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ANNUAL REPORT
2020

Linde Finance B.V.



PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

Annual Report

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MANAGEMENT BOARD'S REPORT

The Managing Director of the company hereby presents this Management Board report for the financial year ended on 31 December 2020. These statements are prepared according to generally accepted accounting principles in the Netherlands and in conformity with the provisions of the Part 9, book 2 of the Netherlands Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'). All financial information is presented in Euro and has been rounded to the nearest million, unless otherwise stated.

General information

Linde Finance B.V. ("the Company") is a wholly owned subsidiary of Linde plc. 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). Linde 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.

The Company, domiciled in the Netherlands, with a statutory seat in Amsterdam, and registered office at Havenstraat 23A in Schiedam, was incorporated on 12 May 1999 under Dutch law, KVK 34115238. The Company's sole shareholder is Linde Holdings Netherlands B.V., which in its turn is a 100% subsidiary of Linde plc. The Company acts as a finance company for the benefit of Linde plc companies, with a focus on EUR financing. Linde plc is listed on the New York and Frankfurt stock exchanges.

Objectives

The objectives of Linde Finance B.V., in accordance with article 2 of the Articles of Association, are to incorporate, to participate, to manage and finance other group companies. Furthermore, to borrow and lend money, to place public and private debt and in general to engage in financial and commercial activities which may be conducive to the foregoing.

Tasks and responsibilities

The Management Board (currently comprised of one Managing Director) is in charge of the management of Linde Finance B.V. This means that the responsibilities of the Management Board include the policy and business progress within Linde Finance B.V. and with this the achievement of the goals, strategy, profit development and the social aspects of doing business that are relevant for Linde Finance B.V.

Principal Risks and Uncertainties

The principal risks of uncertainty facing the Company are: (i) fluctuations in interest rates and currency exchange rates; (ii) counterparty credit risk; and (iii) liquidity risk.

Financial risk management

The objective of financial risk management at the Company is to minimize the negative impact of interest rate and foreign exchange rate fluctuations on the Company's earnings, cash flow and equity. To manage currency risk, the Company uses various derivative financial instruments. The Company only uses commonly traded and non-leveraged instruments. These contracts are entered into primarily with major banking institutions thereby minimizing the risk of credit loss. The Company is exposed to foreign currency risk, interest risk, counterparty risk and liquidity risk. Please see further details in Note 33.

The Management Board is also responsible for the compliance with legislation and regulations and the management of the risks coupled with the activities and the financing of Linde Finance B.V.

The Management Board discusses the internal risk management and control systems with the Supervisory Board. These controls were set up to identify and manage foreign exchange, interest, liquidity, counterparty, and credit risks. As to these risks, Linde Finance B.V. has a conservative approach.

For example, it is the objective of Linde Finance B.V. to mitigate foreign currency risks. With the exception of margins generated by foreign-currency-denominated back-to-back loans, Linde Finance B.V. enters into derivatives in order to hedge Linde Finance B.V.'s currency exposure. The underlying assets and liabilities are translated into Euro at the balance sheet date. The derivatives used to hedge the currency risk exposure are included in the balance sheet in accordance with the cost price hedging model. The positions are regularly checked as part of the risk management procedures.

It is Linde Finance B.V. policy that interest rate exposures with duration longer than one year are hedged if no back-to-back funding is in place by entering derivatives.

The liquidity risk is actively managed and among others covered by a USD 5 bn syndicated revolving credit facility, with a final maturity of 2024.

Intercompany credit exposure has been insured with Linde GmbH Munich, through a Credit Assurance Agreement. The associated expenses are charged on to the internal borrowers through an additional risk premium on top of the base rate.

There have been no significant failings in the internal risk management and control systems which have been observed in the financial year.

Appointment

The members of the Management Board are appointed by the Supervisory Board for an indefinite period. The basis for non-compliance with the recommendation of the Dutch Corporate Governance Code (appointment for a maximum term of four years Principle II.1.1 of the Code) rests in the principles of Linde Finance B.V. being oriented towards the long term. The Supervisory Board notifies the General Meeting of an intended appointment and does not dismiss members of the Management Board until after the General Meeting has expressed its opinion.

In October 2020, Micha Glaser resigned as Managing Director of Linde Finance B.V., and Regina McKeon was appointed as Managing Director.

Accounting records

The Management Board are responsible for ensuring that adequate accounting records are kept by the Company. The measures taken by directors to ensure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and by the employment of competent persons responsible for the preparation and maintenance of the accounting records.

Going concern

The Management Board have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and for this reason, they continue to adopt the going concern concept of preparing the financial statements.

Corporate Governance

Linde Finance B.V. has a Management Board and a Supervisory Board. The Management Board is accountable to the Supervisory Board and the General Meeting for its policy. Based on the number of Supervisory Directors, the Supervisory Board of Linde Finance B.V. can operate without separate committees. This means that the Supervisory Board also acts as Audit Committee.

Corporate governance, the General Meeting

The Linde Finance B.V. General Meeting has the authority to approve certain Management Board decisions. These decisions, which are stipulated in the Articles of Association, are major decisions relating to the operations, legal structure and financial structure of the Linde Finance B.V. (and the companies in which it holds shares) as well as decisions related to major investments.

The most important other authorities of the General Meeting are:

- adoption of the Linde Finance B.V. financial statements and profit appropriation;
- discharging the members of the Management Board for their management and the members of the Supervisory Board for their supervision of the Management Board;
- adoption of the dividend;
- appointment and dismissal of the external auditor;
- amendments to the Articles of Association; and
- issuing of shares, exclusion of the application right, authorisation to repurchase the Linde Finance B.V. own shares, reduction of the paid-up capital, dissolution, application for bankruptcy.

Corporate governance conflict of interests

Linde Finance B.V. as part of Linde plc strictly rules to prevent every form and appearance of a conflict of interest between the Linde Finance B.V. on the one hand and the members of the Management Board and the members of the Supervisory Board on the other hand. Decisions to enter into transactions involving conflicting interests of Management Board or Supervisory Board members of a material significance for the Linde Finance B.V. and/or for the relevant individual must, in accordance with these rules, be approved by the Supervisory Board. During the year under review no conflicts of interests were reported.

Corporate Social Responsibility

As part of Linde plc, Linde Finance B.V. adheres to the broader plc governance guidelines which have established five core values: safety, inclusion, accountability, integrity and community. 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 is named the "Code of Business Integrity" and is made widely available to employees and third parties and is posted on the company's public website (<https://www.linde.com/about-linde/corporate-governance>).

Safety and community are core values. Linde plc requires its businesses around the world to conform to its worldwide Health, Safety and Environment policy that reinforces its ambition of zero incidents causing harm to people, communities, or the environment. Linde is committed to improving the communities where employees live and work which includes a commitment to minimize Linde's environmental impact. Its charitable contributions, along with employee voluntarism, support initiatives that make important and sustainable contributions to the world, including direct impact in the Netherlands.

Accountability and integrity are core values. Interaction between management, employees and Linde's business partners is expected to be transparent and respectful, consistent with our Code of Business Integrity. Ethical values and performance are significant factors in the selection of directors and members of the leadership team. Linde 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 or may be seen to be corrupt and prohibits any form of bribery. Linde plc enforces a global compliance program designed to prevent possible policy breaches that focuses on information, training sessions and management advice. The global compliance organization helps identify potential compliance-related risks and develops measures to mitigate them. As part of Linde plc, employees of Linde Finance B.V. are subject to mandatory compliance training and have access to the Integrity Hotline to report potential non-compliance issues. Third parties can also use the Integrity Hotline to report potential concerns.

Inclusion is a core value. Linde Finance B.V. seeks to maintain a Board that contains a range of experiences, competencies, and perspectives (including gender, ethnic, and cultural diversity) that is well-suited for advice and counsel to, and oversight of, the company's business and operations. However, given the size and function of Linde Finance B.V., the requirements with respect to male/female partitioning of Board members as required by "Wet Bestuur en Toezicht", are not met since the company has only one director. The company will consider the requirements on new appointments.

As a part of Linde plc and a key source of funding for Linde plc group companies, Linde Finance B.V. plays an integral role in the overall corporate governance of the group.

Information concerning application of code of business integrity

Linde Finance B.V. adheres to the Linde plc corporate governance guidelines, including the code of business integrity, which is available at <https://www.linde.com/about-linde/corporate-governance>.

The Code of Business Integrity clearly outlines what to do to comply with laws and regulations and addresses the Linde plc's values and principles – safety, integrity, sustainability, and respect.

Financial highlights

In May 2020, Linde plc and Linde Finance B.V. entered into a new EUR 10 bn Debt Issuance Program (DIP) and Linde Finance B.V. subsequently issued two bonds: a seven-year EUR 750 m bond and a twelve-year EUR 750 m bond. Both bonds are guaranteed by Linde plc.

ISSUED MEDIUM -TERM NOTES IN 2020

Type	Currency	Principal	Coupon (percent)	Issue date	Maturity date
Bond	EUR	750	0.250	19.05.2020	19.05.2027
Bond	EUR	750	0.550	19.05.2020	19.05.2032

Prior to this, Linde GmbH (formerly Linde Aktiengesellschaft) and Linde Finance B.V. had a EUR 10.0 bn Debt Issuance Programme (DIP). Linde GmbH, had issued an unconditional and irrevocable guarantee in relation to the past Debt Issuance and Commercial Paper Programs. As of September 2019, Linde plc also gave an

unsubordinated and unconditional guarantee to Linde Finance B.V. for the outstanding Notes of Linde Finance B.V. In addition, as of third of September 2019 Linde plc issued an unsubordinated and unconditional guarantee for these Notes of Linde Finance B.V. In September 2020 a seven-year EUR 1.0 bn bond was repaid, and in October a five-year EUR 50 m bond was also repaid. At the end of December 2020, the debt outstanding is EUR 5.5 bn (31.12.2019: EUR 5.1 bn). Thereof EUR 4 bn (31.12.2019: EUR 5.1 bn) was issued by Linde Finance B.V. under the legacy DIP. Linde GmbH and Linde Finance B.V. have a USD 5.0 bn multicurrency Commercial Paper (CP) Program which is unconditionally guaranteed by Linde plc. As per 31st December 2020, Linde Finance B. V. had EUR 1.97bn Commercial Paper outstanding (31.12.2019: EUR 0.0 m) Linde plc, Linde Inc, Linde GmbH and Linde Finance B.V. have a USD 5 bn syndicated revolving credit facility at their disposal with a final maturity in 2024. The syndicated credit facility is currently fully undrawn. During 2020 the interest income amounted to EUR 221 m (31.12.2019: EUR 281 m). The interest expense amounted to EUR 202.2 m (31.12.2019: EUR 261.4 m). The profit after taxation was EUR 11.3m (31.12.2019: EUR 13.9 m). Linde Finance B.V. applies a minimum return for intercompany loans consistent with the Advance Pricing Agreement with the Dutch fiscal authorities. Standard and Poor's credit rating for Linde Finance B.V. is "A/A-1" (long- and short-term). Moody's credit rating for Linde Finance B.V. is "A2/P-1" (long- and short-term). The outlook for all credit ratings is stable. All credit ratings are aligned with the credit ratings of the ultimate parent Linde plc.

Future Developments

Linde Finance B.V., will continue to act as a finance company for the benefit of Linde plc companies. The company's main focus has shifted to EUR financing for the group. There is another finance company in the group which will primarily deal with non-EUR intercompany loans and deposits. The Management Board believes that it has sufficient operating flexibility and funding sources to maintain adequate amounts of liquidity to meet its business needs around the world. The company has a USD 5 billion unsecured and undrawn revolving credit agreement with no associated financial covenants. No borrowings were outstanding under the credit agreement as of 31 December 2020. 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. Therefore the outlook is stable. IBOR Reference Rate Reform – In reference to transactions that reference London Interbank Offered Rate ("LIBOR") and other interbank offered rates, the company are currently evaluating the impact of this.

Responsibility statement

The Management Board of Linde Finance B.V. wish to state:

- that the annual financial statements 2020 give a true and fair view of the assets, liabilities, financial position and profit and loss of Linde Finance B.V.;
- that the annual financial statements 2020 give a true and fair view of the position, as per the balance sheet date, of the development during the financial period of Linde Finance B.V. and a description of the principle risks that it faces.

Corporate Governance Statement

The Management Board of Linde Finance B.V. is responsible for the maintenance and development of an accurate framework for risk management and control and the active management of the strategic, technological, operational, financial and compliance risks that Linde Finance B.V. faces.

We declare that the substantial risks with which Linde Finance B.V. is confronted are described in these financial statements. These financial statements provide insight into the extent to which risks are prevented and controlled. Based on the above and our own observations and experiences from the past, the Management Board declares, that the framework for risk management and control, as described above, provides a reasonable assurance that the financial reporting does not contain any errors of material importance and that this framework worked correctly in 2020.

29 April 2021

THE MANAGEMENT BOARD

REGINA MCKEON

SUPERVISORY BOARD'S REPORT

The Supervisory Board hereby presents the report of the book year ended 31 December 2020. The financial statements have been audited by PricewaterhouseCoopers Accountants N.V. and were provided with an unqualified audit opinion on 29 April 2021.

The Supervisory Board met twice in 2020. In these meetings the financial results as well as other items such as risk management, financial performance, strategy and general developments were discussed. In one meeting the previous external auditor, KPMG, was present. Besides these meetings there were ongoing contacts between the Supervisory Board and the Management Board. All supervisory directors were present at these meetings. Based on the number of Supervisory Directors, the Supervisory Board of Linde Finance B.V. can operate without separate committees. This means that the Supervisory Board acts as Audit Committee as well.

Linde Finance B.V. does not have an internal audit function established at the legal entity level, however, as part of Linde plc it is subject to oversight by Linde plc's internal audit function. In addition, Linde plc's management establishes and maintains adequate internal control over financial reporting and conducted an evaluation of the effectiveness of its internal control over financial reporting, including Linde Finance B.V., and has concluded the internal control over financial reporting was effective as of 31 December 2020.

In connection with the listing of bonds at the Luxembourg Stock Exchange, Linde Finance B.V. is regarded as a "Public Interest Entity" (Organisatie van Openbaar Belang).

The Supervisory Board supervises the policy of the Management Board and the general business progress of Linde Finance B.V. and advises the Management Board. The Supervisory Board monitors and supervises the Management Board with respect to the results of the strategy, the main risks related to the operations of Linde Finance B.V., as well as the functioning of the organisation. Furthermore, any significant changes to the risk management and control systems will be discussed and monitored. The Supervisory Board believes it is operating satisfactorily.

The Supervisory Board of Linde Finance B.V. also has the authority to approve certain decisions of the Management Board as stipulated in the Articles of Association. The Supervisory Board consists of three members.

In the performance of its duties the members of the Board of Supervisory Directors are led by the interests of Linde Finance B.V. and taking into account the interests of all Linde Finance B.V. stakeholders and all the aspects of social responsibility relevant to Linde Finance B.V.

The Supervisory Board also has the authorities and powers specified in the provisions of Book 2 of the Dutch Civil Code. These powers include the appointment of the members of the Management Board, the determination of the number of members of the Management Board, and the approval of several other decisions of the Management Board as specified in legislation.

The requirements with respect to male/female partitioning of Supervisory Board members as required by "Wet Bestuur en Toezicht", are met since the company had 2 male and 1 female member.

All Supervisory Board members are employees of subsidiaries of Linde plc, hence are not independent as per the Dutch Governance Code. There has not been any conflict of interest during the year under review.

The composition of the Supervisory Board across the period included:

- Erin Catapano (1979, F, American nationality), member of the Supervisory Board since 30 April 2020
- Daniel Geiger (1974, M, German nationality), member of the Supervisory Board since 7 July 2017.
- Gerald Hobbs (1973, M, British nationality), member of the Supervisory Board since 15 April 2019
- Björn Schneider (1971, M, German nationality), member of the Supervisory Board until 30 April 2020.

29 APRIL 2021

THE SUPERVISORY BOARD

DANIEL GEIGER

CHAIRMAN

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31.12.2020 (BEFORE THE APPROPRIATION OF RESULT)

in € thousand	Note	31.12.2020	31.12.2019
Fixed assets			
Tangible fixed assets			
Other operating fixed assets		6	9
Financial fixed assets			
Loans to group companies	[1]	5,038,125	6,903,083
Deferred derivatives results	[2]	-59	1
Prepaid expenses	[3]	317	610
Total fixed assets		5,038,389	6,903,703
Current assets			
Receivables			
Forward exchange contracts	[8]	43,265	76,898
Interest receivables from third parties	[6]	4,004	3,937
Other receivables from third parties	[7]	5,169	7
Loans to group companies	[4]	4,070,809	1,768,287
Interest receivables from group companies	[5]	56,472	66,941
Deferred derivatives results	[2]	6,247	6,839
Prepaid expenses	[3]	-	-
Tax receivable	[9]	3,575	8,313
Collateral deposits	[10]	7	5,703
Total current assets		4,189,548	1,936,925
Current liabilities (maximum 1 year)			
Bonds notes payable	[13]	601,251	1,063,091
European Commercial Paper	[16]	1,968,000	-
Forward exchange contracts	[8]	25,638	44,308
Collateral borrowing	[17]	67,394	70,194
Credit institutions	[18]	5,140	2,503
Interest payables to third parties	[19]	53,895	57,955
Deposits from group companies	[14]	1,277,440	2,368,411
Interest payables to group companies	[20]	4,277	10,229
Other payables to group companies		712	1,724
Tax payable		3,737	7,717
Other payables to third parties	[21]	49	56
Accounts payable		370	72
Total current liabilities		4,007,903	3,626,260
Result of current assets minus current liabilities		181,645	-1,689,335
Result of assets minus current liabilities		5,220,034	5,214,368
Long-term liabilities (for more than one year)			
Bonds payable	[13]	4,893,268	4,045,561
Loans from group companies	[14]	-	750,000
Total long-term liabilities		4,893,268	4,795,561

EQUITY	[12]	326,766	418,807
Share capital		5,000	5,000
Share premium		210,000	210,000
Retained earnings		100,506	189,914
Result for the reporting period		11,260	13,893

PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER 2020

in € thousand	Note	2020	2019
Interest income	[22]	22,546	90,497
Interest income from group company loans	[22]	198,000	190,042
Total Interest Income		220,546	280,539
Interest expense	[23]	153,610	165,402
Interest expense from group company loans	[23]	48,665	96,012
Total Interest Expense		202,275	261,414
Foreign exchange result		-2,004	266
Result from financial transactions		16,267	19,391
Other operating income			
Other income		1	57
Total income		16,268	19,448
Wages and Salaries	[24]	369	376
Other administrative expenses	[24]	887	564
Total operating expenses		1,256	940
PROFIT BEFORE TAXATION		15,012	18,508
Taxation	[25]	3,752	4,615
NET PROFIT AFTER TAXATION		11,260	13,893

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

in € thousand	2020	2019
NET PROFIT	11,260	13,893
Changes in:		
Loans and receivable to group companies*	-392,877	1,064,183
Other assets	5,568	4,038
Deposits from group companies	-	-
Interest payable	1,869,653	2,045,741
Taxes payable	-10,012	-1,612
Other payables	-3,980	4,615
	-57,642	1,773,255
NET CASH FLOW FROM OPERATING ACTIVITIES	-	812,631
	2,317,336	
Proceeds from issuance of debt securities	1,500,000	-
Repayment of debt securities	-	-874,752
Issuance of European Commercial Paper	1,050,000	-
Change in credit institutions	1,968,000	-
Dividends to/Contributions from group companies*	2,637	2,121
	-103,301	60,000
NET CASH FLOW FROM FINANCING ACTIVITIES	2,317,336	-812,631
Net increase / (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Effect of exchange rate fluctuations on cash and cash equivalents held	-	-
Cash and cash equivalents at end of the year	-	-
INCLUDED IN THE CASH FLOW FOR THE YEAR ARE THE FOLLOWING AMOUNTS		
Interest Income received	146,603	161,141
Interest expenses paid	-63,646	-243,300
Income taxes paid	1,610	1,817

* Dividends were offset against partial repayment of a maturing loan towards the Company's shareholder, Linde Holdings Netherland B.V.

NOTES TO THE FINANCIAL STATEMENTS

GENERAL ACCOUNTING PRINCIPLES

General

Linde Finance B.V. is registered in Havenstraat 23A, Schiedam, the Netherlands, and was incorporated on 12 May 1999 under Dutch law. Linde Finance B.V. acts as a finance company for the benefit of Linde plc group companies. The ultimate parent of Linde Finance B.V. is Linde plc, which is an Irish incorporated entity, with registered office and principal executive office in the UK, which is listed on the New York and Frankfurt stock exchange.

Basis of presentation

The accompanying accounts have been prepared under the historical cost convention, unless otherwise mentioned, in accordance with generally accepted accounting principles in the Netherlands and in conformity with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'). All financial information is presented in Euro and has been rounded to the nearest million, unless otherwise stated. The financial statements are prepared on a going-concern basis. In the balance sheet, income statement and the cash flow statement, references are made to the notes

Accounting policies

The initial measurement of all financial assets and liabilities is fair value. The subsequent measurement of all financial assets and liabilities is amortised cost unless a different valuation principle is indicated in the accompanying notes. Financial assets are shown net of impairments where necessary. Income and expenses are attributed to the financial year to which they relate.

Comparison with Previous Year

The valuation principles and method of determining the result are the same as those used in the previous year.

Recognition of assets and liabilities

Assets and liabilities are initially recognised at fair value, with subsequent recognition at amortised costs, unless otherwise stated in the further principles. An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that

are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured reliably. An asset or liability that is recognised in the balance sheet remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. An asset or liability is no longer recognised in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all the risks related to the asset or liability being transferred to a third party.

Cash and cash equivalents are stated at face value. If cash and cash equivalents are not readily available, this is taken into account in the measurement. Long-term and current liabilities and other financial commitments are subsequently measured at amortised cost based on the effective interest rate method. Re-demotion payments regarding long-term liabilities that are due next year are presented under current liabilities.

Recognition of Profit and Loss Account

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability. Revenues and expenses are allocated to the period to which they relate.

Cost price hedge accounting

Linde Finance B.V. applies the cost price hedging model to hedge interest rate risk and foreign currency risk. Cost price hedging means that derivative financial instruments follow the valuation principle of the hedged item (i.e. cost price). Linde Finance B.V. documents the hedge relationships in hedge documentation and annually assesses the effectiveness of the hedge relationships by verifying that no over- or under-hedges exist based on the critical terms check. When a derivative expires or is sold, the accumulated profit or loss that has not yet been recognised in the profit and loss account prior to that time is included as a deferral in the balance sheet until the hedged transactions take place. If the transactions are no longer expected to take place, then the accumulated profit or loss is transferred to the profit and loss account. If a derivative no longer meets the conditions for hedge accounting, but the financial instrument is not sold, then the hedge accounting is also terminated. Subsequent measurement of the derivative instrument is then at the lower of cost or market value.

Fair Value Accounting

Forward starting swaps contracted with third parties and with group companies are accounted for at fair value.

The fair value of the financial instruments is determined as follows, the derivative financial instruments are measured by discounting expected future cash flows using the net present value method. As far as possible, the entry parameters used in these models are relevant observable market prices and interest rates at the balance sheet date, obtained from recognised external sources.

The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

Cash flow statement

The cash flow statement is based on the indirect method for the operating cash flow and based on the direct method for the cash flow from financing activities. The figures relating to the operational cash flows are derived from the delta in the balance sheet position. Interest paid and received, and tax paid are included in cash from operating activities.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at rates of exchange at the balance sheet date. Exchange rate differences are accounted for in the profit and loss account. These financial statements are presented in EUR which is the functional and presentation currency of Linde Finance B.V.

Financial fixed assets

Financial fixed assets include the amortised costs of loans, of a long-term nature, issued to group companies, as well as prepaid expenses.

Other receivables presented under financial assets include issued loans and other receivables as well as purchased loans that will be held to their maturity date. These receivables are initially measured at fair value and subsequently carried at amortised cost. If loans are issued at a discount or premium, the discount or premium is recognised through profit or loss over the maturities of the loans using the effective interest method. Also transaction costs are included in the initial valuation and recognised through profit or loss as part of the effective interest method. Impairment losses are deducted from amortised cost and expensed in the income statement

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

Other Financial Fixed assets

Bonds, listed and unlisted, recognised under financial fixed assets, that are not held as part of a trading portfolio and which will be held to maturity, are valued at their amortised cost.

Net Profit

The net profit has been calculated on the basis of the accrual and matching principles.

Interest income and expense

Interest income is recognised in the period to which it belongs, taking into account the effective interest of the related asset. Interest expenses and similar expenses are recognised in the period to which they belong.

Taxation

Tax on the result is calculated based on the result before tax in the income statement, taking account of adjustments for tax purposes due to Dutch tax law, if applicable e.g. deduction of exempt profit components or addition of non-deductible costs and the losses available for set-off from previous financial years.

Related Parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of Linde Finance B.V. or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Judgements, estimates and uncertainties

In applying the principles and policies for preparing the financial statements, the directors of Linde Finance B.V. make different estimates and judgements that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the true and fair view required under Book 2, article 362, paragraph 1, the nature of these estimates and judgements, including assumptions related to the uncertainties, is disclosed in the notes to the relevant financial statement items.

Employee Costs

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS PER 31 DECEMBER 2020

Assets

[1] Loans to group companies

The movements in long-term loans to group companies during the year were as follows:

MOVEMENT IN LONG-TERM LOANS TO GROUP COMPANIES

in € thousand	2020	2019
At 1 January	6,903,083	6,970,359
New loans	1,500,000	2,247,431
Reclassified to short term loans	-2,392,637	-130,205
Translation adjustment	-40,533	38,762
Loans redeemed	-931,788	-2,223,264
At 31 December	5,038,125	6,903,083

Note: Movements in the comparative figures are adjusted for the sake of comparability

An amount of EUR 2.6 bn (31.12.2019: EUR 1.15 bn) of the principal portions outstanding have a remaining maturity of more than five years.

Long-term loans to group companies for a total amount of EUR 587.4M (31.12.2019: EUR 1.13 bn) are de-nominated in a currency other than Euro (USD). If no natural hedge is in place Linde Finance B.V. has entered into various foreign exchange contracts to hedge foreign currency risks. The valuation of the loans and foreign exchange contracts are based on the prevailing rate of exchange of the respective reporting dates. The average interest rate on long-term non-euro-denominated loans to group companies on 31 December 2020 was 3.59 percent (31.12.2019: 4.36 percent). The impact of Covid-19 has been limited due to the sector the company is in. No payment holidays were asked nor granted. The company's main focus has shifted to EUR financing for the group. There is another finance company in the group which will primarily deal with non-EUR intercompany loans and deposits.

[2] Deferred derivatives results

Deferred derivatives results are proceeds of unwound derivatives to be amortised, which were previously in a hedge relationship with group companies, of EUR 6.2 m (31.12.2019: EUR 6.8 m). The unwinding of derivatives has been executed on a risk-neutral basis.

[3] Prepaid expenses

Linde plc, Linde Inc, Linde GmbH and Linde Finance B.V. have USD 5 bn syndicated revolving credit facility at their disposal with a final maturity in 2024.

Linde Finance B.V. paid an upfront premium of EUR 0.7 m at the initiation of the current credit facility in April 2019. The outstanding value per 31 December 2020 is EUR 0.5 m.

[4] Loans to group companies

Linde Finance B.V. holds short-term loans to group companies of EUR 4.1 bn (31.12.2019: EUR 1.8 bn) of which the principal portions are due and payable within one year. Interest rates are determined based on the at arm's length principle. The average interest rate on these loans as at 31 December 2020 is 1.02 percent (31.12.2019: 1.44 percent).

Short-term loans to group companies for a total amount of EUR 13.5 m (31.12.2019: EUR 134.3 m) are denominated in a currency other than the Euro at 31 December 2021. If no natural hedge is in place Linde Finance B.V. has entered into foreign exchange contracts to hedge foreign currency risks. The valuation of the loans and foreign exchange contracts is based on the prevailing rate of exchange on the respective reporting dates.

[5] Interest receivables from group companies

Interest receivables from group companies include accrued interest on loans of EUR 57.2m (31.12.2019: EUR 66.7 m), EUR -0.7 (31.12.2019: EUR -0.3 m).

[6] Interest receivables from third parties

Other receivables from third parties include accrued interest of EUR 4.0 m (31.12.2019: EUR 4.0 m) from interest rate swaps and cross-currency swaps.

[7] Other receivables from third parties

Other receivables include EUR 5.2m (31.12.2019: EUR 0 m) of unpaid financial transactions at the end of December 2020.

[8] Forward exchange contracts

All forward exchange contracts (apart from Forward starting swaps contracted with third parties and with group companies which are accounted for at fair value) are in a hedging relationship for which Linde Finance B.V. applies cost price hedge accounting.

Cost price hedging means that both the forward exchange contract as hedging instrument and the hedged item are recognised at cost. If the hedged item is a foreign currency monetary item recognised in the balance sheet, the forward exchange contract is measured at the difference between the spot rate of the balance sheet date and the contract rate of the forward exchange contract. The position also includes the interest accrual on interest rate differentials of forward exchange contracts (forward points), which is amortised to the profit and loss account.

[9] Tax receivable

As per 31 December 2020 Linde Finance B.V. has a tax receivable of EUR 3.6m (31.12.2019: EUR 8.3 m) related to corporate income tax and withholding tax.

[10] Collateral deposits

Since 2010 Linde Finance B.V. has Credit Support Annexes (CSAs) in place with its major financial market participants to mitigate the counterparty risk. The out-standing value of the cash collateral deposited by Linde Finance B.V. at banks per 31 December 2020 is EUR 0 m (31.12.2019: EUR 5.7 m).

[11] Cash / Cash Equivalents

Cash at bank and in hand are freely disposable.

Equity and Liabilities

[12] Equity

Authorised share capital consists of 15,000 shares of EUR 1,000 each, divided into 15,000 ordinary shares. As per 31st December 2020, the total number of shares outstanding which are fully paid in are 5,000 (31.12.2019: 5,000). All shares of Linde Finance B.V. are held by Linde Holdings Netherlands B.V. Schiedam. In May 2020, the company paid a dividend of EUR103.3m to the sole shareholder, Linde Holding Netherlands B.V.

EQUITY

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<i>in thousand</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Unappropriated profit</i>	<i>Total equity</i>
At 1 January 2019	5,000	150,000	180,471	9,443	344,914
Transfer to retained earnings	-	60,000	9,443	-9,443	60,000
unappropriated profits	-	-	-	13,893	13,893
At 31 December 2019 / At 1 January 2020	5,000	210,000	189,914	13,893	418,807
Transfer to retained earnings	-	-	13,893	-13,893	-
Dividend Paid			-103,301		-103,301
unappropriated profits	-	-	-	11,260	11,260
At 31st December 2020	5,000	210,000	100,506	11,260	326,766

In accordance with Article 27 of Linde Finance B.V. Articles of Association, profits, if any, are at the disposal of the General Meeting. The Directors propose to add the net profits to the retained earning. Share premium reserve can be considered as freely distributable share premium as referred to in the 2001 income Tax Act. The ultimate parent Linde Finance B.V. is Linde plc, which is listed on the New York and Frankfurt stock exchange

[13] Bonds payable

The bond notes payable comprise loans from credit institutions as well as from institutional investors. The movement schedule and contractual maturity of the bonds and notes payable can be shown as follows:

MOVEMENT IN BONDS NOTES PAYABLE

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<i>(in thousands of euros)</i>	
Book value as at 1 January 2020	5,108,652
New funding	1,500,000
Repayments	-1,050,000
Interest/amortisation	-30,437
Other changes in value	-33,697
Book value as at 31 December 2020	5,494,519
Of which:	
duration < 1 year	601,251
duration ≥ 1 and ≤ 5 years	2,314,839
duration > 5 years	2,578,429

The bond notes payable of Linde Finance B.V., have a fixed interest rate and bear an average interest of 1.85 percent (31.12.2019: 2.04 percent). An amount of EUR 4bn (31.12.2019: EUR 5.1 bn) of bond notes payable have been issued by Linde Finance B.V and Linde GmbH under the terms of the legacy Debt Issuance Programme. Linde GmbH, Munich, still unconditionally and irrevocably guarantees these outstanding Notes of Linde Finance B.V. On 3rd September 2019, Linde plc issued an unsubordinated and unconditional guarantee for the outstanding Notes of Linde Finance B.V. Under the new Debt Issuance Program of May 2020 of Linde plc and Linde Finance B.V., Linde Finance B.V. issued two bonds for a total amount of EUR 1.5bn. The new Debt Issuance Programme is also unsubordinatedly and unconditionally guaranteed by Linde plc. In September 2020 a seven year EUR1.0 bn bond was repaid, and in October, a five year 50m bond was also repaid. Outstanding bonds of EUR 499.6m equivalent (31.12.2019: EUR 533 m) are denominated in a currency other than Euro. If no natural hedge is in place Linde Finance B.V. has entered into foreign exchange contracts or cross-currency swaps to hedge foreign currency risks.

ISSUED BONDS LINDE FINANCE B.V.

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	<i>Currency</i>	<i>Principal in million</i>	<i>Coupon</i>	<i>Maturity date</i>	<i>Exchange</i>
1	EUR	600	3.875%	01.06.2021	Bourse de Luxembourg
2	EUR	1,000	0.250%	18.01.2022	Bourse de Luxembourg
3	EUR	650	2.000%	18.04.2023	Bourse de Luxembourg
4	GBP	300	5.875%	24.04.2023	Bourse de Luxembourg
5	EUR	300	1.875%	22.05.2024	Bourse de Luxembourg
6	USD	200	3.434%	26.08.2026	Bourse de Luxembourg
7	EUR	750	0.250%	19.05.2027	Bourse de Luxembourg
8	EUR	80	1.652%	20.10.2027	Bourse de Luxembourg
9	EUR	750	1.000%	20.04.2028	Bourse de Luxembourg
10	EUR	100	1.900%	21.10.2030	Bourse de Luxembourg
11	EUR	750	0.550%	19.05.2032	Bourse de Luxembourg

[14] Deposits from group companies

Linde Finance B.V. holds deposits from group companies in a total amount of EUR 1.3 bn (31.12.2019: EUR 3.1 bn). The remaining principal portions are due and payable within one year. Interest rates are determined based on the at arm's length principle. As at 31 December 2020 the average interest rate on these deposits was 0.21 percent (31.12.2019: 1.1 percent).

Short-term deposits from group companies for an amount of EUR 72m (31.12.2019: EUR 1.2 bn) are denominated in a currency other than Euro for which Linde Finance B.V. has entered into foreign exchange contracts to hedge foreign currency risks. The valuation of the deposits and foreign exchange contracts is based on the prevailing rate of exchange on the respective reporting dates.

Linde Finance B.V. is also a sub-header on a EUR Zero Balancing Sweeping structure that is held with Deutsche Bank. Cash balances from the participants sweep daily to LFBV, and an offsetting entry is then booked as a deposit from the group companies or loan to group company. There is no scheduled repayment of these balances. The ultimate header in this sweeping structure is Linde GmbH. Linde GmbH guarantees, by way of an independent payment obligation to each participant, the due and punctual payment by LFBV of all repayment claims.

[15] Short term liabilities

All of the below short term liabilities have a maturity of less than one year

[16] European Commercial Paper

Short-term securities were issued as part of the USD 5bn Euro Commercial Paper Programme (guaranteed by Linde plc) for the purpose of short-term financing. At the balance sheet date 31 December 2020, EUR 1.968bn of these commercial Papers remained outstanding (2019: EUR 0 m). The average rate for ECP in 2020 was -0.5%

[17] Collateral borrowing

Since 2010 Linde Finance B.V. has Credit Support Annexes with its major financial market participants to mitigate the counterparty risk. The outstanding value of the cash collateral deposited at Linde Finance B.V. by various banks as per 31 December 2020 is EUR 67.4m (31.12.2019: EUR 70.2 m).

[18] Credit institutions

Credit institutions comprise only current bank accounts with negative value.

[19] Interest payables to third parties

Interest payables include upfront premiums received on derivatives with third parties, which will be amortised over the remaining tenor.

INTEREST PAYABLES TO THIRD PARTIES

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in € thousand	2020	2019
Accrued interest bonds notes	53,743	55,956
Accrued interest derivatives	152	1,999
Upfront premiums received on derivatives	-	-
	53,895	57,955

[20] Interest payables to group companies

Interest payables to group companies include accrued interest on deposits from group companies of EUR 0.1 m (31.12.2020: EUR 1.0 m and accrued interest on derivatives with group companies of EUR 4.2 m (31.12.2019: EUR 9.2m).

[21] Tax Payable

As per 31 December 2020, Linde Finance B.V has a tax payable of EUR 3.7m (31.12.2019: EUR 7.7m) related to corporate income tax

Profit and loss

[22] Interest income

The interest income includes EUR 198 m (2019: EUR 190 m) of interest income on loans given to group companies. The other interest income EUR 22.5 m (2019: EUR 90.50 m) is income generated from external derivatives, amortisation of discounts and other interest income. This interest income in 2020 has reduced versus 2019 due to a reduction in external derivatives. Interest income by geographical area is illustrated below:

INTEREST INCOME BY GEOGRAPHICAL AREA (EUR millions)

2020		2019	
Germany	95.9	Germany	77.6
Great Britain	42.0	Great Britain	50.8
Australia	39.9	Austria	23.3
Sweden	5.4	Australia	17.2
Ireland	4.1	Sweden	6.4
New Zealand	2.8	Turkey	4.4
Thailand	2.1	New Zealand	2.9
Turkey	1.5	Thailand	1.8
Other	4.3	Other	5.2
TOTAL	198	TOTAL	190

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[23] Interest expenses

The interest expenses include EUR 48.6, (2019: EUR 96.0 m) of interest on loans from group companies. The other interest expenses of EUR 153.6m (2019: EUR 165.4 m) comprises mainly interest expenses on external bonds, external derivatives and the amortisation of discounts. The interest expense includes EUR 2.5 m (2019: EUR 3.1 m) of internal fees related to the guarantee fee and a credit assurance fee issued by Linde GmbH, Munich. Realised fair value changes related to the securities as included in current assets are released to the income statement from the revaluation reserve upon realisation

[24] Other administrative expenses

The general and administrative expenses for the period can be analysed as stated in the table below. Whereby the other G & A costs mainly consist of fees for advisory services and VAT costs which cannot be claimed back due to the nature of the business of Linde Finance B.V., bank charges, office expenses and IT costs.

General and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES		
in thousand	2020	2019
Wages and salaries	369	376
Other general and administrative expenses	887	564
	1,256	940

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[25] Taxation

Linde Finance B.V. applies a minimum return for intercompany loans consistent with the Advance Pricing Agreement with the Dutch fiscal authorities. Taxes on income for the period can be analyzed below. The effective tax rate is not significantly different to last year

TAXATION

in € thousand	2020	2019
Profit before taxation	15,012	18,508
Income tax rate (percent)	25.00	25.00
Income tax expenses	3,752	4,615
Effective tax rate (percent)	24.99	24.94

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[26] Auditor's fees and services

The auditor's remuneration has been included in the consolidated accounts of Linde plc.

[27] Directors

Linde Finance B.V. has one Managing Director (31.12.2020: one) and three Supervisory Board Members (31.12.2020: three). The members of the Supervisory Board did not receive any remuneration during 2020. The total compensation amount for the former and current director in 2020 was EUR 0.2M. The previous Managing Director participates in the share option scheme at Linde plc, and in conformity with RJ 275 it is opted for accounting this in the financial statements of Linde plc.

[28] Derivative contracts

Linde Finance B.V. has entered into a number of interest rate swap agreements, with a principal amount of EUR 2.5 bn (31.12.2019: EUR 3.3 bn) and a number of cross-currency swap agreements, with a principal amount of EUR 116 m (31.12.2019: EUR 702.2 m) for which we apply cost price hedging.

[29] Fair value of financial instruments

The fair value of financial instruments is determined using measurement methods customary in the market, based on market parameters specific to the instrument. The fair value of derivative financial instruments is measured by discounting expected future cash flows using the net present value method. The entry parameters used in these models are relevant,

observable market prices and interest rates on the balance sheet date obtained from recognised external sources. Forward starting swaps contracted with third parties and with group companies are accounted for at fair value. Excluding these, we apply cost price hedge accounting to all derivatives. The hedge ineffectiveness is immaterial. The table below shows the fair value of financial assets and liabilities;

[30] Employees

During 2020, Linde Finance BV had an average of two full time equivalents (31.12.2019: 2) based in the Netherlands, The wages and salaries include social security charges and pension premium costs of EUR 30.9k (31.12.2019: 29.7k). The employees participate in the industry-wide "Stichting Pensioen Fonds voor de Grafische Bedrijven" fund. The pension scheme of this fund is a Collective Defined Contribution plan. The contribution to the pension fund is fixed annually by the pension board as a percentage of the total sum of participants' salary costs, less the AOW deductible. The employer will settle the contribution with the pension fund on a monthly basis. In case of a shortfall in funding within the pension fund this will result in a reduction of pensions and build-up pension rights for all participants. A shortfall of funding within the pension fund cannot result in any claim towards the employer.

Employee Costs

EUR Thousands	2020	2019
Wages and Salaries	313	317.4
Social Insurance costs	25.5	29.1
Pension Costs	30.9	29.7
TOTAL	369.4	376.2

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FAIR VALUES FINANCIAL ASSETS AND LIABILITIES

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FAIR VALUES FINANCIAL ASSETS AND LIABILITIES

in 1 million	31.12.2020	31.12.2019
Assets		
Loans to group companies (non current)	5,418.6	6,000.5
Loans to group companies (current)	4,189.1	2,641.3
Interest rate swaps/cross currency swaps external	66.0	53.0
FX swaps	0.5	13.5
Interest rate swaps/cross currency swaps internal	0.0	0.0
Liabilities		
Bonds/notes payable	5,756.3	5,332.3
Commercial Paper	1,968.9	0.0
Loans from group companies (non current)	0.0	756.1
Loans from group companies (current)	1,155.1	944.6
Collateral Borrowing	67.4	70.2
Interest rate swaps/cross currency swaps external	1.9	14.1
FX swaps	1.5	5.4
Interest rate swaps/cross currency swaps internal	47.3	50.5

[31] Off-Balance-Sheet commitments and facilities

Linde Finance B. V. has limited rental, back office and IT commitments with third parties. Total expenses are approximately EUR 50.0 k per annum. The rental agreement had a maturity in April 2021, whereby the office moved to Schiedam on 1st April 2021

Linde plc Linde GmbH and Linde Finance BV have a USD 5 bn syndicated credit line at their disposal with a final maturity in 2024. The revolving credit facility is not drawn down and serves as back up for the USD 5.0 bn European Commercial Paper Program

[32] Related parties

All transactions are conducted on an arm's length basis

MAJOR OUTSTANDING LOAN EXPOSURE

15

<i>in € million</i>			<i>31.12.2020</i>	<i>in percent</i>
Linde GmbH	Munich	GER	5,229.2	57.3
Linde Public Limited Company	Dublin	IRL	1,492.2	16.4
Linde UK Holdings Limited	Guildford	GBR	1,277.1	14.0
Linde Gas Holding Sweden AB	Lidingo	SWE	449.2	4.9
BOC Holdings	Guildford	GBR	334.2	3.7
BOC HELEX	Guildford	GBR	162.6	1.8
BOC LIMITED (New Zealand)	Auckland	NZL	71.8	0.8
TOO Linde Gaz Kazakhstan	Almaty	KAZ	33.6	0.3
Linde Gas Italia S.r.l.	Arluno	ITA	10.0	0.3
other			49.0	0.5
			9,108.9	100.0

MAJOR OUTSTANDING DEPOSIT EXPOSURE

16

<i>in £ million</i>			<i>31.12.2020</i>	<i>in percent</i>
Oy AGA AB	Espoo	FIN	386.4	30.2
Linde UK Holdings Limited	Guildford	GBR	317.3	24.8
PU_BOC Gases Ireland	Dublin	IRL	112.7	8.8
Linde Holdings Netherlands B.V.	Schiedam	NLD	84.5	6.7
The Boc Group SAS	Hesingue	FRA	55.0	4.3
Linde Gas GmbH	Stadl-Paura	AUT	50.0	3.9
Linde Gas Benelux B.V.	Schiedam	NLD	38.2	3.0
Linde Kryotechnik AG	Pfunggen	CHE	23.5	1.8
OCAP CO2 B.V.	Schiedam	NLD	21.6	1.8
other			188.2	14.7
			1,277.4	100.0

[33] Risk management procedures.

Foreign Currency risk

It is the objective of Linde Finance B.V. to mitigate foreign currency risk which is primarily related to intercompany loans and deposits in multiple currencies. Except for margins generated by foreign currency denominated back to back loans, Linde Finance B.V. enters into derivatives in order to hedge Linde Finance B.V.'s currency exposure. The underlying assets and liabilities are translated into Euro at the balance sheet date. The derivatives used to hedge the currency risk exposure are included in the balance sheet in accordance with the cost price hedging model. The positions are regularly checked as part of the risk management procedures.

The table below provides the net foreign exchange cash flow positions per 31 December 2020. The totals are all unhedged margins on loans and corresponding deposits. As stipulated in the foreign currency risk management approach these margins are not hedged.

NET FOREIGN CURRENCY CASH FLOW POSITION PER CURRENCY

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In thousand Currency	Largest positions of Net FX cash flow positions per	In € per 31.12.2020	Latest Maturity
GBP	1,352	1,523	24/04/2023
USD	1,800	1,482	26/08/2026
Other currencies			
Total position		3,005	

The total Value at Risk (VaR) for the largest positions is per 31 December 2020 EUR 266 k (31.12.2019: 424.4 k). The VaR calculation is based on a 97.5 percent VaR for Linde Finance B.V. foreign currency positions (Multivariate normality assumed, i.e. Markowitz approach).

FOREIGN CURRENCY RISK LINDE FINANCE B.V. AS AT 31.12.2020

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In thousand	Exposure FX	Exposure €	VaR €
AUD			
GBP	1,352	1,513	266
RUB			
TRY			
USD	1,800	1,473	216
Total			482
Total Risk (diversified)			359

Interest risk

It is Linde Finance B.V. policy that interest exposures with duration longer than one year are hedged by entering into derivatives. The interest rate risk refers to fixed interest risk (fixed to floating) on the bonds and existing long term loans. The table below shows the "unmatched" open positions according to their maturity, for durations of one year and above for all currencies in euro equivalents. A positive sign is a net long position included in the balance sheet in accordance with the cost price hedging model. The positions are regularly checked translated into Euro at the balance sheet date.

INTEREST RISK

2

in € thousand Time bucket	Bucket end date	Yearly mismatch	Cummulated mismatch
less than 10 years	31.12.2030	-	-
less than 5 years	31.12.2025	-	-
less than 4 years	31.12.2024	-	-
less than 3 years	31.12.2023	-	-
less than 2 years	31.12.2022	-	-
less than 1 year	31.12.2021	85	85

Credit risk/Counterparty risk

Linde Finance B.V. solely provides loans within Linde plc. Intercompany credit exposure has been insured with Linde GmbH, Munich, through a Credit Assurance Agreement. The associated expenses are charged on to the companies through an additional risk premium on top of the base rate.

Linde GmbH, Munich, had issued an unconditional and irrevocable guarantee in relation to the past Debt Issuance and Commercial Paper Programs. As of September 2019, Linde plc also gave an unsubordinated and unconditional guarantee to Linde Finance B.V. for the outstanding Notes of Linde Finance B.V.

Standard and Poor's credit rating for Linde Finance B.V. is "A/A- 1" (long- and short-term). Moody's credit rating for Linde Finance B.V. is "A2/P- 1" (long- and short- term). The outlook for all credit ratings is stable. All credit ratings are aligned with the credit ratings of the ultimate parent Linde plc

Cash and financial derivatives are only deposited with and/or entered with banks. For banks and financial institutions only independently rated parties with a minimum rating of 'A-' or equivalent from at least one leading rating agency are accepted.

Linde Finance B.V. has Credit Support Annex agreements in place with all of its major financial counterparts in order to mitigate the counterparty risk associated with derivative transactions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company monitors its risk to a shortage of funds on a daily basis. This daily analysis considers the maturity of both its financial assets and financial liabilities. Linde Finance B.V., along with Linde Inc, Linde plc and Linde GmbH have a USD 5 bn syndicated revolving credit facility at their disposal with a final maturity in 2024. The syndicated revolving credit facility is currently fully undrawn

[34] Subsequent events

There are no subsequent events to note.

29 April 2021

THE MANAGEMENT BOARD

REGINA MCKEON

29 APRIL 2021

THE SUPERVISORY BOARD

DANIEL GEIGER (CHAIRMAN)

ERIN CATAPANO

GERALD HOBBS

OTHER INFORMATION

In accordance with Article 27 of Linde Finance B.V. Articles of Association, profits, if any, are at the disposal of the General Meeting. The Directors propose to add the net profits to the retained earnings.



Independent auditor's report

To: the general meeting and the supervisory board of Linde Finance B.V.

Report on the financial statements 2020

Our opinion

In our opinion, the financial statements of Linde Finance B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2020, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2020 of Linde Finance B.V., Amsterdam.

The financial statements comprise:

- the balance sheet as at 31 December 2020;
- the profit and loss account for the year ended 31 December 2020;
- the cash flow statement for the year ended 31 December 2020; and
- the notes, comprising the accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' 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 are independent of Linde Finance B.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

XHRSFPQ67YEF-2111429689-83

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Our audit approach

Overview and context

The Company's main activity is the financing of group companies, through bond offerings on the international capital markets (via the Luxembourg Stock Exchange). The repayment of the bonds to the investors is guaranteed by Linde plc, as disclosed in note 13 and 33 to the financial statements. The Company has derivative financial instruments in place to mitigate interest rate risk and currency risk. We paid specific attention to the areas of focus driven by the operations of the Company, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In the financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in valuation of the loans issued to group companies, we considered this as key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified the application of hedge accounting as key audit matter, because of the detailed requirements for hedge accounting.

Another area of focus, that was not considered as key audit matter, was tax.

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 management board that may represent a risk of material misstatement due to fraud.

We ensured that the audit team included the appropriate skills and competences, which are needed for the audit of a finance company. We therefore included specialists in the area of derivatives and hedge accounting and experts in the area of tax in our team.

First-year audit consideration

After our appointment as the Company's auditors, we developed and executed a comprehensive transition plan. As part of this transition plan, we carried out a process of understanding the strategy of the Company, its business, its internal control environment and IT systems. We looked at where and how this effected the Company's financial statements and internal control framework. Additionally, we read the prior year financial statements and we reviewed the predecessor auditor's files and discussed the outcome thereof. Based on these procedures, we obtained sufficient and appropriate audit evidence regarding the opening balances. Furthermore, we prepared our risk assessment, our audit strategy and our audit plan, which we discussed with the management board and the supervisory board.



Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Based on our professional judgement, we determined the materiality for the financial statements as a whole at €92,270,000. As a basis for our judgement, we used 1% of total assets. We used total assets as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the stakeholders. Inherent to the nature of the Company's business, the amounts in the statement of financial position are large in proportion to the income statement line items wages and salaries, other administrative expenses and (income) taxation. Based on qualitative considerations we performed audit procedures on those income statement line items, applying a benchmark of 10% of the total of those expenses.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €4,613,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Due to the nature of the Company, key audit matters are not expected to change significantly year over year.



Key audit matter**How our audit addressed the matter**

Valuation of the loans to group companies**Note 1 and 4**

We considered the valuation of the loans to group companies, as disclosed in note 1 and 4 to the financial statements for a total amount of €9.1 billion, to be a key audit matter. This is because the management board has to identify objective evidence of impairment, which is very important and judgemental, and because of the possible material effect an impairment may have on the financial statements.

The management board monitors the need for changes in the methods, significant assumptions or the data used in making the accounting estimate by monitoring key performance indicators that may indicate unexpected or inconsistent performance.

The management board did not identify any objective evidence that a loan is impaired.

As stated in note 1 to the financial statements, the management board of the Company has assessed that the impact of Covid-19 has been limited on the Company, due to the sector in which the group operates. As disclosed in note 1 to the financial statements, the Company has not and has not been asked to grant any payment holidays on their loans to group companies.

Hedge accounting**Note 28**

We considered the application of hedge accounting to be a key audit matter. Refer to note 28 to the financial statements. This is because of the detailed formal and technical requirements that are relevant to the application of hedge accounting and because inappropriate application of these requirements can lead to a material effect on the financial statements.

We performed the following procedures to test the management board's assessment of possible loss events to support the valuation of the loans to Linde plc group companies:

- We evaluated the financial position of the guarantor and his ability to repay the notional and interest to the Company, by assessing observable data from current financial data (such as recent financial information and cash flows), by discussing and obtaining information from the group auditor as well as inspection of the terms and conditions of the Credit Assurance Agreement between the guarantor and Linde Finance B.V.
- In addition, we evaluated if there are overdue payments from group companies to the Company.

We found the management board's assessment to be sufficiently rigorous. Our procedures as set out above did not indicate material differences.

We performed the following procedures to support the appropriateness of the application of hedge accounting:

- We tested on a sample basis whether the hedge documentation and hedge effectiveness testing as prepared by the management board met the requirements of RJ 290 *Financial Instruments*.
- We reconciled the outcome of the effectiveness testing for the derivative portfolio as a whole to the financial statements.

Based on the procedures as set out above we found the application of hedge accounting to be appropriate.



Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management board's report;
- the supervisory board's report;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- the tables.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Linde Finance B.V. on 19 February 2021 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 19 February 2021. Our appointment represents a total period of uninterrupted engagement appointment of 1 year.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

We have not provided any other services to the Company, in addition to our audit, for the period to which our statutory audit relates.



Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. 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 auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 29 April 2021
PricewaterhouseCoopers Accountants N.V.

Original has been signed by P.J.R.M. Wijffels RA



Appendix to our auditor's report on the financial statements 2020 of Linde Finance B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.



From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

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