

HOLCIM (LIBAN) S.A.L
Board of Directors Report
for the General Assembly of 27 06 2024
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 every contract, agreement, convention or commitment concluded and intended to be concluded between the Company and the Chairman of the Board of Directors, or General Manager, or Assistant General Manager or members of its board of directors, or every shareholder who directly or indirectly owns voting rights exceeding five percent (5%) of the Company's capital.

Accordingly, we list below the details of the existing transactions and the transactions intended to be concluded between the Company and its board members and the other parties mentioned above:

I. Existing Transactions of 2023 :

1. Holcim Béton S.A.L.

Balances due from Holcim Béton SAL amounted to LL (000) 8,616,377 as at 31 December 2023.

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) 20,446,880 during the year 2023.

Other services, consisting of staff costs and other income amounted to LL (000) 31,115,926 for the year ending 31 December 2023.

In addition, the Company sold raw materials and combustibles to Société Libanaise des Ciments Blancs SAL amounting to LL (000) 47,559,037 during 2023.

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) 41,507,030 as at 31 December 2023.

3. Holcim Limited

Holcim (Liban) owes Holcim Limited a loan that reached 82,785 m\$ at end of 2023, of which capitalized interest in 2023 amounted to 8,444 m\$ (booked at parallel market rate).

Accrued interest not capitalized at the end of 2023 amounted to 2,324 m\$.

The loan from the parent company is detailed as follows:

	USD	LBP'000
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	185,950,539
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	74,340,561	353,486,280
Capitalized interest - January 2023	515,599	29,905,427
Capitalized interest - April 2023	3,810,438	369,380,889
Capitalized interest - July 2023	612,902	54,733,177
Capitalized interest - October 2023	3,505,401	314,319,648
Balance as at December 31, 2023	82,784,901	1,121,825,421

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).

The balance due to Holcim Limited amounted to LL (000) 52,326,157 at the end of 2023

For MBA during 2021 and 2022 a waiver was granted by the Group and no amount was charged during 2023.

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) 1,236,732,253 during 2023.

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).

The balance due from Holcim Technology Limited amounted to LL (000) 20,162,720 as at 31 December 2023

For MIIPA during 2021 and 2022 a waiver was granted by the Group and no amount was charged during 2023.

6. Holcim Middle East and Africa IT

Balances due to Holcim Middle East and Africa IT amounted to LL (000) 6,192,637 as at 31 December 2023.

Balances due from Holcim Middle East and Africa IT amounted to LL (000) 7,570,097 as at 31 December 2023.

The Company charged Holcim Middle East and Africa IT employee services amounting to LL (000) 13,622,398 during 2023.

Holcim Middle East and Africa IT charged the company services amounting to LL (000) 21,758,405 during 2023.

7. 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) 1,865,415 as at 31 December 2023.

8. 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) 2,741,922 as at 31 December 2023.

9. 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) 4,862,578 during 2023.

The balance due to Holcim Group Services Limited amounted to LL (000) 17,033,755 as at 31 December 2023.

Holcim Group Services Ltd, charges the company Administrative Support Fee.

During 2021 and 2022 a waiver was granted by the Group and There were no charges during 2023.

10. Boğaz Endüstri ve Madencilik Limited

Distributed dividends from the company above amounted to 387,854 billion LBP (equivalent to 5,710,000 USD) in the year 2023.

The balance due to Boğaz Endüstri ve Madencilik Limited is null at 31 December 2023.

11. SCI

Notes receivable amounted to LL (000) 156,654,295 as at 31 December 2023. Related interest income on these notes amounted to LL (000) 1,931,430.

Extraction rights under intangible assets in the net carrying value of LL (000) 13,965,442 as at 31 December 2023 were acquired from the above company and paid for in advance.

Rent expense to the above Company amounted to LL (000) 9,805,457 during the year 2023.

12. Remunerations of key management personnel

Remunerations of key management personnel amounted to LL (000) 84.800.966 during 2023.

II. Transactions intended to be concluded in 2024

1. Holcim Limited

A-Group Loan 1

Holcim LTD has proposed to renew the expired loan agreement, with its existing terms and conditions (Credit Loan Agreement 1: Initial Capital 50 Million USD) while amending the following terms):

-Maturity: 15.12.2028

(i) Borrower may, by written notice to the Lender not less than six months prior to the Maturity Date, request that the Maturity Date be extended (an "Extension Request");

(ii) An Extension Request is unconditional and irrevocable;

(iii) The Lender will notify the Borrower in writing of its decision in relation to an Extension Request no later than three months prior to Maturity Date

-Interest: fixed rate of [9%] per annum, or such other amounts as agreed from time to time between the Borrower and the Lender.

-Interest to be paid quarterly as of March 2025.

-Interest only payable if FCF is positive.

-Minimum first repayment of capital 5 Million USD prior December 2025

B-MBA

MBA to be reinitiated for the year 2024, in accordance with the signed agreement in 2020.

2.Holcim Technology Ltd

MIIPA to be reinitiated for the year 2024, in accordance with the signed agreement in 2020.

3. Holcim Group Services Ltd

ASF to be reinitiated for the year 2024.

The aforementioned transactions will achieve the Company's interests and will be duly carried out.

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.

Therefore, and in accordance with the provisions of Article 158 of the Commercial Code, the Board of Directors submits this report to the approval of the General Assembly of Shareholders on the existing transactions of 2023 and to its prior approval for the transactions intended to be conducted in 2024.

The 27th of June 2024

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