

HOLCIM (LIBAN) S.A.L
Board of Directors Report
for the General Assembly of 26 July 2023
ESTABLISHED ACCORDING TO ARTICLE 158
OF THE LEBANESE CODE OF COMMERCE

Ladies and Gentlemen,

Pursuant to Article 158 of the Commercial Code, the Board of Directors presents this report to inform you and ask for your approval for the conventions concluded between the company and the chairman or members of its board of directors, or general manager, or assistant general manager, or every shareholder, directly or indirectly, having voting rights in excess of five percent (5%) of the Company's share capital. Accordingly, we list below the details of the existing transactions between the Company and its board members and the other parties mentioned above:

1. Holcim Béton S.A.L.

Balances due from Holcim Béton SAL amounted to LL (000) 11,960,365 as at 31 December 2022.

The General Assembly meeting dated July 20, 2018 resolved to discontinue the Company's operations and lease or sale part of its property and equipment.

2. Société Libanaise des Ciments Blancs S.A.L.

The Company provides technical assistance to Société Libanaise des Ciments Blancs SAL against fees computed on the fixed basis of 4% of sales. These fees amounted to LL (000) 6,065,542 during the year 2022.

Other services, consisting of staff costs and other income amounted to LL (000) 8,894,821 for the year ending 31 December 2022.

In addition, the Company sold raw materials and combustibles to Société Libanaise des Ciments Blancs SAL amounting to LL (000) 28,566,767 during 2022.

During 2008, the Company received a loan from the subsidiary Société Libanaise des Ciments Blancs SAL amounting to US\$ 5,000,000 which was increased to US\$ 8,000,000 during 2009.

The balance due from Société Libanaise des Ciments Blancs SAL amounted to LL (000) 68,019,518 as at 31 December 2022.

3. Holcim Limited

Holcim (Liban) owes Holcim Limited a loan that reached 74,341 m\$ at end of 2022, of which capitalized interest in 2022 amounted to 5,176 m\$ (booked at parallel market rate).
Accrued interest not capitalized at the end of 2022 amounted to 1,910 m\$.

The loan from the parent company is detailed as follows:

	<u>USD</u>	<u>LBP'000</u>
Principal as at January 1 2020	52,449,564	79,067,720
New loan during 2020	7,807,355	11,769,587
Capitalized interest during 2020	4,665,641	33,204,324
Balance as at December 31, 2020	64,922,560	124,041,631
Capitalized interest - January 2021	164,632	2,024,968
Capitalized interest - April 2021	1,788,739	22,001,487
Capitalized interest - July 2021	343,796	5,698,474
Capitalized interest - October 2021	1,945,047	32,183,979
Balance as at December 31, 2021	69,164,774	185,950,538
Capitalized interest - January 2022	358,691	9,171,898
Capitalized interest - April 2022	1,982,131	53,418,069
Capitalized interest - July 2022	376,795	11,379,060
Capitalized interest - October 2022	2,458,170	93,566,714
Balance as at December 31, 2022	74,340,560	353,486,278

Holcim Liban SAL is charged group fees according to a defined mechanism introduced in 2020 MBA+MIIPA.

MBA (charged by Holcim Limited) and MIIPA (charged by Holcim Technology Ltd).

These fees were waived in 2022.

The balance due to Holcim Limited amounted to LL (000) 24,967,129 at the end of 2022.

4. Holcim Trading Ltd

Being a subsidiary of Holcim Ltd, Holcim Trading SA provides combustibles and other services to the Company. Purchases from this company amounted to LL (000) 536,087,810 during 2022.

5. Holcim Technology Ltd

Holcim Technology Ltd is a subsidiary of the parent company; it charges Holcim Lebanon fees calculated based on a mechanism introduced in 2020 (MIIPA). These fees were waived in 2022.

The balance due from Holcim Technology Limited amounted to LL (000) 9,620,527 as at 31 December 2022.

6. Holcim Middle East and Africa IT

Balances due to Holcim Middle East and Africa IT amounted to LL (000) 18,649,569 as at 31 December 2022.

The Company charged Holcim Middle East and Africa IT services amounting to LL (000) 8,914,501 during 2022.

7. Egypt Sack S.A.E

The company supplies Holcim Liban with cement paper bags.

Balances due to Egypt Sack S.A.E amounted to LL (000) 4,392,227 as at 31 December 2022.

8. Holcim Haut Rhin

Being a subsidiary of Holcim Ltd, Holcim Haut Rhin charges the company salaries and costs of foreign employees.

Balances due to Holcim Haut Rhin amounted to LL (000) 1,228,016 as at 31 December 2022.

9. Holcim Int. Service Singapore

Being a subsidiary of Holcim Ltd, Holcim Int. Service Singapore charges the company salaries and costs of foreign employees.

Balances due to Holcim Int. Service Singapore amounted to LL (000) 2,662,087 as at 31 December 2022.

10. Holcim Group Services Ltd

Being a subsidiary of Holcim Ltd, Holcim Group Services Ltd charges the Company training costs of employees and related costs, which amounted to LL (000) 2,254,643 during 2022.

A waiver of the Administrative Support Fee (0.6% of consolidated net sales) was granted to the company in 2022.

The balance due to Holcim Group Services Limited amounted to LL (000) 5,422,823 as at 31 December 2022.

11. Boğaz Endüstri ve Madencilik Limited

Distributed dividends from the company above amounted to 33,605 billion LBP (equivalent to 1,222,000 USD) in the year 2022.

The balance due to Boğaz Endüstri ve Madencilik Limited amounted to LL (000) 60,048,713 as at 31 December 2022, since BEM had paid an advance payment to Holcim Liban.

12. SCI

Notes receivable as at December 31, 2022 include an aggregate amount of LBP 3.6billion from the above Company, split between LBP 1.3billion as current and LBP 2.3billion as non-current. Related interest income on these notes receivable amounted to LBP 254million during 2022

Extraction rights under intangible assets in the net carrying value of LBP 15billion as at December 31, 2022 were acquired from the above Company and paid for in advance.

An amount of LBP 13.7billion as at December 31, 2022 represent long term debt.

Rent expense to the above Company amounted to LBP 468 million during the year 2022 based on a rent agreement for the period from 2015 till 2025.

13. Remunerations of key management personnel

Remunerations of key management personnel amounted to LL (000) 21.902.051 during 2022.

It is noteworthy that all these agreements and transactions processed under their disposition were submitted to our auditors and will be subject of a separate and detailed report.

The Board of Directors submits the report for the approval of the General Assembly.

The 26th of July 2023

**For the Board of Directors
Grant Earnshaw
Chairman**