Sustainability in Action

2023 Sustainability Report
Reconciliations of Non-GAAP Financial Measures

AIR PRODUCTS

Purpose of Reconciliation Tables

Our sustainability report includes references to non-GAAP ("adjusted") financial measures, including adjusted EBITDA margin and capital expenditures, which are based on our continuing operations. We believe these non-GAAP financial measures provide useful information to evaluate the performance of our business by providing a more complete understanding of the factors and trends that affect our financial performance. The purpose of this document is to provide reconciliations between the historical non-GAAP financial measures that we have disclosed and the most directly comparable measure calculated and presented in accordance with U.S. generally accepted accounting principles ("GAAP"). Amounts provided herein are in millions of dollars, except for margins, and are as of and for the fiscal year ended 30 September 2022.

Our non-GAAP financial measures should be considered within the context of our complete audited financial results for the given period, which are available in the "Investors" section of our website at *www.airproducts.com*. The non-GAAP financial measures supplement our GAAP disclosures and are not meant to be considered in isolation or as a substitute for the most directly comparable measures prepared in accordance with GAAP. These measures may not be comparable to similarly titled measures used by other companies.

Adjusted EBITDA Margin

We define adjusted EBITDA as net income less income from discontinued operations, net of tax, and excluding certain items that we do not believe to be indicative of underlying business trends, before interest expense, other non-operating income (expense), net, income tax provision, and depreciation and amortization expense. Margins are calculated by dividing each line item by consolidated sales and may not sum to total margin due to rounding.

The table below presents consolidated sales and a reconciliation of net income on a GAAP basis to adjusted EBITDA and net income margin on a GAAP basis to adjusted EBITDA margin:

	2022	
	$	Margin
Sales	$12,698.6	
Net income and net income margin	**$2,266.5**	**17.8%**
Less: Income from discontinued operations, net of tax	12.6	0.1%
Add: Interest expense	128.0	1.0%
Less: Other non-operating income (expense), net	62.4	0.5%
Add: Income tax provision	500.8	3.9%
Add: Depreciation and amortization	1,338.2	10.5%
Add: Business and asset actions	73.7	0.6%
Add: Equity method investment impairment charge	14.8	0.1%
Adjusted EBITDA and adjusted EBITDA margin	**$4,247.0**	**33.4%**

Capital Expenditures

Our capital expenditures for fiscal year 2022 were defined as cash flows for additions to plant and equipment, including long-term deposits, acquisitions (less cash acquired), and investment in and advances to unconsolidated affiliates on our consolidated statement of cash flows. A reconciliation of cash used for investing activities to our reported capital expenditures is provided below:

	2022
Cash used for investing activities	**$3,857.2**
Proceeds from sale of assets and investments	46.2
Purchases of investments	(1,637.8)
Proceeds from investments	2,377.4
Other investing activities	7.0
Capital expenditures[A]	**$4,650.0**

[A] Reflects remaining cash used for investing activities attributable to capital expenditures.

The components of our capital expenditures are detailed in the table below:

	2022
Additions to plant and equipment, including long-term deposits	$2,926.5
Acquisitions, less cash acquired	65.1
Investments in and advances to unconsolidated affiliates	1,658.4
Capital expenditures	**$4,650.0**