LINDE PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023

Directors' Report

PRINCIPAL ACTIVITIES

General

Linde plc is a public limited company formed under the laws of Ireland with its principal offices in the United Kingdom and United States. Linde is the largest industrial gas company worldwide and is a major technological innovator in the industrial gases industry. Its primary products in its industrial gases business are atmospheric gases (oxygen, nitrogen, argon, and rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases, and acetylene etc). The company also designs and builds equipment that produces industrial gases and offers customers a wide range of gas production and processing services such as olefin plants, natural gas plants, air separation plants, hydrogen and synthesis gas plants and other types of plants.

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

The historical consolidated financial statements of Linde plc for the periods prior to the merger as described in Note 1 to the Consolidated Financial Statements are considered to be the historical financial statements of the Group and that is reflected in the comparative and current year financial information presented in this Directors' report.

Industrial Gases Products and Manufacturing Processes

Atmospheric gases are the highest volume products produced by Linde. Using air as its raw material, Linde produces oxygen, nitrogen and argon through several air separation processes of which cryogenic air separation is the most prevalent. Rare gases, such as krypton, neon and xenon, are also produced through cryogenic air separation. As a pioneer in the industrial gases industry, Linde is a leader in developing a wide range of proprietary and patented applications and supply systems technology. Linde also led the development and commercialization of non-cryogenic air separation technologies for the production of industrial gases. These technologies open important new markets and optimize production capacity for the company by lowering the cost of supplying industrial gases. These technologies include proprietary vacuum pressure swing adsorption ("VPSA") and membrane separation to produce gaseous oxygen and nitrogen, respectively.

Process gases, including carbon dioxide, hydrogen, helium, specialty gases and acetylene are produced by methods other than air separation.

Hydrogen is produced from a range of feedstocks using an array of different technologies. Despite hydrogen being an invisible molecule, colors are often used to designate and differentiate between the production processes used to produce the molecule. The majority of hydrogen currently produced by Linde is what is termed gray hydrogen and is derived from natural gas or methane, using steam methane reformation technology. Linde has multiple technologies to produce blue and green hydrogen, which are both considered types of clean energy. Blue hydrogen is produced by capturing the carbon emissions from the hydrogen plant and either utilizing them in a way that stops them from being emitted or sequestering them in the subsurface for the long term. Green hydrogen is produced by electrolysis using renewable energy or from the steam methane reforming of biomethane. Low carbon intensity, high-purity hydrogen is also produced by purifying and recovering by-product hydrogen sources from the chemical and petrochemical industries.

Carbon monoxide can be produced by either steam methane reforming or auto-thermal reforming of natural gas or other feed streams such as naphtha. Most carbon dioxide is purchased from by-product sources, including chemical plants, refineries and industrial processes or is recovered from carbon dioxide wells. Carbon dioxide is processed in Linde's plants to produce commercial and food-grade carbon dioxide. Helium is sourced from certain helium-rich natural gas streams in the United States, with additional supplies being acquired from outside the United States. Acetylene is primarily sourced as a chemical by-product, but may also be produced from calcium carbide and water.

Industrial Gases Distribution

There are three basic distribution methods for industrial gases: (i) on-site or tonnage; (ii) merchant or bulk liquid; and (iii) packaged or cylinder gases. These distribution methods are often integrated, with products from all three supply modes coming from the same plant. The method of supply is generally determined by the lowest cost means of meeting the customer's needs, depending upon factors such as volume requirements, purity, pattern of usage, and the form in which the product is used (as a gas or as a cryogenic liquid).

On-site. Customers that require the largest volumes of product (typically oxygen, nitrogen and hydrogen) 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. On-site product supply contracts generally are total requirement contracts with terms typically ranging from 10-20 years and containing 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. Advanced air separation processes allow on-site delivery to customers with smaller volume requirements.

Merchant. The merchant business is generally associated with distributable liquid oxygen, nitrogen, argon, carbon dioxide, hydrogen and helium. The deliveries generally are made from Linde's plants by tanker trucks to storage containers at the customer's site which are usually owned and maintained by Linde and leased to the customer. Due to 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 requirement contracts.

Packaged Gases. Customers requiring small volumes are supplied products in metal containers called cylinders, under medium to high pressure. Packaged gases include atmospheric gases, carbon dioxide, hydrogen, helium, acetylene and related products. Linde also produces and distributes in cylinders a wide range of specialty gases and mixtures. Cylinders may be delivered to the customer's site or picked up by the customer at a packaging facility or retail store. Packaged gases are generally sold under one to three-year supply contracts and through purchase orders.

Engineering

Linde's Engineering business has a global presence, with its focus on market segments such as air separation, hydrogen, synthesis, olefin and natural gas plants. The company utilizes its extensive process engineering know-how in the planning, design and construction of highly efficient plants for the production and processing of gases. With its state-of-the-art sustainable technologies Engineering also helps customers avoid, capture and utilize CO2 emissions. Its technology portfolio covers the entire value chain for production, liquefaction, storage, distribution and application of hydrogen which supports the transition to clean energy. Its digital services and solutions increase plant efficiency and performance.

Linde's plants are used in a wide variety of fields: in the petrochemical and chemical industries, in refineries and fertilizer plants, to recover air gases, to produce synthesis gases, to treat natural gas and to produce noble gases. The Engineering business either supplies plant components directly to the customer or to the industrial gas business of Linde which operates the plants under a long-term gases supply contract.

BUSINESS REVIEW

CONSOLIDATED RESULTS OF OPERATIONS

The following table provides summary results of operations of Linde plc for 2023 and 2022:

(Millions of dollars, except per share data) **Year Ended 31 December**	**2023**	**2022**	**Variance**	
Sales	$ 32,854	$ 33,364	$ (510)	(2)%
Cost of sales (includes depreciation)	20,579	22,873	(2,294)	(10)%
Marketing and selling expenses, Administrative expenses and Research and development costs (includes depreciation and amortization)	4,210	4,031	179	4 %
Other operating (income) expense - net	41	1,091	(1,050)	N/A
Operating profit	**8,024**	**5,369**	2,655	49 %
Operating Margin	*24.4 %*	*16.1 %*		
Interest expense - net	200	63	137	217 %
Net pension and OPEB cost (benefit), excluding service cost	(164)	(237)	73	(31)%
Share of profit and loss from associates and joint ventures (at equity)	(167)	(172)	5	(3)%
Income tax expense	1,814	1,434	380	26 %
PROFIT FOR THE YEAR	**$ 6,341**	**$ 4,281**	$ 2,060	48 %
attributable to Linde plc shareholders	$ 6,199	$ 4,147	$ 2,052	49 %
attributable to noncontrolling interests	$ 142	$ 134	$ 8	6 %
DILUTED EARNINGS PER SHARE - LINDE PLC SHAREHOLDERS	$ 12.59	$ 8.23	$ 4.36	53 %

Results of Operations, 2023 Compared With 2022

Sales decreased 2% to $32,854 million in 2023 compared to $33,364 million in 2022. Higher pricing across all geographic segments contributed 6% to sales. Cost pass-through, representing the contractual billing of energy cost variances primarily to onsite customers, decreased sales by 3%, with minimal impact on operating profit. Volumes decreased sales by 1% primarily driven by the electronics and metals and mining end markets. The impact of divestitures, net of acquisitions decreased sales by 1%. Currency translation decreased sales by 1%, largely in APAC, driven by the weakening of the Chinese yuan and Australian dollar against the U.S. dollar, partially offset by EMEA, driven by the strengthening of the Euro and British pound.

Cost of sales decreased 10% to $20,579 million in 2023 compared to $22,873 million in 2022 primarily due to lower cost pass-through and volumes, lower depreciation, the net impact of acquisitions and divestitures and productivity gains which more than offset cost inflation. Cost of sales was 62.6% and 68.6% of revenues, respectively, in 2023 and 2022. The decrease as a percentage of revenues was due to higher pricing and lower cost pass-through.

Marketing and selling expenses, Administrative expenses and Research and development costs ("SG&A/R&D") increased $179 million in 2023 to $4,210 million, primarily due to higher costs including the acquisition of nexAir. SG&A/R&D was 12.8% of revenues in 2023 versus 12.1% of revenues in 2022.

Other operating (income) expense - net in 2023 was a charge of $41 million versus $1,091 million in 2022. 2022 charges relate primarily to the deconsolidation and impairment of Russian subsidiaries resulting from the ongoing war in Ukraine and related sanctions recorded as of 30 June 2022 (see Note 5 to the consolidated financial statements).

Operating profit of $8,024 million in 2023 increased $2,655 million, or 49% , from operating profit of $5,369 million in 2022. The increase was primarily driven by Russia-Ukraine conflict and other charges recorded in 2022 and included higher pricing, savings from productivity initiatives, and lower depreciation and amortization driven by merger related intangible assets. Operating profit includes other charges of $40 million in 2023 , compared to cost reduction program and other charges of $139 million in 2022. A discussion of operating profit by segment is included in the segment discussion that follows.

Interest expense – net in 2023 increased $137 million, or 217%, versus 2022. The increase was driven primarily by higher interest rates on debt and included approximately $28 million of devaluation impacts from hyperinflationary countries (see Note 6 to the consolidated financial statements).

Net pension and OPEB cost (benefit), excluding service cost were benefits of $164 million and $237 million in 2023 and 2022, respectively. The decrease in benefit primarily relates to higher interest cost reflective of the higher discount rate environment year-over-year (see Note 16 to the consolidated financial statements).

Share of profit and loss from associates and joint ventures (at equity) decreased $5 million in 2023 versus 2022 (see Note 12 to the consolidated financial statements).

The reported effective tax rate ("ETR") for 2023 was 22.7% versus 25.9% in 2022. The decrease in the rate is primarily related to a net decrease in the company's uncertain tax positions and the absence of the net unfavorable tax expense resulting from the Russia impairment and deconsolidation in 2022 (see Note 7 to the consolidated financial statements).

Profit for 2023 was $6,341 million, $2,060 million or 48% higher than $4,281 million in 2022. This is primarily driven by higher operating profit in the year versus the respective 2022 period.

Diluted earnings per share - Linde plc shareholders ("EPS") of $12.59 in 2023 increased 53% versus 2022, primarily due to higher profit and lower diluted shares outstanding.

SEGMENT DISCUSSION

Linde's operations consist of two major product lines: industrial gases and engineering. Linde's industrial gases operations are managed on a geographic basis, which represents three of the company's operating segments - Americas, EMEA (Europe/Middle East/Africa), and APAC (Asia/South Pacific); a fourth operating segment which represents the company's Engineering business, designs and manufactures equipment for air separation and other industrial gas applications specifically for end customers and is managed on a worldwide basis operating in all geographic segments. Each of these operating segments is a separate reporting segment for financial reporting purposes. Other consists of corporate costs and a few smaller businesses which individually do not meet the quantitative thresholds for separate presentation.

Linde assesses the performance of the operating segments determined in accordance with US GAAP to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Irish Companies Acts (collectively, the "Companies Act") or of any regulations made thereunder. Accordingly, the analysis of key performance indicators and the associated segment discussion that follows are based on US GAAP results. The following summary of US GAAP sales and operating profit by segment provides a basis for the discussion that follows. Linde evaluates the performance of its operating segments based on operating profit, excluding the items not indicative of ongoing business trends ("Segment operating profit").

The table below presents sales and operating profit information about reportable segments and Other for the years ended 31 December 2023 and 2022.

(Millions of dollars) Year Ended 31 December	2023	2022	Variance	
Sales				
Americas	$ 14,304	$ 13,874	$ 430	3 %
EMEA	8,542	8,443	99	1 %
APAC	6,559	6,480	79	1 %
Engineering	2,160	2,762	(602)	(22)%
Other	1,289	1,805	(516)	(29)%
Total sales	$ 32,854	$ 33,364	(510)	(2)%
Operating Profit				
Americas	$ 4,244	$ 3,732	$ 512	14 %
EMEA	2,486	2,013	473	23 %
APAC	1,806	1,670	136	8 %
Engineering	491	555	(64)	(12)%
Other	43	(66)	109	(165)%
Segment operating profit	9,070	7,904	1,166	15 %
Reconciliation to Consolidated Operating Profit				
Other charges [1]	(40)	(1,029)	989	(96)%
Purchase accounting impacts - Linde AG [2]	(1,006)	(1,506)	500	33 %
Total Operating Profit	$ 8,024	$ 5,369	$ 2,655	49 %

(1) Related to Note 5 to the consolidated financial statements.
(2) Impacts of the required purchase accounting related to the merger transaction, primarily the increased depreciation and amortization of assets recorded at fair value.

Americas

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

Sales for the Americas segment increased $430 million, or 3%, in 2023 versus 2022. Higher pricing contributed 6% to sales. The impact of net acquisitions increased sales by 3% primarily due to the acquisition of nexAir, LLC (See Note 3 to the consolidated financial statements). Cost past-through decreased sales by 6% with minimal impact on operating profit. Volumes and currency translation remained flat.

Operating profit in the Americas segment increased $512 million, or 14%, in 2023 versus 2022 driven primarily by higher pricing, acquisitions and continued productivity initiatives which more than offset cost inflation the year.

EMEA

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

EMEA segment sales increased $99 million, or 1%, in 2023 versus 2022. Higher price attainment increased sales by 9%. Volumes decreased sales by 4% led by the chemicals and energy end market. Cost pass-through decreased sales by 3% with minimal impact on operating profit. Currency translation increased sales by 1% due largely to the strengthening of the Euro and British pound against the U.S. Dollar. The impact of net divestitures decreased sales by 2% primarily due to the deconsolidation of the Russian subsidiaries in June 2022.

Operating profit for the EMEA segment increased $473 million, or 23%, in 2023 versus 2022. The increase was driven primarily by higher pricing and continued productivity initiatives, partially offset by cost inflation, lower volumes and divestitures.

APAC

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 for the APAC segment increased $79 million, or 1%, in 2023 versus 2022. Volume increased 2% including project start-ups in the electronics and chemicals and energy end markets. Higher price increased sales by 4%. Cost pass-through decreased sales by 1% with minimal impact on operating profit. Currency translation decreased sales by 4% driven primarily by the weakening of the Australian dollar, Indian rupee and Chinese Yuan against the U.S. Dollar.

Operating profit in the APAC segment increased $136 million, or 8%, in 2023 versus 2022. The increase was primarily driven by higher pricing and continued productivity initiatives which more than offset the impact of currency and cost inflation.

Engineering

Engineering segment sales decreased $602 million, or 22%, in 2023 versus 2022. The decrease was driven by project timing.

Projects for Russia that were sanctioned, and therefore terminated or suspended, have been lawfully wound down and represented approximately $238 million and $894 million of the Engineering segment sales during 2023 and 2022, respectively.

Engineering segment operating profit decreased $64 million or 12%, in 2023 versus 2022. The decline from lower sales was partially offset by higher margin on wind down of terminated or suspended projects sanctioned in Russia.

Other

Other consists of corporate costs and a few smaller businesses including: Linde Advanced Materials Technology and global helium wholesale; which individually do not meet the quantitative thresholds for separate presentation.

Sales for Other decreased $516 million, or 29%, in 2023 versus 2022. Divestitures decreased sales by 31% primarily due to the sale of the GIST business in third quarter of 2022. Volume/Price increased sales by 2% driven primarily by price in the coatings and global helium businesses, partially offset by lower coatings volumes.

Operating profit in Other increased $109 million, or 165%, in 2023 versus 2022, driven primarily by higher pricing in global helium and coatings and lower corporate costs which more than offset the impact of divestitures and lower volumes.

CONSOLIDATED FINANCIAL POSITION

The following table provides a summary of consolidated financial position of Linde plc as of 31 December 2023 and 2022:

(Millions of dollars)	31/12/2023	31/12/2022	Variance	
Goodwill	$ 26,751	$ 25,817	$ 934	4 %
Other intangible assets	12,399	12,420	(21)	— %
Property, plant and equipment	24,552	23,548	1,004	4 %
Other assets	12,445	12,437	8	— %
Cash and cash equivalents	4,664	5,436	(772)	(14)%
TOTAL ASSETS	**$ 80,811**	**$ 79,658**	1,153	1 %
Equity	$ 41,082	$ 41,374	(292)	(1)%
Pensions obligations and other provisions	3,306	2,224	1,082	49 %
Financial debt	19,373	17,913	1,460	8 %
Other liabilities	17,050	18,147	(1,097)	(6)%
TOTAL EQUITY AND LIABILITIES	**$ 80,811**	**$ 79,658**	1,153	1 %

Goodwill increased $934 million, from $25,817 million as of 31 December 2022 to $26,751 million as of 31 December 2023 . This increase is primarily related to the acquisition of nexAir and higher impact from currency translation during the year ended 31 December 2023 (see Notes 3 and 9 to the consolidated financial statements).

Other intangible assets decreased $21 million, from $12,420 million as of 31 December 2022 to $12,399 million as of 31 December 2023. This decrease is primarily related to the amortization of finite lived intangible assets, partially offset by the acquisition of nexAir and higher impact from currency translation (see Notes 3 and 10 to the consolidated financial statements).

Property, plant and equipment increased $1,004 million, from $23,548 million as of 31 December 2022 to $24,552 million as of 31 December 2023. This increase is primarily related to capital expenditures, the acquisition of nexAir and higher impact from currency translation, partially offset by the depreciation of property, plant and equipment during the year ended 31 December 2023 (see Notes 3 and 11 to the consolidated financial statements).

Other assets increased $8 million, from $12,437 million as of 31 December 2022 to $12,445 million as of 31 December 2023.

Cash and cash equivalents decreased $772 million, from $5,436 million as of 31 December 2022 to $4,664 million as of 31 December 2023. Cash provided from operating activities of $9,305 million was offset by cash outflows for investing and financing activities of $4,670 million and $5,400 million, respectively. See the "Liquidity and Capital Resources" discussion below for further detail. The cash is available for corporate uses, including among others, capital expenditures, dividends and share repurchases.

Equity decreased $292 million, from $41,374 million as of 31 December 2022 to $41,082 million as of 31 December 2023. This decrease is primarily driven by net share repurchases of $3,925 million, $2,482 million of dividend payments to Linde plc shareholders and $380 million of pension remeasurements. This decrease was partially offset by profit for the year of $6,341 million and favorable currency translation of $400 million (see the consolidated statement of changes equity and Note 15 to the consolidated financial statements).

Pensions obligations and other provisions increased $1,082 million, from $2,224 million as of 31 December 2022 to $3,306 million as of 31 December 2023 driven primarily by advance payments associated with an engineering project in Russia that was previously recorded in contract liabilities and the remeasurement of pension obligations, which was adversely impacted by decreased discount rates (see Notes 28 and 16 to the consolidated financial statements).

Financial debt (the sum of current debt and non-current debt) increased $1,460 million, from $17,913 million as of 31 December 2022 to $19,373 million as of 31 December 2023, driven primarily by higher commercial paper borrowings and debt issuances, partially offset by repayments (see the "Liquidity and Capital Resources" discussion below and Note 18 to the consolidated financial statements).

Other liabilities decreased $1,097 million, from $18,147 million as of 31 December 2022 to $17,050 million as of 31 December 2023. This decrease was driven primarily by advance payments reclassified to other provisions and the timing of payments related to payables and taxes (see Note 4 to the consolidated financial statements).

LIQUIDITY AND CAPITAL RESOURCES

Following is a summary of the consolidated statement of cash flows:

(Millions of dollars)

Year Ended 31 December		**2023**		**2022**		**Variance**
Cash flow from operating activities	$	9,305	$	8,864	$	441
Cash flow for investing activities		(4,670)		(3,088)		(1,582)
Cash flow for financing activities		(5,400)		(3,089)		(2,311)
Other cash activity		(7)		(74)		67
Change in cash and cash equivalents		(772)		2,613		(3,385)
Cash and cash equivalents, beginning-of-period		5,436		2,823		2,613
Cash and cash equivalents, end-of-period	$	4,664	$	5,436	$	(772)

Cash flow from operating activities

Cash flows from operations was $9,305 million, an increase of $441 million from 2022. The increase was driven primarily by higher net income adjusted for non-cash charges, partially offset by higher working capital requirements, including lower inflows from contract liabilities from engineering customer advanced payments and higher cash tax payments. Other charges were $40 million and $1,029 million, for the years ended 31 December 2023 and 2022, respectively. 2022 charges related primarily to the deconsolidation and impairment of Russian subsidiaries resulting from the ongoing war in Ukraine and related sanctions. Related Other charges cash outflows were $158 million and $127 million for the years ended 31 December 2023 and 2022, respectively.

As of 31 December 2023, Linde has approximately $418 million recorded in contract liabilities within the consolidated statement of financial position related to suspended engineering projects in Russia.

Cash flow for investing activities

Net cash used for investing activities was $4,670 million in 2023 compared to $3,088 million in 2022 due to higher acquisitions, net of cash acquired and higher capital expenditures.

Capital expenditures in 2023 were $3,787 million, an increase of $614 million from 2022. Capital expenditures during 2023 related primarily to investments in new plant and production equipment for operating and growth requirements. Approximately 63% of the capital expenditures were in the Americas segment with 21% in the APAC segment and the rest primarily in the EMEA segment.

At 31 December 2023 , Linde's sale of gas backlog of large projects under construction was approximately $4.9 billion. This represents the total estimated capital cost of large plants under construction.

Acquisitions, net of cash acquired for 2023 were $953 million, an increase of $843 million from 2022, and related primarily to the acquisition of nexAir in the Americas (see Note 3 to the consolidated financial statements). Acquisitions, net of cash acquired for the year ended 31 December 2022 were $110 million related primarily to the Americas and EMEA segments.

Divestitures and asset sales, net of cash divested in 2023 were $70 million as compared to $195 million in 2022. Divestiture proceeds in 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 3 to the consolidated financial statements).

Cash flow for financing activities

Linde’s financing strategy is to secure long-term committed funding by issuing public notes and debentures and commercial paper backed by a long-term bank credit agreement. Linde’s international operations are funded through a combination of local borrowing and intercompany funding to minimize the total cost of funds and to manage and centralize currency exchange exposures. As deemed necessary, Linde manages its exposure to interest-rate changes through the use of financial derivatives (see Note 22 to the consolidated financial statements).

Cash used for financing activities was $5,400 million in 2023 compared to $3,089 million in 2022. Cash provided by debt was $1,060 million in 2023 versus $4,475 million in 2022, driven primarily by lower inflows from commercial paper borrowings and lower net debt issuances in 2023. In February 2023, Linde repaid $500 million of 2.70% notes that became due. In April 2023, Linde repaid €650 million of 2.00% notes and £300 million of 5.875% notes that became due. In June 2023, Linde issued €500 million of 3.625% notes due in 2025, €750 million of 3.375% notes due in 2029 and €650 million of 3.625% notes due in 2034.

In February 2024, Linde issued €700 million of 3.00% notes due in 2028, €850 million of 3.20% notes due in 2031 and €700 million of 3.40% notes due in 2036.

Net purchases of ordinary shares were $3,925 million in 2023 versus $5,132 million in 2022. On 23 October 2023, the company's board of directors approved a new share repurchase program for up to $15 billion of Linde's ordinary shares.

Cash dividends increased to $2,482 million in 2023 versus $2,344 million in 2022 driven primarily by a 9% increase in dividends per share to $5.10 per share from $4.68 per share, partially offset by lower shares outstanding. Cash used for Noncontrolling interest transactions and other was $53 million for the year ended 31 December 2023 versus cash used of $88 million for the respective 2022 period.

Linde’s total net debt outstanding at 31 December 2023 was $14,709 million, $2,231 million higher than $12,478 million at 31 December 2022. The 31 December 2023 net debt balance includes $18,907 million in public securities, and $466 million representing primarily worldwide bank borrowings, net of $4,664 million of cash. Linde’s global effective borrowing rate was approximately 2.6% for 2023.

The company believes that it has sufficient operating flexibility, cash reserves, and funding sources to maintain adequate amounts of liquidity to meet its business needs around the world. At 31 December 2023, Linde's credit ratings as reported by Standard & Poor’s and Moody’s were A-1 and P-1 for short-term debt, respectively, and A and A2 for long-term debt, respectively. The company maintains a $5 billion and a $1.5 billion unsecured and undrawn revolving credit agreements with no associated financial covenants. No borrowings were outstanding under the credit agreements as of 31 December 2023. The company does not anticipate any limitations on its ability to access the debt capital markets and/or other external funding sources and remains committed to its strong ratings from Moody’s and Standard & Poor’s.

Note 18 to the consolidated financial statements includes information with respect to the company’s debt activity in 2023, current debt position, debt covenants and the available credit facilities; and Note 22 includes information relating to derivative financial instruments. Linde's credit facilities are with major financial institutions and are non-cancelable until maturity. Therefore, the company believes the risk of the financial institutions being unable to make required loans under the credit facilities, if requested, to be low. Linde’s major bank credit and long-term debt agreements contain standard covenants. The company was in compliance with these covenants at 31 December 2023 and expects to remain in compliance for the foreseeable future.

FINANCIAL INSTRUMENTS

In its normal operations, Linde is exposed to market risks relating to fluctuations in interest rates, foreign currency exchange rates, energy and commodity costs. The objective of financial risk management at Linde is to minimize the negative impact of such fluctuations on the company’s earnings and cash flows. To manage these risks, among other strategies, Linde routinely enters into various derivative financial instruments (“derivatives”) including interest-rate swap and treasury rate lock agreements, currency-swap agreements, forward contracts, currency options, and commodity-swap agreements. These instruments are not entered into for trading purposes and Linde only uses commonly traded and non-leveraged instruments. Counterparties to Linde’s derivatives are major banking institutions with credit ratings of investment grade or better thereby minimizing the risk of credit loss. As of year-end, Linde had existing Credit Support Annexes ("CSAs") in place for certain of 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.

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 changes in the fair value of recognized assets or liabilities, primarily financial assets and financial liabilities, and firm commitments. Cash-flow exposures relate to the variability of future cash flows associated with recognized assets or liabilities, or forecasted transactions for which no underlying exposure is yet reported in the consolidated statement of financial position. Net investment exposures relate to the impact of foreign currency exchange rate changes on the carrying value of net assets denominated in foreign currencies.

Interest Rate Risk

At 31 December 2023, Linde had debt totaling $19,373 million ($17,913 million at 31 December 2022). For fixed-rate instruments, interest rate changes affect the fair market value but do not impact earnings or cash flows. Conversely, for floating-rate instruments, interest rate changes generally do not affect the fair market value of the instrument but impact future earnings and cash flows, assuming that other factors are held constant. At 31 December 2023, including the impact of derivatives, Linde had fixed-rate debt of $14,345 million and floating-rate debt of $5,028 million, representing 74% and 26%, respectively, of total debt. At 31 December 2022, including the impact of derivatives, Linde had fixed-rate debt of $13,000 million and floating-rate debt of $4,914 million, representing 73% and 27%, respectively, of total debt.

In order to mitigate interest rate risk, when considered appropriate interest-rate swaps are entered into as hedges of underlying financial instruments to effectively change the characteristics of the interest rate without actually changing the underlying financial instrument. At 31 December 2023, Linde had fixed-to-floating interest rate swaps outstanding that were designated as hedging instruments of the underlying debt issuances - refer to Note 18 to the consolidated financial statements for additional information.

Foreign Currency Risk

Linde's exchange-rate exposures result primarily from its investments and ongoing operations in Latin America (primarily Brazil and Mexico), Europe (primarily Germany, Scandinavia, and the U.K.), Canada, Asia Pacific (primarily Australia and China) and other business transactions such as the procurement of equipment from foreign sources. Linde frequently utilizes currency contracts to hedge these exposures. See Note 22 to the consolidated financial statements for additional information.

Further details of the financial risk management objectives and policies and the exposure of the company to price risk, credit risk, liquidity risk and cash flow risk are provided in Note 22 to the consolidated financial statements.

RESEARCH AND DEVELOPMENT

Linde's research and development is directed toward development of gas processing, separation and liquefaction technologies, and clean energy technologies; improving distribution of industrial gases and the development of new markets and applications for these gases. This results in the development of new advanced air separation, hydrogen, synthesis gas, natural gas, adsorption and chemical process technologies; novel clean energy and carbon management solutions; as well as the frequent introduction of new industrial gas applications. Research and development is primarily conducted in Pullach, Germany, Tonawanda, New York, Burr Ridge, Illinois and Shanghai, China. See the Consolidated Statement of Profit and Loss for additional information.

PRINCIPAL RISKS AND UNCERTAINTIES

Due to the size and geographic reach of the company's operations, a wide range of factors, many of which are outside of the company's control, could materially affect the company's future operations and financial performance. Management believes the following risks may significantly impact the company:

Weakening economic conditions in markets in which Linde does business may adversely impact its financial results and/or cash flows.

Linde serves a diverse group of industries across more than 80 countries, which generally leads to financial stability through various business cycles. However, a broad decline in general economic or business conditions in the industries served by its customers could adversely affect the demand for Linde's products and impair the ability of its customers to satisfy their obligations to Linde, resulting in uncollected receivables and/or unanticipated contract terminations or project delays. For example, global political and economic uncertainty could reduce investment activities of Linde's customers, which could adversely affect Linde's business.

In addition, many of Linde's customers are in businesses that are cyclical in nature, such as the chemicals, metals and energy industries. Downturns in these industries may adversely impact Linde during these cycles. Additionally, such conditions could impact the utilization of Linde's manufacturing capacity which may require it to recognize impairment losses on property, plant and equipment, as well as intangible assets such as goodwill, customer relationships or intellectual property.

Increases in the cost of energy and raw materials and/or disruption in the supply of these materials could result in lost sales or reduced profitability.

Energy is the single largest cost item in the production and distribution of industrial gases. Most of Linde's energy requirements are in the form of electricity, natural gas and diesel fuel for distribution. Linde attempts to minimize the financial impact of variability in these costs through the management of customer contracts and reducing demand through operational productivity and energy efficiency. Large customer contracts typically have escalation and pass-through clauses to recover energy and feedstock costs. Such attempts may not successfully mitigate cost variability, which could negatively impact Linde's financial condition or results of operations. The supply of energy has not been a significant issue in the geographic areas where Linde conducts business. However, regional energy conditions are unpredictable and may pose future risk.

For carbon dioxide, carbon monoxide, helium, hydrogen and specialty gases, raw materials are largely purchased from outside sources. Where feasible, Linde sources several of these raw materials, including carbon dioxide, hydrogen and calcium carbide, as chemical or industrial byproducts. In addition, Linde has contracts or commitments for, or readily available sources of, most of these raw materials; however, their long-term availability and prices are subject to market conditions. A disruption in supply of such raw materials could impact Linde's ability to meet contractual supply commitments.

Linde's international operations are subject to the risks of doing business abroad and international events and circumstances may adversely impact its business, financial condition or results of operations.

Linde has substantial international operations which are subject to risks including devaluations in currency exchange rates, transportation delays and interruptions, political and economic instability and disruptions, restrictions on the transfer of funds, trade conflicts and the imposition of duties and tariffs, import and export controls, changes in governmental policies, labor unrest, possible nationalization and/or expropriation of assets, changes in U.S. and non-U.S. tax policies and compliance with governmental regulations. These events could have an adverse effect on the international operations of Linde in the future by reducing the demand for its products, decreasing the prices at which it can sell its products, reducing the revenue from international operations or otherwise having an adverse effect on its business.

Currency exchange rate fluctuations and other related risks may adversely affect Linde's results.

Because a significant portion of Linde's revenue is denominated in currencies other than its reporting currency, the U.S. dollar, changes in exchange rates will produce fluctuations in revenue, costs and earnings and may also affect the book value of assets and liabilities and related equity. Although the company from time to time utilizes foreign exchange forward contracts to hedge these exposures, its efforts to minimize currency exposure through such hedging transactions may not be successful depending on market and business conditions. As a result, fluctuations in foreign currency exchange rates could adversely affect Linde's financial condition, results of operations or cash flows.

Macroeconomic factors may impact Linde's ability to obtain financing or increase the cost of obtaining financing which may adversely impact Linde's financial results and/or cash flows.

Volatility and disruption in the U.S., European and global credit and equity markets, from time to time, could make it more difficult for Linde to obtain financing for its operations and/or could increase the cost of obtaining financing. In addition, Linde's borrowing costs can be affected by short- and long-term debt ratings assigned by independent rating agencies which are based, in significant part, on its performance as measured by certain criteria such as interest coverage and leverage ratios. A decrease in these debt ratings could increase the cost of borrowing or make it more difficult to obtain financing.

An impairment of goodwill or intangible assets could negatively impact the company's financial results.

As of 31 December 2023, the net carrying value of goodwill and other indefinite-lived intangible assets was $27 billion and $2 billion, respectively, primarily as a result of the business combination and the related acquisition method of accounting applied to Linde AG. In accordance with generally accepted accounting principles, the company periodically assesses these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to business, unexpected significant changes or planned changes in use of the assets, divestitures and sustained market capitalization declines may result in recognition of impairments to goodwill or other indefinite-lived assets. Any charges relating to such impairments could have a material adverse impact on Linde's results of operations in the periods recognized.

Catastrophic events could disrupt the operations of Linde and/or its customers and suppliers and may have a significant adverse impact on the results of operations.

The occurrence of catastrophic events or natural disasters such as extreme weather, including hurricanes and floods; health epidemics; pandemics, such as COVID-19; and acts of war or terrorism, could disrupt or delay Linde's ability to produce and distribute its products to customers and could potentially expose Linde to third-party liability claims. In addition, such events could impact Linde's customers and suppliers resulting in temporary or long-term outages and/or the limitation of supply of energy and other raw materials used in normal business operations. Linde evaluates the direct and indirect business risks, consults with vendors, insurance providers and industry experts, makes investments in suitably resilient design and technology, and conducts regular reviews of the business risks with management. Despite these steps, however, these situations are outside Linde's control and may have a significant adverse impact on its financial results.

The inability to attract and retain qualified personnel may adversely impact Linde's business.

If Linde fails to attract, hire and retain qualified personnel, it may not be able to develop, market or sell its products or successfully manage its business. Linde is dependent upon a highly skilled, experienced and efficient workforce to be successful. Much of Linde's competitive advantage is based on the expertise and experience of key personnel regarding marketing, technology, manufacturing and distribution infrastructure, systems and products. The inability to attract and hire qualified individuals or the loss of key employees in very skilled areas could have a negative effect on Linde's financial results.

If Linde fails to keep pace with technological advances in the industry or if new technology initiatives do not become commercially accepted, customers may not continue to buy Linde's products and results of operations could be adversely affected.

Linde's research and development is directed toward developing new and improved methods for the production and distribution of industrial gases, the design and construction of plants and toward developing new markets and applications for the use of industrial and process gases. This results in the introduction of new applications and the development of new advanced process technologies. As a result of these efforts, Linde develops new and proprietary technologies and employs necessary measures to protect such technologies within the global geographies in which Linde operates. These technologies help Linde to create a competitive advantage and to provide a platform to grow its business. If Linde's research and development activities do not keep pace with competitors or if Linde does not create new technologies that benefit customers, future results of operations could be adversely affected.

Risks related to pension benefit plans may adversely impact Linde's results of operations and cash flows.

Pension benefits represent significant financial obligations that will be ultimately settled in the future with employees who meet eligibility requirements. Because of the uncertainties involved in estimating the timing and amount of future payments and asset returns, significant estimates are required to calculate pension expense and liabilities related to Linde's plans. Linde utilizes the services of independent actuaries, whose models are used to facilitate these calculations. Several key assumptions are used in the actuarial models to calculate pension expense and liability amounts recorded in the consolidated financial statements. In particular, significant changes in actual investment returns on pension assets, discount rates, or legislative or regulatory changes could impact future results of operations and required pension contributions.

Operational risks may adversely impact Linde's business or results of operations.

Linde's operating results are dependent on the continued operation of its production facilities and its ability to meet customer contract requirements and other needs. Insufficient or excess capacity threatens Linde's ability to generate competitive profit margins and may expose Linde to liabilities related to contract commitments. Operating results are also dependent on Linde's ability to complete new construction projects on time, on budget and in accordance with performance requirements. Failure to do so may expose Linde's business to loss of revenue, potential litigation and loss of business reputation.

Also inherent in the management of Linde's production facilities and delivery systems, including storage, vehicle transportation and pipelines, are operational risks that require continuous training, oversight and control. Material operating failures at production, storage facilities or pipelines, including fire, toxic release and explosions, or the occurrence of vehicle transportation accidents could result in loss of life, damage to the environment, loss of production and/or extensive property damage, all of which may negatively impact Linde's financial results.

Linde may be subject to information technology system failures, network disruptions and breaches in data security.

Linde relies on information technology systems and networks for business and operational activities, and also stores and processes sensitive business and proprietary information in these systems and networks. These systems are susceptible to outages due to fire, flood, power loss, telecommunications failures, viruses, break-ins and similar events, or breaches of security.

Linde has taken steps to address these risks and concerns by implementing advanced security technologies, internal controls, network and data center resiliency and recovery processes. Despite these steps, however, our information technology systems have in the past been and in the future will likely be subject to increasingly sophisticated cyber attacks. Operational failures and breaches of security from such attempts could lead to the loss or disclosure of confidential information or personal data belonging to Linde or our employees and customers or suppliers. These failures and breaches could result in business interruption or malfunction and lead to legal or regulatory actions that could result in a material adverse impact on Linde's operations, reputation and financial results. To date, such attempts have not had any significant impact on Linde's operations or financial results.

The inability to effectively integrate acquisitions or collaborate with joint venture partners could adversely impact Linde's financial position and results of operations.

Linde has evaluated and expects to continue to evaluate, a wide array of potential strategic acquisitions and joint ventures. Many of these transactions, if consummated, could be material to its financial condition and results of operations. In addition, the process of integrating an acquired company, business or group of assets may create unforeseen operating difficulties and expenditures. Although historically Linde has been successful with its acquisition strategy and execution, the areas where Linde may face risks include:

- the need to implement or remediate controls, procedures and policies appropriate for a larger public company at companies that prior to the acquisition lacked these controls, procedures and policies;
- diversion of management time and focus from operating existing business to acquisition integration challenges;
- cultural challenges associated with integrating employees from the acquired company into the existing organization;
- the need to integrate each company's accounting, management information, human resources and other administrative systems to permit effective management;
- difficulty with the assimilation of acquired operations and products;
- failure to achieve targeted synergies and cost reductions; and
- inability to retain key employees and business relationships of acquired companies.

Foreign acquisitions and joint ventures involve unique risks in addition to those mentioned herein, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries.

Also, the anticipated benefit of potential future acquisitions may not materialize. Future acquisitions or dispositions could result in the incurrence of debt, contingent liabilities or amortization expenses, or impairments of goodwill, any of which could adversely impact Linde's financial results.

Linde is subject to a variety of international laws and government regulations and changes in, or failure to comply with, these laws or regulations could have an adverse impact on the company's business, financial position and results of operations.

Linde is subject to regulations in the following areas, among others:

- environmental protection, including climate change and energy efficiency laws and policies;
- U.S. and non-U.S. tax laws and currency controls;
- safety;
- securities laws applicable in the United States, the European Union, and other jurisdictions;
- trade and import/export restrictions, as well as economic sanctions laws;
- antitrust matters;
- data protection;
- global anti-bribery laws, including the U.S. Foreign Corrupt Practices Act; and
- healthcare regulations.

Changes in these or other regulatory areas may impact Linde's profitability and may give rise to new or increased compliance risks: it may become more complex and costly to ensure compliance, and the level of sanctions in the event of non-compliance may rise. Noncompliance with such laws and regulations could result in penalties or sanctions, cancellation of marketing rights or restrictions on participation in, or even exclusion from, public tender proceedings, all of which could have a material adverse impact on Linde's financial results and/or reputation.

Such changes may also restrict Linde's ability to compete effectively in the marketplace. Changes to regulations in the areas of environmental protection and climate change, for example, may impact customer and competitor behavior driving structural changes in key end markets. While Linde will work to mitigate these risks through the pursuit of strategic alliances and investment in applications technologies to capture new growth areas, given the uncertainty about the type and scope of new regulations, it is difficult to predict how such changes and their impact on market behavior will ultimately impact Linde's business. However, such changes could have a material adverse impact on Linde's results of operations.

Doing business globally requires Linde to comply with anti-corruption, trade, compliance and economic sanctions and similar laws, and to implement policies and procedures designed to ensure that its employees and other intermediaries comply with the applicable restrictions. These restrictions include prohibitions on the sale or supply of certain products, services and any other economic resources to embargoed or sanctioned countries, governments, persons and entities. Compliance with these restrictions requires, among other things, screening of business partners. Despite its commitment to legal compliance and corporate ethics, the company cannot ensure that its policies and procedures will always protect it from intentional, reckless or negligent acts committed by employees or agents under the applicable laws. If Linde fails to comply with laws governing the conduct of international operations, Linde may be subject to criminal and civil penalties and other remedial measures, which could materially adversely affect its reputation, business and results of operations.

The outcome of litigation or governmental investigations may adversely impact the company's business or results of operations.

Linde's subsidiaries are party to various lawsuits and governmental investigations arising in the ordinary course of business. Adverse outcomes in some or all of the claims pending may result in significant monetary damages or injunctive relief that could adversely affect Linde's ability to conduct business. Linde and its subsidiaries may in the future become subject to further claims and litigation, which is impossible to predict. The litigation and other claims Linde faces are subject to inherent uncertainties. Legal or regulatory judgments or agreed settlements might give rise to expenses which are not covered, or are not fully covered, by insurance benefits and may also lead to negative publicity and reputational damage. An unfavorable outcome or determination could cause a material adverse impact on the company's results of operations.

Potential product defects or inadequate customer care may adversely impact Linde's business or results of operations.

Risks associated with products and services may result in potential liability claims, the loss of customers or damage to Linde's reputation. Principal possible causes of risks associated with products and services are product defects or an inadequate level of customer care when Linde is providing services.

Linde is exposed to legal risks relating to product liability in the countries where it operates, including countries such as the United States, where legal risks (in particular through class actions) have historically been more significant than in other countries. The outcome of any pending or future products and services proceedings or investigations cannot be predicted and legal or regulatory judgments or agreed settlements may give rise to significant losses, costs and expenses.

The manufacturing and sale of products as well as the construction and sale of plants by Linde may give rise to risks associated with the production, filling, storage, handling and transport of raw materials, goods or waste. Industrial gases are potentially hazardous substances and medical gases and the related healthcare services must comply with the relevant specifications in order to not adversely affect the health of patients treated with them.

Linde's products and services, if defective or not handled or performed appropriately, may lead to personal injuries, business interruptions, environmental damages or other significant damages, which may result, among other consequences, in liability, losses, monetary penalties or compensation payments, environmental clean-up costs or other costs and expenses, exclusion from certain market sectors deemed important for future development of the business and loss of reputation. All these consequences could have a material adverse effect on Linde's business and results of operations.

U.S. civil liabilities may not be enforceable against Linde.

Linde is organized under the laws of Ireland and substantial portions of its assets are located outside of the United States. In addition, certain directors and officers of Linde and its subsidiaries reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon Linde or such persons, or to enforce outside the United States judgments obtained against such persons in U.S. courts in any action, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, rights predicated upon the U.S. federal securities laws.

A judgment for the payment of money rendered by a court in the United States based on civil liability would not be automatically enforceable in Ireland. There is no treaty between Ireland and the United States providing for the reciprocal enforcement of foreign judgments. The following requirements must be met before the foreign judgment will be deemed to be enforceable in Ireland (i) the judgment must be for a definite sum, (ii) the judgment must be final and conclusive; and (iii) the judgment must be provided by a court of competent jurisdiction.

An Irish court will also exercise its right to refuse judgment if the foreign judgment (i) was obtained by fraud; (ii) violated Irish public policy; (iii) is in breach of natural justice; or (iv) if the judgment is irreconcilable with an earlier foreign judgment.

In addition, there is doubt as to whether an Irish court would accept jurisdiction and impose civil liability on Linde or such persons in an original action predicated solely upon the U.S. federal securities laws brought in a court of competent jurisdiction in Ireland against Linde or such member, officer or expert, respectively.

Changes in tax laws or policy could adversely impact the company's financial position or results of operations.

Linde and its subsidiaries are subject to the tax rules and regulations in the U.S., Germany, Ireland, the U.K. and other countries in which they operate. Those tax rules and regulations are subject to change on a prospective or retroactive basis. Under current economic and political conditions tax rates and policies in any jurisdiction, including the U.S., the U.K. and the EU, are subject to significant changes which could result in a significant change to Linde's current and deferred income tax. In particular, since Linde is currently treated as U.K. tax resident, any potential changes in the tax rules applying to U.K. tax-resident companies would directly affect Linde.

This includes the Organization for Economic Cooperation & Development's ("OECD") framework for a 15% global minimum tax rate ("Pillar Two"). The U.K. and a majority of EU member states implemented Pillar Two effective 1 January 2024. The OECD continues to issue additional guidance as countries adopt legislation. Linde continues to monitor and evaluate enacted and pending legislation in the jurisdictions in which it operates, as such changes could result in an increase in our effective tax rate.

A change in Linde's tax residency could have a negative effect on the company's future profitability and may trigger taxes on dividends or exit charges. If Linde ceases to be resident in the U.K. and becomes resident in another jurisdiction, it may be subject to U.K. exit charges, and/or could become liable for additional tax charges in the other jurisdiction. If Linde were to be treated as resident in more than one jurisdiction, it could be subject to duplicative taxation. Furthermore, although Linde is incorporated in Ireland and is not expected to be treated as a domestic corporation for U.S. federal income tax purposes, it is possible that the IRS could challenge this result or that changes in U.S. federal income tax law could alter this result. If the IRS successfully asserted such a position or the law were to change, significant adverse tax consequences may result for Linde, the company and Linde's shareholders.

Changes in tax laws may result in higher tax expense and tax payments. In addition, changes in tax legislation and uncertainty about the tax environment in some regions may restrict Linde's opportunity to enforce its respective rights under the law. Linde also operates in countries with complex tax regulations which could be interpreted in different ways. Linde and its subsidiaries are subject to audits by taxing authorities in various jurisdictions or other review actions by the relevant financial or tax authorities. The ultimate tax outcome may differ from the amounts recorded in Linde’s or its subsidiaries’ financial statements and may materially affect their respective financial results for the period when such determination is made.

FUTURE DEVELOPMENTS

Linde provides quarterly updates on operating results, material trends that may affect financial performance, and financial earnings guidance via earnings releases and investor teleconferences. These materials are available on the company’s website, www.linde.com but are not incorporated herein.

POLITICAL DONATIONS

No political contributions that require disclosure under Irish law were made during fiscal years 2023 or 2022.

OWN SHARES

On 28 February 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, beginning on 01 March 2022 and expires on 31 July 2024. As of 31 December 2023, the company had repurchased $8.6 billion of its ordinary shares pursuant to the 2022 program, leaving an additional $1.4 billion authorized under the 2022 program.

On 23 October 2023, the company's board of directors approved the repurchase of $15.0 billion of its ordinary shares ("2023 program") which could take place from time to time on the open market (and could include the use of 10b5-1 trading plans), subject to market and business conditions. The 2023 program began on 23 October 2023 and will terminate on the earlier of the date as the maximum authority under the 2023 program is reached or the board terminates the 2023 program. As of 31 December 2023, Linde has no repurchases under the 2023 program.

As of 31 December 2023 and 2022, the company had treasury shares of 8,322 thousand and 59,555 thousand, respectively. During the year ended 31 December 2023, 10,937 thousand ordinary shares were purchased by the company for total considerations of $4.0 billion, or an average purchase price of $372.23 per share (€0.001 nominal value). The consideration includes stamp duty, commission and all customary fees. These shares were acquired in order to reduce the shares outstanding or to meet obligations under Linde plc equity awards. See Note 15 to the consolidated financial statements for more information.

On 1 March 2023, in connection with the shareholder approved intercompany reorganization that resulted in the delisting of old Linde plc from the New York Stock Exchange (NYSE) and the Frankfurt Stock Exchange (FSE), and the subsequent relisting of new Linde plc to the NYSE, Linde shareholders automatically received one share of the new holding company in exchange for each share of Linde plc that was previously owned. The company issued 490,766,972 new Linde shares. Linde plc's historical treasury shares were immediately canceled which resulted in an approximate $15 billion decrease in treasury shares and retained earnings in Shareholders' Equity. On 7 November 2023, Linde plc transferred the listing of its ordinary shares from the NYSE to the Nasdaq, and continued trading under the ticker symbol "LIN".

All share purchases by the company are structured as redemptions under Irish law.

DIVIDENDS

On 28 February 2023, the directors of Linde plc declared an interim dividend of $1.275 per share for the first quarter of 2023 (the “Q1 Dividend”). The Q1 Dividend was paid on 28 March 2023 to shareholders of record on 14 March 2023.

On 24 April 2023, the directors of Linde plc declared an interim dividend of $1.275 per share for the second quarter of 2023 (the “Q2 Dividend”). The Q2 Dividend was paid on 16 June 2023 to shareholders of record on 2 June 2023.

On 24 July 2023, the directors of Linde plc declared an interim dividend of $1.275 per share for the third quarter of 2023 (the “Q3 Dividend”). The Q3 Dividend was paid on 19 September 2023 to shareholders of record on 5 September 2023.

On 23 October 2023, the directors of Linde plc declared an interim dividend of $1.275 per share for the fourth quarter of 2023 (the “Q4 Dividend”). The Q4 Dividend was paid on 18 December 2023 to shareholders of record on 4 December 2023.

For additional information, see Note 15 to the consolidated financial statements.

NON-FINANCIAL INFORMATION

Linde plc ("Linde" or the "company") publishes non-financial indicators and qualitative information in this combined non-financial report in accordance with the Irish implementation of the European Directives 2014/95/EU and 2013/34/EU as set out in the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, as amended (the “Irish Regulations”).

This combined non-financial report forms part of the 2023 Directors' Report. It includes reportable information on Board of Directors (the "Board") diversity and on company social and employee matters; environmental matters; respect for human rights and combating bribery and corruption. Reportable information includes governance, policies, due diligence in implementing these policies and the outcomes of these actions, risk identification and management, and key performance indicators ("KPIs").

Financial numbers disclosed in this non-financial report are according to US GAAP to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Republic of Ireland’s Companies Act 2014 (the “Companies Act”) or of any regulations made thereunder.

Business model and strategy

The business model of Linde is described in the "Principal Activities" section of the Directors' Report. Linde's sustainable development program and targets are an integral part of Linde's strategy.

Risk management

Main risks are reported in sections relating to environmental matters; social and employee matters; human rights; and bribery and corruption; as well as action towards their mitigation. In addition, the section “Principal Risks and Uncertainties” describes further risks related to the above matters which could have an adverse financial impact on Linde as well as connected non-financial risks. Issues relating to non-financial matters are included in the company-wide enterprise risk management system. The company assesses potential risks on a regular basis and defines and implements mitigation actions. This process also incorporates relevant conclusions from its regular dialogue with stakeholders, including customers, investors and suppliers.

Governance of non-financial matters

Linde has established five core values: safety, inclusion, accountability, integrity and community. These are the basis of what the company stands for and how it behaves. A code of ethics has been adopted that provides clear instructions on expected behavior and for reporting of concerns about potential non-conformance. This code has been approved by the Linde Board of Directors and is named the “Code of Business Integrity”. This document is made widely available to employees and third parties. 100% of targeted employees certify each year that they understand and agree with Linde's Code of Business Integrity.

Linde's Code of Business Integrity is supplemented by Linde's code of conduct for suppliers. This "Supplier Code of Conduct" defines Linde's minimum requirements for its supplier concerning their responsibilities towards Linde and its stakeholders, societies, and the environment.

It is the view of Linde’s Board that non-financial issues are a component of the company's values, culture, and performance expectations, and are a basis on which employees drive financial results. The Board has confirmed the importance of setting non-financial objectives as part of variable compensation to reinforce leadership’s focus on maintaining a culture that supports both short- and long-term sustainable results. It has established non-financial goals with respect to elements such as safety, health & environment; sustainability; human capital, and compliance & integrity, as well as relative performance and strategic positioning. The annual payout of executive variable is also determined, in part, by the performance against pre-established goals related to reducing greenhouse gas (“GHG”) emissions. These measures are described in Linde’s April 2023 Proxy Statement.

Linde’s Board monitors the implementation of the Code of Business Integrity which includes commitments to prevent bribery and corruption, compete fairly, work safely, embrace diversity and inclusion, and respect human rights.

The Board’s oversight of ESG risks and opportunities is integral to our business strategy. The Board and its committees actively oversee Linde’s ESG strategy, programs and policies. At least one of its committees maintains oversight over each of the four aspects of ESG.

The Audit committee has oversight over integrity, compliance, and enterprise risks. The Human Capital committee has oversight over the policies, practices and goals related to Linde’s workforce generally, including diversity and inclusion, safety and community engagement. The Nomination & Governance Committee actively monitors the changing ESG landscape and recommends changes to Linde’s governance programs and practices. The Sustainability Committee focuses on environmental matters, including climate change, decarbonization solutions, greenhouse gas emission reduction, and other key programs and initiatives.

Linde's leadership develops policies and processes to reinforce these non-financial elements and manage them on a day-to-day basis.

For purposes of external reporting, Linde consolidates and reports non-financial issues from its sustainable development function, led by the Vice President of Sustainability, who is also the central point of contact for stakeholders interested in sustainability-related matters. The Vice President of Sustainability reports to Linde's Senior Vice President (SVP) and Chief Accounting Officer (CAO).

Board diversity

The Board acknowledges the importance of ensuring that it has the mix of perspectives, skills, experience, qualities and competencies that is appropriate to the company's strategies, and its business, market, geographic, and regulatory environments. The Board also recognizes that its effectiveness is dependent on having directors who have the time to focus on the company’s issues and who contribute to an open Board culture that encourages frank discussion and the free exchange of information.

Consistent with the Board’s Corporate Governance Guidelines, the Nominating and Governance Committee seeks to build and maintain a Board that contains a range of experiences, competencies, and perspectives that is well-suited for advice and counsel to, and oversight of, the company’s business and operations. In doing so, the Committee considers a variety of factors, including the mix of experiences, competencies, and perspectives (including gender, ethnic and cultural diversity) currently represented on the Board.

The Nomination & Governance Committee assists the Board in its oversight of the selection, qualifications, compensation and performance of Linde’s directors and is responsible for evaluating the mix of Board member skills required in connection with filling any vacancy on the Board. It maintains a process to establish and periodically reevaluate criteria for Board membership and selection of new directors including independence standards; and determines as necessary the portfolio of skills, experience, perspective and background required for the effective functioning of the Board considering the company's strategy and its regulatory, geographic and market environments.

On 31 December 2023, the Board of Directors of Linde was 80 percent male and 20 percent female, representing a balanced mix of skills and professional backgrounds, including among others, industry experience including industrial gases, basic materials, and/or Linde end-markets, experience in foreign markets and international business, risk management, operations experience and public company board experience. See the table at the end of this section: "Indicators Relating to Board Diversity and Employee-Related Matters".

Each of the directors has experience as a senior executive of a public company or comparable business organization. Each is serving or has served as a director of one or more public companies and on a variety of board committees. Each has executive management and director oversight experience in most, if not all of the following areas considered critical to the conduct of the company’s business. These include: strategy development and implementation; risk assessment and management; financial accounting and reporting; internal controls; corporate finance; capital project evaluation; the evaluation, compensation, motivation and retention of senior executive talent; public policies as they affect global industrial corporations; compliance; corporate governance; productivity management; safety management; project management; sustainable development; and, in most cases, global operations. Many of the directors also bring particular insights into specific end markets and foreign markets that are important to the company. These nominees collectively provide a range of perspectives, experiences and competencies well suited to providing advice and counsel to management and to overseeing the company’s business and operations.

Social and Employee-related matters

Occupational Health and Safety

There is inherent operational risk in the management of Linde’s production facilities and delivery systems, including storage, vehicle transportation and pipelines. Material operating failures at production, storage facilities or pipelines, including fire, toxic release and explosions, or the occurrence of vehicle transportation accidents could result in loss of life, damage to the environment, loss of production and/or extensive property damage.

Safety is a core value for Linde and is always a first priority. Linde continuously works to improve its safety culture and performance worldwide through measures that include continuous training, oversight and control.

Linde businesses around the world conform to requirements in Linde's Global Safety, Health, Environment and Security (SHE&S) Management System and locally adapted requirements. These are aligned with industry and international standards for environment and safety management systems such as Responsible Care®, OHSAS 18001/ISO 45001, and ISO 14001. Linde is also a signatory of the global chemical industry Responsible Care Global Charter®.

Linde's worldwide Health, Safety & Environment ("HSE") policy reinforces its ambition of zero incidents causing harm to people, communities or the environment. It asserts that all incidents and injuries are preventable and that each Linde employee is responsible for their own safety and that of others around them. Linde's global Quality Policy describes Linde's commitments to design, produce and deliver safe, reliable products and services that meet customer expectations.

Linde's Board of Directors reviews safety and environmental risk at each Board meeting. The Board has established a strategic business objective to maintain best-in-class performance in safety. Annual payout of executive variable compensation depends on performance in several strategic non-financial areas, including safety. Safety and health issues are managed by the Vice President of Safety, Health, Environment & Quality ("SHEQ"), who reports to the EVP and CHRO.

Linde's safety culture is embedded into all operational processes and in transport and distribution. Linde's strong worldwide safety and health management system ensures that measures are in place to enable process, personnel, product and distribution safety. These measures are communicated to all employees and relevant business partners and contractors, who are regularly trained in the safe handling of Linde's products and are expected to adhere to the same high standards. Safety performance is monitored continuously in all businesses and reported monthly and on a major event basis to leadership.

In 2023, Linde's safety results continued to outperform industry benchmarks; for example, the Lost Workday Case Rate (LWCR) was more than 4 times (4x) better than the US Occupational Health and Safety Administration (OSHA) all industries industrial average. Linde's Sustainable Development targets in Safety include two targets focused on operational safety, one on distribution safety and one on product safety.

Employees

On 31 December 2023, Linde had 66,323 employees (2022: 65,010) in diverse occupations working in more than 80 countries. The increase in full-time employees was primarily due to the acquisition of nexAir.

Personnel expenses in 2023 and 2022 totaled $5.7 billion, of which $3.8 billion (2022: $3.7 billion) related to salaries.

The company sources talent from an ever-changing and competitive environment. The ability to source and retain qualified and committed employees is a prerequisite for the company's success.

Inclusion is a Linde core value. The company embraces diversity and inclusion to attract, develop and retain the best talent and build high-performing teams. By leveraging diverse opinions, thoughts and perspectives, the company gains a competitive advantage by maximizing performance and innovation from its employees. The value of inclusion is reflected in Linde's Code of Business Integrity, which states that employees must not be discriminated against on the basis of their race, color, religion, gender, gender identity, national origin, age, disability, veteran status, pregnancy, sexual orientation or other protected characteristic. In addition, Linde's Global Diversity and Inclusion Guidelines state that the company's goal is to foster diversity and inclusion within the company by providing equal employment opportunities for all and recruiting, hiring, promoting and compensating people based on merit, qualification and the company's financial performance.

The Human Capital Committee has established a strategic business objective to maintain world-class standards in talent management. Executive variable compensation will be assessed annually based on performance in several strategic non-financial areas, including talent management. The Human Capital Committee assists the Board in its oversight of Linde's compensation and incentive policies and programs, and management development and succession, particularly in regard to reviewing executive compensation for Linde's executive officers. The Committee also periodically reviews the company's diversity policies and objectives, and programs to achieve those objectives. The Chief Human Resources Officer reports to the Chief Executive Officer ("CEO"). A global Executive Director of Diversity and Inclusion reports to the Chief Human Resources Officer.

Linde has aligned diversity and inclusion with its business strategies and implemented diversity action planning into the business process and performance management. Diversity and inclusion are line management responsibilities. Managers are required to attend unconscious bias training, embed diversity and inclusion tools within their recruiting and talent management process and foster an inclusive work environment.

Employees receive a competitive salary and variable remuneration components based on merit and qualifications. Linde has collective bargaining agreements with unions at numerous locations throughout the world. Additional benefits are offered such as occupational pensions and contributions towards health insurance or medical screening, reflecting regional conditions and local competition. Managers' compensation is based on performance. Senior managers participate directly in the company's growth in value through the Long Term Incentive Plan of Linde plc. Linde also invests in the professional development of its employees through formal and on-the-job training.

On 31 December 2023, employees worldwide comprised of approximately 28 percent women and 72 percent men. The total professional workforce is comprised of approximately 29 percent women and 71 percent men.

The aspirational goal for Linde is to achieve 30 percent representation of females at all professional employee levels, including executive levels, by 2030. This goal applies to all business units and functions.

Indicators Relating to Board Diversity and Employee-Related Matters	**Units**	**2023**	**2022**
Employees of Linde	FTE	66,323	65,010
Proportion of Females			
Board of Directors	%	25	25
Executive Levels	%	21	18
Management Level and Up	%	29	20
Total professional employees	%	29	28

Community engagement

Community is a core value. Linde is committed to improving the communities where employees live and work. Its charitable contributions, along with employee voluntarism, support initiatives that make important and sustainable contributions to the world.

This includes educational investments and research projects related to core business areas and supporting charitable projects in communities and neighborhoods. Charitable contributions are mainly made through the Global Giving Program.

Employee community engagement in all businesses and functions is promoted by the sustainable development department. In 2023, Linde employee volunteers carried out approximately 600 community engagement projects benefiting more than 300,000 people in our communities around the world. This includes more than 60,000 students whose lives were enriched through educational projects. In such efforts, Linde teams work in concert with community stakeholders to help address compelling needs.

Environmental matters

Linde's business is resource transformation through resource productivity. Principal operations relate to the production and distribution of atmospheric and other industrial gases, many of which are used to help customers reduce their emissions. Linde's operations are energy intensive. Energy use is mostly electricity for air separation, and natural gas for energy and as a feedstock for making hydrogen. Where Linde's energy is sourced from fossil fuels, these cause direct Scope 1 Greenhouse Gas ("GHG") emissions (principally from steam methane reforming in hydrogen production and from vehicle fuel use in distribution) and indirect Scope 2 GHG emissions (principally from air separation). See "Climate Change" below.

Other environmental impacts, e.g., from waste generation or other air and water emissions are minimal and do not present significant business or social risks. Most water is used for cooling processes and is returned to its source with little change in water quality.

Linde's core value of Community includes a commitment to minimize Linde's environmental impact. Linde's Code of Business Integrity emphasizes that care for the environment is incumbent in Linde's business. In addition to its focus on safety, Linde's worldwide HSE Policy includes a focus on environmental responsibility. Employees are responsible for compliance with laws and striving to ensure that no harm results from actions to the environment and communities. The policy reiterates that environmental responsibility is a core value at Linde and integral in all activities. Linde's participation in Responsible Care® provides additional policy direction on environmental stewardship.

The Board has established a strategic business objective to maintain best-in-class performance in environmental responsibility, Linde's Board of Directors reviews safety and environmental risk at each Board meeting. The Board's Sustainability Committee is responsible for oversight of the Company's programs, policies and strategies related to environmental matters, including climate change, greenhouse gas reduction goals and decarbonization solutions, such as clean energy and carbon management, and has meeting scheduled through the year. Strategies related to climate change, greenhouse gas reduction, as well as targets and associated reporting are managed by the Vice President, Sustainability, who reports to the SVP and CAO.

Environmental issues are managed by the Vice President, SHEQ, who reports to the EVP and CHRO. In addition to its global HSE policy, Linde has aligned its comprehensive environmental standards and work procedures. Linde businesses around the world conform to requirements in Linde's Global Safety, Health, Environment and Security (SHE&S) Management System and locally adapted requirements and international standards (see the section on "Occupational Health and Safety"). This ensures that measures are in place to enable pollution prevention and control, the responsible management of direct and indirect atmospheric emissions and waste, the protection of natural resources and biodiversity and the management of environmental impacts from transportation or from the use and disposal of products and services.

Linde has issued several position statements related to environmental matters, including its water position statement, which describes its approach to water stewardship, and its position statement on the importance of ecosystems.

Linde has programs and sustainability targets in place for both waste and water management. Nearly 800 sites participate in the company's Zero Waste Program, Linde also focuses management efforts on areas of high water use that are also considered areas of high water stress and assesses water availability based on local sources and the latest Water Risk Atlas of the World Resource Institute.

In 2023, Linde had no substantial fines for environmental violations. Environmental protection costs in 2023 were not significant. Linde anticipates that future annual environmental protection expenditures will be similar to 2023, subject to any significant changes in existing laws and regulations. Based on historical results and current estimates, management does not believe that environmental expenditures will have a material adverse effect on the consolidated financial position, the consolidated results of operations or cash flows in any given year.

Climate Change

Linde is aligned with the Paris Accord and an active player in advancing the world to limit global warming.

Linde's SD 2028 goals include the reduction of its greenhouse gas emissions intensity versus EBITDA by 35% from 2018 to 2028. This is the result of several operational targets around energy and emissions efficiency as well as doubling the total amount of low carbon electricity (zero CO_2 emission) procured from 2018 to 2028.

Linde set additional climate change targets in 2021. These include the absolute reduction of GHG emissions by 35% by 2035, from a 2021 baseline, as well as an ambition for climate neutrality by 2050. The 2035 absolute reduction target has been validated by the Science Based Targets Initiative (SBTi).

The Board of Directors' Sustainability Committee reviews progress toward these goals in environmental sustainability in meetings scheduled through the year.

Risks and opportunities from Climate Change

Linde operates in jurisdictions that have, or are developing, laws and/or regulations to reduce or mitigate the adverse effects of greenhouse gas ("GHG") emissions and therefore faces a highly uncertain regulatory environment in this area. For example, the U.S. Environmental Protection Agency ("EPA") has promulgated rules requiring reporting of GHG emissions to which Linde, its suppliers and customers are subject to. EPA has also promulgated regulations to restrict GHG emissions, including final rules regulating GHG emissions from light-duty vehicles and certain large manufacturing facilities, including some of Linde's suppliers and customers. In addition to these developments in the United States, several other countries worldwide have implemented carbon taxation or trading systems which impact the company and its customers, including regulations in China, Singapore and the European Union. Among other impacts, such regulations are expected to raise the cost of energy, which is a significant cost for Linde. Nevertheless, Linde's long-term customer contracts routinely provide rights to recover increased electricity, natural gas, and other costs that are incurred by the company as a result of climate change regulation.

Linde anticipates continued growth in hydrogen sales due to increased focus on decarbonization projects. Traditionally, hydrogen production plants and a large number of other manufacturing and electricity-generating plants have been identified as sources of carbon dioxide emissions and these plants are subject to cap-and-trade regulations in jurisdictions including California and the European Union. Linde believes it will be able to mitigate the costs of these regulations through the terms of its product supply contracts. However, legislation that limits GHG emissions may impact growth by increasing capital, compliance, operating and maintenance costs and/or decreasing demand.

To manage business risks from current and potential GHG emission regulation as well as physical consequences of climate change, Linde actively monitors current developments, evaluates the direct and indirect business risks, and takes appropriate actions. Among others, actions include: increasing relevant resources and training; maintaining contingency plans; obtaining advice and counsel from expert vendors, insurance providers and industry experts; incorporating GHG provisions in commercial agreements; and conducting regular reviews of the business risks with management. Although there are considerable uncertainties, Linde believes that the business risk from potential regulations can be effectively managed through its commercial contracts. Additionally, Linde's plant design, operations, and risk management teams are engaged to manage and mitigate losses from physical climate change, and the company does not anticipate any material effects regarding its plant operations or business arising from potential physical risks of climate change.

Linde continuously seeks opportunities to optimize energy use and GHG emissions through research and development in customer applications and rigorous operational energy efficiency, sourcing low-carbon source energy, and purchasing hydrogen as a chemical byproduct where feasible. Linde tracks GHG emission performance versus targets and reports regularly to business management and annually to Linde's Board of Directors. The Board's Sustainability Committee reviews the strategy and progress in meetings scheduled throughout the year.

At the same time, external factors may provide Linde with future business opportunities. Examples include current legislation, such as the Inflation Reduction Act in the U.S., which provides for investments in production of clean hydrogen and decarbonization technologies. Other factors include governmental regulation of GHG and other emissions; uncertain costs of energy and certain natural resources; the development of renewable energy alternatives; and new technologies that help extract natural gas, improve air quality, increase energy efficiency and mitigate the impacts of climate change. Linde continues to develop new applications that can help customers lower emissions by reducing energy consumption and increasing product throughput. Stricter regulation of water quality in emerging economies such as China provide a growing market for a number of gases, e.g., oxygen for wastewater treatment. Increased concern about drought in areas such as California and Australia may create additional markets for carbon dioxide for desalination. Renewable fuel standards in the European Union and U.S. can create a market for second-generation biofuels which use industrial gases such as oxygen, carbon dioxide, and hydrogen.

Changes to regulations in the areas of environmental protection and climate change, for example, may impact customer and competitor behavior driving structural changes in key end markets. While Linde will work to mitigate these risks through the pursuit of strategic alliances and investment in applications technologies to capture new growth areas, given the uncertainty about the type and scope of new regulations, it is difficult to predict how such changes and their impact on market behavior will ultimately impact Linde's business. However, such changes could have a material adverse impact on Linde's results of operations.

Products that offer environmental and social advantages

Linde provides a competitive advantage to its customers by continuously developing new products and applications, which allow them to improve their productivity, energy efficiency and environmental footprint. Linde's products help the company's customers develop more sustainable processes in many ways - for example by boosting energy efficiency or reducing emissions. Linde's products also contribute positively to the health and well-being of our customers. Homecare patients worldwide benefit from our medical gases, devices, services and therapies primarily in respiratory care.

In 2023, Linde spent a total of $210 million on research and development (2022: $208 million).

Linde provides a competitive advantage to its customers by continuously developing new products and applications, which allow them to improve their productivity, energy efficiency and environmental footprint. Linde's products help the company's customers develop more sustainable processes in many ways - for example by boosting energy efficiency or reducing emissions.

Linde views hydrogen as a key enabler of decarbonization and the transition towards a cleaner economy. Linde is advancing a number of clean energy activities aligned with its strategy to decarbonize the company's own operations, to help customers decarbonize their operations, and to address new market needs. Hydrogen is a cornerstone of the company's clean energy strategy. As one of the world's leading industrial gases and engineering companies, Linde covers the full spectrum of the hydrogen value chain. \ Strong collaborations are critical in this evolving decarbonization market to reduce financial risk and drive project success by using complementary strengths in specific functional areas. Linde is committed to working with all stakeholders to build a better future that is lower in emissions and maximizes value. Linde's Vice President, Clean Energy is responsible for this area.

Importantly, Linde's products also contribute positively to the health and well-being of our customers. Homecare patients worldwide benefit from our medical gases, devices, services and therapies primarily in respiratory care.

The company reports on its sustainability portfolio and on the carbon productivity, as demonstrated by a subset of products and applications.

Ethics and Integrity

Responsible corporate governance is incumbent for Linde's business success. This means ensuring compliance with the law, rules and regulations and voluntary commitments. Integrity is a company core value. Linde strives continuously to achieve its goals ethically and with the highest integrity. Interaction between management, employees and Linde's business partners is expected to be transparent and respectful, consistent with its Code of Business Integrity.

The Linde Board believes that strong integrity, ethics and compliance culture is a social obligation to those impacted by the company, necessary for maintaining investor trust and a necessary condition for effective corporate governance. The Board believes further that such a culture must be driven by example and emphasis at the top of the organization.

Ethical values and performance are significant factors in the selection of directors, the CEO and members of the leadership team. The Board has established financial incentives for the achievement of compliance results as a key non-financial element in executive variable compensation.

Linde has appointed a Chief Compliance Officer ("CCO"), who reports to the General Counsel, who in turn reports to the CEO. The Audit Committee reviews the company's key compliance risks and compliance program, including that program's design, implementation and effectiveness, with the CCO and the General Counsel.

Linde's Code of Business Integrity affirms the company's commitment to fairness, transparency and trust as the basis for growth and prosperity for employees, customers, suppliers, markets and our communities. The Board is responsible for monitoring the implementation of the Code of Business Integrity. Its responsibilities include the periodic review of the policy and overseeing management's preventative, reporting, investigation and resolution programs for implementing this policy.

The Code is communicated to employees. It provides clear instructions on expected behavior to conform with the Code and for reporting concerns about potential non-conformance. Employees also receive training and certification to the Code. Subcontractors and other stakeholders are expected to follow this standard.

In addition to several expectations, Linde's SCOC outlines Linde's requirements of suppliers and business partners for fair and ethical behavior.

Linde follows the law and is governed by all local laws wherever it is located. In the event of a conflict between local law and the Code of Business Integrity or company policy, Linde will follow the stricter standard within the framework of the applicable laws.

Combating corruption and bribery

Linde's Code of Business Integrity affirms that the company does not tolerate the use of kickbacks or bribery in any form. Third parties acting on behalf of Linde are prohibited from giving or accepting bribes, directly or indirectly. Linde's Code of Business Integrity prohibits activities that are corrupt or may give appearance of corruption and prohibits any form of bribery. A global compliance program designed to prevent possible policy breaches focuses on information, training sessions and management advice. The global compliance organization helps identify potential compliance-related risks and develops measures to mitigate them. Concerns are reported to the Leadership and the Board's Audit Committee.

Linde's commitment to anti-corruption is communicated to employees using different internal channels, including mandatory compliance training using face-to-face and e-learning tools. Employees and third parties are encouraged to utilize Linde's the Integrity Hotline to report potential non-compliance issues and concerns.

Human rights

Human rights are basic rights inherent to all human beings, regardless of differences such as in race, color, religion, gender, gender identity, national origin, sexual orientation. These include the right to life and freedom, the right to work and education and the right to well-being, among others. Linde has an obligation to comply with the law and be responsible to protect its employees, business operations, the environment, the communities in which it works, its business relationships and its company reputation. Linde affirms commitments to human rights through participation in global initiatives, including as a signatory to the U. N. Global Compact and its internal policies, including the company's Human Rights Policy.

Linde's Human Rights Policy, Code of Business Integrity, corporate HSE Policy and other corporate and country-level policies, make clear the company's commitment and management processes to address relevant areas of potential Human Rights concern. These include:

- Safety and health protection; a safe work environment
- The prevention of discrimination and harassment of employees
- Equal opportunity and equal treatment
- Prohibition of child and forced labor
- Prohibition of human trafficking
- Merit-based decisions on recruitment, hiring, promotion and compensation
- Compliance with regulations including working hours
- The right to privacy
- Freedom of association and freedom of peaceful assembly, including the freedom to choose whether to engage in collective bargaining and employees' participation in works agreements in various countries

Linde's Human Rights Policy and its Code of Business Integrity makes clear its commitment to human rights. Linde recognizes every person's innate humanity and treats everyone with dignity and respect. In supporting the protection and promotion of human rights worldwide, Linde abides by the principles of the International Bill of Human Rights enacted by the United Nations, and does not condone nor engage in discrimination, harassment, violations of privacy, slavery or servitude, restrictions on free assembly or unfair employment practices. Linde prohibits any form of child labor or forced labor, including human trafficking. Linde commits to adhering to these human rights principles and expects similar standards to be observed by all with whom it conducts business.

Suppliers and other third parties play a critical role in Linde's ability to operate and provide products and services to its customers. Their actions and practices also reflect on Linde. Therefore, the company chooses suppliers carefully based on merit and a due diligence process.

Linde expects suppliers to comply with legal requirements and to act in a manner that is consistent with Linde's values and the principles outlined in its Code of Business Integrity as well as its supplier-specific guidelines. In addition to several expectations, Linde's SCOC outlines Linde's requirements for its suppliers with regards to human rights and labor standards, such as promoting non-discrimination and respect for employees, and prohibiting any form of forced labor or child labor. In addition, Linde's conflict minerals policy requires Linde suppliers or their sub-suppliers to only source materials from environmentally and socially responsible sources.

Together, policies and measures help to promote respectful practices and workspaces, in line with Linde's values, across the supply chain within our company and into our communities.

Directors During Financial Year

The directors of the company during the financial year are listed in the table below.

Directors	Appointment Date
Mr. Stephen F. Angel	01 March 2023
Mr. Sanjiv Lamba	01 March 2023
Prof. DDr. Ann-Kristin Achleitner	01 March 2023
Dr. Thomas Enders	01 March 2023
Mr. Edward Galante (1)	01 March 2023
Mr. Hugh Grant	01 March 2023
Mr. Joe Kaeser	01 March 2023
Dr. Victoria Ossadnik	01 March 2023
Prof. Dr. Martin H. Richenhagen	01 March 2023
Mr. Alberto Weisser	01 March 2023
Mr. Robert Wood	01 March 2023
Paula Rosput Reynolds	27 February 2024

(1) Mr. Galante retired from the Board of Directors on 24 April 2023.

DIRECTORS' AND COMPANY SECRETARY'S INTERESTS

No director, company secretary or any member of their immediate families had any interest in shares or debentures of any subsidiary. Directors' remuneration is set forth in Note 27 to the consolidated financial statements. The interests of the directors and the secretaries of the company in office as at 31 December 2023 in the ordinary share capital of Linde plc as of 31 December 2023 and 2022, (or, if he or she was not a director on 31 December 2022, when he or she became a director), as required to be stated pursuant to section 329 of the Act, are presented in the table below.

	At 31 December 2023	
Directors	**Ordinary Shares (1)**	**Options**
Mr. Stephen F. Angel	604,742	1,190,771
Mr. Sanjiv Lamba	56,398	123,671
Prof. Dr. Ann-Kristin Achleitner	3,414	—
Dr. Thomas Enders	12,132	—
Mr. Edward Galante (2)	13,674	—
Mr. Hugh Grant	—	—
Mr. Joe Kaeser	1,611	—
Dr. Victoria Ossadnik	2,316	—
Prof. Dr. Martin H. Richenhagen	6,486	—
Mr. Alberto Weisser	597	—
Mr. Robert Wood	16,331	—
Secretary		
Susan Kelly	17	—
Anthony M. Pepper	1,554	7,330

(1) Excludes stock units, including restricted share units, deferred stock units and performance share units, as the units have no ordinary share voting rights. Any interests in stock units as of 31 December 2023 are reported in Note 27 of this report.
(2) Mr. Galante retired from the Board of Directors on 24 April 2023, and the interests reported are as of that date.

DIRECTORS' COMPLIANCE STATEMENT

As required by section 225(2) of the Act, the directors acknowledge that they are responsible for securing the company's compliance with its relevant obligations (as defined in section 225(1)). The directors further confirm that a "compliance policy statement" (as defined in section 225(3)(a)) has been drawn up, that appropriate arrangements and structures that are, in the directors' opinion, designed to secure material compliance with the relevant obligations have been put in place and that a review of those arrangements and structures has been conducted in the financial year to which this report relates.

STATEMENT OF DISCLOSURES TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year that gives a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the profit and loss of the company for the financial year. Under that law, the Directors have prepared the Group financial statements in accordance with U.S. accounting standards, as defined in Section 279(1) of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Companies Act or of any regulations made thereunder and the Company financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit and loss of the company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit and loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

Dividends After Year End

On 27 February 2024, the directors of Linde plc declared an interim dividend of $1.39 per share for the first quarter of 2024 (the "Q1 Dividend"). The Q1 Dividend was payable on 28 March 2024 to shareholders of record on 14 March 2024.

On 29 April 2024, the directors of Linde plc declared an interim dividend of $1.39 per share for the second quarter of 2024 (the "Q2 Dividend"). The Q2 Dividend is payable on 18 June 2024 to shareholders of record on 4 June 2024.

Own Shares

From the period 1 January 2024 through 31 March 2024, an additional 2,413 thousand ordinary shares were purchased by the company for total consideration of 1,038 million, or an average price of $430.27 per share.

Other Developments

In February 2024, Linde plc issued €700 million of 3.00% notes due in 2028, €850 million of 3.20% notes due in 2031 and €700 million of 3.40% notes due in 2036.

ACCOUNTING RECORDS

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285, with regard to the keeping of accounting records, include the provision of appropriate resources to maintain adequate accounting records throughout the company, including the appointment of personnel with appropriate qualifications, experience and expertise.

The company's accounting records are maintained at Forge, 43 Church Street West, Woking, Surrey, GU21 6HT, United Kingdom and 10 Riverview Drive, Danbury, Connecticut, 06810, United States.

SUBSIDIARY COMPANIES AND BRANCHES

Information regarding subsidiary undertakings, including information regarding branches, is provided in Note 30 to the consolidated financial statements.

AUDIT COMMITTEE

In accordance with Section 167 of the Companies Act 2014, the directors have established an audit committee which makes regular reports to the board of directors. The audit committee oversees financial reporting and related matters.

Approved by the Board of Directors and signed on its behalf on 29 April 2024 by:

/s/ Sanjiv Lamba	/s/ Mr. Alberto Weisser
Sanjiv Lamba	Alberto Weisser
Chief Executive Officer and Director	*Director*

Independent auditors' report to the members of Linde plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Linde plc's consolidated financial statements and company financial statements (the "financial statements") give a true and fair view of the group's and the company's assets, liabilities and financial position as at 31 December 2023 and of the group's profit and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of consolidated financial statements does not contravene any provision of Part 6 of the Companies Act 2014;
- the company financial statements have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law); and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise:

- the Consolidated Statement of Financial Position as at 31 December 2023;
- the Company Statement of Financial Position as at 31 December 2023;
- the Consolidated Statement of Profit and Loss and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Overall materiality

- $330 million - Consolidated financial statements
- Equates to c. 4% of profit before tax
- $704 million - Company financial statements
- Based on c. 1% of net assets

Performance materiality

- $248 million - Consolidated financial statements
- $528 million - Company financial statements

Audit scope

- We conducted a full scope audit of one individually significant component.
- Audits of specific account balances or transactions were performed in respect of 5 components.
- Specified audit procedures were performed at 18 additional components.
- Additionally, certain activities controlled and managed centrally such as disposals of equity investments, intangible assets and goodwill impairment testing were subject to full scope audit procedures.
- Certain elements of income taxes, financing and treasury, and legal matters are controlled and managed centrally and were subject to specific audit procedures.
- Overall, we obtained coverage in excess of 55% of group sales and in excess of 75% total group assets.

Key audit matter

- Revenue Recognition – Estimated Costs at Completion

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Revenue Recognition – Estimated Costs at Completion *Refer to Note 2 - "Summary of Accounting Policies; Revenue Recognition" and Note 4 - "Revenue Recognition".* As discussed in Note 4 to the consolidated financial statements, $2,160 million of the group's total revenues for the year ended 31 December 2023 was generated from sale of equipment contracts ("engineering contracts"). Revenue from sale of equipment is generally recognized over time as the group 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, labour, and overhead costs and represent work contributing and proportionate to the transfer of control to the customer. We determined estimated costs of material and labour at completion as it relates to revenue recognition for the sale of equipment contracts to be a key audit matter as significant judgement was exercised by management when developing these estimated costs at completion.	We tested the effectiveness of controls relating to the revenue recognition process, including controls over developing the estimated costs at completion for the sale of equipment contracts. We tested management's process for developing the estimated costs at completion for the sale of equipment contracts, and evaluated the reasonableness of management's significant assumptions, including the estimates of expected material and labour costs. PwC professionals with specialised skill and knowledge in the area of capital projects and infrastructure were used to assist in evaluating management's estimates and the significant assumptions related to the expected material and labour costs. Evaluating the reasonableness of management's significant assumptions involved evaluating management's ability to reasonably estimate costs at completion for the sale of equipment contracts on a sample basis by: (i) considering whether circumstances that may warrant a modification to estimated costs at completion of ongoing contracts, including actual costs in excess of estimates, were identified in a timely manner, and (ii) performing a comparison of the originally estimated and actual costs incurred on similar completed equipment contracts.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group is structured along four operating segments, Americas, EMEA, APAC and Engineering.

In determining our audit scope we focused on individual reporting components and determined the type of work that needed to be performed at the reporting components by us, as the Irish group engagement team, PwC US as the US component team and other component auditors within other PwC network firms. Where the work was performed by PwC US and other component auditors, we determined the level of involvement we needed to have in the audit work of those components to be able to conclude that sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

A full scope audit was performed by PwC US in respect of one individually significant component.

Based on our risk assessment and to achieve the overall level of audit coverage we considered appropriate, an audit of specific account balances, and classes of transactions were performed in respect of 5 components. Specified audit procedures were performed on certain account balances and transactions of 18 other components by other PwC network firms.

Additionally, certain activities controlled and managed centrally such as disposals of equity investments, intangible asset and goodwill accounting and impairment testing were subject to full scope audit procedures and certain elements of income taxes, financing and treasury, and legal matters controlled and managed centrally were subject to specific audit procedures.

We allocated materiality levels and issued instructions to each component auditor. In addition to the report from each of the component auditors, we received detailed memoranda of examinations on work performed and relevant findings which supplemented our understanding of the component, the results and the audit findings and we participated in the local audit closing meeting for the full scope audit component. This, together with additional procedures performed at the group level, gave us the evidence we needed for our opinion on the financial statements as a whole.

Overall, through the full scope audit, audit of specific account balances, full scope audit procedures and the specified audit procedures on centrally managed activities, we obtained coverage in excess of 55% of group sales and in excess of 75% of total assets.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Consolidated financial statements	***Company financial statements***
Overall materiality	$330 million	$704 million
	c. 4% of profit before tax	c. 1% of net assets
Rationale for benchmark applied	We applied this benchmark as profit before tax is a key accounting benchmark which is also consistent with the measures of performances utilised by management, analysts and the general market.	The company is a holding company. Consequently, we believe that net assets is the most relevant measure to reflect the nature of its activities and transactions. Financial statement line items that do not eliminate on consolidation have been audited to the materiality level applicable to the consolidated financial statements.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to $248 million (group audit) and $528 million (company audit).

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $25 million (group audit) and $25 million (company audit) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group and company's ability to continue to adopt the going concern basis of accounting included:

- obtaining management's going concern assessment for a period of at least twelve months from the date on which the financial statements are authorised for issue;
- considering liquidity and available financial resources throughout the going concern assessment period;
- assessing the ability of the company to generate cash based on management approved forecasts and assessing how these forecasts are compiled;
- evaluating the key assumptions within management's forecasts. In evaluating these forecasts, we considered the group's historic performance and its past record of achieving strategic objectives; and
- performing our own independent sensitivity analysis to assess further appropriate downside scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's or the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Irish Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the "Non Financial Statement" as defined by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report) for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the group and company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report (excluding the information included in the "Non Financial Statement" on which we are not required to report).

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 30, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to U.S. Foreign Corrupt Practices Act and anti-bribery legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee, senior management and internal audit including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading the meeting minutes of the Board of Directors, the Audit Committee, the Nomination and Governance Committee and the Human Capital Committee;
- Challenging assumptions made by senior management in its significant accounting estimates, particularly in relation to the key audit matter and evaluating whether there was evidence of management bias;
- Identifying and testing journal entries based on our risk assessment which included unexpected account combinations and material consolidation journals; and
- Designing audit procedures to incorporate elements of unpredictability into our audit approach.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the company financial statements to be readily and properly audited.
- The Company Statement of Financial Position is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Prior year Non Financial Statement

We are required to report if the company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Paul O'Connor

Paul O'Connor
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
29 April 2024

- The maintenance and integrity of the Linde plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For The Year Ended 31 December *(Millions of dollars, except per share data)*	*Note*	**2023**	**2022**
Sales	[4]	$ 32,854	$ 33,364
Cost of sales		20,579	22,873
GROSS PROFIT		**$ 12,275**	**$ 10,491**
Marketing and selling expenses		1,893	1,829
Research and development costs		210	208
Administration expenses		2,107	1,994
Other operating (income) expense - net	[5]	41	1,091
OPERATING PROFIT		**$ 8,024**	**$ 5,369**
Interest expense - net	[6]	200	63
Net pension and OPEB cost (benefit), excluding service cost	[16]	(164)	(237)
Share of profit and loss from associates and joint ventures (at equity)	[12]	(167)	(172)
PROFIT BEFORE TAX		**$ 8,155**	**$ 5,715**
Income tax expense	[7]	1,814	1,434
PROFIT FOR THE YEAR		**$ 6,341**	**$ 4,281**
attributable to Linde plc shareholders		6,199	4,147
attributable to noncontrolling interests		142	134
PROFIT FOR THE YEAR - LINDE PLC SHAREHOLDERS		$ 6,199	$ 4,147
EARNINGS PER SHARE – LINDE PLC SHAREHOLDERS	[8]		
Earnings per share in USD – undiluted		$ 12.70	$ 8.30
Earnings per share in USD – diluted		$ 12.59	$ 8.23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 December *(Millions of dollars)*	*Note*	**2023**	**2022**
NET PROFIT FOR THE YEAR (INCLUDING NONCONTROLLING INTERESTS)		$ 6,341	$ 4,281
OTHER COMPREHENSIVE INCOME (LOSS)			
Translation adjustments:			
Foreign currency translation adjustments		399	(1,725)
Reclassifications to net income		—	(110)
Income taxes		1	—
Translation adjustments		400	(1,835)
Funded status - retirement obligations:			
Retirement program remeasurements	[16]	(480)	1,349
Reclassifications to net income		(14)	80
Income taxes		114	(359)
Funded status - retirement obligations		(380)	1,070
Derivative instruments:	[22]		
Current year unrealized gain (loss)		(80)	107
Reclassifications to net income		13	(129)
Income taxes		12	9
Derivative instruments		(55)	(13)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		(35)	(778)
COMPREHENSIVE INCOME (INCLUDING NONCONTROLLING INTERESTS)		6,306	3,503
Less: noncontrolling interests		(130)	(90)
COMPREHENSIVE INCOME - LINDE PLC		$ 6,176	$ 3,413

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Millions of dollars)	*Note*	31/12/2023	31/12/2022
ASSETS			
Goodwill	[9]	$ 26,751	$ 25,817
Other intangible assets	[10]	12,399	12,420
Property, plant and equipment	[11]	24,552	23,548
Investments in associates and joint ventures	[12]	2,190	2,350
Other financial assets	[12]	352	353
Other non-current assets	[14]	1,947	2,123
NON-CURRENT ASSETS		**$ 68,191**	**$ 66,611**
Inventories	[13]	2,115	1,978
Accounts receivable	[14]	4,718	4,559
Contract assets	[4]	196	124
Other current assets	[14]	927	950
Cash and cash equivalents		4,664	5,436
CURRENT ASSETS		**$ 12,620**	**$ 13,047**
TOTAL ASSETS		**$ 80,811**	**$ 79,658**

(Millions of dollars)	*Note*	31/12/2023	31/12/2022
Redeemable noncontrolling interests	[15]	$ 13	$ 13
EQUITY AND LIABILITIES			
Called-up share capital presented as equity	[15]	$ 1	$ 1
Retained earnings	[15]	8,845	20,541
Treasury shares	[15]	(3,133)	(14,737)
Other reserves	[15]	34,007	34,223
TOTAL EQUITY ATTRIBUTABLE TO LINDE PLC SHAREHOLDERS		**$ 39,720**	**$ 40,028**
Noncontrolling interests	[15]	1,362	1,346
TOTAL EQUITY		**$ 41,082**	**$ 41,374**
Long-term pensions and similar obligations	[16]	693	640
Other non-current provisions	[17]	1,756	690
Deferred credits	[7]	5,749	5,886
Long-term debt	[18]	13,397	12,198
Income tax liabilities	[7]	311	422
Other non-current liabilities	[20]	2,093	1,955
NON-CURRENT LIABILITIES		**$ 23,999**	**$ 21,791**
Current pensions and similar obligations	[16]	31	51
Current provisions	[17]	826	843
Current debt	[18]	5,976	5,715
Accounts payable		3,020	2,995
Contract liabilities	[4]	1,901	3,073
Other current liabilities	[20]	3,299	3,190
Income tax liabilities	[7]	664	613
CURRENT LIABILITIES		**$ 15,717**	**$ 16,480**
TOTAL EQUITY AND LIABILITIES		**$ 80,811**	**$ 79,658**

On behalf of the board

/s/ Sanjiv Lamba
Sanjiv Lamba
Chief Executive Officer and Director

/s/ Mr. Alberto Weisser
Alberto Weisser
Director

29 April 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

			Other reserves							
(Millions of dollars)	Called-up share capital	Retained earnings	Defined Benefit Plans	Currency translation differences	Hedging instruments	Other	Treasury shares	Total equity attributable to Linde plc shareholders	Non-controlling interests	Total equity
AS AT 01/01/2022	**$ 1**	**$ 18,710**	**$ (1,130)**	**$ (3,993)**	**$ 75**	**$ 40,180**	**$ (9,808)**	**$ 44,035**	**$ 1,393**	**$ 45,428**
Profit for the year		4,147						4,147	134	4,281
Other comprehensive income (net of tax)			1,070	(1,791)	(13)			(734)	(44)	(778)
TOTAL COMPREHENSIVE INCOME	**—**	**4,147**	**1,070**	**(1,791)**	**(13)**	—	**—**	**3,413**	**90**	**3,503**
Dividend payments		(2,344)						(2,344)		(2,344)
Changes as a result of share option schemes and stock purchase plans		28				(175)	(4,929)	(5,076)		(5,076)
DISTRIBUTIONS TO OWNERS OF THE COMPANY	**—**	**(2,316)**	**—**	**—**	**—**	**(175)**	**(4,929)**	**(7,420)**	**—**	**(7,420)**
Dividends and changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—	(137)	(137)
AT 31/12/2022	**$ 1**	**$ 20,541**	**$ (60)**	**$ (5,784)**	**$ 62**	**$ 40,005**	**$ (14,737)**	**$ 40,028**	**$ 1,346**	**$ 41,374**
Profit for the year		6,199						6,199	142	6,341
Other comprehensive income (net of tax)			(380)	412	(55)			(23)	(12)	(35)
TOTAL COMPREHENSIVE INCOME	**—**	**6,199**	**(380)**	**412**	**(55)**	—	**—**	**6,176**	**130**	**6,306**
Dividend payments		(2,482)						(2,482)		(2,482)
Changes as a result of share option schemes and stock purchase plans		(113)				(181)	(3,696)	(3,990)		(3,990)
DISTRIBUTIONS TO OWNERS OF THE COMPANY	**—**	**(2,595)**	**—**	**—**	**—**	**(181)**	**(3,696)**	**(6,472)**	**—**	**(6,472)**
Dividends and changes in ownership interest in subsidiaries	—	—	—	—	—	(12)	—	(12)	(114)	(126)
Intercompany Reorganization (Note 15)		**(15,300)**					**15,300**	—		—
AT 31/12/2023	**$ 1**	**$ 8,845**	**$ (440)**	**$ (5,372)**	**$ 7**	**$ 39,812**	**$ (3,133)**	**$ 39,720**	**$ 1,362**	**$ 41,082**

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 December *(Millions of dollars)*	*Note*	2023	2022
Operations			
Profit for the year – Linde plc		$ 6,199	$ 4,147
Add: Noncontrolling interests from continuing operations		142	134
Income from continuing operations (including noncontrolling interests)		$ 6,341	$ 4,281
Adjustments to reconcile net income to net cash provided by operating activities:			
Other charges, net of payments		(118)	902
Depreciation and amortization	[10, 11, 19]	3,816	4,204
Deferred income taxes	[7]	(84)	(383)
Share-based compensation	[21]	141	107
Non-cash charges and other		43	(49)
Working capital			
Accounts receivable	[14]	(86)	(423)
Contract assets and liabilities, net	[4]	(168)	310
Inventory	[13]	(127)	(347)
Prepaid and other current assets	[14]	66	(157)
Payables and accruals	[20]	(168)	307
Pension contributions	[16]	(46)	(51)
Long-term assets, liabilities and other		(305)	163
Net cash provided by operating activities		9,305	8,864
Investing			
Capital expenditures		(3,787)	(3,173)
Acquisitions, net of cash acquired	[3]	(953)	(110)
Divestitures and asset sales, net of cash divested		70	195
Net cash used for investing activities		(4,670)	(3,088)
Financing			
Short-term debt borrowings (repayments) – net	[18]	554	3,050
Long-term debt borrowings	[18]	2,188	3,210
Long-term debt repayments	[18]	(1,682)	(1,785)
Issuances of ordinary shares		33	36
Purchases of ordinary shares		(3,958)	(5,168)
Cash dividends – Linde plc shareholders		(2,482)	(2,344)
Noncontrolling interest transactions and other		(53)	(88)
Net cash used for financing activities		(5,400)	(3,089)
Effect of exchange rate changes on cash and cash equivalents		(7)	(74)
Change in cash and cash equivalents		(772)	2,613
Cash and cash equivalents, beginning-of-period		5,436	2,823
Cash and cash equivalents, end-of-period		$ 4,664	$ 5,436
Supplemental Data			
Income taxes paid		$ 1,955	$ 1,735
Interest paid, net of capitalized interest	[6]	$ 451	$ 170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

[1] Business Overview and Basis of Preparation

Linde (Registration number 606357) is an incorporated public limited company formed under the laws of Ireland. Linde's registered office is located at Ten Earlsfort Terrace, Dublin 2, D02 T380 Ireland. Linde's principal executive offices are located at Forge, 43 Church Street West, Woking, Surrey, GU21 6HT, United Kingdom and 10 Riverview Drive, Danbury, Connecticut, 06810, United States. Linde trades on the Nasdaq under the symbol LIN as of 31 December 2023.

On 18 January 2023, shareholders approved the company's proposal for an intercompany reorganization that resulted in the delisting of its ordinary shares from the Frankfurt Stock Exchange.

On 1 March 2023, Linde plc (formerly known as Rounderway plc), a public limited company incorporated under the laws of Ireland with registered number 606357 (the "Company"), as the successor to Linde plc, a public limited company incorporated under the laws of Ireland with registered number 602527 (the "Predecessor"), completed a reorganization in accordance with the Irish Companies Act 2014 (the "Reorganization"). The Reorganization was completed pursuant to (i) the terms of the Scheme of Arrangement, dated as of 9 December 2022, between the Predecessor, and the holders of the Predecessor's outstanding shares (the "Scheme") and (ii) the terms of the Common Draft Terms of Merger, dated as of 2 December 2022 (the "Terms of Merger"), between the Predecessor and the Company, pursuant to which the Predecessor was merged with and into the Company pursuant to a "merger by absorption" implemented pursuant to the provisions of Chapter 16 of Part 17 of the Irish Companies Act 2014, effective as of the Effective Time (as defined in the Terms of Merger), whereupon the separate corporate existence of the Predecessor ceased and the Company continued as the surviving entity (the "Merger"). As a result of the Reorganization, each outstanding ordinary share, €0.001 nominal value per share, of the Predecessor (the "Predecessor Shares") was exchanged for one ordinary share, €0.001 nominal value per share, of the Company (the "New Linde Shares"), and the Company changed its name from "Rounderway plc" to "Linde plc". Upon consummation of the Merger, the Company, by operation of law, assumed all obligations of the Predecessor.

The historical consolidated financial information of Linde plc prior to the merger is considered the historical information of the Group and the comparative and current year consolidated financial statements have been prepared on that basis.

Following the completion of legal and regulatory approvals, Linde completed the intercompany reorganization and delisting process, and its ordinary shares were delisted from the Frankfurt Stock Exchange on 1 March 2023. In connection with the closing of the intercompany reorganization, Linde shareholders automatically received one share of the new holding company, listed on the New York Stock Exchange, in exchange for each share of Linde plc that was previously owned. The new holding company is also named "Linde plc" and traded under the existing ticker LIN. As of 31 December 2023 Linde plc shares trade on the Nasdaq under the ticker symbol "LIN".

The directors have elected to prepare the consolidated financial statements in accordance with Section 279 of the Companies Act 2014, which provides that a true and fair view of the state of affairs and profit or loss may be given by preparing the financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Republic of Ireland's Companies Act 2014 (the "Companies Act") or of any regulations made thereunder. Accordingly, these financial statements include disclosures required by the Companies Act in addition to those required under U.S. GAAP. The consolidated financial statements include the accounts of subsidiaries, after elimination of intercompany accounts and transactions. The consolidated financial information presented herein reflects all financial information that, in the opinion of management, is necessary for a fair statement of financial position, profit and loss and cash flows for the periods presented.

The consolidated financial statements of Linde have been prepared on a historical cost basis, except for the following: 1) certain financial assets and liabilities (including derivative instruments) - measured at fair value and 2) defined benefit pension plans - plan assets measured at fair value.

The consolidated financial statements of Linde have been prepared on a going concern basis. The company believes that it has sufficient operating flexibility, cash reserves, and funding sources to maintain adequate amounts of liquidity to meet its business needs around the world. The company has a $5 billion unsecured and a $1.5 billion undrawn revolving credit agreement with no associated financial covenants. No borrowings were outstanding under the credit agreements as of 31 December 2023 (see Note 18). 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 credit ratings.

The reporting currency is the US dollar ("USD"). All amounts are shown in millions of US dollars ($ million), unless stated otherwise. Expenses are presented by function in the consolidated statement of profit and loss.

The annual financial statements of companies included in the consolidation are prepared at the same reporting date as the annual financial statements of Linde plc.

[2] Summary of Accounting Policies

Principles of Consolidation – The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (" U.S. GAAP") and include the accounts of all significant subsidiaries where control exists and, in limited situations, variable-interest entities where the company is the primary beneficiary. Intercompany transactions and balances are eliminated in consolidation and any significant related-party transactions have been disclosed.

Equity investments generally consist of 20% to 50% owned operations where the company exercises significant influence, but does not have control. Income from equity investments in corporations is reported on an after-tax basis. Pre-tax income from equity investments that are partnerships or limited-liability corporations is included in other operating (income) expense – net with related taxes included in income tax expense. Equity investments are reviewed for impairment whenever events or circumstances reflect that an impairment loss may have been incurred.

Changes in ownership interest that result either in consolidation or deconsolidation of an investment are recorded at fair value through earnings, including the retained ownership interest, while changes that do not result in either consolidation or deconsolidation of a subsidiary are treated as equity transactions.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While actual results could differ, management believes such estimates to be reasonable.

Operations – Linde is the largest industrial gases company globally. The company produces, sells and distributes atmospheric, process and specialty gases to a diverse group of industries including aerospace, chemicals, food and beverage, electronics, energy, healthcare, manufacturing, and metals. Linde’s Engineering business offers its customers an extensive range of gas production and processing services including supplying plant components and services directly to customers.

Revenue Recognition – Revenue is recognized as control of goods or services are transferred to customers in an amount that reflects the consideration to which the company expects to be entitled to receive in exchange for the goods or services. See Note 4 for additional details regarding Linde's revenue recognition policies.

Cash Equivalents – Cash equivalents are considered to be highly liquid securities with original maturities of three months or less.

Inventories – Inventories are stated at the lower of cost or net realizable value. Cost is determined using the average-cost method.

Property, Plant and Equipment – Property, plant and equipment are carried at cost, net of accumulated depreciation. The company capitalizes labor, applicable overhead and interest as part of the cost of constructing major facilities. Expenditures for additions and improvements that extend the lives or increase the capacity of plant assets are also capitalized. Depreciation is calculated on the straight-line method based on the estimated useful lives of the assets, which range from 3 years to 40 years (see Note 11). Linde uses accelerated depreciation methods for tax purposes where appropriate. Maintenance of property, plant and equipment is generally expensed as incurred.

The company performs a test for impairment whenever events or changes in circumstances indicate that the carrying amount of an individual asset or asset group may not be recoverable. Should projected undiscounted future cash flows be less than the carrying amount of the asset or asset group, an impairment charge reducing the carrying amount to fair value may be required. Fair value is determined based on the most appropriate valuation technique, including discounted cash flows.

Asset-Retirement Obligations – An asset-retirement obligation is recognized in the period in which sufficient information exists to determine the fair value of the liability with a corresponding increase to the carrying amount of the related property, plant and equipment which is then depreciated over its useful life. The liability is initially measured at fair value and then accretion expense is recorded in each subsequent period. The company’s asset-retirement obligations are primarily associated with its on-site long-term supply arrangements where the company has built a facility on land leased from the customer and is obligated to remove the facility at the end of the contract term. The company's asset-retirement obligations are not material to its consolidated financial statements.

Foreign Currency Translation – For most foreign operations, the local currency is the functional currency and translation gains and losses are reported as part of the other reserves component of equity as a cumulative translation adjustment (see Note 15).

Translation differences arising from the translation of items into the reporting currency are recognized in other comprehensive income. Assets and liabilities, contingent liabilities, and other financial commitments are translated at the closing rate on the reporting date (closing rate method). Items in the consolidated statement of profit and loss for the year are translated at a rate which approximates to the translation rate on the date of the transaction (the average rate).

Financial Instruments – Linde enters into various derivative financial instruments to manage its exposure to fluctuating interest rates, currency exchange rates, commodity pricing and energy costs. Such instruments primarily include 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. Linde only uses commonly traded and non-leveraged instruments.

There are three types of derivatives 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, currency contracts are generally not designated as hedges for accounting purposes unless they are related to forecasted transactions. 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, then hedge accounting will be discontinued prospectively.

Changes in the fair value of derivatives designated as fair-value hedges are recognized in earnings as an offset to the change in the fair values of the underlying exposures being hedged. The changes in fair value of derivatives that are designated as cash-flow hedges are deferred in other reserves and are reclassified to earnings as the underlying hedged transaction affects earnings. Provided the hedge remains highly effective, any ineffectiveness is deferred in other reserves and are reclassified to earnings as the underlying hedged transaction affects earnings. Hedges of net investments in foreign subsidiaries are recognized in the cumulative translation adjustment component of other reserves on the consolidated statement of financial position to offset translation gains and losses associated with the hedged net investment. Derivatives that are entered into for risk-management purposes and are not designated as hedges (primarily related to currency derivatives other than for firm commitments) are recorded at their fair market values and recognized in current earnings.

See Note 22 for additional information relating to financial instruments.

Goodwill – Acquisitions are accounted for using the acquisition method which requires allocation of the purchase price to assets acquired and liabilities assumed based on estimated fair values. Any excess of the purchase price over the fair value of the assets and liabilities acquired is recorded as goodwill. Allocations of the purchase price are based on preliminary estimates and assumptions at the date of acquisition and are subject to revision based on final information received, including appraisals and other analyses which support underlying estimates.

The company performs a goodwill impairment test annually as of 1 October or more frequently if events or circumstances indicate that an impairment loss may have been incurred. The impairment test allows an entity to first assess qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than carrying value. If it is determined that it is more likely than not that the fair value of a reporting unit is less than carrying value then the company will estimate and compare the fair value of its reporting units to their carrying value, including goodwill. Reporting units are determined based on one level below the operating segment level. The qualitative analysis of goodwill for the year ended 31 December 2023 showed the fair value of the reporting units substantially exceeded the carrying value, as such further analysis was not performed.

Irish Company Law requires goodwill and indefinite lived intangible assets to be amortized. However, the Company does not believe this gives a true and fair view, as not all goodwill and intangible assets decline in value. In addition, since goodwill that does decline in value rarely does so on a straight-line basis, straight-line amortization of goodwill and indefinite lived intangible assets over an arbitrary period does not reflect the economic reality. Therefore, goodwill and indefinite lived intangible assets are not amortized.

See Note 9 for additional information relating to goodwill.

Other Intangible Assets – Other intangible assets, primarily customer relationships, are amortized over the estimated period of benefit. The determination of the estimated period of benefit will be dependent upon the use and underlying characteristics of the intangible asset. Linde evaluates the recoverability of its intangible assets subject to amortization when facts and circumstances indicate that the carrying value of the asset may not be recoverable. If the carrying value is not recoverable, impairment is measured as the amount by which the carrying value exceeds its estimated fair value. Fair value is generally estimated based on either appraised value or other valuation techniques. Indefinite lived intangible assets related to the Linde brand are evaluated for impairment on an annual basis or more frequently if events or circumstances indicate an impairment loss may have occurred.

See Note 10 for additional information relating to other intangible assets.

Income Taxes – Deferred income taxes are recorded for the temporary differences between the financial statement and tax bases of assets and liabilities using currently enacted tax rates. Valuation allowances are established against deferred tax assets whenever circumstances indicate that it is more likely than not that such assets will not be realized in future periods.

Under the guidance for accounting for uncertainty in income taxes, the company can recognize the benefit of an income tax position only if it is more likely than not (greater than 50%) that the tax position will be sustained upon tax examination, based solely on the technical merits of the tax position. Otherwise, no benefit can be recognized. The tax benefits recognized are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Additionally, the company accrues interest and related penalties, if applicable, on all tax exposures for which reserves have been established consistent with jurisdictional tax laws. Interest and penalties are classified as income tax expense in the financial statements.

See Note 7 for additional information relating to income taxes.

Retirement Benefits – Most Linde employees participate in a form of defined benefit or contribution retirement plan, and additionally certain employees are eligible to participate in various post-employment health care and life insurance benefit plans. The cost of contribution plans is recognized in the year earned while the cost of other plans is recognized over the employees' expected service period to the company, all in accordance with the applicable accounting standards. The funded status of the plans is recorded as an asset or liability in the consolidated statement of financial position. Funding of retirement benefits varies and is in accordance with local laws and practices.

See Note 16 for additional information relating to retirement programs.

Share-based Compensation– The company has historically granted share-based awards which consist of stock options, restricted stock and performance-based stock. Share-based compensation expense is generally recognized on a straight-line basis over the stated vesting period. For stock awards granted to full-retirement-eligible employees, compensation expense is recognized over the period from the grant date to the date retirement eligibility is achieved. For performance-based awards, compensation expense is recognized only if it is probable that the performance condition will be achieved.

See Note 21 for additional disclosures relating to share-based compensation.

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

Recently Issued Accounting Standards

Accounting Standards Implemented in 2023

There were no new accounting pronouncements that would materially impact the 2023 financial statements.

Accounting Standards to be Implemented

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

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

[3] Acquisitions and Divestitures

Acquisitions

Acquisitions were $953 million and $110 million for the years ended 31 December 2023 and 2022 , respectively. Acquisitions in 2023 and 2022 primarily related to the Americas and EMEA.

Acquisition of nexAir, LLC

On 5 January 2023, Linde completed the acquisition of nexAir, LLC, a gas distribution and welding supply company in the United States, in order to further expand the company's geographic footprint into different regions. Prior to completion of the acquisition, Linde held a 23% interest in nexAir, LLC. Pursuant to a signed purchase agreement between Linde and nexAir, LLC, Linde purchased the remaining 77% ownership interest in an all cash transaction with a total purchase price of $866 million, or $811 million net of cash acquired. The fair value of Linde's equity interest in nexAir, LLC immediately preceding the acquisition date was $183 million, which resulted in a gain on remeasurement of the company's previously held equity interest which was not material; this gain is recorded within "Other operating income (expense) - net" on the consolidated statement of profit and loss.

Final Allocation of Purchase Price

The acquisition of nexAir, LLC was accounted for as a business combination. Following the acquisition date, 100% of nexAir, LLC's results were consolidated in the Americas business segment. Linde's twelve months ended 31 December 2023 consolidated statement of profit and loss includes sales of $408 million related to nexAir, LLC. Pro forma results for 2022 have not been included as the impact of the acquisition is not material to the consolidated statement of profit and loss.

The company estimated the preliminary fair value of net assets acquired based on information currently available at the time of the acquisition and has continued to adjust those estimates as additional information has become available. Measurement period adjustments totaled approximately $27 million, and related to working capital adjustments and deferred taxes. The following table summarizes the fair value of identifiable assets acquired and liabilities assumed in the acquisition of nexAir, LLC as of the acquisition date.

(Millions of dollars)	5 January 2023	
Assets:		
Cash and cash equivalents	$	55
Other current assets		49
Property, plant and equipment		241
Other intangible assets		245
Other non-current liabilities		(1)
Deferred taxes		(25)
Total identifiable net assets	**$**	**564**
Goodwill	$	485
Fair value of previously held equity interest	$	183
Total purchase price	$	866

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

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

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

The excess of the consideration for the acquisition over the preliminary fair value of net assets acquired was recorded as goodwill. The acquisition resulted in $485 million of goodwill, the majority of which is expected to be deductible for tax purposes. The goodwill balance is primarily attributable to the assembled workforce and operating synergies expected to result from the acquisition. The goodwill recorded as a result of the acquisition was allocated to the Americas reportable segment, which represents the reportable segment anticipated to experience operating synergies as a result of the acquisition.

Divestitures

Sale of GIST business

In the third quarter of 2022, the company completed the sale of its GIST business. Proceeds from the sale were $184 million, net of cash divested of $75 million, for net proceeds of $109 million. The sale resulted in a loss of $21 million (benefit of $3 million, after tax), recorded within other operating (income) expense - net in the consolidated statement of profit and loss (see Note 5).

[4] Revenue Recognition

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

Contracts with Customers

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

Industrial Gases

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

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

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

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

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

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

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

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

Engineering

The company designs and manufactures equipment for air separation and other industrial gas applications manufactured specifically for end customers. Sale of equipment contracts are generally comprised of a single performance obligation. Revenue from sale of equipment is generally recognized over time as Linde has an enforceable right to payment for performance completed to date and performance does not create an asset with alternative use. For contracts recognized over time, revenue is recognized primarily using a cost incurred input method. Costs incurred to date relative to total estimated costs at completion are used to measure progress toward satisfying performance obligations. The result is applied to total expected revenue and results in financial statement recognition of revenue in addition to costs incurred to date. Any expected loss on a contract is recognized as an expense immediately. 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. We assess performance as progress towards completion is achieved on specific projects, earnings will be impacted by changes to our forecast of revenues and cost on these projects.

The cost incurred input method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required to fulfill the contractually defined obligations. The key source of estimation uncertainty is the total estimated costs at completion including material, labor and overhead costs and the resultant state of completion of the contracts. There are inherent uncertainties associated with the estimation process, including technical complexity, duration of construction cycle, potential cost inflation (whether equipment or manpower), and scope considerations all of which may affect the total estimation process. Changes in these estimates may lead to a significant impact on future financial statements.

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 $196 million at 31 December 2023 and $124 million at 31 December 2022. Total contract liabilities are $2,950 million at 31 December 2023 (current of $1,901 million and $1,049 million within other non-current liabilities in the consolidated statement of financial position). As of 31 December 2023 Linde has $418 million recorded in contract liabilities related to engineering projects in Russia subject to sanctions and therefore suspended and lawfully wound down. Total contract liabilities were $3,986 million at 31 December 2022 (current contract liabilities of $3,073 million and $913 million within other non-current liabilities in the consolidated statement of financial position). The decrease in contract liabilities is primarily related to a reclassification of contract liabilities to a contingent liability in other non-current provisions associated with an engineering project in Russia (see Note 28). Revenue recognized for the twelve months ended 31 December 2023 that was included in the contract liability at 31 December 2022 was $1,017 million. Contract assets and liabilities primarily relate to the Engineering business.

Payment Terms and Other

Linde generally receives payment after performance obligations are satisfied, and customer prepayments are not typical for the industrial gases business. Payment terms vary based on the country where sales originate and local customary payment practices. Linde does not offer extended financing outside of customary payment terms. Amounts billed for sales and use taxes, value-added taxes, and certain excise and other specific transactional taxes imposed on revenue producing transactions are presented on a net basis and are not included in sales within the consolidated statement of profit and loss. 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 24, 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 years ended 31 December 2023 and 2022:

(Millions of dollars)	Year Ended 31 December 2023						
Sales	**Americas**	**EMEA**	**APAC**	**Engineering**	**Other**	**Total**	**%**
Merchant	$ 4,370	$ 2,773	$ 2,242	$ —	$ 218	$ 9,603	29 %
On-Site	3,246	1,980	2,599	—	—	7,825	24 %
Packaged Gas	6,457	3,735	1,416	—	46	11,654	35 %
Other	231	54	302	2,160	1,025	3,772	12 %
	$ 14,304	$ 8,542	$ 6,559	$ 2,160	$ 1,289	$ 32,854	100 %

(Millions of dollars)	Year Ended 31 December 2022						
Sales	**Americas**	**EMEA**	**APAC**	**Engineering**	**Other**	**Total**	**%**
Merchant	$ 3,786	$ 2,509	$ 2,220	$ —	$ 176	$ 8,691	26 %
On-Site	4,048	2,415	2,471	—	—	8,934	27 %
Packaged Gas	5,831	3,466	1,523	—	51	10,871	33 %
Other	209	53	266	2,762	1,578	4,868	14 %
	$ 13,874	$ 8,443	$ 6,480	$ 2,762	$ 1,805	$ 33,364	100 %

Remaining Performance Obligations

As described above, Linde's contracts with on-site customers are under long-term supply arrangements which generally require the customer to purchase their requirements from Linde and also have minimum purchase requirements. Additionally, plant sales from the Linde Engineering business are primarily contracted on a fixed price basis. The company estimates the consideration related to future minimum purchase requirements and plant sales was approximately $48 billion (excludes Russian projects which are impacted by sanctions). This amount excludes all on-site sales above minimum purchase requirements, which can be significant depending on customer needs. In the future, actual amounts will be different due to impacts from several factors, many of which are beyond the company's control including, but not limited to, timing of newly signed, terminated and renewed contracts, inflationary price escalations, currency exchange rates, and pass-through costs related to natural gas and electricity. The actual duration of long-term supply contracts ranges up to twenty years. The company estimates that approximately half of the revenue related to minimum purchase requirements will be earned in the next five years and the remaining thereafter.

[5] Other operating income and expenses

Other Operating Income

(Millions of dollars)	**2023**	**2022**
Exchange gains including hedges	$ 93	$ 121
Profit on disposal of non-current assets	17	11
Partnership income	2	18
Miscellaneous operating income	215	157
TOTAL	**$ 327**	**$ 307**

Other Operating Expense

(Millions of dollars)	2023	2022
Exchange losses including hedges	$ 141	$ 139
Loss on disposal of non-current assets	11	20
Other Charges	—	1,029
Miscellaneous operating expenses	216	210
TOTAL	**$ 368**	**$ 1,398**

Other Charges

2023 Charges

Other charges were $40 million for the year ended 31 December 2023. Costs primarily related to severance in the Engineering segment and expenses incurred due to the intercompany reorganization for the year ended 31 December 2023. Other charges for 2023 included an income tax benefit of $81 million primarily comprised of a benefit of $124 million related to the resolution of an income tax audit, partially offset by an accrual of $85 million for the potential settlement of an international income tax matter, both recorded in the first quarter. Charges are primarily recorded within administrative expenses in the consolidated statement of profit and loss.

2022 Charges

Other charges were $1 billion ($896 million, after tax and noncontrolling interests) for the year ended 31 December 2022, largely attributable to the Russia-Ukraine conflict.

Russia-Ukraine Conflict

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

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 other operating (income) expense - net in the consolidated statements of profit and loss.

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

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

Other Russia related charges

Other charges related specifically to the Russia-Ukraine conflict were $103 million ($73 million after tax) for the year ended 31 December 2022, and are primarily comprised of impairments of assets which are maintained by international entities in support of the Russian business.

Merger-Related Costs and Other Charges

Merger-related costs and other charges were $139 million ($93 million, after tax) for the year ended 31 December 2022, primarily related to severance actions within the Engineering segment recorded during the fourth quarter, the impairment of an equity method investment in the EMEA segment, and the sale of the GIST business completed on 30 September 2022 (see Note 3).

The following table provides a summary of the pre-tax charges by reportable segment for the year ended 31 December 2022:

(millions of dollars)	Year Ended 31 December 2022 Russia deconsolidation charges	Other Russia related charges	**Total Russia charges**	Merger-related costs and other charges	**Total**
Americas	$ —	$ —	$ —	$ 4	$ 4
EMEA	733	(7)	726	25	751
APAC	—	—	—	28	28
Engineering	54	110	164	41	205
Other	—	—	—	41	41
Total	$ 787	$ 103	$ 890	$ 139	$ 1,029

[6] Interest income and expenses

Interest Income

(Millions of dollars)	**2023**	**2022**
Interest Income	**$ 197**	**$ 117**

Interest Expense

(Millions of dollars)	**2023**	**2022**
Interest incurred on debt including hedged transactions	480	277
Amortization on acquired debt	(16)	(35)
Capitalized interest	(67)	(62)
TOTAL	**$ 397**	**$ 180**

In interest income and expenses, gains and losses from fair value hedge accounting on debt instruments are offset against each other, in order to give a fair presentation of the economic effect of the underlying hedging relationship. Interest income and expenses relating to derivatives were also disclosed net.

[7] Income Tax Expense

Pre-tax income applicable to U.S. and non-U.S. operations is as follows:

(Millions of dollars) **Year Ended 31 December,**	2023	2022
United States	$ 2,859	$ 2,502
Non-U.S.	5,129	3,041
Total income before income taxes	$ 7,988	$ 5,543

Provision for Income Taxes

The following is an analysis of the provision for income taxes:

(Millions of dollars) Year Ended 31 December,	2023	2022
Current tax expense (benefit)		
U.S. federal	$ 291	$ 486
State and local	116	92
Non-U.S.	1,491	1,239
	1,898	1,817
Deferred tax expense (benefit)		
U.S. federal	57	(12)
State and local	5	7
Non-U.S.	(146)	(378)
	(84)	(383)
Total income taxes	$ 1,814	$ 1,434

Effective Tax Rate Reconciliation

For purposes of the effective tax rate reconciliation, the company utilizes the U.S. statutory income tax rate of 21%. An analysis of the difference between the provision for income taxes and the amount computed by applying the U.S. statutory income tax rate to pre-tax income follows:

(Millions of dollars) Year Ended 31 December,	2023		2022	
U.S. statutory income tax	$ 1,677	21.0 %	$ 1,164	21.0 %
State and local taxes – net of federal benefit	105	1.3 %	84	1.5 %
Tax on Non-U.S. activities (a)	169	2.1 %	176	3.2 %
Share-Based compensation	(66)	(0.8)%	(41)	(0.7)%
Russia/Ukraine Charges	—	— %	108	1.9 %
Other (b)	(71)	(0.9)%	(57)	(1.0)%
Provision for income taxes	$ 1,814	22.7 %	$ 1,434	25.9 %

(a) Primarily related to differences between the U.S. tax rate and the statutory tax rate in the countries in which the company operates. It also includes the U.S. tax impact of the non-U.S. activities and other non-U.S. permanent items and tax rate changes.

(b) Includes net tax benefits related to tax audit settlements of $54 million in 2023 and $71 million in 2022.

Net Deferred Tax Liabilities

Net deferred tax liabilities included in the consolidated statement of financial position are comprised of the following:

(Millions of dollars) **Year Ended 31 December,**	**2023**	**2022**
Deferred tax liabilities		
Fixed assets	$ 2,686	$ 2,775
Goodwill	215	173
Other intangible assets	2,872	2,939
Subsidiary/equity investments	586	545
Other (a)	456	471
	$ 6,815	$ 6,903
Deferred tax assets		
Carryforwards	$ 285	$ 289
Benefit plans and related (b)(c)	243	165
Inventory	82	68
Accruals and other (d)	858	1,001
	$ 1,468	$ 1,523
Less: Valuation allowances (e)	(176)	(276)
	$ 1,292	$ 1,247
Net deferred tax liabilities	$ 5,523	$ 5,656
Recorded in the consolidated statement of financial position as:		
Other non-current assets	226	230
Deferred credits	5,749	5,886
	$ 5,523	$ 5,656

(a) Includes $221 million in 2023 and $206 million in 2022 related to right-of-use lease assets.

(b) Includes deferred tax asset of $60 million and deferred tax liability of $54 million in 2023 and 2022, respectively, related to pension / OPEB funded status (see Note 16).

(c) The amounts are net of non-US deferred tax liabilities of $187 million in 2023 and $315 million in 2022.

(d) Includes $228 million in 2023 and $212 million in 2022 related to lease liabilities.

(e) Summary of changes in valuation allowances relating to deferred tax assets follows (millions of dollars):

	2023	**2022**
Balance, 1 January,	$ (276)	$ (235)
Income tax (charge) benefit	65	(44)
Other, including write-offs	34	—
Translation adjustments	1	3
Balance, 31 December,	$ (176)	$ (276)

The company evaluates deferred tax assets quarterly to ensure that estimated future taxable income will be sufficient in character (e.g., capital gain versus ordinary income treatment), amount and timing to result in their recovery. After considering the positive and negative evidence, a valuation allowance is established to reduce the assets to their realizable value when management determines that it is more likely than not (i.e., greater than 50% likelihood) that a deferred tax asset will not be realized. Considerable judgment is required in establishing deferred tax valuation allowances.

As of 31 December 2023, the company had $285 million of deferred tax assets relating to net operating losses (“NOLs”) and tax credits and $176 million of valuation allowances. These deferred tax assets include $235 million relating to NOLs of which $82 million expire within 5 years, $24 million expire after 5 years and $129 million have no expiration. The deferred tax assets also include $50 million related to credits of which $3 million expire within 5 years, $40 million expire after 5 years, and $7 million have no expiration. The valuation allowances of $176 million primarily relate to NOLs. Management has determined, based on financial projections and available tax strategies, that it is unlikely that the benefit of these losses will be realized. If events or circumstances change, valuation allowances are adjusted at that time resulting in an income tax benefit or charge.

The company has $586 million of non-U.S. income and withholding taxes accrued related to its investment in non-U.S. subsidiaries and equity investments. A provision has not been made for any additional non-U.S. income or withholding taxes at 31 December 2023 on approximately $4 billion of unremitted non-U.S. earnings on which the company intends to remain indefinitely reinvested or on other outside basis differences in its investments unrelated to unremitted earnings. A determination of these deferred taxes related to these amounts is not practicable.

Uncertain Tax Positions

Unrecognized income tax benefits represent income tax positions taken on income tax returns but not yet recognized in the consolidated financial statements. The company has unrecognized income tax benefits totaling $304 million and $325 million as of 31 December 2023 and 2022, respectively. If recognized, the majority of the unrecognized tax benefits and related interest and penalties would be recorded as a benefit to income tax expense on the consolidated statements of income.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(Millions of dollars)	2023	2022
Unrecognized income tax benefits, 1 January	$ 325	$ 387
Additions for tax positions of prior years	108	26
Reductions for tax positions of prior years (a)	(121)	(45)
Additions for current year tax positions	—	—
Reductions for settlements with taxing authorities (a)(b)	(1)	(23)
Other (c)	(7)	(20)
Unrecognized income tax benefits, 31 December	$ 304	$ 325

(a) 2023 and 2022 amounts are primarily related to the settlement of tax audits.

(b) Settlements are uncertain tax positions that were effectively settled with the taxing authorities, including positions where the company has agreed to amend its tax returns to eliminate the uncertainty.

(c) Other includes reductions for statute of limitation lapses and foreign currency translation.

The company classifies interest income and expense related to income taxes as tax expense in the consolidated statements of profit and loss. The company recognized net interest benefit of $17 million and $3 million for the years ended 31 December 2023 and 2022, respectively. The company had $14 million and $35 million of accrued interest and penalties as of 31 December 2023 and 2022, respectively, which were recorded in other non-current liabilities in the consolidated statement of financial position (See Note 20).

As of 31 December 2023, the company remained subject to examination in the following major tax jurisdictions for the tax years as indicated below:

Major tax jurisdictions	Open Years
North and South America	
United States	2020 through 2023
Canada	2014 through 2023
Mexico	2014 through 2023
Brazil	2008 through 2023
Europe and Africa	
France	2019 through 2023
Germany	2018 through 2023
Spain	2010 through 2023
United Kingdom	2021 through 2023
Asia and Australia	
Australia	2019 through 2023
China	2018 through 2023
India	2006 through 2023
South Korea	2020 through 2023

The company is currently under audit in a number of jurisdictions. As a result, it is reasonably possible that some of these matters will conclude or reach the stage where a change in unrecognized income tax benefits may occur within the next twelve months. At the time new information becomes available, the company will record any adjustment to income tax expense as required. Final determinations, if any, are not expected to be material to the consolidated financial statements. The company is also subject to income taxes in many hundreds of state and local taxing jurisdictions that are open to tax examinations.

[8] Earnings Per Share

Basic and Diluted earnings per share - Linde plc shareholders is computed by dividing profit for the year – Linde plc by the weighted average number of either basic or diluted shares outstanding, as follows:

	2023	2022
Numerator (Millions of dollars)		
Profit for the year – Linde plc	$ 6,199	$ 4,147
Denominator (Thousands of shares)		
Weighted average shares outstanding	487,656	499,254
Shares earned and issuable under compensation plans	535	482
Weighted average shares used in basic earnings per share	488,191	499,736
Effect of dilutive securities		
Stock options and awards	4,099	4,302
Weighted average shares used in diluted earnings per share	492,290	504,038
Basic Earnings Per Share	$ 12.70	$ 8.30
Diluted Earnings Per Share	$ 12.59	$ 8.23

There were no antidilutive shares for the years ended 31 December 2023 and 2022.

[9] Goodwill

Changes in the carrying amount of goodwill for the years ended 31 December 2023 and 2022 were as follows:

(Millions of dollars)	Americas	EMEA	APAC	Engineering	Other	Total
Balance, 31 December 2021	$ 9,087	$ 10,278	$ 4,854	$ 2,496	$ 323	$ 27,038
Acquisitions	44	28	—	—	—	72
Foreign currency translation and other	5	(773)	(304)	(146)	(13)	(1,231)
Disposals	—	(41)	—	(1)	(20)	(62)
Balance, 31 December 2022	9,136	9,492	4,550	2,349	290	25,817
Acquisitions (Note 3)	550	—	3	—	—	553
Foreign currency translation and other	17	347	(54)	73	3	386
Disposals	—	(5)	—	—	—	(5)
Balance, 31 December 2023	$ 9,703	$ 9,834	$ 4,499	$ 2,422	$ 293	$ 26,751

Linde performs its goodwill impairment tests annually as of 1 October or more frequently if events or circumstances indicate that an impairment loss may have been incurred. For the fourth quarter 2023 test, the company applied the FASB's accounting guidance which allows the company to first assess qualitative factors to determine the extent of additional quantitative analysis, if any, that may be required to test goodwill for impairment. Based on the qualitative assessments performed, the company concluded that it was more likely than not that the fair value of each reporting unit substantially exceeded its carrying value and therefore, further quantitative analysis was not required. As a result, no impairment was recorded. There were no indicators of impairment since the annual goodwill impairment test was performed through 31 December 2023.

[10] Other Intangible Assets

The following is a summary of Linde's other intangible assets at 31 December 2023 and 2022:

(Millions of dollars) For the year ended 31 December 2023	Customer Relationships	Brands/ Tradenames	Other Intangible Assets	Total
Cost:				
Balance, 31 December 2022	$ 11,062	$ 2,565	$ 1,697	$ 15,324
Additions	258	6	50	314
Foreign currency translation	185	38	41	264
Disposals	(3)	—	(20)	(23)
Other *	(23)	—	145	122
Balance, 31 December 2023	11,479	2,609	1,913	16,001
Less: accumulated amortization:				
Balance, 31 December 2022	(1,841)	(196)	(867)	(2,904)
Amortization expense	(423)	(36)	(91)	(550)
Foreign currency translation	(36)	(1)	(24)	(61)
Disposals	—	—	21	21
Other *	30	—	(138)	(108)
Balance, 31 December 2023	(2,270)	(233)	(1,099)	(3,602)
Net intangible asset balance at 31 December 2023	$ 9,209	$ 2,376	$ 814	$ 12,399

(Millions of dollars) For the year ended 31 December 2022	Customer Relationships	Brands/ Tradenames	Other Intangible Assets	Total
Cost:				
Balance, 31 December 2021	$ 11,859	$ 2,685	$ 1,629	$ 16,173
Additions	19	—	53	72
Foreign currency translation	(660)	(120)	(56)	(836)
Disposals	(140)	—	(45)	(185)
Other *	(16)	—	116	100
Balance, 31 December 2022	11,062	2,565	1,697	15,324
Less: accumulated amortization:				
Balance, 31 December 2021	(1,541)	(159)	(671)	(2,371)
Amortization expense	(419)	(42)	(110)	(571)
Foreign currency translation	80	5	13	98
Disposals	34	—	16	50
Other *	5	—	(115)	(110)
Balance, 31 December 2022	(1,841)	(196)	(867)	(2,904)
Net balance at 31 December 2022	$ 9,221	$ 2,369	$ 830	$ 12,420

*Other primarily relates to the write-off of fully amortized assets and reclassifications.

There are no expected residual values related to these intangible assets. Amortization expense for the years ended 31 December 2023 and 2022 was $550 million and $571 million , respectively. The remaining weighted-average amortization period for intangible assets is approximately 24 years.

Total estimated annual amortization expense related to finite-lived intangibles is as follows:

(Millions of dollars)		
2024	$	578
2025		528
2026		516
2027		505
2028		492
Thereafter		8,035
Total amortization related to finite-lived intangible assets		10,654
Indefinite-lived intangible assets at 31 December 2023		1,745
Net intangible assets at 31 December 2023	$	12,399

[11] Property, plant and equipment

Schedule of Property, plant and equipment - Acquisition Cost

(Millions of dollars)	Production plants (primarily 15-year life)	Storage tanks	Transportation equipment and other	Cylinders (primarily 30-year life)	Buildings	Land and improvements	Construction in progress	Total
Year beginning 1 January 2022	**$ 29,120**	**$ 4,441**	**$ 2,973**	**$ 4,474**	**$ 3,265**	**$ 1,121**	**$ 3,062**	**$ 48,456**
Additions due to acquisitions	4	—	2	3	3	—	—	12
Additions	2,328	30	52	61	17		674	3,162
Disposals (Note 5)	(1,500)	(89)	(193)	(84)	(252)	(38)	(71)	(2,227)
Currency and other adjustments	602	425	600	150	(31)	(36)	(426)	1,284
Year ended 31 December 2022	**$ 30,554**	**$ 4,807**	**$ 3,434**	**$ 4,604**	**$ 3,002**	**$ 1,047**	**$ 3,239**	**$ 50,687**
Additions due to acquisitions (Note 3)	51	17	14	163	27	5	4	281
Additions	890	123	194	79	37	16	2,417	3,756
Disposals	(399)	(63)	(156)	(96)	(20)	(4)	(6)	(744)
Currency and other adjustments	1,975	561	564	243	229	23	(2,250)	1,345
Year ended 31 December 2023	**$ 33,071**	**$ 5,445**	**$ 4,050**	**$ 4,993**	**$ 3,275**	**$ 1,087**	**$ 3,404**	**$ 55,325**

Schedule of Property, plant and equipment - Cumulative Depreciation

(Millions of dollars)	Production plants (primarily 15-year life)	Storage tanks	Transportation equipment and other	Cylinders (primarily 30-year life)	Buildings	Land and improvements	Construction in progress	Total
Year beginning 1 January 2022	**$ 15,141**	**$ 2,324**	**$ 1,809**	**$ 1,828**	**$ 1,166**	**$ 185**	**$ —**	**$ 22,453**
Depreciation	3,159	76	123	149	60		—	3,567
Disposals (Note 3)	(898)	(24)	(86)	(23)	(121)	(1)	—	(1,153)
Currency and other adjustments	738	548	502	315	161	8	—	2,272
Year ended 31 December 2022	18,140	2,924	2,348	2,269	1,266	192	—	27,139
Depreciation	2,049	368	299	308	175	10	—	3,209
Disposals	(357)	(51)	(152)	(89)	(14)	—	—	(663)
Currency and other adjustments	134	421	383	23	126	1	—	1,088
Year ended 31 December 2023	**19,966**	**3,662**	**2,878**	**2,511**	**1,553**	**203**	**—**	**30,773**
NET CARRYING AMOUNT AT 12/31/2022	**12,414**	**1,883**	**1,086**	**2,335**	**1,736**	**855**	**3,239**	**23,548**
NET CARRYING AMOUNT AT 12/31/2023	**$ 13,105**	**$ 1,783**	**$ 1,172**	**$ 2,482**	**$ 1,722**	**$ 884**	**$ 3,404**	**$ 24,552**

The following useful lives apply to the different types of property, plant and equipment for the years ended 31 December 2023 and 2022:

31 December,	**Depreciable Lives (Yrs)**
Production plants (primarily 15-year life) (a)	10-20
Storage tanks	15-20
Transportation equipment and other	3-15
Cylinders	10-30
Buildings	25-40
Land and improvements (b)	0-20
Construction in progress	

(a) Depreciable lives of production plants related to long-term customer supply contracts are generally consistent with the contract lives.

(b) Land is not depreciated.

[12] Investments in associates and joint ventures/other financial assets

Schedule of Financial Assets - Acquisition Cost

(Millions of dollars)	Investments in associates and joint ventures (at equity)		Other financial assets	
Year beginning 1 January 2022	**$**	**2,619**	**$**	**141**
Currency adjustments		(136)		10
Share of profit (loss) from associates and joint ventures		172		—
Additions (a)		24		252
Reductions (b)		(329)		(41)
Transfers		—		(9)
Year ended 31 December 2022	**$**	**2,350**	**$**	**353**
Currency adjustments		(17)		6
Share of profit (loss) from associates and joint ventures		167		—
Additions (a)		9		—
Reductions (b)		(319)		(9)
Transfers		—		2
Year ended 31 December 2023	**$**	**2,190**	**$**	**352**

(a) Linde impaired its Russian gas and engineering business entities as of 30 June 2022 (see Note 5). Amount reflected in additions for other financial assets primarily represents the remaining investment value of its Russian subsidiaries and receivables from the sale of the company's GIST business (see Note 3).
(b) For investments in associates and joint ventures (at equity), relates primarily to distributions/dividends received from associates and joint ventures. The year ended 31 December 2022 also reflects the impacts of the company's impairment of its Russian gas and engineering business entities (see Note 5). The year ended 31 December 2023 also reflects the acquisition of nexAir, LLC. Prior to completion of the acquisition, Linde held a 23% interest in nexAir, LLC (see Note 3).

[13] Inventories

(Millions of dollars) **31 December,**		2023		2022
Inventories				
Raw materials and supplies	$	614	$	567
Work in process		390		368
Finished goods		1,111		1,043
	$	2,115	$	1,978

[14] Accounts receivable and other assets

(Millions of dollars) **31 December,**		2023		2022
Accounts Receivable				
Trade and Other receivables	$	5,175	$	4,964
Less: allowance for expected credit losses		(457)		(405)
	$	4,718	$	4,559

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 $4,667 million and $4,498 million at 31 December 2023 and 2022, respectively, and gross receivables aged greater than one year were $354 million and $321 million at 31 December 2023 and 2022, respectively. Gross other receivables were $154 million and $145 million at 31 December 2023 and 2022, respectively. Receivables aged greater than one year are generally fully reserved unless specific circumstances warrant exceptions, such as those backed by federal governments.

Provisions for expected credit losses were $175 million and $163 million for the twelve months ended 31 December 2023 and 2022, respectively. The allowance activity in the twelve months ended 31 December 2023 related to write-offs of uncollectible amounts, net of recoveries and currency movements is not material.

(Millions of dollars) **31 December,**	**2023**	**2022**
Other Current Assets		
Prepaid and other deferred charges (a)	$ 583	$ 597
VAT recoverable	178	225
Unrealized gains on derivatives (Note 22)	73	24
Other	93	104
	$ 927	$ 950

(a) Includes estimated income tax payments of $173 million in 2023 and $164 million in 2022.

(Millions of dollars) **31 December,**	**2023**	**2022**
Other Non-current Assets		
Pension assets (Note 16)	$ 380	$ 661
Insurance contracts (a)	38	39
Lease assets (Note 19)	938	872
Deposits	76	52
Deferred charges	60	66
Deferred income taxes (Note 7)	226	230
Unrealized gains on derivatives (Note 22)	8	4
Other	221	199
	$ 1,947	$ 2,123

(a) Consists primarily of insurance contracts and other investments to be utilized for non-qualified pension and OPEB obligations.

[15] Called up share capital (and reserves)

Linde plc Shareholders' Equity

On 1 March 2023, in connection with the shareholder approved intercompany reorganization that resulted in the delisting of old Linde plc from the New York Stock Exchange (NYSE) and the Frankfurt Stock Exchange (FSE), and the subsequent relisting of new Linde plc to the NYSE, Linde shareholders automatically received one share of the new holding company in exchange for each share of Linde plc that was previously owned. The company issued 490,766,972 new Linde shares. Linde plc's historical treasury shares were immediately canceled which resulted in an approximate $15 billion decrease in treasury shares and retained earnings in Shareholders' Equity. On 7 November 2023, Linde plc transferred the listing of its ordinary shares from the NYSE to the Nasdaq, and continued trading under the ticker symbol "LIN".

At 31 December 2023 and 2022, Linde has total authorized share capital of €1,825,000 divided into 1,750,000,000 ordinary shares of €0.001 each, 25,000 A ordinary shares of €1.00 each, 25,000 deferred shares of €1.00 each and 25,000,000 preferred shares of €0.001 each.

At 31 December 2023 there were 490,766,972 and 482,445,145 of Linde plc ordinary shares issued and outstanding, respectively. At 31 December 2023 there were no shares of A ordinary shares, deferred shares or preferred shares issued or outstanding.

At 31 December 2022 there were 552,012,862 and 492,457,627 of Linde plc ordinary shares issued and outstanding, respectively. At 31 December 2022, there were no shares of A ordinary shares, deferred shares or preferred shares issued or outstanding.

Linde's Board of Directors may from time to time authorize the issuance of one or more series of preferred stock and, in connection with the creation of such series, determine the characteristics of each such series including, without limitation, the preference and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions of the series.

Other Linde plc Ordinary Share and Treasury Share Transactions

Linde may issue new ordinary shares for dividend reinvestment and stock purchase plans and employee savings and incentive plans. No new ordinary shares were issued in 2023 and 2022.

On 25 January 2021 the company's board of directors approved the additional repurchase of $5.0 billion of its ordinary shares under which Linde had repurchased 16,662,678 shares through 31 December 2022. Linde completed the repurchases under this program in the first quarter of 2022.

On 28 February 2022, the company's board of directors authorized a new share repurchase program for up to $10.0 billion of its ordinary shares ("2022 program") under which Linde had repurchased 26,411,514 shares through 31 December 2023. This program expires on 31 July 2024.

On 23 October 2023, the company's board of directors approved a new share repurchase program for up to $15.0 billion of its ordinary shares ("2023 program") under which Linde has no repurchases as of 31 December 2023. This program will terminate on the earlier of the date as the maximum authority under the 2023 program is reached or the board terminates the 2023 program.

Noncontrolling Interests

Noncontrolling interest ownership changes are presented within the consolidated statements of changes in equity. 2022 includes the impact of deconsolidating the company's Russian gas and engineering business entities (see Note 5).

Redeemable Noncontrolling Interests

Noncontrolling interests with redemption features, such as put/sell options, that are not solely within the company's control ("redeemable noncontrolling interests") are reported separately in the consolidated statement of financial position at the greater of carrying value or redemption value. For redeemable noncontrolling interests that are not yet exercisable, Linde calculates the redemption value by accreting the carrying value to the redemption value over the period until exercisable. If the redemption value is greater than the carrying value, any increase is adjusted directly to retained earnings and does not impact net income. At 31 December 2023 and 2022, the redeemable noncontrolling interest balance includes an industrial gas business in EMEA where the noncontrolling shareholders have put options.

The components of other reserves are as follows:

(Millions of dollars) 31 December,	2023	2022
Other reserves		
Cumulative translation adjustment - net of taxes:		
Americas (a)	$ (3,618)	$ (3,942)
EMEA (a)	(737)	(1,249)
APAC (a)	(1,037)	(835)
Engineering	(93)	(241)
Other	113	483
	(5,372)	(5,784)
Derivatives – net of taxes	7	62
Pension/OPEB funded status obligation (net of $60 million tax benefit in 2023 and $(54) million tax obligation in 2022) (Note 16)	(440)	(60)
	$ (5,805)	$ (5,782)

(a) Americas consists of currency translation adjustments primarily in Canada, Mexico, and Brazil. EMEA relates primarily to Germany, the U.K., the Netherlands, Hungary, Norway, and Sweden. APAC relates primarily to China, South Korea, India and Australia.

[16] Provisions for pensions and similar obligations

Defined Benefit Pension Plans - U.S.

The Linde retirement plans are non-contributory defined benefit plans covering eligible employees and its participating affiliates. Effective July 1, 2002, the Linde U.S. Pension Plan was amended to give participating employees a one-time irrevocable choice between a traditional benefit (the "Traditional Design") and an account-based benefit (the "Account-Based Design"). The Traditional Design pays a monthly benefit based on years of service and average pay during the last years of the participant's career with Linde. The Account-Based Design gives participants annual pay credits equal to 4% of eligible compensation, plus interest credits based on long-term treasury rates on the accumulated account balance. This new formula applies to all new employees hired after April 30, 2002 into businesses adopting this plan. The U.S. pension plan assets are comprised of a diversified mix of investments, including corporate equities, government securities and corporate debt securities. Linde has several plans that provide supplementary retirement benefits primarily to higher level employees that are unfunded and are nonqualified for federal tax purposes. Pension coverage for employees of certain of Linde's non-U.S. subsidiaries generally is provided by those companies through separate plans. Obligations under such plans are primarily provided for through diversified investment portfolios, with some smaller plans provided for under insurance policies or by book reserves.

Defined Benefit Pension Plans - Non-U.S.

Linde has Non-U.S., defined benefit commitments primarily in Germany and the U.K that include pension plan assets comprised of a diversified mix of investments. The defined benefit commitments in Germany relate to old age pensions, invalidity pensions and surviving dependents pensions. These commitments also take into account vested rights for periods of service prior to January 1, 2002 based on earlier final-salary pension plan rules. In addition, there are direct commitments in respect of the salary conversion scheme for the form of cash balance plans. The resulting pension payments are calculated on the basis of an interest guarantee and the performance of the corresponding investment. There are no minimum funding requirements. The pension obligations in Germany are partly funded by a Contractual Trust Agreement (CTA). Defined benefit commitments in the U.K. prior to July 1, 2003 are earnings-related and dependent on the period of service. Such commitments relate to old age pensions, invalidity pensions and surviving dependents pensions. Beginning in April 1, 2011, the amount of future increases in inflation-linked pensions and of increases in pensionable emoluments was restricted.

Multi-employer Pension Plans

In the United States Linde participates in eight multi-employer defined benefit pension plans ("MEPs"), pursuant to the terms of collective bargaining agreements, that cover approximately 200 union-represented employees. The collective bargaining agreements expire on different dates through 2028. In connection with such agreements, the company is required to make periodic contributions to the MEPs in accordance with the terms of the respective collective bargaining agreements. Linde's participation in these plans is not material either at the plan level or in the aggregate. For all MEPs, Linde's contributions were significantly less than 1% of the total contributions to each plan for 2022. Total 2023 contributions were not yet available from the MEPs.

Linde has obtained the most recently available Pension Protection Act ("PPA") annual funding notices from the Trustees of the MEPs. As of 31 December 2023, there were two Red Zone plans, deemed to be in "critical" or "critical and declining" status that have implemented financial improvement or rehabilitation plans. Linde does not currently anticipate significant future obligations due to the funding status of these plans and any such obligation would be immaterial. If Linde determined it was probable that it would withdraw from an MEP, the company would record a liability for its portion of the MEP's unfunded pension obligations, as calculated at that time. Historically, such withdrawal payments have not been significant.

Defined Contribution Plans

Linde's U.S. employees are eligible to participate in defined contribution savings plans offered by their applicable business. Employee contribution percentages vary by plan and are subject to the maximum allowable by IRS regulations.The cost for these defined contribution plans was $59 million in 2023 and $56 million in 2022 (these costs are not included in the tables that follow).

The defined contribution plans include a non-leveraged employee stock ownership plan ("ESOP") which covers all employees participating in this plan. The collective number of shares of Linde ordinary shares in the ESOP totaled 1,660,694 at 31 December 2023.

Certain non-U.S. subsidiaries of the company also sponsor defined contribution plans where contributions are determined under various formulas. The expense for these plans was $60 million in 2023 and $80 million in 2022 (these expenses are not included in the tables that follow).

Postretirement Benefits Other Than Pensions (OPEB)

Linde provides health care and life insurance benefits to certain eligible retired employees. These benefits are provided through various insurance companies and healthcare providers. The company does not currently fund its postretirement benefits obligations. Linde's retiree plans may be changed or terminated by Linde at any time for any reason with no liability to current or future retirees.

Linde uses a measurement date of 31 December for its pension and other post-retirement benefit plans.

Pension and Postretirement Benefit Costs

The components of net pension and postretirement benefits other than pension ("OPEB") costs for 2023 and 2022 are shown in the table below:

	Year Ended 31 December,	
(Millions of dollars)	**2023**	**2022**
Amount recognized in Operating Profit		
Service cost	$ 84	$ 127
Amount recognized in Net pension and OPEB cost (benefit), excluding service cost		
Interest cost	373	201
Expected return on plan assets	(523)	(518)
Net amortization and deferral	(30)	74
Settlement charges (a)	16	6
	$ (164)	$ (237)
Net periodic benefit cost (benefit)	$ (80)	$ (110)

(a) Settlement charges were triggered by lump sum benefit payments.

Funded Status

Changes in the benefit obligation and plan assets for Linde's pension and OPEB programs, including reconciliation of the funded status of the plans to amounts recorded in the consolidated statement of financial position as of 31 December 2023 and 2022 are shown below.

	Year Ended 31 December,			
	2023		2022	
(Millions of dollars)	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in Benefit Obligation ("PBO")				
Benefit obligation, 1 January	$ 2,129	$ 5,586	$ 2,719	$ 9,398
Service cost	25	59	34	93
Interest cost	105	268	60	141
Participant contributions	11	18	11	17
Actuarial loss (gain)	100	532	(528)	(2,972)
Benefits paid	(162)	(324)	(158)	(296)
Plan settlement	(21)	(14)	(9)	(8)
Foreign currency translation and other changes	—	260	—	(787)
Benefit obligation, 31 December	$ 2,187	$ 6,385	$ 2,129	$ 5,586
Accumulated benefit obligation ("ABO")	$ 2,037	$ 6,300	$ 1,982	$ 5,508
Change in Plan Assets				
Fair value of plan assets, 1 January	$ 1,891	$ 5,794	$ 2,448	$ 7,968
Actual return on plan assets	300	365	(421)	(1,302)
Company contributions	—	46	—	51
Participant contributions	—	18	—	17
Benefits paid from plan assets	(141)	(320)	(136)	(248)
Foreign currency translation and other changes	—	275	—	(692)
Fair value of plan assets, 31 December	$ 2,050	$ 6,178	$ 1,891	$ 5,794
Funded Status, End of Year	$ (137)	$ (207)	$ (238)	$ 208
Recorded in the statement of Financial Position				
Other non-current assets (Note 14)	$ 19	$ 361	$ 13	$ 648
Other current liabilities (Note 20)	(17)	(14)	(38)	(13)
Other non-current liabilities (Note 20)	(139)	(554)	(213)	(427)
Net amount recognized, 31 December	$ (137)	$ (207)	$ (238)	$ 208
Amounts recognized in other reserves consist of:				
Net actuarial loss (gain)	$ 290	$ 219	$ 357	$ (343)
Prior service cost (credit)	(10)	1	(12)	4
Deferred tax obligation (benefit) (Note 7)	(67)	7	(85)	139
Amount recognized in other reserves (Note 15)	$ 213	$ 227	$ 260	$ (200)

Comparative funded status information as of 31 December 2023 and 2022 for select non-U.S. pension plans is presented in the table below as the benefit obligations of these plans are considered to be significant relative to the total benefit obligation:

(Millions of dollars)	United Kingdom 2023	Germany 2023	Other Non-U.S. 2023	Total Non-U.S. 2023
Benefit obligation, 31 December	$ 3,616	$ 1,684	$ 1,085	$ 6,385
Fair value of plan assets, 31 December	3,858	1,370	950	6,178
Funded Status, End of Year	$ 242	$ (314)	$ (135)	$ (207)

(Millions of dollars)	United Kingdom 2022	Germany 2022	Other Non-U.S. 2022	Total Non-U.S. 2022
Benefit obligation, 31 December	$ 3,100	$ 1,485	$ 1,001	$ 5,586
Fair value of plan assets, 31 December	3,625	1,285	884	5,794
Funded Status, End of Year	$ 525	$ (200)	$ (117)	$ 208

The changes in plan assets and benefit obligations recognized in other comprehensive income in 2023 and 2022 are as follows:

	Pensions	
(Millions of dollars)	2023	2022
Current year net actuarial losses (gains)*	$ 480	$ (1,259)
Amortization of net actuarial gains (losses)	29	(75)
Amortization of prior service credits (costs)	1	1
Pension settlements	(16)	(6)
Foreign currency translation and other changes	—	(90)
Total recognized in other comprehensive income	$ 494	$ (1,429)

* Pension net actuarial losses in 2023 are largely driven by the decrease in the discount rate environment resulting in actuarial losses from a higher PBO, which is partially offset by favorable plan asset experience for non-U.S plans. The U.S. plan derived a benefit from the actual return on plan assets. In 2022, the actuarial gains were largely driven by the significant increase in the discount rate environment resulting in actuarial gains from a lower PBO, which is partially offset by unfavorable plan asset experience for both non-U.S. and U.S. plans.

The following table provides information for pension plans where the accumulated benefit obligation exceeds the fair value of plan assets:

	Pensions			
	2023		2022	
(Millions of dollars) **Year Ended 31 December,**	U.S.	Non-U.S.	U.S.	Non-U.S.
Accumulated benefit obligation ("ABO")	$ 1,952	$ 1,880	$ 1,895	$ 1,848
Fair value of plan assets	$ 1,945	$ 1,385	$ 1,791	$ 1,472

The following table provides information for pension plans where the projected benefit obligation exceeds the fair value of plan assets:

(Millions of dollars) **Year Ended 31 December,**	**Pensions**			
	2023		**2022**	
	U.S.	**Non-U.S.**	**U.S.**	**Non-U.S.**
Projected benefit obligation ("PBO")	$ 2,012	$ 1,932	$ 1,948	$ 1,901
Fair value of plan assets	$ 1,945	$ 1,390	$ 1,791	$ 1,478

Assumptions

The assumptions used to determine benefit obligations are as of the respective financial position dates and the assumptions used to determine net benefit cost are as of the previous year-end, as shown below:

	Pensions			
	U.S.		**Non-U.S.**	
	2023	**2022**	**2023**	**2022**
Weighted average assumptions used to determine benefit obligations at 31 December,				
Discount rate	5.03 %	5.35 %	4.27 %	4.58 %
Interest crediting rate	4.03 %	4.02 %	1.70 %	2.13 %
Rate of increase in compensation levels	3.50 %	3.25 %	2.58 %	2.59 %
Weighted average assumptions used to determine net periodic benefit cost for years ended 31 December,				
Discount rate	5.35 %	2.78 %	4.58 %	1.82 %
Interest crediting rate	4.02 %	2.06 %	2.13 %	1.03 %
Rate of increase in compensation levels	3.25 %	3.25 %	2.59 %	2.55 %
Expected long-term rate of return on plan assets (1)	7.00 %	7.00 %	5.64 %	5.60 %

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(1) The expected long term rate of return on the U.S. and non-U.S. plan assets is estimated based on the plans' investment strategy and asset allocation, historical capital market performance and, to a lesser extent, historical plan performance. For the U.S. plans, the expected rate of return of 7.00% was derived based on the target asset allocation of 50%-70% equity securities (approximately 8.40% expected return), 20%-50% fixed income securities (approximately 4.80% expected return) and 2%-8% alternative investments (approximately 3.40% expected return). For the non-U.S. plans, the expected rate of return was derived based on the weighted average target asset allocation of 15%-25% equity securities (approximately 7.20% expected return), 30%-50% fixed income securities (approximately 5.90% expected return), and 30%-50% alternative investments (approximately 5.80% expected return). For the U.S. plan assets, the actual annualized total return for the most recent 10-year period ended 31 December 2023 was approximately 6.60%. For the non-U.S. plan assets, the actual annualized total return for the same period was approximately 4.90%. Changes to plan asset allocations and investment strategy over this time period limit the value of historical plan performance as a factor in estimating the expected long term rate of return. For 2024, the expected long-term rate of return on plan assets will be 7.00% for the U.S. plans and 5.83%. for non-U.S. plans.

Pension Plan Assets

The investments of the U.S. pension plan are managed to meet the future expected benefit liabilities of the plan over the long term by investing in diversified portfolios consistent with prudent diversification and historical and expected capital market returns. Investment strategies are reviewed by management and investment performance is tracked against appropriate benchmarks. There are no concentrations of risk as it relates to the assets within the plans. The non-U.S. pension plans are managed individually based on diversified investment portfolios, with different target asset allocations that vary for each plan. Weighted-average asset allocations at 31 December 2023 and 2022 for Linde’s U.S. and non-U.S. pension plans, as well as respective asset allocation ranges by major asset category, are generally as follows:

	U.S.				Non-U.S.			
Asset Category	Target 2023	Target 2022	2023	2022	Target 2023	Target 2022	2023	2022
Equity securities	50% - 70%	50% - 70%	59%	60%	15% - 25%	15% - 25%	22%	20%
Fixed income securities	20% - 50%	20% - 50%	31%	29%	30% - 50%	30% - 50%	30%	30%
Other	2% - 8%	2% - 8%	10%	11%	30% - 50%	30% - 50%	48%	50%

The following table summarizes pension assets measured at fair value by asset category at 31 December 2023 and 2022. Transfers of assets were not material for the year ended 31 December 2023 and 2022. See Note 23 for the definition of levels within the fair value hierarchy:

	Fair Value Measurements Using							
	Level 1		Level 2		Level 3 **		Total	
(Millions of dollars)	2023	2022	2023	2022	2023	2022	2023	2022
Cash and cash equivalents	$ 368	$ 313	$ —	$ —	$ —	$ —	$ 368	$ 313
Equity securities:								
Global equities	926	778	—	—	—	—	926	778
Mutual funds	298	248	—	—	—	—	298	248
Fixed income securities:								
Government bonds	—	—	1,486	1,317	—	—	1,486	1,317
Emerging market debt	—	—	283	245	—	—	283	245
Mutual funds	119	101	60	55	—	—	179	156
Corporate bonds	—	—	324	372	—	—	324	372
Bank loans	—	—	27	18	—	—	27	18
Alternative investments:								
Real estate funds	—	—	—	—	324	353	324	353
Private debt	—	—	—	—	1,345	1,360	1,345	1,360
Insurance contracts	—	—	—	—	51	46	51	46
Liquid alternative	—	—	1,022	982	—	—	1,022	982
Other investments	1	1	22	39	—	—	23	40
Total plan assets at fair value, 31 December,	$ 1,712	$ 1,441	$ 3,224	$ 3,028	$ 1,720	$ 1,759	$ 6,656	$ 6,228
Pooled funds *							1,572	1,457
Total fair value plan assets 31 December,							$ 8,228	$ 7,685

* Pooled funds are measured using the net asset value ("NAV") as a practical expedient for fair value as permissible under the accounting standard for fair value measurements and have not been categorized in the fair value hierarchy.

** The following table summarizes changes in fair value of the pension plan assets classified as level 3 for the periods ended 31 December 2023 and 2022:

(Millions of dollars)	Insurance Contracts	Real Estate Funds	Private Debt	Total
Balance, 31 December 2021	$ 12	$ 360	$ 1368	$ 1740
Gain/(Loss) for the period	—	5	93	98
Purchases	2	18	63	83
Sales	—	(22)	(34)	(56)
Transfer into/ (out of) Level 3	33	—	—	33
Foreign currency translation	(1)	(8)	(130)	(139)
Balance, 31 December 2022	46	353	1,360	1,759
Gain/(Loss) for the period	—	(27)	(38)	(65)
Purchases	1	3	1	5
Sales	—	(15)	(44)	(59)
Transfer into / (out of) Level 3	—	—	—	—
Foreign currency translation	4	10	66	80
Balance, 31 December 2023	$ 51	$ 324	$ 1,345	$ 1,720

The descriptions and fair value methodologies for the company's pension plan assets are as follows:

Cash and Cash Equivalents – This category includes cash and short-term interest bearing investments with maturities of three months or less. Investments are valued at cost plus accrued interest. Cash and cash equivalents are classified within level 1 of the valuation hierarchy.

Equity Securities – This category is comprised of shares of common stock in U.S. and non-U.S. companies from a diverse set of industries and size. Common stock is valued at the closing market price reported on a U.S. or non-U.S. exchange where the security is actively traded. Equity securities are classified within level 1 of the valuation hierarchy.

Mutual Funds – These categories consist of publicly and privately managed funds that invest primarily in marketable equity and fixed income securities. The fair value of these investments is determined by reference to the net asset value of the underlying securities of the fund. Shares of publicly traded mutual funds are valued at the net asset value quoted on the exchange where the fund is traded and are primarily classified as level 1 within the valuation hierarchy.

Emerging Market Debt - This category includes fixed income debt issued by countries with developing economies as well as by corporations within those nations. They typically have higher yields but lower credit ratings relative to developed country corporate and government bonds. The fair values for these investments are classified as level 2 within the valuation hierarchy.

U.S. and Non-U.S. Government Bonds – This category includes U.S. treasuries, U.S. federal agency obligations and non-U.S. government debt. The majority of these investments do not have quoted market prices available for a specific government security and so the fair value is determined using quoted prices of similar securities in active markets and is classified as level 2 within the valuation hierarchy.

Corporate Bonds – This category is comprised of corporate bonds of U.S. and non-U.S. companies from a diverse set of industries and size. The fair values for U.S. and non-U.S. corporate bonds are determined using quoted prices of similar securities in active markets and observable data or broker or dealer quotations. The fair values for these investments are classified as level 2 within the valuation hierarchy.

Pooled Funds - Pooled fund NAVs are provided by the trustee and are determined by reference to the fair value of the underlying securities of the trust, less its liabilities, which are valued primarily through the use of directly or indirectly observable inputs. Depending on the pooled fund, underlying securities may include marketable equity securities or fixed income securities.

Bank Loans - This category is comprised of traded syndicated loans of larger corporate borrowers. Such loans are issued by sub-investment grade rated companies both in the U.S. and internationally and are syndicated by investment banks to institutional investors. They are regularly traded in an active dealer market comprised of large investment banks, which supply bid and offer quotes and are therefore classified within level 2 of the valuation hierarchy.

Liquid Alternative Investments - This category is comprised of investments in alternative mutual funds whose holdings include liquid securities, cash, and derivatives. Such funds focus on diversification and employ a variety of investing strategies including long/ short equity, multi-strategy, and global macro. The fair value of these investments is determined by reference to the net asset value of the underlying holdings of the fund, which can be determined using observable data (e.g., indices, yield curves, quoted prices of similar securities), and is classified within level 2 of the valuation hierarchy.

Insurance Contracts – This category is comprised of purchased annuity insurance contracts (annuity contract buy-ins) and is intended to mitigate the Company's exposure to certain risks, such as longevity risk. The fair value is calculated based on the cash surrender value of the purchased annuity insurance contract, which is determined based on such factors as the fair value of the underlying assets and discounted cash flows. These contracts are with highly rated insurance companies. Insurance contracts are classified within level 3 of the valuation hierarchy.

Real Estate Funds – This category includes real estate properties, partnership equities and investments in operating companies. The fair value of the assets is determined using discounted cash flows by estimating an income stream for the property plus a reversion into a present value at a risk adjusted rate. Yield rates and growth assumptions utilized are derived from market transactions as well as other financial and industry data. The fair value for these investments are classified within level 3 of the valuation hierarchy.

Private Debt - This category includes non-traded, privately-arranged loans between one or a small group of private debt investment managers and corporate borrowers, which are typically too small to access the syndicated market and have no credit rating. This category also includes similar loans to real estate companies or individual properties. Loans included in this category are valued at par value, are held to maturity or to call, and are classified within level 3 of the valuation hierarchy.

Contributions

At a minimum, Linde contributes to its pension plans to comply with local regulatory requirements (e.g., ERISA in the United States). Discretionary contributions in excess of the local minimum requirements are made based on many factors, including long-term projections of the plans' funded status, the economic environment, potential risk of overfunding, pension insurance costs and alternative uses of the cash. Changes to these factors can impact the timing of discretionary contributions from year to year. Pension contributions were $46 million in 2023 and $51 million in 2022. Estimated required contributions for 2024 are currently expected to be in the range of $35 million to $45 million.

Estimated Future Benefit Payments

The following table presents estimated future benefit payments, net of participant contributions:

(Millions of dollars)	**Pensions**	
Year Ended 31 December,	**U.S.**	**Non-U.S.**
2024	$ 203	$ 355
2025	166	341
2026	163	353
2027	166	359
2028	165	373
2029-2033	824	1,974

[17] Miscellaneous provisions

Miscellaneous Provisions

	Current		**Non-current**		**Total**	
	31 December		**31 December**		**31 December**	
(Millions of dollars)	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Warranty obligations	$ 121	$ 113	$ 44	$ 37	$ 165	$ 150
Provisions for legal disputes	166	153	1,149	29	1,315	182
Obligations relating to personnel	97	96	57	56	154	152
Dismantling obligations	13	9	305	305	318	314
Cost reduction programs	146	187	68	133	214	320
Environmental provisions	17	13	56	54	73	67
Insurance provisions	21	19	54	52	75	71
Other obligations	245	253	23	24	268	277
TOTAL	**$ 826**	**$ 843**	**$ 1,756**	**$ 690**	**$ 2,582**	**$ 1,533**

Movements In Miscellaneous Provisions

(Millions of dollars)	1/1/2023	Utilization	Net Accruals	Currency and Other (a)	31/12/2023
Warranty obligations	$ 150	$ (27)	$ 37	$ 5	$ 165
Provisions for legal disputes	182	—	15	1,118	1,315
Obligations relating to personnel	152	(65)	64	3	154
Dismantling obligations	314	(1)	1	4	318
Cost reduction programs	320	(158)	52	—	214
Environmental provisions	67	2	4	—	73
Insurance provisions	71	—	4	—	75
Other obligations	277	(77)	74	(6)	268
TOTAL	**$ 1,533**	**$ (326)**	**$ 251**	**$ 1,124**	**$ 2,582**

(a) Currency and Other includes the reclassification of $1.1 billion of advanced payments associated with an engineering project in Russia that was previously recorded in contract liabilities (see Note 28).

[18] Financial debt

The following is a summary of Linde's outstanding debt at 31 December 2023 and 2022.

(Millions of dollars)	**31/12/2023**	**31/12/2022**
CURRENT DEBT		
Current notes	$ 1,263	$ 1,599
Commercial paper	4,483	3,926
Other borrowings (primarily non U.S.)	230	191
Total current debt	**$ 5,976**	**$ 5,716**
Non-current (a)		
Non-current notes	$ 13,161	$ 12,036
Other	10	10
Non-U.S. borrowings	226	152
Total non-current debt	**$ 13,397**	**$ 12,198**
Total Debt	**$ 19,373**	**$ 17,914**
Note carrying values (a)		
(U.S. dollar denominated unless otherwise noted)		
2.70% Notes due 2023 (c)	—	501
2.00% Euro denominated notes due 2023 (d)	—	699
5.875% GBP denominated notes due 2023 (d)	—	367
1.20% Euro denominated notes due 2024	607	588
1.875% Euro denominated notes due 2024 (b)	332	324
4.800% Notes due 2024	300	299
4.700% Notes due 2025	599	598
2.65% Notes due 2025	399	400
1.625% Euro denominated notes due 2025	550	533
3.625% Euro denominated notes due 2025 (e)	551	—
0.00% Euro denominated notes due 2026	774	751
3.20% Notes due 2026	724	724
3.434% Notes due 2026	198	198
1.652% Euro denominated notes due 2027	90	88
0.250% Euro denominated notes due 2027	827	802
1.00% Euro denominated notes due 2027	553	536
1.00% Euro denominated notes due 2028 (b)	780	749
3.375% Euro denominated notes due 2029 (e)	824	—
1.10% Notes due 2030	697	696
1.90% Euro denominated notes due 2030	114	111
1.375% Euro denominated notes due 2031	829	803
0.550% Euro denominated notes due 2032	823	798
0.375% Euro denominated notes due 2033	546	529
3.625% Euro denominated notes due 2034 (e)	714	—
1.625% Euro denominated notes due 2035	876	849
3.55% Notes due 2042	666	665
2.00% Notes due 2050	296	296
1.00% Euro denominated notes due 2051	755	731

(a) Amounts are net of unamortized discounts, premiums and/or debt issuance costs as applicable.
(b) 31 December 2023 and 2022 included a cumulative $46 million and $56 million adjustment to carrying value, respectively, related to hedge accounting of interest rate swaps, including related terminations. Refer to Note 22.
(c) In February 2023, Linde repaid $500 million of 2.70% notes that became due.
(d) In April 2023, Linde repaid €650 million of 2.00% notes and £300 million of 5.875% notes that became due.
(e) In June 2023, Linde issued €500 million of 3.625% notes due in 2025, €750 million of 3.375% notes due in 2029 and €650 million of 3.625% notes due in 2034.

Credit Facilities

On 7 December 2022, the company and certain of its subsidiaries entered into an amended and restated unsecured revolving credit agreement (the "Five Year Credit Agreement") with a syndicate of banking institutions. The Five Year Credit Agreement provides for total commitments of $5.0 billion, which may be increased up to $6.5 billion, subject to receipt of additional commitments and satisfaction of customary conditions. There are no financial maintenance covenants contained within the Credit Agreement. The revolving credit facility expires on 7 December 2027 with the option to request two one-year extensions of the expiration date.

In addition, on 6 December 2023, the company and certain of its subsidiaries entered into an unsecured 364-day revolving credit agreement (the "364-Day Credit Agreement" and, together with the Five Year Credit Agreement, the "Credit Agreements") with a syndicate of banking institutions. The 364-Day Credit Agreement provides for total commitments of $1.5 billion. There are no financial maintenance covenants contained within the Credit Agreement. The 364-Day Credit Agreement expires on 4 December 2024 with the option to elect to have the entire principal balances outstanding under the Credit Agreement converted into non-revolving term loans, which will be due and payable one year after the commitment termination date.

No borrowings were outstanding under the Credit Agreements as of 31 December 2023.

Other Debt Information

The weighted-average interest rates of short-term borrowings outstanding were 4.8% and 3.2% as of 31 December 2023 and 2022, respectively.

Expected maturities of long-term debt are as follows:

(Millions of dollars)		
2024	$	1,263
2025		2,113
2026		1,733
2027		1,500
2028		835
Thereafter		7,216
	$	14,660

As of 31 December 2023, the amount of Linde's assets pledged as collateral was immaterial.

See Note 23 for the fair value information related to debt.

[19] Leases

In the normal course of its business, Linde enters into various leases as the lessee, primarily involving manufacturing and distribution equipment and office space. Linde determines whether a contract is or contains a lease at contract inception. Total lease and rental expenses related to operating lease right of use assets for the twelve months ended 31 December 2023 and 2022 was $284 million. Operating lease costs are included in marketing and selling expenses and cost of sales. The related assets and obligations are included in other non-current assets and other current liabilities and other non-current liabilities, respectively. Total lease and rental expenses related to finance lease right of use assets for the twelve months ended 31 December 2023 and 2022 were $58 million and $57 million, respectively, and the costs are included in depreciation and amortization and interest. Related assets and obligations are included in other non-current assets and other current liabilities and other non-current liabilities, respectively**.** Linde includes renewal options that are reasonably certain to be exercised as part of the lease term. Operating and financing lease expenses above include short term and variable lease costs which are immaterial.

As most leases do not provide an implicit rate, Linde uses the applicable incremental borrowing rate at lease commencement to measure lease liabilities and right-of-use assets. Linde determines incremental borrowing rates through market sources.

The company has elected to apply the short-term lease exception for all underlying asset classes. Short-term leases are leases that, at the commencement date, have a lease term of twelve months or less and do not include a purchase option that the lessee is reasonably certain to exercise. Leases that meet the short-term lease definition are not recognized on the statement of financial position, but rather expensed on a straight-line basis over the lease term.

Some leasing arrangements require variable payments that are dependent on usage, output, or may vary for other reasons, such as insurance. The company does not have material variable lease payments.

Gains and losses on sale and leaseback transactions were immaterial. Operating cash flows used for operating leases for the twelve months ended 31 December 2023 and 2022 were $249 million and $254 million, respectively. Cash flows used for finance leases for the same period were immaterial.

Supplemental financial position information related to leases is as follows:

(Millions of dollars)	**31 December 2023**	**31 December 2022**
Operating Leases		
Operating lease right-of-use assets	$ 759	$ 726
Other current liabilities	177	181
Other non-current liabilities	572	540
Total operating lease liabilities	749	721
Finance Leases		
Finance lease right-of-use assets	179	146
Other current liabilities	50	42
Other non-current liabilities	143	114
Total finance lease liabilities	$ 193	$ 156

Supplemental operating lease information:

	31 December 2023	**31 December 2022**
Weighted average lease term (years)	8	8
Weighted average discount rate	4.19 %	3.26 %

Future operating and finance lease payments as of 31 December 2023 are as follows (millions of dollars):

Period	Operating Leases	Financing Leases
2024	$ 209	$ 58
2025	157	50
2026	121	40
2027	88	29
2028	60	16
Thereafter	268	55
Total future undiscounted lease payments	903	248
Less imputed interest	(154)	(55)
Total reported lease liability	$ 749	$ 193

[20] Other liabilities

(Millions of dollars) **31 December,**	**2023**	**2022**
Other Current Liabilities		
Accrued expenses	$ 1,494	$ 1,533
Payroll	678	614
VAT payable	253	259
Interest payable	129	118
Lease liability (Note 19)	227	223
Unrealized losses on derivatives (Note 22)	41	23
Other	477	420
	$ 3,299	$ 3,190

(Millions of dollars) **31 December,**	**2023**	**2022**
Other Non-current Liabilities		
Lease liability (Note 19)	$ 715	$ 654
Insurance reserves	54	52
Unrealized losses on derivatives (Note 22)	6	73
Contract liabilities	1,049	913
Other	269	263
	$ 2,093	$ 1,955

[21] Share option schemes

Share-based compensation expense was $141 million in 2023 ($107 million in 2022). The related income tax benefit recognized was $88 million in 2023 ($64 million in 2022). The expense was primarily recorded in marketing and selling and administrative expenses and no share-based compensation expense was capitalized.

Summary of Plans

The 2021 Linde plc Long Term Incentive Plan (the "2021 Plan") was adopted by the Board of Directors and shareholders of Linde plc on 26 July 2021. The 2021 Plan permits awards of stock options, stock appreciation rights, restricted stock and restricted stock units, performance-based stock units and other equity awards to eligible officer and non-officer employees and non-employee directors of the company and its affiliates. As of 31 December 2023, 7,661,431 shares remained available for equity grants under the 2021 Plan, of which 2,452,443 shares may be granted as awards other than options or stock appreciation rights.

Exercise prices for options granted under the 2021 Plan may not be less than the closing market price of the company's ordinary shares on the date of grant and granted options may not be re-priced or exchanged without shareholder approval. Options granted under the 2021 Plan subject only to time vesting requirements may become partially exercisable after a minimum of one year after the date of grant but may not become fully exercisable until at least three years have elapsed from the date of grant, and all options have a maximum duration of ten years.

In order to satisfy option exercises and other equity grants, the company may issue authorized but previously unissued shares or it may issue treasury shares.

Stock Option Fair Value

The company utilizes the Black-Scholes Options-Pricing Model to determine the fair value of stock options consistent with that used in prior years. Management is required to make certain assumptions with respect to selected model inputs, including anticipated changes in the underlying stock price (i.e.expected volatility) and option exercise activity (i.e.expected life). Expected volatility is based on the historical volatility of the company's stock over the most recent period commensurate with the estimated expected life of the company's stock options and other factors. The expected life of options granted, which represents the period of time that the options are expected to be outstanding, is based primarily on historical exercise experience. The expected dividend yield is based on the company's most recent history and expectation of dividend payouts. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for a period commensurate with the estimated expected life. If factors change and result in different assumptions in future periods, the stock option expense that the company records for future grants may differ significantly from what the company has recorded in the current period.

The weighted-average fair value of options granted during 2023 was $83.69 ($45.07 in 2022) based on the Black-Scholes Options-Pricing model. The increase in the grant date fair value year-over-year is primarily attributable to the increase in the stock price.

The following weighted-average assumptions were used to value the grants in 2023 and 2022:

Year Ended 31 December	2023	2022
Dividend yield	1.4 %	1.7 %
Volatility	22.0 %	20.6 %
Risk-free interest rate	4.23 %	1.70 %
Expected term years	5	5

The following table summarizes option activity under the plans as of 31 December 2023 and changes during the period then ended (averages are calculated on a weighted basis; life in years; intrinsic value expressed in millions):

Activity	Number of Options (000's)	Average Exercise Price	Average Remaining Life	Aggregate Intrinsic Value
Outstanding at 1 January 2023	6,720	$ 164.03		
Granted	361	354.16		
Exercised	(1,225)	137.78		
Cancelled or expired	(31)	311.86		
Outstanding at 31 December 2023	5,825	$ 180.58	5.0	$ 1,341
Exercisable at 31 December 2023	4,926	$ 159.18	4.4	$ 1,239

The aggregate intrinsic value represents the difference between the company's closing stock price of $410.71 as of 31 December 2023 and the exercise price multiplied by the number of in the money options outstanding as of that date. The total intrinsic value of stock options exercised during 2023 was $283 million ($176 million in 2022).

Cash received from option exercises under all share-based payment arrangements for 2023 was $33 million ($36 million in 2022). The cash tax benefit realized from share-based compensation totaled $86 million for 2023 ($61 million in 2022).

As of 31 December 2023, $17 million of unrecognized compensation cost related to non-vested stock options is expected to be recognized over a weighted-average period of approximately 1 year.

Performance-Based and Restricted Stock Unit Awards

In 2023, the company granted 341,915 performance-based stock unit awards under the 2021 Plan to senior management that vest, subject to the attainment of pre-established minimum performance criteria, principally on the third anniversary of their date of grant. These awards are tied to either after tax return on capital ("ROC") performance or relative total shareholder return ("TSR") performance versus that of a blended group of companies that is comprised of the S&P 500, excluding the Financial sector, and Eurofirst 300. The actual number of shares issued in settlement of a vested award can range from zero to 200 percent of the target number of shares granted based upon the company's attainment of specified performance targets at the end of a three-year period. Compensation expense related to these awards is recognized over the three-year performance period based on the fair value of the closing market price of the company's ordinary shares on the date of the grant and the estimated performance that will be achieved. Compensation expense for ROC awards will be adjusted during the three-year performance period based upon the estimated performance levels that will be achieved. TSR awards are measured at their grant date fair value and not subsequently re-measured. The number of performance-based stock unit awards granted in 2022 includes an increase of 201,120 stock units to the target number of performance-based awards originally granted in 2019, as these awards achieved a higher payout factor upon completion of the three-year performance period.

The weighted-average fair value of ROC awards granted in 2023 was $340.80 ($257.63 in 2022). These fair values are based on the closing market price of Linde's ordinary shares on the grant date adjusted for dividends that will not be paid during the vesting period.

The weighted-average fair value of TSR awards granted in 2023 was $489.33 ($301.42 in 2022) and was estimated using a Monte Carlo simulation performed as of the grant date.

There were 160,839 restricted stock units granted to employees by Linde during 2023. The weighted-average fair value of restricted stock units granted during 2023 was $332.69 ($260.27 in 2022). These fair values are based on the closing market price of Linde's ordinary shares on the grant date adjusted for dividends that will not be paid during the vesting period. Compensation expense related to the restricted stock units is recognized over the vesting period.

The following table summarizes non-vested performance-based and restricted stock unit award activity as of 31 December 2023 and changes during the period then ended (shares based on target amounts, averages are calculated on a weighted basis):

	Performance-Based		Restricted Stock	
	Number of Shares (000's)	Average Grant Date Fair Value	Number of Shares (000's)	Average Grant Date Fair Value
Non-vested at 1 January 2023	583	$ 226.04	646	$ 190.33
Granted	342	385.10	161	332.69
Vested	(340)	174.99	(154)	176.06
Cancelled and Forfeited	(13)	156.14	(15)	163.12
Non-vested at 31 December 2023	572	$ 281.11	638	$ 232.15

There are approximately 11 thousand performance-based stock units and 17 thousand restricted stock units that are non-vested at 31 December 2023 which will be settled in cash due to foreign regulatory limitations. The liability related to these grants reflects the current estimate of performance that will be achieved and the current share price.

As of 31 December 2023, $48 million of unrecognized compensation cost related to performance-based awards and $42 million of unrecognized compensation cost related to the restricted stock unit awards is expected to be recognized primarily through the first quarter of 2026.

[22] Financial instruments

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

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

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

Counterparties to Linde's derivatives are major banking institutions with credit ratings of investment grade or better. The company has Credit Support Annexes ("CSAs") in place for certain entities with their principal counterparties to minimize potential default risk and to mitigate counterparty risk. Under the CSAs, the fair values of derivatives for the purpose of interest rate and currency management are collateralized with cash on a regular basis. As of 31 December 2023, the impact of such collateral posting arrangements on the fair value of derivatives was insignificant. Management believes the risk of incurring losses on derivative contracts related to credit risk is remote and any losses would be immaterial.

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

(Millions of dollars)	Notional Amounts		Fair Value			
			Assets (a)		Liabilities (a)	
31 December,	2023	2022	2023	2022	2023	2022
Derivatives Not Designated as Hedging Instruments:						
Currency contracts:						
Financial position items	$ 4,567	$ 3,056	$ 46	$ 13	$ 26	$ 7
Forecasted transactions	335	449	11	9	6	9
Cross-currency swaps	—	42	—	—	—	1
Commodity contracts	N/A	N/A	—	—	—	—
Total	$ 4,902	$ 3,547	$ 57	$ 22	$ 32	$ 17
Derivatives Designated as Hedging Instruments:						
Currency contracts:						
Forecasted transactions	$ 749	$ 323	$ 20	$ 6	$ 4	$ 5
Commodity contracts	N/A	N/A	3	—	7	4
Interest rate swaps	1,214	856	1	—	4	70
Total Hedges	$ 1,963	$ 1,179	$ 24	$ 6	$ 15	$ 79
Total Derivatives	$ 6,865	$ 4,726	$ 81	$ 28	$ 47	$ 96

(a) Amounts at 31 December 2023 and 2022 included current assets of $73 million and $24 million, which are recorded in other current assets; non-current assets of $8 million and $4 million, which are recorded in other non-current assets; current liabilities of $41 million and $23 million, which are recorded in other current liabilities; and non-current liabilities of $6 million and $73 million, which are recorded in other non-current liabilities.

Financial Position Items

Foreign currency contracts related to financial position items consist of forward contracts entered into to manage the exposure to fluctuations in foreign-currency exchange rates on recorded financial position 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 financial position 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 other reserves with deferred amounts reclassified to earnings over the same time period as the profit and loss impact of the associated purchase. For forecasted transactions that do not qualify for cash flow hedging relationships, fair value adjustments are recorded directly to earnings. Linde is hedging forecasted transactions for a maximum period of three years.

Cross-Currency Swaps

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

Commodity Contracts

Commodity contracts are entered into to manage the exposure to fluctuations in commodity prices, which arise in the normal course of business from its procurement transactions. To reduce the extent of this risk, Linde enters into a limited number of electricity, natural gas, and propane gas derivatives. For forecasted transactions that are designated as cash flow hedges, fair value adjustments are recorded to other reserves with deferred amounts reclassified to earnings over the same time period as the profit and loss impact of the associated purchase. Linde is hedging commodity contracts for a maximum period of three years.

Net Investment Hedges

As of 31 December 2023, Linde has €10.7 billion ($11.7 billion) Euro-denominated notes and intercompany loans and ¥4.7 billion ($0.7 billion) CNY-denominated intercompany loans that are designated as hedges of the net investment positions in certain foreign operations. Since hedge inception, the deferred gain recorded within cumulative translation adjustment component of other reserves in the consolidated statements of financial position is $45 million (deferred loss of $305 million in the consolidated statement of comprehensive income for the year ended 31 December 2023).

As of 31 December 2023, exchange rate movements relating to previously designated hedges that remain in other reserves is a gain of $56 million. These movements will remain in other reserves, 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 profit and loss.

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 18). Certain interest rate swaps in a designated fair value hedge relationship were terminated during 2023. Upon termination, adjustments are no longer recorded to the hedged items for changes in respective fair values attributable to the risk being hedged. The unrecognized loss on the terminated interest rate swaps is shown as a discount to long-term debt of $56 million, and will be amortized to interest expense - net over the remaining life of the debt, which extends through April 2028.

In addition, as of 31 December 2023, Linde is using interest rate swaps with a notional value of €1 billion to hedge the variability of future cash flows of forecasted transactions due to interest rate risk and has designated this as a cash flow hedge.

Derivatives Impact on Consolidated Statements of Profit and Loss

The following table summarizes the impact of the company's derivatives on the consolidated statements of profit and loss:

(Millions of dollars) 31 December,	Amount of Pre-Tax Gain (Loss) Recognized in Earnings * 2023	2022
Derivatives Not Designated as Hedging Instruments		
Currency contracts:		
Financial position items:		
Debt-related	$ 91	$ 12
Other financial position items	(1)	8
Total	$ 90	$ 20

* The gains (losses) on financial position 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 profit and loss as interest expense - net. Other financial position items and anticipated net income gains (losses) are recorded in the consolidated statements of profit and loss as interest expense - net.

The amounts of gain or loss recognized in other reserves and reclassified to the consolidated statements of profit and loss was not material for the years ended 31 December 2023 and 2022. Net impacts expected to be reclassified to earnings during the next twelve months are also not material.

[23] Fair value

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 at 31 December 2023 and 2022:

(Millions of dollars)	Fair Value Measurements Using Level 1		Level 2		Level 3	
	2023	2022	2023	2022	2023	2022
Assets						
Derivative assets	$ —	$ —	$ 81	$ 28	$ —	$ —
Investments and securities *	16	20	—	—	12	13
Total	$ 16	$ 20	$ 81	$ 28	$ 12	$ 13
Liabilities						
Derivative liabilities	$ —	$ —	$ 47	$ 96	$ —	$ —

* Investments and securities are recorded in other current assets and other non-current assets in the company's consolidated statement of financial position.

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

Changes in level 3 investments and securities were immaterial.

The fair value of cash and cash equivalents, current debt, trade receivables, and trade payables approximate carrying value because of the short-term maturities of these instruments.

The fair value of long-term debt is estimated based on the quoted market prices for the same or similar issues. Long-term debt is categorized within Level 2 of the fair value hierarchy. At 31 December 2023, the estimated fair value of Linde’s long-term debt portfolio was $13,337 million versus a carrying value of $14,660 million. At 31 December 2022 the estimated fair value of Linde’s long-term debt portfolio was $11,994 million versus a carrying value of $13,797 million. Differences between the carrying value and the fair value are attributable to fluctuations in interest rates subsequent to when the debt was issued and relative to stated coupon rates.

[24] Segment information

Linde's operations consist of two major product lines: industrial gases and engineering. As further described in the following paragraph, Linde's industrial gases operations are managed on a geographic basis, which represent three of the company's reportable segments - Americas, EMEA (Europe/Middle East/Africa), and APAC (Asia/South Pacific); a fourth reportable segment, which represents the company's Engineering business, designs and manufactures equipment for air separation and other industrial gas applications specifically for end customers and is managed on a worldwide basis operating in all three geographic segments. Other consists of corporate costs and a few smaller businesses which individually do not meet the quantitative thresholds for separate presentation.

The industrial gases product line centers on the manufacturing and distribution of atmospheric gases (oxygen, nitrogen, argon, rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases, acetylene). Many of these products are co-products of the same manufacturing process. Linde manufactures and distributes nearly all of its products and manages its customer relationships on a regional basis. Linde's industrial gases are distributed to various end-markets within a regional segment through one of three basic distribution methods: on-site or tonnage; merchant or bulk; and packaged or cylinder gases. The distribution methods are generally integrated in order to best meet the customer's needs and very few of its products can be economically transported outside of a region. Therefore, the distribution economics are specific to the various geographies in which the company operates and are consistent with how management assesses performance.

The company's measure of profit/loss for segment reporting is segment operating profit. Segment operating profit is defined as operating profit excluding purchase accounting impacts of the Linde AG merger, intercompany royalties, and items not indicative of ongoing business trends. This is the manner in which the company's CODM assesses performance and allocates resources. Similarly, total assets have not been included as this is not provided to the CODM for their assessment.

The table below presents information about reportable segments for the years ended 31 December 2023 and 2022.

(Millions of dollars)	2023	2022
Sales (a)		
Americas	$ 14,304	$ 13,874
EMEA	8,542	8,443
APAC	6,559	6,480
Engineering	2,160	2,762
Other	1,289	1,805
Total Sales	$ 32,854	$ 33,364

	2023	2022
Segment Operating Profit		
Americas	$ 4,244	$ 3,732
EMEA	2,486	2,013
APAC	1,806	1,670
Engineering	491	555
Other	43	(66)
Reported Segment operating profit	9,070	7,904
Other charges (Note 5)	(40)	(1,029)
Purchase accounting impacts - Linde AG	(1,006)	(1,506)
Total operating profit	$ 8,024	$ 5,369

	2023	2022
Depreciation and Amortization		
Americas	$ 1,423	$ 1,320
EMEA	640	661
APAC	633	593
Engineering	33	33
Other	96	116
Segment depreciation and amortization	2,825	2,723
Purchase accounting impacts - Linde AG	991	1,481
Total depreciation and amortization	$ 3,816	$ 4,204

	2023	2022
Capital Expenditures and Acquisitions		
Americas	$ 2,999	$ 1,698
EMEA	635	550
APAC	975	889
Engineering	24	28
Other	107	118
Total Capital Expenditures and Acquisitions	$ 4,740	$ 3,283

	2023	2022
Sales by Major Country		
United States	$ 10,566	$ 10,553
Germany (b)	2,827	3,662
China	2,585	2,643
United Kingdom	1,507	1,954
Australia	1,303	1,372
Brazil	1,302	1,158
Other – non-U.S.	12,764	12,022
Total sales	$ 32,854	$ 33,364

	2023	2022
Long-lived Assets by Major Country (c)		
United States	$ 8,490	$ 7,663
Germany	1,584	1,678
China	2,063	2,176
United Kingdom	684	704
Australia	654	688
Brazil	836	720
Other – non-U.S.	10,241	9,919
Total long-lived assets	$ 24,552	$ 23,548

(a) Sales reflect external sales only. Intersegment sales, primarily from Engineering to the industrial gases segments, were $1,479 million and $1,035 million for the year ended 31 December 2023, and 2022 , respectively.

(b) Sales in Germany include Engineering sales to third parties, locally and internationally, and represents 35% and 44% of Germany sales in 2023 and 2022, respectively.

(c) Long-lived assets include property, plant and equipment.

[25] Employees

In 2023, the average number of employees was 66,157 (2022: 70,291). As of 31 December 2023, the total number of employees of Linde plc was 66,323 (65,010 in 2022) of which 1,095 (1,090 in 2022) are designated as senior management based upon their level within the overall organization.

All in all, personnel expenses in 2023 totaled $5.7 billion (2022: $5.7 billion), of which $3.8 billion (2022: $3.7 billion) related to salaries (including social security contributions of approximately $647 million in 2023 and $604 million in 2022), $84 million (2022: $127 million) to pensions, and share-based compensation expense of $141 million in 2023 ($107 million in 2022). In 2023, approximately $311 million ($211 million in 2022) of personnel costs were primarily capitalized within property, plant and equipment and other intangible assets.

[26] Related party transactions

In addition to the subsidiaries included in the consolidated financial statements, Linde plc is related, directly or indirectly, while carrying out its normal business activities, to other investments, joint ventures and associates. The business relationships with these companies are conducted under the same conditions as for non-related third parties. Related companies which are controlled by Linde plc or over which Linde plc may exercise significant influence are disclosed in the list of shareholdings, arranged by division.

The information about the remuneration of the Board of Directors is set out in Note 27.

Revenue With Related Parties

(Millions of dollars)	2023				2022			
	Other investments	**Associates or joint ventures**	**Other related parties**	**Total**	**Other investments**	**Associates or joint ventures**	**Other related parties**	**Total**
Revenue	$83	$111	$56	$250	$57	$50	$163	$270

Purchased Goods And Services From Related Parties

(Millions of dollars)	2023				2022			
	Other investments	**Associates or joint ventures**	**Other related parties**	**Total**	**Other investments**	**Associates or joint ventures**	**Other related parties**	**Total**
Goods and services purchased from related parties	$61	$346	$45	$452	$3	$473	$144	$620

Related persons are mainly the members of the Board of Directors. In 2023 and 2022, there were no material transactions between Linde plc and members of the Board of Directors or their family members which were outside the bounds of existing employment, service or appointment agreements or remuneration contracts.

Some members of Linde's Board of Directors hold similar positions in other companies. Linde has normal business relationships with virtually all of these companies. The sale and purchase of goods and services to and from these companies take place under the usual market conditions.

Receivables From And Payables To Related Parties

(Millions of dollars)	31 December 2023				31 December 2022			
	Other investments	**Associates or joint ventures**	**Other related parties**	**Total**	**Other investments**	**Associates or joint ventures**	**Other related parties**	**Total**
Receivables from related parties	$ 2	$127	$17	$146	$51	$107	$4	$162
Payables to related parties	$ —	$132	$10	$142	$51	$121	$7	$179

There were no material charge-free guarantee agreements in place for associates or joint ventures on the reporting date, nor any material open purchase orders relating to joint ventures.

[27] Directors' Remuneration

Directors Remuneration under Irish Companies Act

The following table discloses the remuneration for members of the Board of Directors of Linde plc for the current and preceding year as required under Irish Companies Act 2014.

(Millions of dollars)	2023	2022
Emoluments in respect of qualifying services [1]	$ 7	$ 8
Long-term incentive plans [2]	10	33
Post-employment benefits	1	—
Gain on exercise of share options [3]	—	47
TOTAL EMOLUMENTS	**$ 18**	**$ 88**

(1) Represents the aggregate emoluments (including salary, fees, bonuses, expenses and estimated money value of other benefits received) for the period.
(2) Represents non-equity incentive plans and stock awards that have vested in the year.
(3) Represents gain on exercise of share options.

[28] Contingent liabilities and other financial commitments

The company accrues non income-tax liabilities for contingencies when management believes that a loss is probable and the amounts can be reasonably estimated, while contingent gains are recognized only when realized. In the event any losses are sustained in excess of accruals, they will be charged against income at that time. Attorney fees are recorded as incurred. Commitments represent obligations, such as those for future purchases of goods or services, that are not yet recorded on the company's financial position as liabilities. The company records liabilities for commitments when incurred (i.e., when the goods or services are received).

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 statement of 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.

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 31 December 2023, the most significant non-income tax claims in Brazil, after enrollment in the Refis Program, relate to state VAT tax matters. The total estimated exposure relating to such claims, including interest and penalties, as appropriate, is approximately $115 million. Linde has not recorded any liabilities related to such claims based on management judgment and opinions of outside counsel.

  During the first quarter of 2023, the Brazilian Supreme Court issued a decision confirming the constitutionality of a specific federal income tax, with retroactive effect. As a result of this decision, the company recorded a reserve based on its best estimate of potential settlement (see Note 5). This decision has not yet been finalized and is subject to ongoing motions for clarification. Because litigation in Brazil historically takes many years to resolve, it is very difficult to estimate the timing of resolution of these matters; however, it is possible that certain of these matters may be resolved within the near term. The company is vigorously defending against the proceedings.

- On 1 September 2010, CADE (Brazilian Administrative Council for Economic Defense) announced alleged anticompetitive activity on the part of five industrial gas companies in Brazil and imposed fines. CADE imposed a civil fine of R$1.7 billion Brazilian reais ($350 million) on White Martins, the Brazil-based subsidiary of Linde Inc., and R$0.2 billion Brazilian reais ($41 million) on Linde Gases Ltda., the former Brazil-based subsidiary of Linde AG, which was divested to MG Industries GmbH on 1 March 2019 and with respect to which Linde provided a contractual indemnity.

  The fine against White Martins and Linde Gases Ltda. was overturned by the Ninth and Seventh Federal Courts of Brasilia, respectively. CADE appealed these decisions, and the Federal Court of Appeals rejected CADE's appeals and confirmed the decision of the Ninth and Seventh Federal Courts of Brasilia. CADE had filed appeals for both subsidiaries with the Superior Court of Justice which were denied. CADE filed subsequent appeals to a panel of the Supreme Court of Justice and final and binding decisions were issued by the Supreme Court of Justice annulling the fine imposed against Linde Gases Ltda and White Martins in September 2023 and January 2024, respectively.

- On and after 23 April 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 8 April 2019, when the cash merger squeeze-out was completed. The period for plaintiffs to file claims expired on 9 July 2019. In November 2023, the court issued a decision rejecting the plaintiffs' claims in their entirety and determining that the cash merger squeeze-out consideration was appropriate. The plaintiffs are entitled to appeal this decision.

  The company believes the consideration paid was fair and that the claims are not supported by sufficient evidence, and no reserve has been established. We cannot estimate the timing of resolution.

- In December 2022, the Russian court based in St. Petersburg ("St. Petersburg Court") issued an injunction preventing (i) the sale of any shares in Linde's subsidiaries and joint ventures in Russia, and (ii) the disposal of any of the assets in those entities exceeding 5% of the relevant company's overall asset value. The injunction was requested by RusChemAlliance (RCA) to secure payment of a possible award under an arbitration proceeding RCA intended to file against Linde Engineering for alleged breach of contract under the agreement to build a gas processing plant in Russia entered into in July 2021. Performance of the agreement was lawfully suspended by Linde Engineering on 27 May 2022 in compliance with applicable sanctions. In March 2023, RCA filed a claim in St. Petersburg against Linde GmbH for recovery of advance payments under the agreement ("GPP Claim"), and subsequently (i) added Linde and other Linde subsidiaries as defendants, and (ii) is seeking payment of alleged damages from Linde and guarantor banks. In March 2024, RCA filed a similar claim for repayment and damages against Linde for alleged breach of contract under the agreement to build a liquefied natural gas plant in Russia entered into in September 2021 ("LNG Claim", and together with the GPP Claim, the "Russian Claims").

  In accordance with the dispute resolution provisions of the agreements, in 2023, Linde filed a notice of arbitration with the Hong Kong International Arbitration Centre ("HKIAC") against RCA to claim that (i) RCA has no entitlement to payment, (ii) RCA's RCA Claims are in breach of the arbitration agreement which requires HKIAC arbitration, and (iii) RCA must compensate Linde for the losses and damages caused by the injunction. Additionally, Linde filed for and obtained an anti-suit injunction from a Hong Kong court against RCA directing RCA to seek a stay of the claims and ordering it to resolve any disputes in accordance with HKIAC arbitration.

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

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

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

  Linde does not expect a material adverse impact on earnings from this decision given the liability recorded as of 31 December 2023 and the immaterial remaining investment value of its deconsolidated Russia subsidiaries. As of 31 December 2023, Linde has a contingent liability of $1.1 billion recorded in Other non-current provisions, which represents advance payments previously recorded in contract liabilities related to terminated engineering projects with RCA. As a result of the contract terminations, Linde no longer has future performance obligations for these projects.

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

Commitments

At 31 December 2023, Linde had undrawn outstanding letters of credit, bank guarantees and surety bonds valued at approximately $3,344 million from financial institutions. These relate primarily to customer contract performance guarantees (including plant construction in connection with certain on-site contracts), self-insurance claims and other commercial and governmental requirements, including non-U.S. litigation matters.

At 31 December 2023, Linde's sale of gas backlog of large projects under construction was approximately $4.9 billion. This represents the total estimated capital cost of large plants under construction.

Other commitments related to leases, tax liabilities for uncertain tax positions, long-term debt, other post retirement and pension obligations are summarized elsewhere in the financial statements (see Notes 7, 16, 18 and 19).

[29] Auditors' fees and services

	2023			2022		
(Millions of dollars)	**PwC Ireland**	**Other PwC network firms**	**Total**	**PwC Ireland**	**Other PwC network firms**	**Total**
Audit (including expenses)	$ 0.4	$ 18.5	$ 18.9	$ 0.1	$ 18.8	$ 18.9
Other assurance services	—	0.3	0.3	0.1	—	0.1
Tax advisory services	—	0.1	0.1	—	0.1	0.1
Other services	—	—	—	—	—	—
TOTAL	**$ 0.4**	**$ 18.9**	**$ 19.3**	**$ 0.2**	**$ 18.9**	**$ 19.1**

[30] Principal subsidiaries, associates and joint ventures

The information below contains information on the principal subsidiaries, associates and joint ventures in which the company has an interest at 31 December 2023. A full list of subsidiaries, associates and joint ventures will be annexed to the Annual Return to be filed with the Irish Registrar of Companies.

Principal subsidiaries included in the consolidated financial statements:

Company Name	Registered Office	Country	Business Activity	Participating Interest in Percent	Share Class
Commercium Immobilien- und Beteiligungs-GmbH	Dr.-Carl-von-Linde-Strasse 6-14, 82049 Pullach, Germany	Germany	Holding Company	100	Ordinary shares
Linde GmbH	Dr.-Carl-von-Linde-Strasse 6-14, 82049 Pullach, Germany	Germany	Gases and Engineering Company	100	Ordinary shares
Linde Finance B.V.	43 Fitzwilliam Square, Dublin 2, IE D02 K792, Ireland	Ireland	Financial Services	100	Ordinary shares
Linde Holdings Netherlands B.V.	Havenstraat 1, Schiedam, 3115HC, Netherlands	Netherlands	Holding Company	100	Ordinary shares
LindeGas Holding Sweden AB	Agavägen 1, Lidingö, 181 81, Sweden	Sweden	Holding Company	100	Ordinary shares

BOC HELEX	Forge, 43 Church Street West, Woking, Surrey, GU21 6HT, United Kingdom	United Kingdom	Finance and Administrative Services	100	Ordinary shares
LINDE INVESTMENTS No.1 LIMITED	Forge, 43 Church Street West, Woking, Surrey, GU21 6HT, United Kingdom	United Kingdom	Holding Company	100	Ordinary shares
LINDE UK HOLDINGS LIMITED	Forge, 43 Church Street West, Woking, Surrey, GU21 6HT, United Kingdom	United Kingdom	Holding Company	100	Ordinary shares
The BOC GROUP LIMITED	Forge, 43 Church Street West, Woking, Surrey, GU21 6HT, United Kingdom	United Kingdom	Holding Company	100	Ordinary shares
LINDE NORTH AMERICA HOLDINGS LIMITED	Forge, 43 Church Street West, Woking, Surrey, GU21 6HT, United Kingdom	United Kingdom	Holding Company	100	Ordinary shares
LINDE GAS & EQUIPMENT INC.	251 Little Falls Drive, Wilmington, Delaware 19808	United States	Industrial and specialty gases	100	Ordinary shares
Linde Inc.	251 Little Falls Drive, Wilmington, Delaware 19808	United States	Industrial and specialty gases	100	Ordinary shares
White Martins Gases Industriais Ltda.	Avenida Pastor Martin Luther King jr., nº 126,Bloco 10, Ala C, Sala 602, Del Castilho, Rio De Janeiro, 20.760-005	Brazil	Industrial and specialty gases	100	Ordinary shares
Linde Korea Co., Ltd.	6F, M Tower, 8 Gumi-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea	South Korea	Industrial and specialty gases	100	Ordinary shares

The following table shows the fully consolidated subsidiaries that make use of the exemption options provided for in §264 (3)/§264b HGB for the preparation, audit and disclosure of the annual financial statements and/or the management report and notes to the financial statements. For these fully consolidated companies, the consolidated financial statements of Linde Plc are the exempting consolidated financial statements.

Overview of the German companies that make use of the exemption provision set out in the German commercial Code (HGB)	
Name	**Registered Office**
Coatec Gesellschaft für Oberflächenveredelung mbH	Schluechtern
Commercium Immobilien- und Beteiligungs-GmbH	Pullach
Gas & More GmbH	Pullach
Hydromotive GmbH & Co. KG	Leuna
Hydromotive Verwaltungs-GmbH	Leuna
Linde GmbH	Pullach
Linde Electronics GmbH & Co. KG	Pullach
Linde Electronics Verwaltungs GmbH	Pullach
Linde Gas Produktionsgesellschaft mbH & Co. KG	Pullach
Linde Gas Therapeutics GmbH	Oberschleissheim
Linde Gas Verwaltungs GmbH	Pullach
Linde Holding GmbH	Pullach
Linde Schweißtechnik GmbH	Pullach
MTA GmbH Medizin-Technischer-Anlagenbau	Mainhausen
Praxair Surface Technologies GmbH	Ratingen
Selas-Linde GmbH	Pullach

[31] Events since the statement of financial position date

Dividends After Year End

On 27 February 2024, the directors of Linde plc declared an interim dividend of $1.39 per share for the first quarter of 2024 (the "Q1 Dividend"). The Q1 Dividend was payable on 28 March 2024 to shareholders of record on 14 March 2024.

On 29 April 2024, the directors of Linde plc declared an interim dividend of $1.39 per share for the second quarter of 2024 (the "Q2 Dividend"). The Q2 Dividend is payable on 18 June 2024 to shareholders of record on 4 June 2024.

Own Shares

From the period 1 January 2024 through 31 March 2024, an additional 2,413 thousand ordinary shares were purchased by the company for total consideration of 1,038 million, or an average price of $430.27 per share.

Other Developments

In February 2024, Linde issued €700 million of 3.00% notes due in 2028, €850 million of 3.20% notes due in 2031 and €700 million of 3.40% notes due in 2036.

[32] Date of approval of the financial statements

The financial statements of Linde plc for the year ended 31 December 2023 were authorized for issue by the Board of Directors on 29 April 2024.

Linde Plc Company Financial Statements

Company Statement of Financial Position
As of 31 December 2023

(In millions of USD)

	Note	31 December 2023	31 December 2022
Assets			
Fixed assets			
Financial assets			
Shares in group undertakings	5	$ 89,559	$ —
Current assets			
Debtors			
Amounts owed by group undertakings	10	281	—
Other debtors		5	—
		286	**—**
Total assets		**$ 89,845**	**$ —**
Capital, reserves and liabilities			
Capital and reserves			
Called up share capital as presented as equity	7	$ —	$ —
Share premium account	8	1	—
Other reserves	8	(3,100)	—
Profit and loss account	8	73,499	—
		70,400	**—**
Creditors - amounts falling due within one year			
Accruals	9	131	—
Amounts owed to group undertakings	10	8,733	—
Creditors - amounts falling due beyond one year			
Financial liabilities	11	6,422	—
Amounts owed to group undertakings	10	4,159	—
		19,445	**—**
Total equity and liabilities		**$ 89,845**	**$ —**

The company's profit for the year ended 31 December 2023 determined in accordance with Irish GAAP was $1,101 million. The company did not trade during the year ended 31 December 2022 and made neither profit nor loss, nor any other recognised gains or losses, during that period (refer to Note 1).

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

On behalf of the board

/s/ Sanjiv Lamba

Sanjiv Lamba

Chief Executive Officer and Director

/s/Mr. Alberto Weisser

Alberto Weisser

Director

29 April 2024

Company Statement of Changes in Equity

For the year ended 31 December 2023

(In millions of USD)

	Called up share capital	Share premium	Other reserves	Profit and loss account	Total equity
31 December 2021 [1]	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Loss for the year	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	—	—
Transactions with equity owners recognised directly in equity					
Share capital increase (25,000 Ordinary shares of €1.00)	—	—	—	—	—
31 December 2022 [1]	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Profit for the year	—	—	—	1,101	1,101
Total comprehensive income for the year	—	—	—	1,101	1,101
Transactions with equity owners recognised directly in equity					
Dividends	—	—	—	(1,859)	(1,859)
Issuance of shares in relation to Linde plc (Note 2)	—	—	76,180	(1,630)	74,550
Conversion to share premium (Note 2)	—	76,180	(76,180)	—	—
Capital reduction approved by the Irish High Court (Note 2)	—	(76,179)	—	76,179	—
Changes as a result of share option schemes and share purchase plans	—	—	171	(292)	(121)
Share-based compensation (Note 8)	—	—	122	—	122
Treasury shares (Note 8)	—	—	(3,393)	—	(3,393)
31 December 2023 [1]	**$ —**	**$ 1**	**$ (3,100)**	**$ 73,499**	**$ 70,400**

1. Balances may not sum due to rounding to the nearest million USD.

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

Notes to the Company Financial Statements

1. Organization and Basis of Presentation

The company is a public limited company registered in Ireland under the registration number 606357 and with its registered office located at Ten Earlsfort Terrace, Dublin 2, D02 T380 Ireland and principal executive offices at Forge, 43 Church Street West, Woking, Surrey, GU21 6HT, United Kingdom and 10 Riverview Drive, Danbury, Connecticut, 06810 United States.

The principal activity of Linde plc, the legal entity, is to act as an investment holding company.

2. Intercompany Reorganization

Linde was incorporated as an Irish limited company in 2017 under the name Rounderway Limited and was re-registered as an Irish public limited company on 27 October 2022. On 1 March 2023, the company changed its name from Rounderway plc to Linde plc. Prior to 1 March 2023, Linde's issued ordinary shares were held by an Irish corporate services provider, had nominal assets and capitalization and had not engaged in any business or other activities other than in connection with its formation, re-registration as a public limited company and the Reorganization as discussed below. As of 1 March 2023, Linde became the holding company and the publicly traded company of Linde.

On 18 January 2023, Old Linde shareholders approved that company's proposal for an intercompany reorganization that resulted in the delisting of its ordinary shares from the Frankfurt Stock Exchange (the "Reorganization"). The Reorganization involved a two-step process: (i) a scheme of arrangement (the "Scheme") under Irish law, pursuant to which all outstanding ordinary shares of Old Linde were exchanged for ordinary shares of Linde on a one-for-one basis, followed by (ii) an intercompany merger under Irish law, pursuant to which Old Linde merged with and into Linde, with Linde surviving the merger (the "Dissolution Merger"). The Reorganization resulted in the automatic and immediate delisting of Old Linde's ordinary shares from the Frankfurt Stock Exchange. The ordinary shares of Linde were listed solely on the New York Stock Exchange ("NYSE") under the ticker symbol "LIN". Linde ordinary shares commenced trading on the NYSE and replaced the Old Linde shares upon the effectiveness of the Reorganization. For the purposes of the foregoing, "Old Linde" refers to the company that was previously named Linde plc and was registered in Ireland under company number 602527. Old Linde was dissolved upon the completion of the Reorganization as described above.

The Dissolution Merger was implemented as a "merger by absorption" under Irish company law, such that, from the effective date of the Dissolution Merger (the "Merger Effective Date"), Old Linde transferred its assets and liabilities to Linde, following which Old Linde was dissolved without going into liquidation. The Dissolution Merger was completed on 1 March 2023, following which $76.2 billion was credited to a "merger reserve". On 1 March 2023, the company implemented a multiple step process to convert the "merger reserve" to share premium. Following these steps, the entire amount standing to the credit of the company's share premium account was $76.2 billion.

On 24 March 2023, the Irish High Court approved the creation of distributable reserves of the company through the reduction of the share premium account by $76.2 billion (less the amount of $1 million). This resulted in a transfer of reserves from the share premium account to the profit and loss account of the same amount.

On 7 November 2023, the company transferred the listing of its ordinary shares from the NYSE to the Nasdaq and continued trading under the ticker symbol "LIN".

3. Statement of compliance

The company's financial statements have been prepared in accordance with applicable accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, including FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Irish Companies Act 2014.

4. Summary of significant accounting policies

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention, in USD, which became the functional currency of the company following the completion of the Reorganization and are rounded to the nearest million USD.

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The financial statements present the entity financial position for the year ended 31 December 2023. Comparative information is for the year ended 31 December 2022 and relates to Rounderway plc, prior to the merger, which had current assets and share capital (ordinary shares) of $25,000 and are rounded to zero when presented in millions USD.

In accordance with section 304 of the Companies Act 2014, the company is availing of the exemption from presenting its individual profit and loss account to the annual general meeting and from filing it with the Registrar of Companies.

Disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions. The company is a qualifying entity and has availed of the following disclosure exemptions:

i. Exemption from the requirements of Section 7 of FRS 102 and FRS 102 paragraph 3.17(d) to present a statement of cash flows.
ii. Exemption from the financial instrument disclosure requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102 as the equivalent disclosures are included in the consolidated financial statements of the company in which the entity is consolidated.
iii. Exemption from certain disclosure requirements of Section 26 of FRS 102 (paragraphs 26.18(b), 26.19 to 26.21 and 26.23), in respect of share-based payments as the share-based payment concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the company; and the equivalent disclosures are included in the consolidated financial statements of the company in which the entity is consolidated.
iv. Exemption from the requirement of FRS 102 paragraph 33.7 to disclose key management personnel compensation in total.

Critical accounting judgments and estimation uncertainty

Estimates and judgments made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The estimation process required to prepare the company's financial statements requires assumptions to be made about future events and conditions, and as such, is inherently subjective and uncertain. The company's actual results could differ materially from those estimates.

Carrying value of investment in subsidiary

The company is a holding company and at the statement of financial position has an investment in subsidiary carried at cost of $89,559 million. The investment is reviewed for impairment indicators. Recoverability of the investment is dependent on the financial condition of the subsidiaries of the company. As of 31 December 2023, no impairments were noted.

Foreign currency translation

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial information is presented in U.S. Dollars ("USD").

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit and loss.

Shares in group undertakings

Shares in group undertakings are stated in the company's statement of financial position at cost less any return of capital, unless it has been impaired in which case it is carried net of any impairment loss recognised.

Cash at bank and in-hand

Cash and cash equivalents consist of cash at banks or other highly liquid securities with original maturities of three months or less.

Financial instruments

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves). The company elects to designate a portion of its foreign currency borrowings as a fair value hedge of the foreign currency exposure of its foreign equity investments (primarily Euro). For all hedge relationships that meet the criteria for hedge accounting, the gain or loss related to foreign exchange risk on the foreign currency subsidiary is reflected in the profit and loss, where it offsets the foreign exchange gain or loss on the designated foreign currency financial liability.

On the discontinuance of hedge accounting, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the profit and loss account over the remaining life of the hedged item.

Financial assets

Basic financial assets, including trade and other receivables and cash and cash equivalents are initially recognized at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

At the end of each financial year, financial assets measured at amortized cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortized cost is impaired an impairment loss is recognised in profit and loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate. No impairments were recognised in the period ended 31 December 2023.

Financial assets are derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including accrued liabilities, and amounts due to related parties, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Amounts due to related parties, and financial liabilities from arrangements which constitute financing transactions, are subsequently carried at amortized cost using the effective interest method.

Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are capitalized and upon the closing of the associated equity transaction are reclassified to equity as a deduction, net of tax, from the proceeds.

Treasury shares

Treasury shares comprise the company's ordinary shares that have been purchased under the company's approved share buyback programs which allow for the the repurchase of ordinary shares from time to time in the open market subject to market and business conditions. Subsequent sales, transfers or cancellations of treasury shares held by the company are accounted for within equity.

Income taxes

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. No deferred tax has been recognised as at the dates of the statement of financial position, as the company has recently been incorporated and therefore does not have any history of income.

Dividends

Dividends and other distributions to company's equity shareholders are recognised as a liability in the financial statements in the financial year in which the dividends and other distributions are approved by the company's shareholders.

Income from shares in group undertakings represent dividend income from group undertakings, which is recognised when the right to receive payment is established.

Other debtors

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Other receivables are stated at the lower of amortized cost or recoverable amount. If collection of the amounts is expected in one year or less they are classified as current assets.

Share-based compensation

The company and its subsidiaries operate various share based payment plans. The share-based payment expense associated with the share plans is recognised as an expense by the entity which receives services in exchange for the share-based compensation. In these company only financial statements, the expense related to the options vested is recorded in other reserves and recorded as a capital contribution to the appropriate entity that receives the services of the employees.

5. Shares in group undertakings

The directly held subsidiaries of the company include the following:

Name	Nature of Business	Registered office, Country of Incorporation and Principal Place of Business	Proportion of Ownership (Ordinary Shares) Interest at 31 December 2023
Zamalight Holdco LLC	Holding Company	10 Riverview Dr, Danbury, CT 06810	100%
Linde Holding GmbH	Holding Company	Dr.-Carl-von-Linde-Strasse 6-14, 82049 Pullach, Germany	100%
Linde UK Holdings No.2 Limited	Holding Company	Forge, 43 Church Street West, Woking, Surrey, GU21 6HT	100%
Medispeed	Financing Company	Forge, 43 Church Street West, Woking, Surrey, GU21 6HT	100%
Linde Canada Holdings Limited	Holding Company	Forge, 43 Church Street West, Woking, Surrey, GU21 6HT	100%
Linde Investments No.1 Limited	Holding Company	Forge, 43 Church Street West, Woking, Surrey, GU21 6HT	100%

Company's investment in subsidiaries - shares (in millions of USD)	
At 31 December 2022	$ —
Intercompany reorganization (Note 2)	89,078
Additions	44
Fair value hedge (Note 12)	437
At 31 December 2023	$ 89,559

The investment of $89,559 million is mainly related to Linde Holding GmbH and Zamalight Holdco LLC. Linde Holding GmbH's sole investment is in Linde GmbH and Zamalight Holdco LLC's sole investment is in Linde Inc. Increases to investments in the year relate to a $44 million movement attributable to the effect of share option scheme awards granted to employees in group subsidiaries. No new subsidiaries were acquired in 2023.

6. Income from shares in group undertakings

The company received $1,541 million in income from shares in group undertakings solely from Linde Holding GmbH in October 2023.

7. Share capital and share premium

Authorised

On 25 August 2022, the company's authorised share capital was increased to 25,000 ordinary shares of €1.00 each and a further 24,900 shares were allotted.

Pursuant to the Dissolution Merger and as set out in the Constitution of the company, the authorised share capital of the company is €1,825,000 divided into 1,750,000,000 Ordinary Shares of €0.001 each ("Ordinary shares"), 25,000 A ordinary shares of €1.00 each ("A Ordinary Shares"), 25,000 deferred shares of €1.00 each ("Deferred Shares") and 25,000,000 preferred shares of €0.001 each ("Preferred Shares").

Allotted, called up and fully paid (in millions of USD)

	31 December 2023	31 December 2022
25,000 Ordinary shares of €1.00 (31 December 2022 only)	—	—
490,766,972 Ordinary shares of €0.001 (31 December 2023 only)	—	—
	$ —	$ —

Share Premium

Share premium represents proceeds received from the issuance of share capital in excess of par value.

8. Other reserves and profit and loss account

Other reserves

Other reserves include treasury shares, the impact of share-based compensation, currency translation adjustment and other undenominated capital as a result of the cancellation of some of the company's shares during the period since incorporation.

Treasury shares

As of 31 December 2023 9,068 thousand ordinary shares were purchased by the company for total consideration of $3,393 million, or an average price of $374.17 per share (€0.001 nominal value). The consideration includes stamp duty, commission and all customary fees. The ordinary shares acquired represented less than 1% of the called-up ordinary share capital immediately prior to the acquisition and at the date of the statement of financial position.

These shares were acquired in order to reduce the shares in issue or to meet obligations under Linde plc equity awards.

On 28 February 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, beginning on 1 March 2022, and expires on 31 July 2024.

On 23 October 2023, the company's board of directors approved a new share repurchase program for up to $15.0 billion of its ordinary shares ("2023 program") which could take place from time to time on the open market (and could include the use of 10b5-1 trading plans), subject to market and business conditions. The company has no repurchases under this program as of 31 December 2023. This program will terminate on the earlier of the date as the maximum authority under the 2023 program is reached or the board terminates the 2023 program.

Share-based compensation

Refer to Note 21 to the consolidated financial statements for further information regarding share-based compensation plans.

Profit and loss account

Retained profit/loss represents accumulated comprehensive profit/loss for the period since incorporation plus the distributable profit created by the Irish High Court approved capital reduction, and the realized profit arising on the capital reduction approved by the Irish High Court, less dividends paid to shareholders.

On 24 March 2023, the Irish High Court approved the creation of distributable profits of the company, Linde plc, through the reduction of the share premium account by $76.2 billion. This resulted in a transfer of reserves from the share premium account to the profit and loss account of the same amount (refer to Note 2).

Dividends in the current year

On 28 February 2023, the directors of Linde plc declared an interim dividend of $1.275 per share for the first quarter of 2023 (the "Q1 Dividend"). The Q1 Dividend was paid on 28 March 2023 to shareholders of record on 14 March 2023.

On 24 April 2023, the directors of Linde plc declared an interim dividend of $1.275 per share for the second quarter of 2023 (the "Q2 Dividend"). The Q2 Dividend was paid on 16 June 2023 to shareholders of record on 2 June 2023.

On 24 July 2023, the directors of Linde plc declared an interim dividend of $1.275 per share for the third quarter of 2023 (the "Q3 Dividend"). The Q3 Dividend was paid on 19 September 2023 to shareholders of record on 5 September 2023.

On 23 October 2023, the directors of Linde plc declared an interim dividend of $1.275 per share for the fourth quarter of 2023 (the "Q4 Dividend"). The Q4 Dividend was paid on 18 December 2023 to shareholders of record on 4 December 2023.

9. Accruals

Accrued liabilities consist primarily of share repurchases not yet settled at 31 December 2023 due to the two day settlement period and accruals for accounting and advisory services.

10. Amounts owed to group undertakings

In December 2020 the Financial Reporting Council (FRC) issued Interest Rate Benchmark Reform - Phase 2 amendments to FRS 102. These amendments address the issues associated with hedging relationships and contractual cash flows of certain financial instruments affected by the change in reference rates. The amendments are effective for annual periods beginning 1 January 2021 with early adoption permitted. As USD LIBOR benchmark rates ceased publication on 30 June 2023, the company transitioned its USD

LIBOR interest rate benchmarks to new indices as of 31 December 2023. There was no material impact to the financial statements as a result of the adoption.

On 1 March 2023 and as part of the Intercompany Reorganization described in Note 2, all existing loans with group undertakings of Old Linde were transferred to Linde plc.

On 17 December 2018, Old Linde entered into a US Dollar denominated loan facility agreement with Praxair International Finance for up to a maximum principal amount of $1.0 billion with a variable interest rate of the one-month London Interbank Offered Rate ("LIBOR"). As part of the reference rate reform discussed above, the variable interest rate was amended to the one-month Secured Overnight Financing Rate ("SOFR") effective 1 March 2023. The facility renews every twelve months.

On 1 March 2019, Old Linde entered into a US Dollar denominated loan facility agreement with BOC Helex for up to a maximum principal amount of $5.0 billion at a fixed interest rate of 5.03%. The facility's expiration was extended subsequent to year-end on 30 January 2024 and is currently set to expire on 30 January 2025.

On 19 May 2020, Old Linde entered into two equal Euro denominated loan facilities with Linde Finance BV for a principal amount of €1,500,000,000 with fixed interest rates of 0.22805% and 0.59902%. These facilities expire on 19 May 2027 and 19 May 2032.

On 29 March 2021, Old Linde entered into a Euro denominated loan facility agreement with Linde Holdings Netherlands B.V for up to a maximum principal amount of €4.0 billion. Under the loan facility agreement, the company has the ability to request draw downs, via utilisation requests, at specified fixed interest rates. As of 31 December 2023, the company had two draw downs at fixed interest rates of 1% and 2.61%. The facility expires on 30 September 2027.

On 5 March 2020, Old Linde entered into a Euro denominated loan facility agreement with Linde GmbH for up to a maximum principal amount of €3.5 billion with a fixed interest rate of (0.546)% and maturity date of 28 March 2025.

On 30 September 2021, Old Linde entered into a Euro denominated loan facility with Linde Finance BV for a principal amount of €1.764 billion with a fixed interest rate of (0.127)% and a maturity date of 31 March 2023. On 28 March 2023, the company terminated the Euro denominated loan facility with Linde GmbH and established a new loan facility with Linde Finance BV for €112 million. On 29 March 2023, the loan facility was increased by €500 million with a fixed interest rate of 3.7585% and maturity date of 29 December 2024. On 7 July 2023, the loan facility was increased by €100 million with a fixed interest rate of 4% and maturity date of 25 March 2024. On 7 November 2023, the loan facility was increased by €500 million with a fixed interest rate of 4.1335% and a maturity date of 7 November 2024.

On 27 October 2022, Old Linde plc entered into a CNY denominated loan facility agreement with Linde GmbH for up to a maximum principal amount of CNY 5 billion. The company has the ability to request draw downs, via utilisation requests, at specified fixed interest rates (calculated based on the 12 month SHIBOR plus margin). As of 31 December 2023, the company had three draw downs totaling CNY 4.74 billion with maturities of 29 August and 27 October 2024.

On 24 February 2023, Old Linde entered into a USD denominated loan facility agreement with Linde UK Holdings No. 2 Limited for a principal amount of $3.5 billion with a fixed interest rate of 5.445% and a maturity date of 24 August 2024.

On 19 December 2023, the company held a loan receivable balance against Linde Finance UK Limited for $23 million, which was subsequently settled in January 2024.

The amounts owed by and to group undertakings of the company include the following:

(in millions of USD)		31 December 2023		31 December 2022
Praxair International Finance		258		—
Linde Finance UK Limited		23		—
Amounts Owed by Group Undertakings - Current	**$**	**281**	**$**	**—**
BOC Helex		3,050		—
Linde Finance BV		1,345		—
Linde UK Holdings No. 2		3,666		—
Linde GmbH		672		—
Amounts Owed to Group Undertakings - Amounts falling due within one year	**$**	**8,733**	**$**	**—**
Linde Holdings Netherlands		2,416		—
Linde Finance BV		1,649		—
Linde Inc		94		—
Amounts Owed to Group Undertakings - Amounts falling due beyond one year	**$**	**4,159**	**$**	**—**

11. Financial Liabilities

On 1 March 2023 and as part of the Intercompany Reorganization described in Note 2, all existing financial liabilities of Old Linde were transferred to Linde plc. The financial liabilities of the company include the following:

(in millions of USD)		31 December 2023		31 December 2022
3.625% €500 mm Euro denominated notes due 2025 (a)		551		—
0.00% €700 mm Euro denominated notes due 2026		774		—
1.00% €500 mm Euro denominated notes due 2027		553		—
3.375% €750 mm Euro denominated notes due 2029 (a)		824		—
1.375% €750 mm Euro denominated notes due 2031		829		—
0.375% €500 mm Euro denominated notes due 2033		546		—
3.625% €650 mm Euro denominated notes due 2034 (a)		714		—
1.625% €800 mm Euro denominated notes due 2035		876		—
1.00% €700 mm Euro denominated notes due 2051		755		—
	$	**6,422**	**$**	**—**

(a) On 12 June 2023, Linde issued €500 million of 3.625% notes due in 2025, €750 million of 3.375% notes due in 2029 and €650 million of 3.625% notes due in 2034.

The company's financial liability agreements contain standard covenants. The company was in compliance with these covenants as of 31 December 2023 and expects to remain in compliance for the foreseeable future.

On 14 February 2024, the company issued €700 million of 3.00% notes due in 2028, €850 million of 3.20% notes due in 2031 and €700 million of 3.40% notes due in 2036 (refer to Note 31 to the consolidated financial statements).

12. Financial Instruments

The company has elected to designate a portion of its foreign currency borrowings as a fair value hedge of the foreign currency exposure of its foreign group undertakings (primarily Euro). For all hedge relationships that meet the criteria for hedge accounting, the gain or loss related to foreign exchange risk on the foreign group undertakings is reflected in profit and loss, where it offsets the foreign exchange gain or loss on the designated foreign currency financial liabilities. The following are the amounts reflected in the financial position (and Profit and Loss account) for the foreign exchange movements for items in fair value hedges.

in millions of USD	**31 December 2023**	**31 December 2022**
Foreign exchange loss/(gain) on investments in subsidiaries	(437)	—
Foreign exchange loss/(gain) on financial liabilities in fair value hedges	437	—
	$ —	$ —

In addition, as of 31 December 2023, Linde is using interest rate swaps with a notional value of €1 billion to hedge the variability of future cash flows of forecasted transactions due to interest rate risk and has designated this as a cash flow hedge. As of year-end, the fair value of these outstanding derivatives was not material.

13. Related party transactions

The company is exempt from disclosing related party transactions with entities that are wholly owned within the company it heads. The disclosure of directors' remuneration is in Note 27 to the consolidated financial statements.

14. Contingent liabilities and other financial commitments

See Note 28 to the consolidated financial statements. There were no additional commitments or contingencies required to be disclosed for the company.

15. Auditors' remuneration

For the year ended 31 December 2023, $350,000 was payable for the statutory audit of the company financial statements to its auditors, PricewaterhouseCoopers, Ireland.

16. Subsequent events

Refer to Note 31 to the consolidated financial statements of the company for subsequent events impacting the consolidated company.

17. Date of approval of the financial statements

The financial statements of Linde plc for the year ended 31 December 2023 were authorised for issue by the Board of Directors on 29 April 2024.