	\$	25,465	\$	22,495
% of sales								
EBITDA from continuing operations		30.7 %		32.0 %		27.8 %		32.1 %
Adjusted EBITDA from continuing operations		31.1 %		33.4 %		32.0 %		33.7 %

(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.

(d) 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, 2022	December 31, 2021
<i>(Millions of dollars)</i>		
Debt	\$ 15,338	\$ 14,207
Less: cash and cash equivalents	(3,756)	(2,823)
Net debt	11,582	11,384
Less: purchase accounting impacts - Linde AG	(28)	(61)
Adjusted net debt	<u>\$ 11,554</u>	<u>\$ 11,323</u>

**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 and/or Linde GmbH. Linde plc may provide guarantees of debt securities offered by its wholly owned subsidiaries Linde Inc. or Linde Finance under the Registration Statement.

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

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

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

In September 2019, Linde plc provided downstream guarantees of all 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)*

<b>Statement of Income Data</b>	Nine Months Ended September 30, 2022		Twelve Months Ended December 31, 2021	
Sales	\$	6,650	\$	7,767
Operating profit		347		973
Net income		(26)		721
Transactions with non-guarantor subsidiaries		1,231		2,067
<b>Balance Sheet Data (at period end)</b>				
Current assets (a)	\$	8,284	\$	5,826
Long-term assets (b)		13,123		15,928
Current liabilities (c)		10,747		8,853
Long-term liabilities (d)		44,508		42,860
(a) From current assets above, amount due from non-guarantor subsidiaries	\$	5,392	\$	4,209
(b) From long-term assets above, amount due from non-guarantor subsidiaries		1,719		3,257
(c) From current liabilities above, amount due to non-guarantor subsidiaries		1,492		1,304
(d) From long-term liabilities above, amount due to non-guarantor subsidiaries		30,868		28,142

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

Refer to Item 7A. to Part II of Linde's 2021 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, 2021.

**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, 2022 is provided below:

<b>Period</b>	<b>Total Number of Shares Purchased (Thousands)</b>	<b>Average Price Paid Per Share</b>	<b>Total Numbers of Shares Purchased as Part of Publicly Announced Program (1,2) (Thousands)</b>	<b>Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (1) (Millions)</b>
July 2022	783	\$ 278.82	783	\$ 6,953
August 2022	1,462	\$ 296.53	1,462	\$ 6,520
September 2022	1,768	\$ 278.56	1,768	\$ 6,027
Third Quarter 2022	4,013	\$ 285.16	4,013	\$ 6,027

(1) On February 28, 2022, the company's board of directors approved the repurchase of \$10.0 billion of its ordinary shares ("2022 program") which could take place from time to time on the open market (and could include the use of 10b5-1 trading plans), subject to market and business conditions. The 2022 program has a maximum repurchase amount of 15% of outstanding shares, began on March 1, 2022 and expires on July 31, 2024.

As of September 30, 2022, the company repurchased \$4.0 billion of its ordinary shares pursuant to the 2022 program. As of September 30, 2022, \$6.0 billion of share repurchases remain authorized under the 2022 program.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

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

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



**SIGNATURE**

*Linde plc and Subsidiaries*

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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.

Date: October 27, 2022

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Linde plc

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(Registrant)

By: /s/ Kelcey E. Hoyt

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Kelcey E. Hoyt  
Chief Accounting Officer

**RULE 13a-14(a) CERTIFICATIONS**

*Linde plc and Subsidiaries*

**EXHIBIT 31.01**

I, Sanjiv Lamba, 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 27, 2022

By: /s/ Sanjiv Lamba

Sanjiv Lamba

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 27, 2022

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, 2022 (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 27, 2022

By: /s/ Sanjiv Lamba

Sanjiv Lamba

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, 2022 (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 27, 2022

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.