

Holcim Sterling Finance (Netherlands) B.V.
formerly named "LafargeHolcim Sterling Finance (Netherlands) B.V."

Amsterdam, the Netherlands

ANNUAL REPORT 2022

Holcim Sterling Finance (Netherlands) B.V.

Table of contents

	Page
Management report	1 - 6
Financial statements	
Balance Sheet as at 31 December 2022	7
Profit and loss account for the year ended 31 December 2022	8
Cash flow statement for the year ended 31 December 2022	9
Notes to the financial statements as at 31 December 2022	10 - 20
Other information	21

Holcim Sterling Finance (Netherlands) B.V.

Management report

The Management board herewith presents its annual report for the year ended 31 December 2022.

Company structure

The Company is a fully owned subsidiary of Holcim Ltd, Zug, Switzerland (the “Ultimate Parent Company”).

Summary of activities

The principal object of Holcim Sterling Finance (Netherlands) B.V. (“the Company”) is to act as a finance company.

During the year under review no significant transactions occurred.

The net result for 2022 is GBP 719k (2021: GBP 403k). The result of the Company for the year 2022 has increased compared to the result for the year 2021 mainly because the loan to Holcim Ltd which accumulated interest only for 3 months during 2021 and for the year 2022 accumulated interest for the entire year.

Summary of the financial activities

Debt-to-Equity ratio

Due to financing activity during the year under review the Company has a Debt-to-Equity ratio (total liabilities/total Capital and Reserves*100%) of 9,434.84% in 2022 (2021: 10,685.75%).

Solvability

As per December 31 2022 the solvability of the Company is 1.05 % (2021: 0.93 %) (Total Capital and Reserves / Total Long Term Liabilities plus Capital plus Total Short Term Liabilities *100%).

General and administrative expenses

The “General and administrative expenses” amounted to GBP 199k (2021: GBP 137k) and increased by GBP 62k compared to 2021 due to the lease agreement and the costs of hired staff.

Financial income / (expenses)

The increase in interest income is mainly caused by the loan to Holcim Ltd which accumulated interest only for 3 months during 2021 and for the year 2022 accumulated interest for the entire year. This increase in interest income on the loan to Holcim Ltd is partially compensated by the decrease of interest income re-financing of the GBP 200 million loan against a lower interest rate. The small decrease in financial expenses during 2022 compared to 2021 is due to decrease in guarantee fees which is compensated almost entirely by the interest on the bond that was issued in October 2021 which in 2022 carries interest for the full year.

Holcim Sterling Finance (Netherlands) B.V.

Management report

Cash flow

In 2022 the cash flow of the Investing activities is GBP 0 million (2021: GBP (243.7) million) and the cash flow of the financing activities is GBP 0 million (2021: GBP 243.7 million). The operational cash flow for 2022 amounts to GBP 1.4 million positive (2021: GBP (1.9) million negative).

Derivatives

Derivatives

The Company holds no derivatives during the year under review and at balance sheet date.

Risk

The Company is aware of the below mentioned risks and is willing to run these risks for business purposes. The mitigating action is described per risk if relevant.

Liquidity risk

The liquidity risk is low since at year-end the Net Current Assets were GBP 2.9 million (2021: GBP 1.3 million). The interest on the 250mGBP bond and the 300mGBP bond is due annually in April and May respectively which the Company can cover with the interest income earned on outstanding loans and available cash. On a net basis the Company has a cash inflow estimated at GBP 1.4 million annually and has built up a positive net current asset position over the years. The Company is responsible for its own cash balances and the raising of internal and external credit lines to cover the liquidity needs. The Company monitors its liquidity risk by using a recurring liquidity management process and by monitoring reserves of cash.

Credit risk

The Company is exposed to credit risk on its financing activity. The credit risk of the Company is partly limited through contractual agreements with its parent company. As per 31 December 2022 the risk was limited to 1% (2021: 1%) of the lending portfolio achieved by way of Guarantee of the bond by the Parent company and the limited recourse agreement limiting the right of recourse of the Parent company on the Company. The Company monitors the credit risk of the borrowers continuously.

Interest rate risk

Interest rate risk normally arises from movements in market interest rates which could affect the Company's financial result and market values of its financial instruments. As at balance sheet date the Company's interest rate risk is limited because the interest of the issued bonds is at a fixed rate, granted to affiliated companies at a fixed rate in the total amount of GBP 544 million. Bank balances in foreign currency are kept as low as possible.

Foreign currency risk

The Company manages its foreign currency risk continuously. The risk is limited to the bank account and various accruals of expenses of the Company in Euro's.

Management report

Laws and regulations

Management confirms to the best of our knowledge, that the Company, its management and committees operate according to the provisions of the applicable local corporate laws, company's articles of incorporation, bylaws, charters or other corporate governance regulations.

This includes in particular that:

- Key corporate documents and records are maintained in accordance with applicable retention policies (local law and Group regulations)
- Meetings of the Company's Board of Directors are held at least as frequently as required by applicable local law
- Minutes are taken at the Board of Directors and Shareholders meetings, are approved and are maintained as part of the corporate records
- The Company's Shareholder's register is kept up-to-date
- Annual shareholders meetings occur, if applicable, according to the local Company's law
- Any other local legal requirements such as required filings with the Chamber of Commerce, Dutch Central Bank and Tax authorities.
- The Group Policies.

All Members of the Board, the management and committees were informed that the Holcim Group issues various policies which all officers of the Company have to comply with. Those policies have been approved by the Board / or are planned to be approved by the BoD until year-end 2022.

Subsequent events

No other significant events, that impact the financial statements as at 31 December 2022, occurred between the balance sheet date and the 31 of March 2023.

Macroeconomic developments

In the context of high inflation and tight labor markets, central banks in most major economies have raised interest rates at an accelerated pace, which has increased the concerns about recessions in those economies and which may lead to further significant levels of volatility in equities, currencies and interest rates. In addition, the implications of the ongoing war in Ukraine, including a deepening energy crisis in Europe, as well as the continuing effects of the COVID-19 pandemic and related restrictions in Asia Pacific, have continued to add uncertainty to future economic and market developments. The Company does not conduct any new business in Russia or with Russia-domiciled clients.

Management report

Balanced Board of directors members

As of January 1, 2022, the law 'More balanced ratio of men and women at the top of business' came into force. Under this law, "large" companies, including listed companies that can be regarded as large, will have to draw up appropriate and ambitious targets from 1 January 2022 and start with an action plan to achieve this.

The Company has 4 male directors and 1 female director. Therefore the Company does not have at least 30% of female board of directors as at balance sheet date.

The reason for that being that most positions of the board of directors are already fulfilled to satisfaction by the current members who have assumed this role for several years already.

The goal is to have at least 30% female and 30% male directors in the Company.

We are looking to replace directors upon resignation with a suitable person in order to comply with the set goal.

Internal Control

Management declares that they maintain effective internal controls over the financial reporting.

Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A continuous review is therefore of utmost importance.

Holcim Sterling Finance (Netherlands) B.V.

Management report

Corporate governance statement

The Company has high standards of corporate governance, ensuring responsible and transparent company leadership and management that are geared to ensure full compliance and set the basis for a sustainable long term performance.

Corporate governance puts the focus not only on business risks and the company's reputation, but also on corporate social responsibility towards all our stakeholders. As a responsible business, we recognize the significance of effective corporate governance. We show respect for society and the environment, communicate in an open and transparent manner, and act in accordance with legal, corporate and ethical guidelines. To underline this, a Code of Conduct binding for the entire Group has been added to the mission statement.

Complementary information concerning the corporate governance of the Group can be found under this link: <http://www.Holcim.com/corporate-governance>.

Shareholders meeting

The General Meeting of Shareholders (hereafter: The General Meeting) is held once a year to discuss the Annual report, including the report of the Board of Directors, the annual financial statements with explanatory notes, any proposal concerning dividends or other distributions and the (re-)appointments, suspension and dismissal of members of the Board of the Directors.

The shareholders are notified by letter or by use of electronics means of communication, at least 8 days prior the General Meeting.

All outstanding shares carry voting rights. The main powers of the General Meeting are to adopt the annual accounts, declare dividends and to discharge the Board of Directors from the responsibility for the performance of their respective duties for the previous financial year. Also the (re-)appointments, suspension and dismissal of members of the Board of Directors are the main powers of the General Meeting.

The Board of directors is required to provide the General Meeting with all requested information, unless this would be prejudicial to an overriding interest of the Company. If the Board of Directors invokes an overriding interest in the refusing to provide information, reasons must be given.

A resolution to dissolve the company or change its Articles of Association can be adopted at the General Meeting.

Audit committee

The Company is a so-called Public Interest Entity (“Organisatie van Openbaar Belang”) which requires the establishment of an audit committee. The Company however makes use of an exemption regulation according to Article 41 (1) of Directive 2006/43/EC of the European Parliament and of the Council, whereby the Parent Company’s audit committee fulfills the required tasks.

Holcim Sterling Finance (Netherlands) B.V.

Management report

Independent auditors

As part of their auditing activity, the independent auditors inform the Board of Directors regularly about their findings and about proposals for improvement. The Company uses the audit committee as established at Group level. At Group level, the Audit Committee assesses the external auditors and monitors the results of the audit.

Mazars was elected as independent auditor.

Future outlook

It is expected that the activities of the Company will remain unchanged. No Investment activity is expected. The Company has, other than its directors, insourced staff to perform the activities necessary to operate this Company.

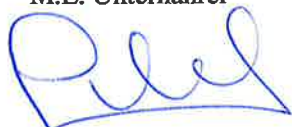
Research and Development

As the principal activity of the Company is to provide intercompany financing, it has no R&D activity.

The Management Board



M.L. Unternährer



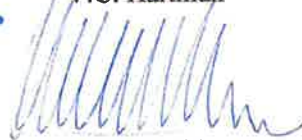
G. van Estrik



L.E.L. Jaques



V.C. Hartman



H.C.H. Lokin

Amsterdam, 31 March 2023

Holcim Sterling Finance (Netherlands) B.V.

Balance Sheet

(after appropriation of results and expressed in British Pounds)

	Notes	31 December 2022	31 December 2021
FIXED ASSETS			
Loans to affiliated companies	3	<u>543,722,500</u>	<u>543,722,500</u>
CURRENT ASSETS			
Receivable from affiliated companies	4	7,405,840	4,304,697
Receivable from third parties		7,898	16,217
Cash at bank	5	<u>5,564,900</u>	<u>4,193,879</u>
		<u>12,978,638</u>	<u>8,514,793</u>
CURRENT LIABILITIES			
Liabilities to affiliated companies	6	20,372	86,870
Tax liability	7	121,414	15,034
Other accounts payable and accrued expenses		<u>9,979,595</u>	<u>7,151,838</u>
		<u>10,121,381</u>	<u>7,253,742</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>2,857,257</u>	<u>1,261,051</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>546,579,757</u>	<u>544,983,551</u>
LONG-TERM LIABILITIES			
Loans facility from affiliated companies	8	0	0
Loans from third parties	9	<u>540,741,158</u>	<u>539,863,488</u>
CAPITAL AND RESERVES			
Share capital	10	1,000	1,000
Share premium		3,000,000	3,000,000
Other reserves		<u>2,837,599</u>	<u>2,119,063</u>
		<u>5,838,599</u>	<u>5,120,063</u>
<u>TOTAL LONG-TERM LIABILITIES PLUS CAPITAL</u>		<u>546,579,757</u>	<u>544,983,551</u>

Holcim Sterling Finance (Netherlands) B.V.

Profit and Loss Account
(expressed in British Pounds)

	Year ended 31 December 2022	Year ended 31 December 2021
FINANCIAL INCOME/(EXPENSES)		
Interest income - affiliated companies	16,759,368	16,093,198
Interest income - third parties	45,305	6,335
Interest expenses- affiliated companies	(162,963)	(4,538,418)
Interest expenses - third parties	(14,626,039)	(10,371,698)
Other interest and similar expenses - third parties	(878,595)	(501,245)
Foreign exchange difference	26,260	(14,259)
	<u>1,163,336</u>	<u>673,913</u>
EXPENSES		
General and administrative expenses	<u>198,800</u>	<u>137,390</u>
	198,800	137,390
RESULT BEFORE TAXATION	964,536	536,523
Taxation	7 <u>(246,000)</u>	<u>(134,000)</u>
RESULT AFTER TAXATION	<u>718,536</u>	<u>402,523</u>

Holcim Sterling Finance (Netherlands) B.V.

Cash flow statement (expressed in British Pounds)

	<u>2022</u>	<u>2021</u>
General and administrative expenses	(198,800)	(137,388)
Movement in working capital	(26,870)	62,737
Cash flow form operations	<u>(225,670)</u>	<u>(74,651)</u>
Financial income received	13,687,740	11,907,850
Financial expenses paid	(11,977,689)	(13,580,751)
Corporate income tax paid	(119,641)	(122,395)
	<u>1,590,410</u>	<u>(1,795,296)</u>
Cash flow from operating activities	<u>1,364,740</u>	<u>(1,869,947)</u>
Increase long term receivables	0	(243,722,500)
Cash flow from investing activities	<u>0</u>	<u>(243,722,500)</u>
Increase long term financial liabilities	1,900,000	249,932,402
Decrease long term financial liabilities	(1,900,000)	(6,209,902)
Cash flow from financing activities	<u>0</u>	<u>243,722,500</u>
Net Cash flow	<u>1,364,740</u>	<u>(1,869,947)</u>
Exchange and translations gains and losses on cash and cash equivalents	6,281	(14,260)
Increase in cash and cash equivalents	<u>1,371,021</u>	<u>(1,884,207)</u>
Cash and cash equivalents at the beginning of the year	4,193,879	6,078,086
Cash and cash equivalents at the end of the year	<u>5,564,900</u>	<u>4,193,879</u>

Holcim Sterling Finance (Netherlands) B.V.

Notes to financial statements as at 31 December 2022

1. General

Holcim Sterling Finance (Netherlands) B.V. (“the Company”) has been incorporated with limited liability on 14 March 2016 in Amsterdam, The Netherlands. The address of the Company is Roemer Visscherstraat 41, 1054 EW, Amsterdam, the Netherlands. The Company’s Chamber of Commerce registration number is 65563921. The main activity of the Company is to act as finance company in British pounds for the Holcim group. On 9 June 2021 the Company changed its name from LafargeHolcim Sterling Finance (Netherlands) B.V into Holcim Sterling Finance (Netherlands) B.V. The financial statements have been prepared by management of the Company and are approved on 31 of March 2023.

2. Summary of principal accounting policies

General

The accompanying accounts have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code/Dutch GAAP. The Company considers the GBP as its functional currency since a significant part of the Company’s transactions are denominated in GBP.

Group structure

The Company is a fully owned subsidiary of Holcim Ltd, Zug, Switzerland (the “Ultimate Parent Company”). The financial statements of the Parent Company consolidate the results of the Company in a manner, which is equivalent to the requirements of the 7th EC Company Law Directive. A copy of the accounts of the Parent Company will be filed with the Chamber of Commerce separately in Amsterdam, the Netherlands or can be acquired at the Swiss stock exchange.

Entities that belong to the Holcim group are referred to as “affiliated companies”.

Financial Assets and Liabilities

Financial Fixed Assets and Long term liabilities

Financial fixed assets and Long Term Liabilities are recognised initially at fair value, subsequently at amortised cost.

Current assets

Financial assets are recognised initially at fair value plus directly attributable transaction costs. All purchases and sales of financial assets based on normal market conventions are recognised on the transaction date, i.e. the date the Group enters into a binding agreement. Loans granted and other receivables are primary financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these loans and receivables are carried at amortised cost based on the effective interest method, less impairments. Gains and losses are taken to the profit and loss account when the investments are transferred to a third party or impaired, as well as through the amortisation process.

2. Summary of principal accounting policies (continued)

Current liabilities

When financial liabilities are recognised initially, they are measured at fair value, plus, directly attributable transaction costs. After initial measurement, other financial liabilities are carried at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process. The same treatment is applied to loans from affiliated companies.

Foreign currencies

All monetary assets and liabilities expressed in currencies other than GBP have been translated at the rates of exchange prevailing at the balance sheet date, unless indicated otherwise. Foreign currency transactions have been converted into GBP at the approximate rate of exchange prevailing at the date of transaction. Exchange differences, arising in the accounts, are recognised in the profit and loss account.

Interest income and interest expenses

Interest income is recognised on accrual basis in the profit and loss account, taking into account the effective interest rate for the asset concerned, provided the income can be measured and the income is probable to be received. Interest is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognised in the profit and loss account, with the amortised cost of the liabilities being recognised in the balance sheet. Period interest charges and similar charges are recognised in the year in which they fall due.

Recognition of other income and expenses

Other income is taken into account in the period to which it is related. Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognised if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

Income tax

Tax assets and liabilities are netted off if the general conditions for netting off are met. Taxes are calculated on the result disclosed in the profit and loss account, taking account of tax-exempt items and partly or completely non-deductible expenses.

2. Summary of principal accounting policies (continued)

Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method.

Cash and cash equivalents consists of cash at bank and in hand.

Cash flows in foreign currencies are translated at estimated average rates. Cash exchange differences are presented separately in the statement of cash flows.

Interest received and paid, profits tax are included under cash flows from operating activities.

Transactions for which no cash or cash equivalents are exchanged are not included in the cash flow statement.

Risks

Liquidity risk

The liquidity risk is low since at year-end the Net Current Assets were GBP 2.9 million (2021: GBP 1.3 million). The interest on the 250mGBP bond and the 300mGBP bond is due annually in April and May respectively which the Company can cover with the interest income earned on outstanding loans and available cash. On a net basis the Company has a cash inflow estimated at GBP 1.4 million annually and has built up a positive net current asset position over the years. The Company is responsible for its own cash balances and the raising of internal and external credit lines to cover the liquidity needs. The Company monitors its liquidity risk by using a recurring liquidity management process and by monitoring reserves of cash.

Credit risk

The Company is exposed to credit risk on its financing activity. The credit risk of the Company is partly limited through contractual agreements with its parent company. As per 31 December 2022 the risk was limited to 1% (2021: 1%) of the lending portfolio achieved by way of Guarantee of the bond by the Parent company and the limited recourse agreement limiting the right of recourse of the Parent company on the Company. The Company monitors the credit risk of the borrowers continuously.

Interest rate risk

Interest rate risk normally arises from movements in market interest rates which could affect the Company's financial result and market values of its financial instruments. As at balance sheet date the Company's interest rate risk is limited because the interest of the issued bonds is at a fixed rate, granted to affiliated companies at a fixed rate in the total amount of GBP 544 million. Bank balances in foreign currency are kept as low as possible.

Notes to financial statements as at 31 December 2022

2. Summary of principal accounting policies (continued)

Foreign currency risk

The Company manages its foreign currency risk continuously. The risk is limited to the bank account and various accruals of expenses of the Company in Euro's.

Fair value estimation

The fair value of publicly traded financial instruments is generally based on quoted (unadjusted) market prices at the end of the reporting period.

For non-publicly traded financial instruments, the fair value is determined by using a variety of methods, such as the discounted cash flow method and option pricing models. The valuation methods seek to maximize the use of observable market data existing at the end of the reporting period.

The fair value of current financial assets and liabilities at amortized cost are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments.

The levels of fair value hierarchy used are defined as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The types of assets carried at level 1 fair value are equity and debt securities listed in active markets.

Level 2 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are observable market data, either directly or indirectly. Such valuation techniques include the discounted cash flow method. For example, the fair value of interest rates is determined by discounting estimated future cash flows.

Level 3 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are not based on observable market data. In 2022 there were no financial assets and liabilities allocated to level 3.

Holcim Sterling Finance (Netherlands) B.V.

Notes to financial statements as at 31 December 2022

3. Loans to affiliated companies

The Company has a GBP 200 million long term loan, a GBP 100 million long term loan note with Holcim Participations (UK) Ltd and a GBP 243.8 million long term loan with Holcim Ltd. The long term loan note of GBP 100 million has a maturity date of December 2027, the long term loan of GBP 200 million has its maturity on 20.07.2031 and the long term loan of GBP 243.8 million has its maturity on 04.04.2034.

As the loans provided to group companies are related to notes issued, but with a higher interest, it is expected that the fair value as per 31 December 2022 of the assets is in a range between the fair value of the notes (approximately 75% of book value) and the fair value calculated based on risk free curves (approximately 95%) and per 31 December 2021 is in a range between 105% (of book value) and 117% (fair value calculated based on risk free curves).

The movements on loans to affiliated companies can be summarized as followed:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	543,722,500	300,000,000
Additional loans	0	443,722,500
Redemption of loan	0	(200,000,000)
Balance at the end of the year	<u>543,722,500</u>	<u>543,722,500</u>

4. Current assets

The items as presented under current assets are all collectable within one year.

5. Cash at bank

The Cash at bank consists of bank balances available on demand.

6. Current liabilities

Liabilities with a remaining period up to one year are presented under current liabilities. All current liabilities are stated against fair value. An overview of the liabilities against affiliated parties is shown in note 12.

Holcim Sterling Finance (Netherlands) B.V.

Notes to financial statements as at 31 December 2022

7. Corporate income tax

The company is taxed on the basis of its income and expenses.

The movements on the balance position of corporate income tax can be summarized as follows:

	<u>2022</u>	<u>2021</u>
Tax payable (receivable) beginning of the year	15,034	(7,120)
Income taxation current year	246,000	134,000
Corrections income taxation previous years	0	0
Payments to tax authorities	(119,641)	(125,693)
Foreign exchange	<u>(19,979)</u>	<u>13,847</u>
Balance at the end of the year	<u>121,414</u>	<u>15,034</u>

The effective tax rate for the year 2022 is 25.50% (2021: 24.97%). The nominal tax rate for the year 2022 is 15% - 25.8% (2021: 15% - 25%).

8. Loans facility from affiliated parties

The company has a facility agreement with Holcim Ltd for an amount of GBP 15 million (2020 GBP 15 million). The facility which was in place till May 2021 and has been renewed with a new facility agreement of GBP 15 million which is in place till May 2024. The interest rate on the new facility agreement is fixed at 1.0665% (2021: 1.0665%) of the used amount of the facility.

During the year The Company used an amount of GBP 1.9 million and repaid GBP 1.9 million. The repayments of the facility are at the option of the borrower and the loans cannot immediately be reclaimed by the lender because no event of default has taken place.

The facility is ranked pari passu with all other present or future obligations, and the Company may not pledge any positions, unless in any such case at the same time the obligations under the facility are secured equally and ratably by the same security as is created and outstanding.

The movements on loans from affiliated parties can be summarized as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	0	0
Additional loan	1,900,000	6,209,902
Early repayment of loan	<u>(1,900,000)</u>	<u>(6,209,902)</u>
Balance at the end of the year	<u>0</u>	<u>0</u>

Holcim Sterling Finance (Netherlands) B.V.

Notes to financial statements as at 31 December 2022

9. Loans from third parties

Under the 10 billion Euro Medium Term Note Program, as entered into in 2016 by the Company and a few affiliated companies, the Company has issued Notes for a nominal value of GBP 300 million, which are quoted at the Luxembourg Stock Exchange. The actual amount, which is received, is GBP 294.3 million taking into account a discount and issuing costs. The amortization of costs during the year of review was GBP 0.5 million and is presented as other interest and similar expenses. The Notes have a term of 15 years and ends at May 2032 and for this period the interest is fixed at 3.00%. Holcim Ltd. acts as the guarantor of the Note program.

During 2021 the Company acquired financing by issuing a bond on the Luxembourg Stock Exchange with a nominal amount of GBP 250 million. The actual amount received is GBP 243.7 million taking into account a discount and issuing costs. The amortization of costs during the year of review was GBP 0.4 million and is presented as other interest and similar expenses. The Notes have a term of 13 years and ends at April 2034, for this period the interest rate is fixed at 2.25 %. Holcim Ltd. acts as the guarantor of the Note program.

The fair values of loans from third parties amount to GBP 410,914,000 (2021: GBP 564'360'500) are classified as level 1.

The movements on loans from third parties can be summarized as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	539,863,488	295,640,617
Additional loans	0	243,722,500
Amortization of costs	877,669	500,371
Balance at the end of the year	<u>540,741,158</u>	<u>539,863,488</u>

Limited recourse

The Company has entered into a limited recourse agreement with Holcim Ltd. This agreement limits the Company's risk of Holcim Ltd's rights of recourse to 1% of the outstanding bonds. The annual fee charged covers the limited recourse as well as the Guarantee that Holcim Ltd has committed itself to towards the bond holders and amounts to 0.029% on the outstanding bond as per 31.12.2022 (31.12.2021: 1.25%). The fee is presented as interest expense.

Holcim Sterling Finance (Netherlands) B.V.

Notes to financial statements as at 31 December 2022

10. Capital and reserves

The Company's authorized share capital consists of 100 shares of GBP 10 each. As at balance sheet date 100 shares were issued and fully paid-up.

The Company's share premium is GBP 3 million, there were no movements in 2022.

As subject to the provisions under Dutch law, that no dividends can be distributed until all losses have been recovered, retained earnings are at the disposal of the Annual General Meeting in accordance with Article 22 of the Articles of Association of the Company.

The management board proposes that the result generated during the year under review will be added to other reserves as reflected in the balance sheet.

The movements in the capital and reserves can be specified as follows:

	<u>2022</u>	<u>2021</u>
Share capital		
Balance at the beginning and end of the year	<u>1,000</u>	<u>1,000</u>
Share premium		
Balance at the beginning and end of the year	<u>3,000,000</u>	<u>3,000,000</u>
Other reserves		
Balance at the beginning of the year	2,119,063	1,716,540
Profit for the year	<u>718,536</u>	<u>402,523</u>
Balance at the end of the year	<u>2,837,599</u>	<u>2,119,063</u>
Total capital and reserves	<u>5,838,599</u>	<u>5,120,063</u>

11. Directors

During the year under review the Company has five (2021: five) managing directors. The total remuneration for the year under review amounted to EUR 5'000 / GBP 4'278 (2021: EUR 5'000 / GBP 4'280). The Company has no supervisory directors.

Holcim Sterling Finance (Netherlands) B.V.

Notes to financial statements as at 31 December 2022

12. Related parties

The 2022 accounts include the following related party transactions:

	<u>2022</u>	<u>2021</u>
<i>Balance sheet</i>		
Interest receivable on Holcim Participation (UK) Ltd.	2,774,444	2,774,444
Interest receivable on Holcim Ltd	4,631,395	1,515,420
Accounts receivable on Caricement BV	0	610
Accounts receivable on Surma Holding BV	0	7,112
Accounts receivable on Holchin BV	0	7,112
Long term loan (notes) to Holcim Participation (UK) Ltd.	300,000,000	300,000,000
Long term loan (notes) to Holcim Ltd	243,722,500	243,722,500
Interest payable to Holcim Ltd.	881	1,910
Account payable to Holderfin BV	19,490	84,960
<i>Profit and loss account</i>		
Interest income Holcim Participation (UK) Ltd.	10,544,444	14,577,778
Interest income Holcim Ltd.	6,214,924	1,515,420
Financial expenses Holcim Ltd.	162,963	4,538,418

The transactions as shown above are at arm's length.

See also note 11 for the payments to the directors of the company.

13. Auditors fees

The agreed fee for auditing services and other services rendered by the auditor's firm Mazars (2021: Deloitte Accountants B.V.) excluding VAT are booked on accrual basis and are as follows in EUR:

	<u>2022</u>	<u>2021</u>
Audit of financial statements	28,500	12,105
Other services (consent letter)		3,750
Total audit fees	28,500	15,855

14. Contingent assets / liabilities

The Company has entered into an annual lease obligation with a third party in respect of property for EUR 49'775 (2021: EUR 49'775) in total. The term of the lease contract is until the 31 May 2024.

Notes to financial statements as at 31 December 2022

15. Number of employees

The Company has no FTE's, but it has insourced personnel in order to perform the activities necessary to manage the company. The costs of this insourcing amounts to GBP 99k in 2022 (2021: GBP 85k).

16. Events after the balance sheet date

The Company has a guarantee from Holcim Ltd and Holcim Ltd's major presence in developing markets exposes the Group to risks such as political, financial and social uncertainties and turmoil, terrorism, civil war and unrest.

In the context of high inflation and tight labour markets, central banks in most major economies have raised interest rates at an accelerated pace, which has increased the concerns about recessions in those economies and which may lead to further significant levels of volatility in equities, currencies and interest rates. In addition, the implications of the ongoing war in Ukraine, including a deepening energy crisis in Europe, as well as the continuing effects of the COVID-19 pandemic and related restrictions in Asia Pacific, have continued to add uncertainty to future economic and market developments. The Company does not conduct any new business in Russia or with Russia-domiciled clients.

No other significant events, that impact the financial statements as at 31 December 2022, occurred between the balance sheet date and the 31 of March 2023.

17. Other disclosures

The Company has together with several other affiliated companies, credit facility agreements with third parties for the amounts of CHF 400 million and EUR 1'450 million.

At the moment the Company makes a draw down on these credit facilities it is obliged to take in to consideration that:

The facilities are ranked pari passu with all other present and futures unsecured and unsubordinated obligations.

Not to pledge any positions, unless in any such case at the same time the obligations under the facility are secured equally and ratably by the same security as is created and outstanding.

During the year 2022 the Company did not make a draw down on these credit facilities.

Holcim Sterling Finance (Netherlands) B.V.

Notes to financial statements as at 31 December 2022

The Management Board



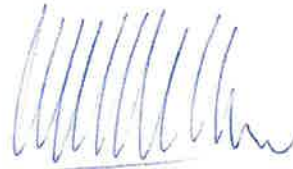
M.L. Unternährer



V.C. Hartman



G. van Estrik



H.C.H. Lokin



L.E.L. Jaques

Amsterdam, 31 March 2023

Holcim Sterling Finance (Netherlands) B.V.

Other information

Audit

The independent auditors' report is shown on the next pages.

Appropriation of result according to Articles of Association

Subject to the provisions under Dutch law, that no dividends can be distributed until all losses have been recovered, retained earnings are at the disposal of the Annual General Meeting in accordance with Article 22 of the Articles of Association of the Company. It will be proposed to the general meeting that the profit will be added to the reserves.

Independent auditor's report

To the General Meeting of Shareholders of Holcim Sterling Finance (Netherlands) B.V.

Report on the audit of the financial statements for the year ended 31 December 2022 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 December 2022 of Holcim Sterling Finance (Netherlands) B.V. In our opinion the accompanying financial statements give a true and fair view of the financial position of Holcim Sterling Finance (Netherlands) B.V. as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet as at 31 December 2022;
- the profit and loss account for 2022; and
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of the company in accordance with the "EU Regulation on specific requirements regarding statutory audit of public-interest entities", the "Audit firms supervision act" (Wta), "Dutch Independence Standard regarding assurance engagements (ViO)" and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Dutch Code of Ethics (VGBA)".

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the performance materiality for the financial statements as a whole at GBP 5.6 million. The materiality is based on 1.0% of total assets. We use total assets given the company's main activity is issuing notes for the purpose of intra-group lending. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the management that misstatements in excess of GBP 167,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit response to the risks of fraud

The company's fraud risk assessment and response to fraud risks

As part of our audit, we have obtained an understanding of the company and its environment, and assessed the company's internal controls in relation to fraud and non-compliance. This includes obtaining an understanding of management's processes for identifying and responding to the risks of fraud and non-compliance in the company, and how management exercises oversight over these processes, as well as the outcomes.

Our fraud risk assessment

We identified fraud risk factors with respect to financial reporting fraud, misappropriation of assets and corruption. We evaluated if those factors indicate that a risk of material misstatement in the financial statements is present. We had special attention for the fraud risk of management override of controls. We identified this risk primarily in the area where journal entries are recorded in the general ledger and other adjustments are made in the preparation of the financial statements and where judgement is involved, such as in relation to the valuation of the loans issued for which we refer to our key audit matter. We rebutted the presumed fraud risk on revenue because of the nature of the transactions. Revenue consists of interest income on the outstanding intercompany loans.

Our specific response to the identified and assessed fraud risks

We have evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. We have, among others, performed journal entry testing procedures based upon risk criteria and paid attention to the appropriateness of journal entries in the general ledger and other adjustments made in the preparation of the financial statements. We also tested significant transactions, if any, outside the normal course of business. Furthermore, we have performed other specific relevant audit procedures.

Our observation

The aforementioned audit procedures have been performed in the context of the audit of the financial statements. Consequently, they are not planned and performed as a specific investigation regarding fraud. Our audit procedures did not lead to specific indications or reasonable suspicion of fraud that is considered material to the financial statements.

Audit response to the risks of Going concern

In preparing the financial statements, management must consider whether the company is able to continue as a going concern. Management must prepare financial statements on the going concern basis unless management intends to liquidate the company or cease operations or if termination is the only realistic alternative.

Management of the company has assessed the quality of the borrowers of the loans provided by the company. Management has not identified any circumstances that could threaten the continuity of the company and thus concludes that the going concern assumption is appropriate for the company. Our audit of the financial statements requires us to determine that the going concern assumption used by management is acceptable. In doing so, based on the audit evidence obtained, we must determine whether there are any events or circumstances that might cast reasonable doubt on whether the company can continue as a going concern. We have, among other procedures, verified management's assumption, the structure of the company and also refer to our work on the valuation of loans issued included as key audit matter.

Our observation

Based on the procedures performed by us, we are of the opinion that the financial statements have been properly prepared on the going concern basis. However, future events or circumstances could cause the fund to be unable to continue as a going concern.

Our key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed with management of the company. We described the key audit matter and included a summary of the audit procedures we performed on this matter.

Valuation of the loans issued

Holcim Sterling Finance (Netherlands) B.V. ("the company") has issued notes to grant intercompany funding to Holcim Ltd. and Holcim Participations UK which are part of the Holcim Group.

As disclosed in note 3 of the financial statements, loans to group companies are accounted for at amortised costs less impairments. The valuation of a loan is depending on the credit risk related to that loan. When there is an indication that a loan will not be recovered in full in accordance with the contractual terms, the company needs to perform an impairment calculation in accordance with Dutch Accounting Standard 290. Due to the company's dependency on the creditworthiness of Holcim Ltd. and Holcim Participations UK to meet the obligations to its noteholders, we consider the valuation of loans to be a key audit matter.

We have performed audit work addressing the valuation of the loans issued to Holcim group companies, through:

- confirmation procedures with the counterparties of the loans;
- assessment of the respective group companies' credit risk and liquidity position by inspecting the financial position and performance based on available financial information of Holcim Ltd. and Holcim Participations UK;
- assessing whether there were any impairments during the financial year. This was performed mainly by assessing management's impairment analysis that includes also preliminary results 2022 and financial positions of the loan counterparties as per year-end 2022;
- evaluating the adequacy of the disclosures in note 3 of the Financial Statements in accordance with Dutch Accounting Standard 290.

We found that Management's assessment of the recoverability of the intercompany funding to Holcim Ltd. and Holcim Participations UK to resulted in a balanced outcome and that the risk is adequately disclosed in note 3 of the financial statements.

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:

- Report of the Director's;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as 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 through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these 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 the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Director is responsible for the preparation of the other information, including the Director's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were appointed as auditor of Holcim Sterling Finance (Netherlands) B.V. as of the audit for the year ended 31 December 2022.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Director for the financial statements

The Director 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. Furthermore, the Director is responsible for such internal control as the Director 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 Director is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Director should prepare the financial statements using the going concern basis of accounting unless the Director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Director 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.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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 included e.g.:

- 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 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 Director;
- concluding on the appropriateness of the Director's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events 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. However, future events or conditions may cause a 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 management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to management 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 management 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 safeguards.

From the matters communicated with the management, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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.

Amsterdam, 31 March 2023

Mazars Accountants N.V.

A handwritten signature in blue ink, consisting of several overlapping loops and a trailing line, positioned above the name J.C. van Oldenbeek.

J.C. van Oldenbeek MSc RA