



Linde Reports Second-Quarter 2022 Results

Second-Quarter Highlights

- Sales \$8.5 billion, up 12% versus prior-year quarter
- Operating profit \$0.6 billion; adjusted operating profit \$2.0 billion, up 8%
- Operating profit margin 7.0%; adjusted operating profit margin 23.5%, up 100 basis points ex. cost pass-through
- EPS \$0.74; adjusted EPS \$3.10, up 15%
- Operating cash flow of \$2.1 billion, up 17% versus prior-year quarter
- Increased full-year 2022 adjusted EPS guidance to \$11.73 - \$11.93, represents 10% to 12% growth year-over-year, 15% to 17% ex. FX

Woking, UK, July 28, 2022 – Linde plc (NYSE: LIN; FWB: LIN) today reported second-quarter 2022 income from continuing operations of \$372 million and diluted earnings per share of \$0.74. Excluding charges primarily from the deconsolidation and impairment of Russian subsidiaries and purchase accounting impacts from the Linde AG merger, adjusted income from continuing operations was \$1,566 million, up 11% versus prior year. Adjusted earnings per share was \$3.10, 15% above prior year and 6% higher sequentially.

Linde's sales for the second quarter were \$8,457 million, 12% above prior year. Compared to prior year, underlying sales increased 9%, including 7% price attainment and 2% higher volumes, driven by growth in all end markets except healthcare. Sequentially, underlying sales grew 4% driven by higher price and volume, each growing 2%.

Second-quarter operating profit was \$589 million. Adjusted operating profit of \$1,988 million was up 8% versus prior year led by higher price, strong volumes and continued productivity initiatives across all segments. Excluding the effects of cost pass-through, adjusted operating margins expanded 100 basis points versus prior year.

Second-quarter operating cash flow of \$2,133 million more than covered capital expenditures of \$826 million resulting in free cash flow of \$1,307 million. During the quarter, the company returned \$2,183 million to shareholders through dividends and stock repurchases, net of issuances.

Commenting on the financial results and business outlook, Chief Executive Officer Sanjiv Lamba said, "Linde employees delivered another strong quarter with EPS increasing 15% versus prior year or 20% excluding currency translation. Furthermore, ROC reached a new record of 20% and operating margins expanded 100 basis points excluding cost-pass through. Despite the macroeconomic challenges, Linde once again demonstrated its resiliency and the ability to generate shareholder value in any environment."

Lamba continued, "Looking ahead, the geopolitical and macro environment continues to be very uncertain. Regardless, I have confidence the company will continue to deliver on its commitments to shareholders."

For the third quarter of 2022, Linde expects adjusted diluted earnings per share in the range of \$2.85 to \$2.95, up 4% to 8% versus prior-year quarter. This guidance assumes a currency headwind of 6% year-over-year and 3% sequentially.

For the full year 2022, the company expects adjusted diluted earnings per share to be in the range of \$11.73 to \$11.93, up 10% to 12% versus prior year or 15% to 17% excluding currency headwind. Note that all Russian earnings are excluded prospectively as of July 1, 2022. Full-year capital expenditures are expected to be in the range of \$3.0 billion to \$3.4 billion to support growth and maintenance requirements including the \$3.6 billion contractual sale of gas project backlog.



Second-Quarter 2022 Results by Segment

Americas sales of \$3,518 million grew 16% versus prior-year quarter and 9% sequentially. Compared with second quarter 2021, underlying sales increased 9% driven by 6% higher pricing and 3% higher volume, primarily in the manufacturing, chemicals and energy end markets. Sequentially, underlying sales grew 4%, with pricing and volume each up 2%. Operating profit of \$910 million was 25.9% of sales, 290 basis points below prior year or 90 basis points lower when excluding the effects of cost pass-through.

APAC (Asia Pacific) sales of \$1,651 million were 7% above prior year and up 3% sequentially. Compared to prior year, underlying sales grew 8% driven by 5% price attainment and 3% volume growth, primarily from project start-ups in the electronics, chemicals and energy end markets. Sequentially, underlying sales grew 6% with pricing up 1% and volume growing 5%. Operating profit of \$426 million was 25.8% of sales, 60 basis points above prior year or 160 basis points higher when excluding the effects of cost pass-through.

EMEA (Europe, Middle East & Africa) sales of \$2,144 million were up 14% versus prior year and flat sequentially. Compared with second-quarter 2021, underlying sales grew 11%, led by 12% higher pricing. Sequentially, underlying sales grew 3% driven by pricing. Operating profit of \$536 million was 25.0% of sales, 100 basis points below prior year or 220 basis points higher when excluding the effects of cost pass-through.

Linde Engineering sales were \$644 million, flat versus prior year, and operating profit was \$105 million or 16.3% of sales. Order intake for the quarter was \$1,004 million and third-party sale of plant backlog increased to \$2.9 billion.

Earnings Call

A teleconference on Linde's second-quarter 2022 results is being held today at 09:00 am EDT.

Live conference call	US Toll-Free Dial-In Number: 1 800 289 0720 Germany Toll-Free Dial-In Number: 0800 724 5376 UK Toll-Free Dial-In Number: 0800 279 6877 Access code: 7250132
Live webcast (listen-only)	https://investors.linde.com/events-presentations Short URL: https://t1p.de/i2ho

Materials to be used in the teleconference are also available on the website.

About Linde

Linde is a leading global industrial gases and engineering company with 2021 sales of \$31 billion (€26 billion). We live our mission of *making our world more productive* every day by providing high-quality solutions, technologies and services which are making our customers more successful and helping to sustain and protect our planet.

The company serves a variety of end markets including chemicals & energy, food & beverage, electronics, healthcare, manufacturing, metals and mining. Linde's industrial gases are used in countless applications, from life-saving oxygen for hospitals to high-purity & specialty gases for electronics manufacturing, hydrogen for clean fuels and much more. Linde also delivers state-of-the-art gas processing solutions to support customer expansion, efficiency improvements and emissions reductions.

For more information about the company and its products and services, please visit www.linde.com



Adjusted amounts, free cash flow and return on capital are non-GAAP measures. See the attachments for a summary of non-GAAP reconciliations and calculations for adjusted amounts.

Attachments: Summary Non-GAAP Reconciliations, Statements of Income, Balance Sheets, Statements of Cash Flows, Segment Information and Appendix: Non-GAAP Measures and Reconciliations.

*Note: We are providing adjusted earnings per share (“EPS”) guidance for 2022. This is a non-GAAP financial measure that represents diluted earnings per share from continuing operations (a GAAP measure) but excludes the impact of certain items that we believe are not representative of our underlying business performance, such as cost reduction and other charges, any impairment or other charges related to scaling back operations in Russia as actions are defined and executed and as sanctions are enacted that impact the Company’s operations, the impact of potential divestitures or other potentially significant items. Given the uncertainty of timing and magnitude of such items, we cannot provide a reconciliation of the differences between the non-GAAP adjusted EPS guidance and the corresponding GAAP EPS measure without unreasonable effort.

Russia-Ukraine conflict and other charges

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 has 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 has deconsolidated its Russian gas and engineering business entities as of June 30, 2022. The impact of the deconsolidation and related impairments is reflected in the Russia-Ukraine conflict and other charges of \$993 million for quarter ended June 30, 2022.

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
SUMMARY NON-GAAP RECONCILIATIONS
(UNAUDITED)

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The following adjusted amounts are Non-GAAP measures and are intended to supplement investors' understanding of the company's financial statements by providing measures which investors, financial analysts and management use to help evaluate the company's operating performance. Items which the company does not believe to be indicative of ongoing 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. See the "NON GAAP MEASURES AND RECONCILIATIONS" starting on page 9 for additional details relating to the adjustments.

(Millions of dollars, except per share amounts)	Sales		Operating Profit		Income from Continuing Operations		Diluted EPS from Continuing Operations	
Quarter Ended June 30	2022	2021	2022	2021	2022	2021	2022	2021
Reported GAAP Amounts	\$ 8,457	\$ 7,584	\$ 589	\$ 1,142	\$ 372	\$ 840	\$ 0.74	\$ 1.60
Russia-Ukraine conflict and other charges (a)	—	—	993	204	889	198	1.76	0.38
Purchase accounting impacts - Linde AG (b)	—	—	406	491	305	377	0.60	0.72
Total adjustments	—	—	1,399	695	1,194	575	2.36	1.10
Adjusted amounts	\$ 8,457	\$ 7,584	\$ 1,988	\$ 1,837	\$ 1,566	\$ 1,415	\$ 3.10	\$ 2.70

(Millions of dollars, except per share amounts)	Sales		Operating Profit		Income from Continuing Operations		Diluted EPS from Continuing Operations	
Year to Date June 30	2022	2021	2022	2021	2022	2021	2022	2021
Reported GAAP Amounts	\$ 16,668	\$ 14,827	\$ 2,069	\$ 2,355	\$ 1,546	\$ 1,819	\$ 3.04	\$ 3.46
Russia-Ukraine conflict and other charges (a)	—	—	989	196	888	170	1.75	0.32
Purchase accounting impacts - Linde AG (b)	—	—	835	974	632	738	1.24	1.41
Total adjustments	—	—	1,824	1,170	1,520	908	2.99	1.73
Adjusted amounts	\$ 16,668	\$ 14,827	\$ 3,893	\$ 3,525	\$ 3,066	\$ 2,727	\$ 6.03	\$ 5.19

(a) 2022 charges relate primarily to charges associated with the deconsolidation and impairment of Russian subsidiaries resulting from the ongoing war in Ukraine and related sanctions. 2021 charges relate to cost reduction program and other charges, primarily severance.

(b) To adjust for purchase accounting impacts related to the merger.

LINDE PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

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(Millions of dollars, except per share data)	Quarter Ended June 30,		Year To Date June 30,	
	2022	2021	2022	2021
Sales	\$ 8,457	\$ 7,584	\$ 16,668	\$ 14,827
Cost of sales	4,940	4,194	9,738	8,248
Selling, general and administrative	771	822	1,573	1,609
Depreciation and amortization	1,091	1,171	2,203	2,337
Research and development	37	34	72	69
Russia-Ukraine conflict and other charges	993	204	989	196
Other income (expense) - net	(36)	(17)	(24)	(13)
Operating Profit	589	1,142	2,069	2,355
Interest expense - net	5	18	14	38
Net pension and OPEB cost (benefit), excluding service cost	(62)	(49)	(126)	(98)
Income From Continuing Operations Before Income Taxes and Equity Investments	646	1,173	2,181	2,415
Income taxes	286	334	655	602
Income From Continuing Operations Before Equity Investments	360	839	1,526	1,813
Income from equity investments	50	37	94	80
Income From Continuing Operations (Including Noncontrolling Interests)	410	876	1,620	1,893
Add: income from discontinued operations, net of tax	—	1	—	2
Income (Including Noncontrolling Interests)	410	877	1,620	1,895
Less: noncontrolling interests from continuing operations	(38)	(36)	(74)	(74)
Net Income – Linde plc	\$ 372	\$ 841	\$ 1,546	\$ 1,821

Net Income – Linde plc				
Income from continuing operations	\$ 372	\$ 840	\$ 1,546	\$ 1,819
Income from discontinued operations	\$ —	\$ 1	\$ —	\$ 2

Per Share Data – Linde plc Shareholders				
Basic earnings per share from continuing operations	\$ 0.74	\$ 1.62	\$ 3.07	\$ 3.49
Basic earnings per share from discontinued operations	—	—	—	—
Basic earnings per share	\$ 0.74	\$ 1.62	\$ 3.07	\$ 3.49
Diluted earnings per share from continuing operations	\$ 0.74	\$ 1.60	\$ 3.04	\$ 3.46
Diluted earnings per share from discontinued operations	—	—	—	—
Diluted earnings per share	\$ 0.74	\$ 1.60	\$ 3.04	\$ 3.46

Cash dividends	\$ 1.17	\$ 1.06	\$ 2.34	\$ 2.12
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Weighted Average Shares Outstanding (000's):				
Basic shares outstanding (000's)	501,034	518,950	504,093	520,691
Diluted shares outstanding (000's)	505,269	523,723	508,432	525,380

Note: See page 9 for a reconciliation to adjusted amounts which are Non-GAAP.

LINDE PLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(UNAUDITED)

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(Millions of dollars)	June 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	\$ 3,655	\$ 2,823
Accounts receivable - net	4,803	4,499
Contract assets	78	134
Inventories	1,786	1,733
Prepaid and other current assets	950	970
Total Current Assets	11,272	10,159
Property, plant and equipment - net	23,993	26,003
Goodwill	25,678	27,038
Other intangibles - net	12,634	13,802
Other long-term assets	4,308	4,603
Total Assets	\$ 77,885	\$ 81,605
Liabilities and equity		
Accounts payable	\$ 3,360	\$ 3,503
Short-term debt	3,215	1,163
Current portion of long-term debt	1,651	1,709
Contract liabilities	2,933	2,940
Other current liabilities	4,136	4,328
Total Current Liabilities	15,295	13,643
Long-term debt	11,177	11,335
Other long-term liabilities	10,373	11,186
Total Liabilities	\$ 36,845	\$ 36,164
Redeemable noncontrolling interests	13	13
Linde plc Shareholders' Equity		
Ordinary shares	1	1
Additional paid-in capital	39,978	40,180
Retained earnings	19,159	18,710
Accumulated other comprehensive income (loss)	(6,466)	(5,048)
Less: Treasury shares, at cost	(12,998)	(9,808)
Total Linde plc shareholders' equity	39,674	44,035
Noncontrolling interests	1,353	1,393
Total Equity	\$ 41,027	\$ 45,428
Total Liabilities and Equity	\$ 77,885	\$ 81,605

LINDE PLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

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(Millions of dollars)	Quarter Ended June 30,		Year to Date June 30,	
	2022	2021	2022	2021
Operations				
Net income - Linde plc	\$ 372	\$ 841	\$ 1,546	\$ 1,821
Less: income from discontinued operations, net of tax and noncontrolling interests	—	(1)	—	(2)
Add: noncontrolling interests	38	36	74	74
Net income (including noncontrolling interests)	410	876	1,620	1,893
Adjustments to reconcile net income to net cash provided by operating activities:				
Russia-Ukraine conflict and other charges, net of payments (a)	956	171	922	95
Depreciation and amortization	1,091	1,171	2,203	2,337
Accounts receivable	(203)	(210)	(543)	(388)
Contract assets and liabilities, net	51	(140)	243	51
Inventory	(109)	18	(144)	(42)
Payables and accruals	19	(30)	70	39
Pension contributions	(6)	(16)	(19)	(28)
Deferred income taxes and other	(76)	(13)	(219)	(21)
Net cash provided by operating activities	2,133	1,827	4,133	3,936
Investing				
Capital expenditures	(826)	(744)	(1,475)	(1,506)
Acquisitions, net of cash acquired	(6)	(21)	(49)	(31)
Divestitures and asset sales	(10)	56	17	77
Net cash provided by (used for) investing activities	(842)	(709)	(1,507)	(1,460)
Financing				
Debt increase (decrease) - net	214	(367)	2,760	314
Issuances of ordinary shares	12	15	22	32
Purchases of ordinary shares	(1,610)	(1,214)	(3,329)	(2,082)
Cash dividends - Linde plc shareholders	(585)	(549)	(1,177)	(1,102)
Noncontrolling interest transactions and other	(34)	(30)	(35)	(277)
Net cash provided by (used for) financing activities	(2,003)	(2,145)	(1,759)	(3,115)
Effect of exchange rate changes on cash and cash equivalents				
	(97)	68	(35)	22
Change in cash and cash equivalents	(809)	(959)	832	(617)
Cash and cash equivalents, beginning-of-period	4,464	4,096	2,823	3,754
Cash and cash equivalents, end-of-period	\$ 3,655	\$ 3,137	\$ 3,655	\$ 3,137

(a) Russia-Ukraine conflict and other charges were \$993 million and \$204 million for the quarters ended June 30, 2022 and 2021, respectively, and \$989 million and \$196 million for the six months ended June 30, 2022 and 2021, respectively. Related cash outflows were \$37 million and \$33 million for the quarters ended June 30, 2022 and 2021, respectively, and \$67 million and \$101 million for the six months ended June 30, 2022 and 2021, respectively.

LINDE PLC AND SUBSIDIARIES
SEGMENT INFORMATION
(UNAUDITED)

(Millions of dollars)	Quarter Ended June 30,		Year to Date June 30,	
	2022	2021	2022	2021
Sales				
Americas	\$ 3,518	\$ 3,020	\$ 6,759	\$ 5,860
EMEA	2,144	1,875	4,292	3,674
APAC	1,651	1,544	3,253	2,980
Engineering	644	646	1,372	1,320
Other	500	499	992	993
Total segment sales	\$ 8,457	\$ 7,584	\$ 16,668	\$ 14,827
Operating Profit				
Americas	\$ 910	\$ 871	\$ 1,814	\$ 1,666
EMEA	536	487	1,039	938
APAC	426	389	825	740
Engineering	105	108	248	217
Other	11	(18)	(33)	(36)
Segment operating profit	1,988	1,837	3,893	3,525
Russia-Ukraine conflict and other charges	(993)	(204)	(989)	(196)
Purchase accounting impacts - Linde AG	(406)	(491)	(835)	(974)
Total operating profit	\$ 589	\$ 1,142	\$ 2,069	\$ 2,355

LINDE PLC AND SUBSIDIARIES
APPENDIX
NON-GAAP MEASURES AND RECONCILIATIONS
(UNAUDITED)

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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.

(Millions of dollars, except per share data)	2022			2021				
	Year to Date June 30,	Q2	Q1	Year to Date June 30,	Q4	Q3	Q2	Q1
Adjusted Operating Profit and Operating Margin								
Reported operating profit	\$ 2,069	\$ 589	\$ 1,480	\$ 2,355	\$ 1,337	\$ 1,292	\$ 1,142	\$ 1,213
Add: Russia-Ukraine conflict and other charges	989	993	(4)	196	51	26	204	(8)
Add: Purchase accounting impacts - Linde AG (c)	835	406	429	974	453	492	491	483
Total adjustments	1,824	1,399	425	1,170	504	518	695	475
Adjusted operating profit	\$ 3,893	\$ 1,988	\$ 1,905	\$ 3,525	\$ 1,841	\$ 1,810	\$ 1,837	\$ 1,688
Reported percentage change	(12)%	(48)%	22 %	78 %	30 %	33 %	93 %	65 %
Adjusted percentage change	10 %	8 %	13 %	32 %	14 %	19 %	39 %	25 %
Reported sales	\$16,668	\$ 8,457	\$ 8,211	\$14,827	\$ 8,298	\$ 7,668	\$ 7,584	\$ 7,243
Reported operating margin	12.4 %	7.0 %	18.0 %	15.9 %	16.1 %	16.8 %	15.1 %	16.7 %
Adjusted operating margin	23.4 %	23.5 %	23.2 %	23.8 %	22.2 %	23.6 %	24.2 %	23.3 %
Adjusted Depreciation and amortization								
Reported depreciation and amortization	\$ 2,203	\$ 1,091	\$ 1,112	\$ 2,337	\$ 1,135	\$ 1,163	\$ 1,171	\$ 1,166
Less: Purchase accounting impacts - Linde AG (c)	(819)	(401)	(418)	(957)	(437)	(469)	(479)	(478)
Adjusted depreciation and amortization	\$ 1,384	\$ 690	\$ 694	\$ 1,380	\$ 698	\$ 694	\$ 692	\$ 688
Adjusted Other Income (Expense) - net								
Reported Other Income (Expense) - net	\$ (24)	\$ (36)	\$ 12	\$ (13)	\$ (23)	\$ 10	\$ (17)	\$ 4
Add: Purchase accounting impacts - Linde AG (c)	(16)	(5)	(11)	(17)	(16)	(23)	(12)	(5)
Adjusted Other Income (Expense) - net	\$ (8)	\$ (31)	\$ 23	\$ 4	\$ (7)	\$ 33	\$ (5)	\$ 9
Adjusted Net Pension and OPEB Cost (Benefit), Excluding Service Cost								
Reported net pension and OPEB cost (benefit), excluding service cost	\$ (126)	\$ (62)	\$ (64)	\$ (98)	\$ (49)	\$ (45)	\$ (49)	\$ (49)
Add: Pension settlement charges	—	—	—	—	—	(4)	—	—
Adjusted Net Pension and OPEB cost (benefit), excluding service costs	\$ (126)	\$ (62)	\$ (64)	\$ (98)	\$ (49)	\$ (49)	\$ (49)	\$ (49)
Adjusted Interest Expense - Net								
Reported interest expense - net	\$ 14	\$ 5	\$ 9	\$ 38	\$ 31	\$ 8	\$ 18	\$ 20
Add: Purchase accounting impacts - Linde AG (c)	19	9	10	33	10	10	15	18
Adjusted interest expense - net	\$ 33	\$ 14	\$ 19	\$ 71	\$ 41	\$ 18	\$ 33	\$ 38

(Millions of dollars, except per share data)	2022			2021				
	Year to Date June 30,	Q2	Q1	Year to Date June 30,	Q4	Q3	Q2	Q1
Adjusted Income Taxes (a)								
Reported income taxes	\$ 655	\$ 286	\$ 369	\$ 602	\$ 339	\$ 321	\$ 334	\$ 268
Add: Purchase accounting impacts - Linde AG (c)	216	108	108	234	103	115	116	118
Add: Pension settlement charges	—	—	—	—	—	1	—	—
Add: Russia-Ukraine conflict and other charges	101	104	(3)	26	—	3	6	20
Total adjustments	317	212	105	260	103	119	122	138
Adjusted income taxes	\$ 972	\$ 498	\$ 474	\$ 862	\$ 442	\$ 440	\$ 456	\$ 406
Adjusted Effective Tax Rate (a)								
Reported income before income taxes and equity investments	\$ 2,181	\$ 646	\$ 1,535	\$ 2,415	\$ 1,355	\$ 1,329	\$ 1,173	\$ 1,242
Add: Pension settlement charge	—	—	—	—	—	4	—	—
Add: Purchase accounting impacts - Linde AG (c)	816	397	419	941	443	482	476	465
Add: Russia-Ukraine conflict and other charges	989	993	(4)	196	51	26	204	(8)
Total adjustments	1,805	1,390	415	1,137	494	512	680	457
Adjusted income before income taxes and equity investments	\$ 3,986	\$ 2,036	\$ 1,950	\$ 3,552	\$ 1,849	\$ 1,841	\$ 1,853	\$ 1,699
Reported Income taxes	\$ 655	\$ 286	\$ 369	\$ 602	\$ 339	\$ 321	\$ 334	\$ 268
Reported effective tax rate	30.0%	44.3%	24.0%	24.9%	25.0%	24.2%	28.5%	21.6%
Adjusted income taxes	\$ 972	\$ 498	\$ 474	\$ 862	\$ 442	\$ 440	\$ 456	\$ 406
Adjusted effective tax rate	24.4%	24.5%	24.3%	24.3%	23.9%	23.9%	24.6%	23.9%
Income from Equity Investments								
Reported income from equity investments	\$ 94	\$ 50	\$ 44	\$ 80	\$ 38	\$ 1	\$ 37	\$ 43
Add: Russia-Ukraine conflict and other charges (e)	—	—	—	—	—	35	—	—
Add: Purchase accounting impacts - Linde AG (c)	39	19	20	38	20	19	19	19
Total adjustments	39	19	20	38	20	54	19	19
Adjusted income from equity investments	\$ 133	\$ 69	\$ 64	\$ 118	\$ 58	\$ 55	\$ 56	\$ 62
Adjusted Noncontrolling Interests from Continuing Operations								
Reported noncontrolling interests from continuing operations	\$ (74)	\$ (38)	\$ (36)	\$ (74)	\$ (30)	\$ (31)	\$ (36)	\$ (38)
Add: Purchase accounting impacts - Linde AG (c)	(7)	(3)	(4)	(7)	(4)	(4)	(2)	(5)
Adjusted noncontrolling interests from continuing operations	\$ (81)	\$ (41)	\$ (40)	\$ (81)	\$ (34)	\$ (35)	\$ (38)	\$ (43)
Adjusted Income from Continuing Operations (b)								
Reported income from continuing operations	\$ 1,546	\$ 372	\$ 1,174	\$ 1,819	\$ 1,024	\$ 978	\$ 840	\$ 979
Add: Pension settlement charge	—	—	—	—	—	3	—	—
Add: Russia-Ukraine conflict and other charges	888	889	(1)	170	51	58	198	(28)
Add: Purchase accounting impacts - Linde AG (c)	632	305	327	738	356	382	377	361
Total adjustments	1,520	1,194	326	908	407	443	575	333
Adjusted income from continuing operations	\$ 3,066	\$ 1,566	\$ 1,500	\$ 2,727	\$ 1,431	\$ 1,421	\$ 1,415	\$ 1,312

(Millions of dollars, except per share data)	2022			2021				
	Year to Date June 30,	Q2	Q1	Year to Date June 30,	Q4	Q3	Q2	Q1
Adjusted Diluted EPS from Continuing Operations (b)								
Reported diluted EPS from continuing operations	\$ 3.04	\$ 0.74	\$ 2.30	\$ 3.46	\$ 1.98	\$ 1.88	\$ 1.60	\$ 1.86
Add: Pension settlement charge	—	—	—	—	—	0.01	—	—
Add: Russia-Ukraine conflict and other charges	1.75	1.76	—	0.32	0.10	0.11	0.38	(0.05)
Add: Purchase accounting impacts - Linde AG (c)	1.24	0.60	0.63	1.41	0.69	0.73	0.72	0.68
Total adjustments	2.99	2.36	0.63	1.73	0.79	0.85	1.10	0.63
Adjusted diluted EPS from continuing operations	\$ 6.03	\$ 3.10	\$ 2.93	\$ 5.19	\$ 2.77	\$ 2.73	\$ 2.70	\$ 2.49

Reported percentage change	(12)%	(54)%	24 %	79 %	37 %	42 %	84 %	74 %
Adjusted percentage change	16 %	15 %	18 %	37 %	20 %	27 %	42 %	32 %

Adjusted Diluted EPS from Continuing Operations Guidance (d)	Third Quarter 2022		Full Year 2022	
	Low End	High End	Low End	High End
2022 Adjusted Guidance	\$ 2.85	\$ 2.95	\$ 11.73	\$ 11.93
Adjusted percentage changes versus 2021 adjusted diluted EPS	4 %	8 %	10 %	12 %
Add: Estimated currency headwind/(tailwind)	6 %	6 %	5 %	5 %
Adjusted percentage change excluding currency	10 %	14 %	15 %	17 %

Adjusted EBITDA and % of Sales								
Income from continuing operations	\$ 1,546	\$ 372	\$ 1,174	\$ 1,819	\$ 1,024	\$ 978	\$ 840	\$ 979
Add: Noncontrolling interests related to continuing operations	74	38	36	74	30	31	36	38
Add: Net pension and OPEB cost (benefit), excluding service cost	(126)	(62)	(64)	(98)	(49)	(45)	(49)	(49)
Add: Interest expense	14	5	9	38	31	8	18	20
Add: Income taxes	655	286	369	602	339	321	334	268
Add: Depreciation and amortization	2,203	1,091	1,112	2,337	1,135	1,163	1,171	1,166
EBITDA from continuing operations	4,366	1,730	2,636	4,772	2,510	2,456	2,350	2,422
Add: Russia-Ukraine conflict and other charges	989	993	(4)	196	51	61	204	(8)
Add: Purchase accounting impacts - Linde AG (c)	54	23	31	55	36	42	31	24
Total adjustments	1,043	1,016	27	251	87	103	235	16
Adjusted EBITDA from continuing operations	\$ 5,409	\$ 2,746	\$ 2,663	\$ 5,023	\$ 2,597	\$ 2,559	\$ 2,585	\$ 2,438
Reported sales	\$16,668	\$ 8,457	\$ 8,211	\$14,827	\$ 8,298	\$ 7,668	\$ 7,584	\$ 7,243
% of sales								
EBITDA from continuing operations	26.2%	20.5%	32.1%	32.2%	30.2%	32.0%	31.0%	33.4%
Adjusted EBITDA from continuing operations	32.5%	32.5%	32.4%	33.9%	31.3%	33.4%	34.1%	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 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 purchasing 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) We are providing adjusted earnings per share (“EPS”) guidance for 2022. This is a non-GAAP financial measure that represents diluted earnings per share from continuing operations (a GAAP measure) but excludes the impact of certain items that we believe are not representative of our underlying business performance, such as cost reduction and other charges, any impairment or other charges related to scaling back operations in Russia as actions are defined and executed and as sanctions are enacted that impact the Company's operations, the impact of potential divestitures or other potentially significant items. Given the uncertainty of timing and magnitude of such items, we cannot provide a reconciliation of the differences between the non-GAAP adjusted EPS guidance and the corresponding GAAP EPS measure without unreasonable effort.

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

LINDE PLC AND SUBSIDIARIES
APPENDIX
NON-GAAP MEASURES AND RECONCILIATIONS
(UNAUDITED)

(Millions of dollars)	2022		2021			
	Q2	Q1	Q4	Q3	Q2	Q1

Free Cash Flow (FCF) - Free cash flow is a measure used by investors, financial analysts and management to evaluate the ability of a company to pursue opportunities that enhance shareholder value. FCF equals cash flow from operations less capital expenditures.

Operating Cash Flow	\$ 2,133	\$ 2,000	\$ 3,233	\$ 2,556	\$ 1,827	\$ 2,109
Less: Capital Expenditures	(826)	(649)	(839)	(741)	(744)	(762)
Free Cash Flow	\$ 1,307	\$ 1,351	\$ 2,394	\$ 1,815	\$ 1,083	\$ 1,347

Net Debt - Net debt is a financial liquidity metric used by investors, financial analysts and management to evaluate the ability of a company to repay its debt and is calculated as total debt (excluding purchase accounting impacts) less liquid assets.

Debt	\$ 16,043	\$ 16,456	\$ 14,207	\$ 16,727	\$ 15,492	\$ 15,750
Less: Cash and cash equivalents	(3,655)	(4,464)	(2,823)	(4,700)	(3,137)	(4,096)
Net debt	12,388	11,992	11,384	12,027	12,355	11,654
Less: Purchase accounting impacts - Linde AG	(38)	(50)	(61)	(72)	(84)	(98)
Adjusted net debt	12,350	11,942	11,323	11,955	12,271	11,556
Less: Net assets held for sale	—	—	—	(1)	(1)	(4)
Adjusted net debt less net assets held for sale	\$ 12,350	\$ 11,942	\$ 11,323	\$ 11,954	\$ 12,270	\$ 11,552

After-tax Return on Capital and Adjusted After-tax Return on Capital (ROC) - After-tax return on capital is a measure used by investors, financial analysts and management to evaluate the return on net assets employed in the business. ROC measures the after-tax operating profit that the company was able to generate with the investments made by all parties in the business (debt, noncontrolling interests and Linde plc shareholders' equity).

Reported income from continuing operations	\$ 372	\$ 1,174	\$ 1,024	\$ 978	\$ 840	\$ 979
Add: noncontrolling interests from continuing operations	38	36	30	31	36	38
Add: interest expense - net	5	9	31	8	18	20
Less: tax benefit on interest expense - net *	(1)	(2)	(8)	(2)	(5)	(5)
Reported NOPAT	\$ 414	\$ 1,217	\$ 1,077	\$ 1,015	\$ 889	\$ 1,032
Adjusted income from continuing operations	\$ 1,566	\$ 1,500	\$ 1,431	\$ 1,421	\$ 1,415	\$ 1,312
Add: adjusted noncontrolling interests from continuing operations	41	40	34	35	38	43
Add: adjusted interest expense - net	14	19	41	18	33	38
Less: tax benefit on interest expense - net *	(3)	(5)	(10)	(5)	(8)	(10)
Adjusted NOPAT	\$ 1,618	\$ 1,554	\$ 1,496	\$ 1,469	\$ 1,478	\$ 1,383
4-quarter trailing reported NOPAT	\$ 3,723	\$ 4,198	\$ 4,013	\$ 3,765	\$ 3,508	\$ 3,115
4-quarter trailing adjusted NOPAT	\$ 6,137	\$ 5,997	\$ 5,826	\$ 5,627	\$ 5,389	\$ 4,985

(Millions of dollars)	2022		2021			
	Q2	Q1	Q4	Q3	Q2	Q1
Equity and redeemable noncontrolling interests:						
Redeemable noncontrolling interests	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13
Linde plc shareholders' equity	39,674	42,963	44,035	44,323	45,777	46,210
Noncontrolling interests	1,353	1,414	1,393	1,401	1,438	1,410
Total equity and redeemable noncontrolling interests	\$ 41,040	\$ 44,390	\$ 45,441	\$ 45,737	\$ 47,228	\$ 47,633
Reported capital	\$ 53,428	\$ 56,382	\$ 56,825	\$ 57,763	\$ 59,582	\$ 59,283
Total equity and redeemable noncontrolling interests	\$ 41,040	\$ 44,390	\$ 45,441	\$ 45,737	\$ 47,228	\$ 47,633
Add: Adjusted net debt less net assets held for sale	12,350	11,942	11,323	11,954	12,270	11,552
Less: Linde AG Goodwill (a)	24,256	24,256	24,256	24,256	24,256	24,256
Less: Linde AG Indefinite lived intangibles (a)	1,868	1,868	1,868	1,868	1,868	1,868
Adjusted capital	\$ 27,266	\$ 30,208	\$ 30,640	\$ 31,567	\$ 33,374	\$ 33,061
(a) Represent opening balance sheet purchase accounting impacts of non-amortizing assets related to the Linde AG merger.						
Ending capital (see above)	\$ 53,428	\$ 56,382	\$ 56,825	\$ 57,763	\$ 59,582	\$ 59,283
5-quarter average ending capital	\$ 56,796	\$ 57,967	\$ 59,086	\$ 59,960	\$ 60,502	\$ 60,584
Ending adjusted capital (see above)	\$ 27,266	\$ 30,208	\$ 30,640	\$ 31,567	\$ 33,374	\$ 33,061
5-quarter average ending adjusted capital	\$ 30,611	\$ 31,770	\$ 32,875	\$ 33,735	\$ 34,261	\$ 34,325
After-tax ROC (4 quarter reported NOPAT / 5-quarter average ending capital)	6.6 %	7.2 %	6.8 %	6.3 %	5.8 %	5.1 %
Adjusted after-tax ROC (4 quarter trailing adjusted NOPAT / 5-quarter average ending adjusted capital)	20.0 %	18.9 %	17.7 %	16.7 %	15.7 %	14.5 %

*Tax benefit on interest expense - net is generally presented using the reported effective rate.