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HALF-YEAR REPORT
JANUARY TO JUNE 2020

Linde Finance B.V.

Half-Year Report

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DIRECTORS' INTERIM REPORT

The Management Board of Linde Finance B.V. hereby presents the interim financial statements for the first six months of 2020. These statements are prepared according to generally accepted accounting principles in the Netherlands and in conformity with the provisions of the Dutch guideline for Annual Reporting 394 on the interim financial statements. All financial information is presented in Euro and has been rounded to the nearest million, unless otherwise stated.

General

Linde Finance B.V. is registered in Amsterdam, Buitenveldertselaan 106, 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 companies. The ultimate parent of Linde Finance B.V. is Linde Plc, which 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 moneys, 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 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. 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. For further information we refer to [note \[30\] page 18](#)

In discharging its duties, the Management Board is led by the interests of Linde Finance B.V. and its affiliated enterprises. The Management Board is accountable to the Supervisory Board and the General Meeting of Shareholders for the execution of its policy.

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 Shareholders of an intended appointment and does not dismiss members of the Management Board until after the General Meeting of Shareholders has expressed its opinion.

Responsibility statement

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

— that the interim 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 half-year report 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 the first six months 2020.

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T H E M A N A G E M E N T B O A R D

M I C H A G L A S E R

FINANCIAL HIGHLIGHTS

Linde GmbH (formally Linde Aktiengesellschaft) and Linde Finance B.V. had a EUR 10.0 bn Debt Issuance Programme (DIP). The outstanding Notes issued until 2019 are guaranteed by Linde GmbH, Munich. 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 May 2020, Linde PLC and Linde Finance B.V. entered into a new 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.

At the end of June 2020, the nominal debt outstanding is EUR 6.5 bn (31.12.2019: EUR 5.1 bn). Thereof EUR 5 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 30 June 2020, Linde Finance B. V. has EUR 1.81 bn Commercial Paper outstanding (31.12.2019: EUR 0.0 m)

Linde Plc, Praxair 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 the first six months of 2020 the interest income amounted to EUR 112.6 m (30.06.2019: EUR 136.8 m). The interest expense amounted to EUR 106.6 m (30.06.2019: EUR 128.9 m).

The profit after taxation was EUR 3.9 m (30.06.2019: EUR 5.9 m). Linde Finance B.V. operates an Advance Pricing Agreement (APA) with the Dutch fiscal authorities. This APA ruling defines the minimum returns for intercompany loans.

For the year 2020 we expect a positive and stable result. In relation to personnel, we do not foresee any changes in 2020.

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.

ISSUED MEDIUM -TERM NOTES IN THE FIRST SIX MONTHS OF 2020

in € million

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

AMSTERDAM, 17 SEPTEMBER 2020

THE MANAGEMENT BOARD

MICHA GLASER

SUPERVISORY BOARD DIRECTORS' REPORT

The Supervisory Board hereby presents the report of the financial statements for the first six months of 2020.

The Supervisory Board met once in 2020. In this meeting the financial results as well as other items such as risk management, financial performance and general developments were discussed. In this meeting the external auditor, KPMG, was present. Besides these meetings there were ongoing contacts between the Supervisory Board and the Management Board.

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.

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 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 composition of the Supervisory Board across the period included:

↪ Erin Catapano (1979, American nationality), member of the Supervisory Board since 30 April 2020

↪ Daniel Geiger (1974, German nationality), member of the Supervisory Board since 7 July 2017.

↪ Gerald Hobbs (1973, British nationality), member of the Supervisory Board since 15 April 2019

↪ Björn Schneider (1971, German nationality), member of the Supervisory Board until 30 April 2020.

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T H E S U P E R V I S O R Y B O A R D

D A N I E L G E I G E R

C H A I R M A N

BALANCE SHEET ASSETS

BALANCE SHEET OF LINDE FINANCE B.V. – ASSETS *1

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in € thousand	Note	30.06.2020	31.12.2019
Other operating fixed assets		7	9
Tangible fixed assets		7	9
Loans to group companies	[1]	6,282,518	6,903,083
Deferred derivatives results	[2]	1	1
Prepaid expenses	[3]	537	610
Financial fixed assets		6,283,056	6,903,694
FIXED ASSETS		6,283,063	6,903,703
Loans to group companies	[4]	5,585,793	1,768,287
Interest receivable from group companies	[5]	39,572	66,941
Interest receivables from third parties	[6]	1,370	3,937
Other receivables from third parties	[7]	9,030	7
Deferred derivatives results	[2]	6,170	6,839
Forward exchange contracts	[8]	89,969	76,898
Tax receivable	[9]	1,827	8,313
Receivables		5,733,731	1,931,222
Collateral deposits	[10]	4	5,703
Cash and cash equivalents		4	5,703
CURRENT ASSETS		5,733,735	1,936,925
ASSETS		12,016,798	8,840,628

*1 Before the appropriation of profit.

BALANCE SHEET EQUITY
AND LIABILITIESBALANCE SHEET
EQUITY AND
LIABILITIES

BALANCE SHEET OF LINDE FINANCE B.V. – EQUITY AND LIABILITIES *1

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in € thousand	Note	30.06.2020	31.12.2019 ¹
Share capital		5,000	5,000
Share premium		210,000	210,000
Retained earnings		100,506	189,914
Unappropriated profits		3,855	13,893
EQUITY	[11]	319,361	418,807
Bonds notes payable	[12]	4,909,127	4,045,561
Deferred derivatives results			–
Loans from group companies	[13]	750,000	750,000
LONG TERM LIABILITIES		5,659,127	4,795,561
Bonds notes payable	[12]	1,650,589	1,063,091
European Commercial Paper		1,810,000	–
Collateral borrowing	[14]	67,394	70,194
Credit institutions	[15]	14,997	2,503
Loans from group companies	[13]	2,401,971	2,368,411
Interest payable to third parties	[16]	35,470	57,955
Interest payable to group companies	[17]	3,210	10,229
Forward exchange contracts	[8]	54,141	44,308
Other payables to third parties	[18]	23	56
Other payables to group companies		463	1,724
Tax payable		–	7,717
Accounts payable		52	72
SHORT TERM LIABILITIES		6,038,310	3,626,260
EQUITY AND LIABILITIES		12,016,798	8,840,628

¹ Before the appropriation of profit.

PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS

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in € thousand	Note	January to June 2020	January to June 2019
Group company loans		97,899	68,918
Other interest income		14,703	53,959
INTEREST INCOME	[19]	112,602	122,877
Group company loans		14,855	49,473
Other interest expense		91,794	65,510
INTEREST EXPENSES	[20]	106,649	114,983
NET INTEREST RESULT		5,953	7,894
Foreign exchange result		-633	450
FINANCIAL RESULT		5,320	8,344
General and administrative expenses	[21]	344	541
Other income			-
PROFIT BEFORE TAXATION		4,976	7,803
Taxation	[22]	1,121	1,939
NET PROFIT AFTER TAXATION		3,855	5,864

CASH FLOW STATEMENT

CASH FLOW

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in € thousand	January to June 2020	January to June 2019
NET PROFIT	3,855	5,864
In-/decrease fixed assets	620,640	173,124
In-/decrease current assets	-3,796,810	-919,014
In-/decrease long term liabilities	-636,434	1,648,522
In-/decrease current liabilities	2,412,050	-274,344
Cash generated from operating activities	-1,400,554	628,288
NET CASH FLOW FROM OPERATING ACTIVITIES	-1,396,699	634,152
Proceeds from issuance of debt securities	1,500,000	-
Repayment of debt securities	-	-693,620
NET CASH FLOW FROM FINANCING ACTIVITIES	1,500,000	-693,620
In-/decrease cash at banks	103,301	532
Liquid assets 1 January	-	-
LIQUID ASSETS 30 June	103,301	532
INCLUDED IN THE CASH FLOW FOR THE YEAR ARE THE FOLLOWING AMOUNTS		
Interest Income received	105,225	120,086
Interest expenses paid	-42,486	-156,921
Income taxes paid	1,610	1,816

GENERAL ACCOUNTING PRINCIPLES

General

Linde Finance B.V. is registered in Amsterdam, Buitenveldertselaan 106, 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 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 Part 9, Book 2 of the Dutch Civil Code. 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.

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.

Recognition of assets and liabilities

Assets and liabilities are measured at nominal value, 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 nominal 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. Redemption 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 periodically 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.

Foreign currencies

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.

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 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

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

Taxation is calculated on the basis of profit before tax adjusted for available fiscal facilities.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS PER 30 JUNE 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	3,747,432
Reclassified to short term loans	-2,410,000	-1,125,155
Translation adjustment	490,635	-889,553
Loans redeemed	-201,200	-1,800,000
At 30 June	6,282,518	6,903,083

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An amount of EUR 2.65 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 1.05 bn (31.12.2019: EUR 1.13 bn) are denominated in a currency other than Euro. 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 30 June 2020 was 6.38 percent (31.12.2019: 4.36 percent).

[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, Praxair 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 m at the initiation of the current credit facility in April 2019. The outstanding value per 30 June 2020 is EUR 0.5 m.

[4] Loans to group companies

Linde Finance B.V. holds short-term loans to group companies of EUR 5.6 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 30 June 2020 is 0.94 percent (31.12.2019: 1.44 percent).

Short-term loans to group companies for a total amount of EUR 108.7 m (31.12.2019: EUR 134.3 m) are denominated in a currency other than the Euro at 30 June 2020. 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 39.5 m (31.12.2019: EUR 66.7 m), EUR 0.1 m (31.12.2019: EUR 0.3 m).

[6] Interest receivables from third parties

Other receivables from third parties include accrued interest of EUR 1.3 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 9.0 m (31.12.2019: EUR 0 m) of unpaid financial transactions at the end of June 2020.

[8] Forward exchange contracts

All forward exchange contracts 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 30 June 2020 Linde Finance B.V. has a tax receivable of EUR 1.8 m (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 30 June 2020 is EUR 0 m (31.12.2018: EUR 5.7 m).

Equity and liabilities

[11] Equity

Authorised share capital consists of 15,000 shares of EUR 1,000 each. As per 30 June 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

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

EQUITY

in € thousand	Share capital	Share premium	Retained earnings	Unappropriated profit	Total equity
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	-	-	-89,408	-13,893	-103,301
unappropriated profits	-	-	-	3,855	3,855
At 30 June 2020	5,000	210,000	100,506	3,855	319,361

[12] Bond notes payable

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

BONDS NOTES PAYABLE

in € thousand	2020	2019
At 1 January	6,903,083	6,970,359
New loans	1,500,000	3,747,432
Reclassified to short term loans	-2,410,000	-1,125,155
Translation adjustment	490,635	-889,553
Loans redeemed	-201,200	-1,800,000
At 30 June	6,282,518	6,903,083

The bond notes payable of Linde Finance B.V., bear an average interest of 1.72 percent (31.12.2019: 2.04 percent). An amount of EUR 5.0 bn (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. issues two bonds for a total amount of EUR 1.500 m. The new Debt Issuance Programme is also unsubordinatedly and unconditionally guaranteed by Linde Plc.

Outstanding bonds of EUR 507 m 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.

	Currency	Principal in million	Coupon	Maturity date	Exchange
1	EUR	1000 *	1.750%	17.09.2020	Bourse de Luxembourg
2	EUR	50	0.634%	20.10.2020	Bourse de Luxembourg
3	EUR	600	3.875%	01.06.2021	Bourse de Luxembourg
4	EUR	1,000	0.250%	18.01.2022	Bourse de Luxembourg
5	EUR	650 *	2.000%	18.04.2023	Bourse de Luxembourg
6	GBP	300	5.875%	24.04.2023	Bourse de Luxembourg
7	EUR	300	1.875%	22.05.2024	Bourse de Luxembourg
8	USD	200	3.434%	26.08.2026	Bourse de Luxembourg
9	EUR	750	0.250%	19.05.2027	Bourse de Luxembourg
10	EUR	80	1.652%	20.10.2027	Bourse de Luxembourg
11	EUR	750	1.000%	20.04.2028	Bourse de Luxembourg
12	EUR	100	1.900%	21.10.2030	Bourse de Luxembourg
13	EUR	750	0.550%	19.05.2032	Bourse de Luxembourg

* bonds for which an issuer change took place in 2019 from Linde GmbH to Linde Finance B.V.

[13] Loans from group companies

Linde Finance B.V. holds loans from group companies in a total amount of EUR 3.1 bn (31.12.2019: EUR 3.1 bn). An amount of EUR 750 m (31.12.2019: EUR 750 m) of the principal portion has a maturity longer than one year. 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 30 June 2020 the average interest rate on these loans was 0.2 percent (31.12.2019: 1.1 percent).

Short-term loans from group companies for an amount of EUR 1.3 bn (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 loans and foreign exchange contracts is based on the prevailing rate of exchange on the respective reporting dates.

[14] 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 30 June 2020 is EUR 67.4 m (31.12.2019: EUR 70.2 m).

[15] Credit institutions

Credit institutions comprise only current bank accounts with negative value.

[16] Interest payable to third parties

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

INTEREST PAYABLE TO THIRD PARTIES

10

in € thousand	30.06.2020	31.12.2019
Accrued interest bonds notes	33,870	55,956
Accrued interest derivatives	1,600	1,999
Upfront premiums received on derivatives	-	-
	35,470	57,955

[17] Interest payable to group companies

Interest payable to group companies include accrued interest on loans from group companies of EUR 0.5 m (31.12.2020: EUR 1.0 m) and accrued interest on derivatives with group companies of EUR 2.7 m (31.12.2019: EUR 9.2m).

[18] Other payables to third parties

Other payables include EUR 0.0 m (31.12.2019: EURO 0.0 m) of unpaid financial transactions at the end of June 2020.

Profit and loss

[19] Interest income

The interest income includes EUR 97.9 m (30.06.2019: EUR 68.9 m) of interest income on loans given to group companies. The other interest income EUR 14.7 m (30.06.2019: EUR 54.0 m) is income generated from external derivatives, amortisation of discounts and other interest income.

[20] Interest expense

The interest expense includes EUR 14.8 m (30.06.2019: EUR 49.5 m) of interest on loans from group companies. The other interest expense of EUR 91.8 m (30.06.2019: EUR 65.5 m) comprises mainly interest expenses on external bonds, external derivatives and the amortisation of discounts. The interest expense includes EUR 1.4 m (30.06.2019: EUR 1.6 m) of internal fees related to the guarantee fee and a credit assurance fee issued by Linde GmbH, Munich.

[21] General and 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

11

in € thousand	January to June 2020	January to June 2019
Wages and salaries	189	202
Other general and administrative expenses	155	339
	344	541

[22] Taxation

Linde Finance B.V. operates under an Advance Pricing Agreement (APA) with the Dutch fiscal authorities. This APA ruling defines the minimum return for intercompany loans. Taxes on income for the period can be analyzed as follows:

TAXATION

12

in € thousand	January to June 2020	January to June 2019
Profit before taxation	4,976	7,803
Income tax rate (percent)	25.00	25.00
Income tax expenses	1,121	1,939
Effective tax rate (percent)	22.53	24.85

SUPPLEMENTARY INFORMATION ON THE NOTES

[23] Auditor's fees and services

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

[24] Directors

Linde Finance B.V. has one Managing Director (31.12.2019: one) and three Supervisory Board Members (31.12.2019: three). The members of the Supervisory Board did not receive any remuneration during the first six months of 2020. Furthermore, Linde Finance B.V. avails itself of the stipulations laid down in article 2:383, section 1, of the Dutch Civil Code with regard to the remuneration of the Managing Director. The 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.

[25] Employees

During the first six months of 2020 Linde Finance BV had an average of two full time equivalents (31.12.2019: 2) The wages and salaries include social security charges and pension premium costs of EUR 15 k (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.

[26] 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 has a maturity in September 2022.

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

[27] Derivative contracts

Linde Finance B.V. has entered into a number of interest rate swap agreements, with a principal amount of EUR 3.1 bn (31.12.2019: EUR 3.3 bn) and a number of cross-currency swap agreements, with a principal amount of EUR 665.9 m (31.12.2019: EUR 702.2 m). Due to the application of cost price hedging to derivative financial instruments a principle amount of EUR 3.1 bn (31.12.2018: EUR 3.3 bn) are following the valuation principle of the hedged items (i.e. cost price).

[28] 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. The table below shows the fair value of financial assets and liabilities;

FAIR VALUES FINANCIAL ASSETS AND LIABILITIES

13

in € million	30.6.2020	31.12.2019
Assets		
Loans to group companies (non current)	6,699.9	6,000.5
Loans to group companies (current)	5,783.1	2,641.3
Interest rate swaps/cross currency swaps external	73.0	53.0
FXswaps	4.1	13.5
Interest rate swaps/cross currency swaps internal	0.0	0.0
Liabilities		
Bonds/notes payable	6,779.3	5,332.3
Loans from group companies (non current)	755.9	756.1
Loans from group companies (current)	2,334.8	944.6
Interest rate swaps/cross currency swaps external	7.9	14.1
FXswaps	13.7	5.4
Interest rate swaps/cross currency swaps internal	53.0	50.5

[29] Related parties

All transactions are conducted on an arm's length basis

MAJOR OUTSTANDING LOAN EXPOSURE

14

in € million			30.06.2020	in percent
Linde GmbH	Munich	GER	7,327.0	61.6
Linde Public Company	Dublin	IRL	1,500.0	12.6
Linde UK Holdings Limited	Guildford	GBR	1,276.0	10.8
Linde Gas Holding Sweden AB	Lidingo	SWE	449.0	3.8
BOC Limited (Australia)	North Ryde	AUS	422.0	3.6
BOC Holdings	Guildford	GBR	326.0	2.7
BOC HELEX	Guildford	GBR	152.0	1.3
PU_Elgas	North Ryde	AUS	73.0	0.5
Linde Holdings Netherlands B.V.	Schiedam	NLD	72.0	0.8
other			271.3	2.3
			11,868.3	100.0

MAJOR OUTSTANDING DEPOSIT EXPOSURE

15

in € million			30.06.2020	in percent
Praxair International Finance Unlimited Company	Dublin	IRL	750.0	23.8
The BOC Group Limited	Guildford	GBR	380.0	12.1
Oy Linde Gas AB	Espoo	FIN	337.0	10.7
Linde UK Holdings Limited	Guildford	GBR	307.0	9.7
BOC Holdings	Guildford	GBR	143.0	4.5
PU_BOC Gases Ireland	Dublin	IRL	106.0	3.4
Linde Sverige AB Corporate Staffs	Lidingo	SWE	97.0	3.1
Linde Österreich Holding GmbH	Stadl-Paura	AUT	87.0	2.8
BOC Limited (Australia)	North Ryde	AUS	79.0	2.6
other			866.0	27.5
			3,152.0	100.0

[30] Risk management procedures.

Foreign Currency risk

It is the objective of Linde Finance B.V. to mitigate foreign currency risk. 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 30 June 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

in thousand Currency	Largest positions of Net FX cash flow positions per	In € per 30.06.2020	Latest Maturity
GBP	1,346	1,503	24/04/2023
USD	2,100	1,859	26/08/2026
AUD	10	6	06/12/2023
Other currencies			
Total position		3,368	

The total Value at Risk (VaR) for the largest positions is per 30 June 2020 EUR 379k (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 30.06.2020

in thousand	Exposure FX	Exposure €	VaR €
AUD	10	7	1
GBP	1,346	1,486	265
RUB			
TRY			
USD	2,100	1,869	255
Total			522
Total Risk (diversified)			379

Interest risk

It is Linde Finance B.V. policy that interest exposures with duration longer than one year are hedged by entering derivatives. The table below shows the "unmatched" open nominal 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

in € thousand Time bucket	Bucket end date	Yearly mismatch	Cummulated mismatch
less than 10 years	30.06.2030	-	-
less than 5 years	30.06.2025	-	-
less than 4 years	30.06.2024	-	-
less than 3 years	30.06.2023	-	-
less than 2 years	30.06.2022	-	-
less than 1 year	30.06.2021	- 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, which had issued an unconditional and irrevocable guarantee in relation to the past Debt Issuance and Commercial Paper Programs. As of September 2019, Linde Plc gave as well 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.

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

Linde Plc, Praxair 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 revolving credit facility is currently fully undrawn.

[31] Appropriation of results

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

[32] Subsequent events

A M S T E R D A M , 17 S E P T E M B E R 2 0 2 0

T H E S U P E R V I S O R Y B O A R D

D A N I E L G E I G E R [C H A I R M A N]

E R I N C A T A P A N O

G E R A L D H O B B S

A M S T E R D A M , 17 S E P T E M B E R 2 0 2 0

T H E M A N A G E M E N T B O A R D

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