

HOLCIM LIBAN SAL
SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2024

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HOLCIM LIBAN SAL

Adverse Opinion

We have audited the separate financial statements of Holcim Liban SAL (the "Company"), which comprise the separate statement of financial position as at 31 December 2024, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion" section of our report, the accompanying separate financial statements do not present fairly the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Adverse Opinion

1. As disclosed in note 2.1 to the separate financial statements, the Company did not apply the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies ("IAS 29") in the accompanying separate financial statements for the year ended 31 December 2024 nor did the Company consider its effects on forecasts and discount rates used in accounting estimates. Had the Company applied IAS 29 and considered its effects on accounting estimates, many elements and disclosures in the accompanying separate financial statements, including the comparative financial information for the year ended 31 December 2023, would have been materially different. The effects on the separate financial statements from this departure have not been determined. Our opinion for the year ended 31 December 2023 was modified for same reasons.
2. The Company translated assets and liabilities denominated in foreign currencies as at 31 December 2024, and transactions in foreign currencies that occurred during the year then ended, using the exchange rates disclosed in note 2.2 to the separate financial statements. Accordingly, the Company did not use an appropriate exchange rate for the translation of foreign currency transactions and did not re-translate all monetary assets and liabilities stated in foreign currencies at the appropriate exchange rate at the reporting date, which constitutes a departure from IAS 21. Had the Company applied the requirements of IAS 21, many of the elements of the accompanying separate financial statements, including disclosures would have been materially impacted. The effects on the separate financial statements from this departure have not been determined. Our opinion for the year ended 31 December 2023 was modified for same reasons.
3. The Company has foreign currencies bank balances in Lebanon amounting to LL (000) 138,200,593 as at 31 December 2024 (2023: LL (000) 175,816,588). It is not possible to determine the future effects that the restructuring plan and the economic crisis could have on the expected credit losses and thus the carrying amount of these assets. The accompanying separate financial statements do not include adjustments that could result from the resolution of these uncertainties. Our opinion for the year ended 31 December 2023 was modified for same reasons.

Basis for Adverse Opinion (continued)

4. The Company has not prepared consolidated financial statements, which constitutes a departure from IFRSs. We were unable to determine the amounts that should have been presented had consolidated financial statements been prepared. Our opinion for the year ended 31 December 2023 was modified for same reasons.
5. As disclosed in note 2 to the separate financial statements, law 330 was enacted on 4 December 2024 and its application decisions were issued by the Ministry of Finance in Lebanon on 12 March 2025. Because of the late issuance of the application decisions management was unable to finalize its assessment and is still assessing the tax impacts of the full application of the law 330 at the date of our audit report. Consequently, we were unable to determine whether any adjustments to the separate financial statements as at 31 December 2024 and for the year then ended were necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the “Auditors’ Responsibilities for the Audit of the Separate Financial Statements” section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in Lebanon, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphasis of a Matter

We draw attention to note 2.2 to the separate financial statements which describes the operating environment in Lebanon and related uncertainties.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements for the year ended 31 December 2024. Except for the matters described in the “Basis for Adverse Opinion” section of our report, we have determined that there are no other key audit matters to communicate in our report.

Responsibilities of Management and those Charged with Governance for the Separate Financial Statement

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor 's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. 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 separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- ▶ Obtain 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management'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 auditors' report to the related disclosures in the separate 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 the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

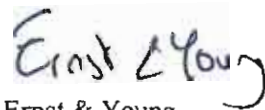
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor 's Responsibilities for the Audit of the Separate Financial Statements (continued)

We also provide those charged with governance 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Sabine Doumit.



Ernst & Young

15 May 2025
Beirut, Lebanon

Holcim Liban SAL

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 LL (000)	2023 LL (000)
Sales	3	4,719,829,937	5,690,117,254
Cost of sales	4	(3,797,340,162)	(3,137,998,217)
GROSS PROFIT		922,489,775	2,552,119,037
Distribution expenses	4	(360,460,849)	(462,493,099)
General and administrative expenses	4	(556,378,063)	(333,756,932)
Write-back for expected credit loss on accounts receivable	11	-	775,176
Allowance for expected credit loss on due from related parties	19	(2,050,450)	-
Provision for slow moving and obsolete inventory	12	(19,462,924)	(3,574,961)
Provision for risk and charges, net	17	(85,054,054)	(171,338,694)
Finance costs, net	5	(822,275,779)	(871,856,072)
Foreign exchange, net		(771,135,074)	(19,989,110)
Dividend income	19	1,454,064,442	387,854,378
		(1,162,752,751)	(1,474,379,314)
(LOSS) PROFIT BEFORE INCOME TAX		(240,262,976)	1,077,739,723
Income tax expense	6	14,459,190	(204,219,663)
PROFIT FOR THE YEAR		(225,803,786)	873,520,060
Other comprehensive income for the year:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of defined benefit obligations	18	(507,754,726)	(134,361,222)
Total other comprehensive loss for the year		(507,754,726)	(134,361,222)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		(733,558,512)	739,158,838
(Loss) profit for the year		(225,803,786)	873,520,060
Number of ordinary shares in issue		19,516,040	19,516,040
(Loss) earnings per share from profit attributable to the equity holders of the Company during the year in LL		(11,570)	44,759

The attached notes 1 to 27 form part of these separate financial statements.

Holcim Liban SAL


SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 LL (000)	2023 LL (000)
ASSETS			
Non-current assets			
Property and equipment	7	556,148,737	456,046,635
Intangible assets	8	13,181,724	14,209,580
Investment properties	9	12,077,167	12,077,167
Investment in subsidiaries and affiliates	10	29,249,163	29,249,163
Deferred tax asset	6	49,223,845	34,763,855
Notes receivable	11	89,258,858	12,872,590
Total non-current assets		749,138,694	559,218,990
Current assets			
Inventories	12	2,174,959,619	1,656,139,621
Other assets	13	256,606,267	160,559,551
Accounts and notes receivable	11	223,420,883	228,709,845
Cash and cash equivalents	14	764,896,428	1,455,852,873
Total current assets		3,419,883,196	3,501,261,890
TOTAL ASSETS		4,169,021,890	4,060,480,880
EQUITY AND LIABILITIES			
Equity			
Share capital	15	97,580,200	97,580,200
Legal reserve	16	32,527,880	32,527,000
Property revaluation reserve	16	50,613,023	50,613,023
Re-measurement of defined benefit obligations	18	(654,511,748)	(146,757,022)
Retained earnings		783,855,845	1,009,659,631
Total equity		310,064,320	1,043,622,832
Non-current liabilities			
Provision for risk and charges	17	342,636,724	258,847,134
Retirement benefits obligations	18	595,318,779	151,206,468
Loans from related parties - non-current portion	19	1,880,223,862	986,309,957
Notes payable	20	-	150,126
Total non-current liabilities		2,738,179,365	1,396,513,685
Current liabilities			
Loans from related parties - current portion	19	7,537,500	255,515,464
Deferred income		4,069,586	2,513,000
Dividend payable	23	139,000	212,047
Notes payable	20	150,126	450,380
Accounts payable	21	647,284,803	462,594,275
Accrued expenses and other liabilities	22	461,597,190	665,711,957
Current income tax liability	6	-	233,347,240
Total current liabilities		1,120,778,205	1,620,344,363
Total liabilities		3,858,957,570	3,016,858,048
TOTAL EQUITY AND LIABILITIES		4,169,021,890	4,060,480,880

The accompanying separate financial statements were approved for issue by the Board of Directors on 7 May 2025 and were signed on its behalf by:


Jamil Bou Haroun
Chief Executive Officer


Mario Dib
Chief Financial Officer

The attached notes 1 to 27 form part of these separate financial statements.

Holcim Liban SAL

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	<i>Share capital LL (000)</i>	<i>Legal reserve LL (000)</i>	<i>Property revaluation reserve LL (000)</i>	<i>Re-measurement of defined benefit obligations LL (000)</i>	<i>Retained earnings LL (000)</i>	<i>Total LL (000)</i>
Balance at 1 January 2023	97,580,200	32,527,000	50,613,023	(12,395,800)	136,139,571	304,463,994
Total comprehensive income for the year	-	-	-	(134,361,222)	873,520,060	739,158,838
Balance at 31 December 2023	97,580,200	32,527,000	50,613,023	(146,757,022)	1,009,659,631	1,043,622,832
Total comprehensive income for the year	-	-	-	(507,754,726)	(225,803,786)	(733,558,512)
Balance at 31 December 2024	<u>97,580,200</u>	<u>32,527,000</u>	<u>50,613,023</u>	<u>(654,511,748)</u>	<u>783,855,845</u>	<u>310,064,320</u>

The attached notes 1 to 27 form part of these separate financial statements.

Holcim Liban SAL

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 LL (000)	2023 LL (000)
OPERATING ACTIVITIES			
(Loss) profit for the year before income tax		(240,262,976)	1,077,739,723
Adjustments for:			
Depreciation	7	41,336,224	22,725,473
Amortization	8	1,027,856	1,027,856
Dividend income	19	(1,454,064,442)	(387,854,378)
Write-back of allowance for expected credit loss on accounts receivable	11	-	(775,176)
Provision for slow moving and obsolete inventory	12	19,462,924	3,574,961
Allowance for expected credit loss on due from related parties	19	2,050,450	-
Provision for risk and charges, net	17	85,054,054	171,338,694
Provision for retirement benefit obligations	18	7,240,746	773,536
Interest expense on related party loans		800,788,299	815,454,151
Interest income		(7,407,775)	(3,529,054)
Net foreign exchange difference		777,679,833	(41,540,582)
		32,905,193	1,658,935,204
Working capital changes:			
(Increase) decrease in trade and notes receivables		(7,528,530)	38,458,719
Increase in inventories		(538,282,922)	(1,188,986,515)
Increase in other assets		(96,046,716)	(68,304,971)
Net change in related parties balances		(60,463,319)	(28,760,698)
Increase in trade payables		179,296,998	144,766,710
(Decrease) increase in accrued expenses and other liabilities		(125,304,316)	443,018,714
Increase in deferred income		1,556,586	1,712,720
Decrease in notes payable		(450,380)	(450,380)
Cash (used in) from operations		(614,317,406)	1,000,389,503
Provision for risks and charges paid	17	-	(14,412,452)
End of service benefits paid	18	(70,883,161)	(232,010)
Income tax paid	6	(233,347,240)	(38,562,243)
Interest received		7,407,775	3,529,054
Net cash (used in) from operating activities		(911,140,032)	950,711,852
INVESTING ACTIVITIES			
Purchase of property and equipment	7	(141,438,326)	(237,786,213)
Dividends received from subsidiaries	19	1,454,064,442	387,854,378
Net cash from investing activities		1,312,626,116	150,068,165
FINANCING ACTIVITIES			
Payment of loans to related parties		(1,092,369,482)	-
Dividends paid		(73,047)	(16,745)
Net cash used in financing activities		(1,092,442,529)	(16,745)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(690,956,445)	1,100,763,272
Cash and cash equivalents at 1 January		1,455,852,873	355,089,601
CASH AND CASH EQUIVALENT AT 31 DECEMBER	14	764,896,428	1,455,852,873

The attached notes 1 to 27 form part of these separate financial statements.

Holcim Liban SAL

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2024

1 CORPORATE INFORMATION

Holcim Liban SAL ("the Company") is a joint stock company registered at the Beirut Commercial Court in 1929 under commercial register number 140. The Company's head office is in Dbayeh, Metn and the plant is located on plots that are situated within the municipalities of Chekka, Hery and Kefraya in the North of Lebanon.

The shares of the Company are listed on the Beirut Stock Exchange.

The principal activity of the Company consists of producing, selling and exporting cement and related products.

The Company is owned to the extent of 52% by Holcibel S.A, Belgium, the parent Company as at 31 December 2024 and 2023. The ultimate parent company is Holcim Ltd. and the address of its registered office is Grafenauweg 10-6300 Zug-Switzerland.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The separate financial statements have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB).

The separate financial statements have been presented in thousands of Lebanese Lira (LL (000)) which is the functional currency. The separate financial statements are prepared under the historical cost convention.

The separate financial statements have been prepared for statutory purposes. Consolidated financial statements are prepared at the level of the parent company, Holcim Ltd, Switzerland and are available at its offices.

Non-application of International Accounting Standard 29, 'Financial Reporting in Hyperinflationary Economies

From periods ending on or after 31 December 2020, the Lebanese economy have been considered hyperinflationary based on the criteria established by International Accounting Standard 29, 'Financial Reporting in Hyperinflationary Economies' ('IAS 29'). This designation is determined following an assessment of a series of qualitative and quantitative circumstances, including the presence of a cumulative inflation rate of more than 100% over the previous three years. The Lebanese Central Administration of Statistics reported 3-year and 12-month cumulative increase of consumer of 666% and 18% respectively, as of December 2024 (2023: 2,005% and 192%, respectively)

IFRS requires that financial statements (including prior year comparatives) of any entity whose functional currency is the currency of a hyperinflationary economy be restated into the current purchasing power at the end of the reporting period. Such restatement shall be made as if the Lebanese economy has always been hyperinflationary; using a general price index that reflects the changes in the currency's purchasing power.

As of the date of the accompanying separate financial statements, Management is temporarily unable to apply the requirements of IAS 29, nor is it able to quantify its effect on the presented separate financial statements due to the following considerations: the lack of consensus on the general price index and the lack of views of relevant regulators, including tax authorities. However, management estimates such effects to be significant. This situation must be taken into account when interpreting the information reported by the Company in the accompanying separate financial statements including its statement of financial position, income statement, statement of comprehensive income and cash flow statement.

The Company is currently assessing the date at which it will apply IAS 29. The application of IAS 29 is very complex and requires the Company to develop new accounting software and processes, internal controls and governance framework. Accordingly, the Company has postponed the application of IAS 29 and incurring costs for developing accounting processes and a governance framework until the Company is comfortable that such application would provide the users with more relevant information.

Holcim Liban SAL

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.2 Operating environment of the Company

Lebanon has been witnessing, since the last quarter of 2019, severe events that have set off an interconnected fiscal, monetary and economic crisis as well as deep recession that have reached unprecedented levels. Sovereign credit ratings have witnessed a series of downgrades by all major rating agencies and reached the level of default when, on 7 March 2020, the Lebanese Republic announced that it will withhold payment on the bonds due on 9 March 2020, which was followed by another announcement on 23 March 2020, for the discontinuation of payments on all of its USD denominated Eurobonds.

Throughout this sequence of events, the ability of the Lebanese government and the banking sector in Lebanon to borrow funds from international markets was significantly affected. Banks have imposed de-facto capital controls, restricted transfers of foreign currencies outside Lebanon, significantly reduced credit lines to companies and withdrawals of cash to private depositors, all of which added to the disruption the country's economic activity, as the economic model of Lebanon relies mainly on imports and consumption.

Lebanon's government foresees cancelling "a large part" of the central bank's foreign currency obligations to commercial banks and dissolving non-viable banks. It includes several measures that are prerequisites to unlock funds from a preliminary deal with the International Monetary Fund that could help pull the country out of a three-year financial meltdown.

Foreign currencies and exchange rates

Since the last quarter of 2019, several exchange rates have emerged that differ significantly from one another and from the officially published exchange rate. New terminology has emerged in the Lebanese market, including "local Dollars," which refers to local US Dollar bank accounts that are subject to de facto capital controls, and "fresh funds/accounts," which refers to foreign currency cash and foreign currency bank accounts that are exempt from capital controls (as they originate from foreign currency cash and/or incoming transfers from abroad).

In February 2023, the official exchange rate was changed from LBP 1,507.5 to LBP 15,000 per US Dollar, and then further changed to LBP 89,500 per US Dollar in January 2024. Parallel market rates and Sayrafa rates have remained highly volatile and inconsistent with the official published exchange rates from the last quarter of 2019 until the latest change in January 2024, leading to a convergence of these rates. During 2024, there are no observable rates for restricted foreign currencies. Accordingly, management used its judgment to determine the rates for these restricted currencies at which future cash flows could be settled.

As per IAS 21, when several exchange rates are available, the rate to be used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.

- a) Assets and liabilities in foreign currency and transactions in foreign currency were reflected in these separate financial statements at the exchange rates communicated by the Holcim Group Management:

	<i>Rate as at 31 December 2024</i>	<i>Average rate for the year ended 31 December 2024</i>	<i>Rate as at 31 December 2023</i>	<i>Average rate for the year ended 31 December 2023</i>
	<i>LL</i>	<i>LL</i>	<i>LL</i>	<i>LL</i>
US Dollar	89,702	89,702	89,702	84,232
Suisse Franc	99,394	101,926	106,598	93,800
Euro	93,452	97,057	99,085	91,106
Turkish Lira	2,537	2,735	3,036	3,653

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.2 Operating environment of the Company (continued)

Foreign currencies and exchange rates (continued)

- b) Balances and transactions in US dollars and other foreign currencies subject to de-facto capital controls, are translated at the exchange rate of 1 US\$ / LL 15,000 unless a different rate is specified in the terms of the agreement stipulating the transaction.
- c) Loans from related parties are translated at several exchange rates as disclosed in note 19.

Taxes, social security contributions and related provisions

Due to the availability of several exchange rates in the Lebanese market and the enactment of new tax law, the determination of taxes, social security contributions and related provisions in relation to transactions or activities in foreign currencies are highly sensitive to the exchange rates applied. As a result of the unprecedented events and circumstances, there is high level of judgment involved in deciding on the exchange rates used and any change in these exchange rates, would result in a different determination of taxes, social security contributions and related provisions.

Law 330 dated 4 December 2024

Law 330 enacted on 4 December 2024 (amending Article 45 of Income Tax Law 144 and its subsequent amendments), authorized taxpayers to conduct a nontaxable exceptional revaluation of fixed assets and inventory, and an exceptional adjustment concerning the negative and positive foreign exchange differences resulting from receivables, payables, and financial accounts balances that are denominated in foreign currency. These accounts are classified under classes 4 and 5 of the Lebanese Chart of Accounts. On 12 March 2025, the Ministry of Finance issued the decisions 338, 339 and 340 related to the mechanism of application of Law 330. Due to the late issuance of the decisions, the Company was unable to quantify or record the impact of the Law on the corresponding taxes in the Company's separate financial statements for the year ended 31 December 2024. The Company is currently working to identify all impacts the Law will have on the separate financial statements.

2.3 New and amended standards and interpretations

The accounting policies adopted in the preparation of the separate financial statements are consistent with those used in the previous year, except for the adoption of the new and amended IFRS effective as of 1 January 2024:

- *Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback*
- *Amendments to IAS 1 - Classification of Liabilities as Current or Non-current*
- *Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements*

The adoption of the above new and amended standards did not materially impact the financial position or performance of the Company.

2.4 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's separate financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- *Amendments to IAS 21 - Lack of Exchangeability*
- *IFRS 18 Presentation and Disclosure in Financial Statements*
- *IFRS 19 Subsidiaries without Public Accountability: Disclosures*

The Management does not expect these amendments to have a significant impact on the Company's separate financial statements.

Holcim Liban SAL

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policies

Revenue recognition

Revenue from sale of goods is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements. Revenue is recognized at the point in time when the control of the asset is transferred to the customer, generally on delivery of the goods. Interest income is recorded using the effective interest rate by reference to the net carrying amount of the financial assets.

Contract liabilities, reflecting the Company's obligation to transfer to a customer goods or services for which the Company has already received consideration, relate mainly to advance payments from customers, which are disclosed in note 22. As of 31 December 2024, contract liabilities amounted to LL (000) 12,344,595 (2023: LL (000) 13,687,813).

A trade receivable is recognized when the products are delivered to a customer, as this is the point in time when the consideration becomes unconditional because only the passage of time is required before the payment is due.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the basis of the weighted average cost method. The cost of finished and work in progress includes cost of materials, direct labor and manufacturing overheads. Net realizable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling, and distribution.

Accounts receivable

Accounts receivables are stated at original invoice amount less a provision for credit losses.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances with a maturity of three months or less.

Pensions and other post-employment benefits

The Company provides retirement benefits obligation to its employees under defined benefit plans which requires contributions to be made to separately administered funds. The cost of providing these benefits is determined using the projected unit credit method which involves making actuarial assumptions about discount rates and future salary increases. Those assumptions are unbiased and mutually compatible.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognized immediately in the separate statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the income statement in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under "personnel expenses" in the separate statement of income:

- Service costs comprising and current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

Holcim Liban SAL

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

Taxes

Taxation is provided in accordance with Lebanese fiscal regulations.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the separate statement of financial position.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the date of the separate statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the separate statement of financial position. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The carrying amount of deferred tax assets is reviewed at each date of the separate statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognized net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the separate statement of financial position.

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2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss.

The Company always recognises lifetime ECL for trade and other receivables and contract assets. For all other financial instruments, such as bank balances, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Measurement and recognition of expected credit losses

For trade receivables and other contract assets, the Company has chosen the simplified method approach. Short credit terms and settlement processes significantly limit the credit risk. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	<i>Rate</i>
Buildings	6%
Industrial machinery and equipment	8%
Vehicles	25%
Furniture, fixtures and office equipment	8%

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

Property and equipment (continued)

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognized in the separate statement of comprehensive income as the expense is incurred.

Any item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. Extraction rights are amortized over the period of the lease, client list is amortized over 10 years and computer software are amortized over their estimated useful lives between 5 to 10 years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Investment in subsidiaries and affiliates

The Company's investment in subsidiaries is accounted for under the cost method of accounting. Subsidiaries are entities that the Company controls. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specially, the Company controls an investee if and only if the Company has:

- Power over the investee (i. e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

Investment properties

Investment properties are stated at cost, net of accumulated impairment, if any. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day servicing of an investment property.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of income in the period of derecognition.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or a CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generation unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the income statement net of any reimbursement.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Company is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Company does not include detailed, case-specific disclosures in its separate financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.5 Material accounting policies (continued)

Provision for environmental restoration

The Company provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future costs. Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to or deducted from the provision. All provisions are discounted to their present value.

Foreign currencies

Transactions denominated in foreign currencies are translated into Lebanese Lira at the exchange rates as disclosed in note 2.2, prevailing at the dates of the transactions. Monetary assets and liabilities stated in foreign currencies are retranslated at the rates of exchange as disclosed in note 2.2, prevailing at the end of the year. The resulting exchange gain or loss is reflected in the separate statement of comprehensive income. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.6 Material accounting judgments, estimates and assumptions

The preparation of the Company's separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company also makes estimates and assumptions concerning the future, including climate-related matters. There is considerable uncertainty over these assumptions and how they will impact the Company's business operations and the cash flow projections.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the separate financial statements:

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as going concern. Therefore, the separate financial statements continue to be prepared on the going concern basis.

Income tax

Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.6 Material accounting judgments, estimates and assumptions (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the separate statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Expected credit losses

An impairment analysis is performed at each reporting date to measure expected credit losses. The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors and changes which can result in different levels of allowances. For trade receivables, the assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate.

The Company's historical credit loss experience and forecast of economic conditions may also not be representative of actual defaults in the future. It is the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Any difference between the amounts actually realized in future periods and the amounts expected will be recognized in the income statement.

Impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Any difference between the amounts actually realized in future periods and the amounts expected will be recognized in the statement of income.

Provision for employees' end of service benefits

The cost of defined end of service benefits as well as the present value of the obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases and mortality rates. All assumptions are reviewed at each reporting date. Further details about the assumptions used are given in note 18.

Environmental restoration

As disclosed in note 2, environmental restoration provision is determined based on the present value of estimated futures costs. Estimates and assumptions used in the determination of the provision are revised at each reporting date.

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3 SALES

	2024 LL (000)	2023 LL (000)
Cement	4,916,178,033	5,987,364,416
Discounts	(196,348,096)	(297,247,162)
	<u>4,719,829,937</u>	<u>5,690,117,254</u>

4 EXPENSES BY NATURE

	2024			
	Cost of sales LL (000)	Distributions expenses LL (000)	General and administrative expenses LL (000)	Total LL (000)
Combustibles	967,206,328	-	-	967,206,328
Raw materials	369,450,532	-	-	369,450,532
Salaries and related charges	292,786,837	48,804,103	212,693,443	554,284,383
Spare parts, consumables and maintenance expense	287,482,954	27,871,614	6,575,714	321,930,282
Depreciation charge (note 7)	36,490,603	1,173,185	3,672,436	41,336,224
Transportation	-	62,900,131	-	62,900,131
Packing materials	-	200,092,221	-	200,092,221
Other taxes	241,403,596	705	169,806,110	411,210,411
Contractual employees	28,285,844	10,070,067	389,347	38,745,258
Rent charges	10,580,662	39,612	16,054,241	26,674,515
Other third party services	33,793,284	8,668,641	3,912,786	46,374,711
Amortization charge (note 8)	1,027,856	-	-	1,027,856
Professional fees	120,314	-	23,213,808	23,334,122
Changes in inventories of finished goods and work in progress	(224,310,898)	-	-	(224,310,898)
Purchases of goods	1,707,979,605	-	-	1,707,979,605
Other expenses	45,042,645	840,570	120,060,178	165,943,393
	<u>3,797,340,162</u>	<u>360,460,849</u>	<u>556,378,063</u>	<u>4,714,179,074</u>

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2024

4 EXPENSES BY NATURE (continued)

	2023			
	<i>Cost of sales</i>	<i>Distributions expenses</i>	<i>General and administrative expenses</i>	<i>Total</i>
	<i>LL (000)</i>	<i>LL (000)</i>	<i>LL (000)</i>	<i>LL (000)</i>
Combustibles	1,815,565,227	-	-	1,815,565,227
Raw materials	820,089,950	-	-	820,089,950
Salaries and related charges	285,395,944	45,569,764	192,749,670	523,715,378
Spare parts, consumables and maintenance expense	361,841,836	22,480,504	8,795,060	393,117,400
Depreciation charge (note 7)	21,809,267	907,917	8,289	22,725,473
Transportation	-	100,004,470	-	100,004,470
Packing materials	-	279,062,849	-	279,062,849
Other taxes	60,595,934	-	45,463,167	106,059,101
Contractual employees	20,876,163	8,698,676	195,977	29,770,816
Rent charges	9,911,353	-	13,728,694	23,640,047
Other third party services	33,066,084	4,972,189	4,320,193	42,358,466
Amortization charge (note 8)	1,027,856	-	-	1,027,856
Professional fees	13,417	-	20,743,809	20,757,226
Changes in inventories of finished goods and work in progress	(356,200,549)	-	-	(356,200,549)
Other expenses	64,005,735	796,730	47,752,073	112,554,538
	<u>3,137,998,217</u>	<u>462,493,099</u>	<u>333,756,932</u>	<u>3,934,248,248</u>

Salaries and related charges consist of the following:

	2024	2023
	<i>LL (000)</i>	<i>LL (000)</i>
Salaries	356,161,347	372,551,155
National social security contributions	49,786,263	8,184,734
Costs recharged from a related party (note 19)	42,653,552	59,274,400
Transportation	16,492,080	9,183,300
Other benefits	89,191,141	74,521,789
	<u>554,284,383</u>	<u>523,715,378</u>

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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5 FINANCE COSTS, NET

	2024 LL (000)	2023 LL (000)
Finance costs:		
Interest expense on a loans from related parties (note 19)	800,788,299	815,454,151
Other charges	28,895,255	59,930,975
	<u>829,683,554</u>	<u>875,385,126</u>
Finance income:		
Interest income on bank accounts	6,104,500	1,597,624
Interest income on notes receivable (note 11)	1,303,275	1,931,430
	<u>7,407,775</u>	<u>3,529,054</u>
	<u>822,275,779</u>	<u>871,856,072</u>

6 INCOME TAX EXPENSE

	2024 LL (000)	2023 LL (000)
Current income tax:		
Current income tax charge	-	(233,347,240)
Deferred tax:		
Relating to origination and reversal of temporary differences	14,459,190	29,127,577
	<u>14,459,190</u>	<u>(204,219,663)</u>

The income tax expense for the year is determined as follows:

	2024 LL (000)	2023 LL (000)
Accounting (loss) profit before tax	(240,262,976)	1,077,739,723
Income tax expense at statutory rate of 17%	<u>(40,844,706)</u>	<u>183,215,753</u>
Effect of expense not deductible for tax purpose:		
Provision for slow moving and obsolete inventory	3,308,697	607,743
Provision for risk and charges	14,459,189	29,127,578
Non-resident tax	1,241,859	1,056,539
Allowance for expected credit loss on due from related parties	348,577	-
Other non-deductible expenses	<u>215,682,809</u>	<u>85,762,976</u>
Tax effect of revenue not taxable for tax purposes:		
Dividend income	(247,190,955)	(65,935,244)
Other income	<u>(174,102)</u>	<u>(488,683)</u>
Total current income tax	-	<u>233,346,662</u>
Income tax expense reported in the separate statement of comprehensive income	-	<u>233,347,240</u>

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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6 INCOME TAX EXPENSE (continued)

Movement in the current income tax liability is as follows:

	2024 LL (000)	2023 LL (000)
Balance at 1 January	233,347,240	36,346,347
Transfer from provision for risk and charges	-	2,215,896
Provision for income tax	-	233,347,240
Payments	(233,347,240)	(38,562,243)
Balance at 31 December	-	233,347,240

The following table shows deferred tax recorded on the separate statement of financial position and changes recorded in the income tax expense:

	2024			2023		
	Deferred tax assets LL (000)	Deferred tax liabilities LL (000)	Income statement LL (000)	Deferred tax assets LL (000)	Deferred tax liabilities LL (000)	Income statement LL (000)
Tax on land revaluation surplus (note 16)	-	5,623,674	-	-	5,623,674	-
Tax on environmental restoration provision	54,846,719	-	14,459,190	40,387,529	-	29,127,577
	<u>54,846,719</u>	<u>5,623,674</u>	<u>14,459,190</u>	<u>40,387,529</u>	<u>5,623,674</u>	<u>29,127,577</u>

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

7 PROPERTY AND EQUIPMENT

	Land LL (000)	Buildings LL (000)	Installations and equipment LL (000)	Vehicles LL (000)	Furniture and fixtures LL (000)	Total LL (000)
Cost:						
Balance at 1 January 2024	66,873,553	186,925,971	789,762,774	3,906,426	21,026,819	1,068,495,543
Additions	-	-	141,438,326	-	-	141,438,326
Balance at 31 December 2024	66,873,553	186,925,971	931,201,100	3,906,426	21,026,819	1,209,933,869
Accumulated depreciation						
Balance at 1 January 2024	-	(158,262,906)	(442,106,076)	(3,889,390)	(8,190,536)	(612,448,908)
Charge for the year (note 4)	-	(2,184,282)	(35,487,795)	-	(3,664,147)	(41,336,224)
Balance at 31 December 2024	-	(160,447,188)	(477,593,871)	(3,889,390)	(11,854,683)	(653,785,132)
Net book value						
31 December 2024	66,873,553	26,478,783	453,607,229	17,036	9,172,136	556,148,737

In previous years, some plots of land were revalued in accordance with decree No. 5451 dated 26 July 1994. The revaluation as determined by an independent valuator, and carried out in 1997 based on market values at 31 December 1993, resulted in an increase in the value of land by an amount of LL (000) 56,236,697. The surplus arising from this revaluation was credited to revaluation reserve (note 16).

Depreciation expense is included in cost of sales to the extent of LL (000) 36,490,603 (2023: LL (000) 21,809,267), distribution expenses to the extent of LL (000) 1,173,185 (2023: LL (000) 907,917) and general and administrative expenses to the extent of LL (000) 3,672,436 (2023: LL (000) 8,289).

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2024

7 PROPERTY AND EQUIPMENT (continued)

Cost:	Land LL (000)	Buildings LL (000)	Installations and equipment LL (000)	Vehicles LL (000)	Furniture and fixtures LL (000)	Total LL (000)
Balance at 1 January 2023	66,873,553	169,270,802	582,468,013	3,922,873	8,190,536	830,725,777
Additions	-	17,655,169	207,294,761	-	12,836,283	237,786,213
Disposals	-	-	-	(16,447)	-	(16,447)
Balance at 31 December 2023	66,873,553	186,925,971	789,762,774	3,906,426	21,026,819	1,068,495,543
Accumulated depreciation						
Balance at 1 January 2023	-	(156,383,508)	(421,260,001)	(3,905,837)	(8,190,536)	(589,739,882)
Charge for the year (note 4)	-	(1,879,398)	(20,846,075)	-	-	(22,725,473)
Related to disposals	-	-	-	16,447	-	16,447
Balance at 31 December 2023	-	(158,262,906)	(442,106,076)	(3,889,390)	(8,190,536)	(612,448,908)
Net book value						
31 December 2023	66,873,553	28,663,065	347,656,698	17,036	12,836,283	456,046,635

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2024

8 INTANGIBLE ASSETS

	<i>Extraction rights LL (000)</i>	<i>Client list LL (000)</i>	<i>Other LL (000)</i>	<i>Total LL (000)</i>
Cost:				
At 1 January and 31 December 2024	33,520,569	58,340,250	867,547	92,728,366
Amortization:				
At 1 January 2024	(19,555,127)	(58,340,250)	(623,409)	(78,518,786)
Charge for the year (note 4)	(1,027,856)	-	-	(1,027,856)
At 31 December 2024	(20,582,983)	(58,340,250)	(623,409)	(79,546,642)
Net carrying amount:				
At 31 December 2024	12,937,586	-	244,138	13,181,724
	<i>Extraction rights LL (000)</i>	<i>Client list LL (000)</i>	<i>Other LL (000)</i>	<i>Total LL (000)</i>
Cost:				
At 1 January and 31 December 2023	33,520,569	58,340,250	867,547	92,728,366
Amortization:				
At 1 January 2023	(18,527,271)	(58,340,250)	(623,409)	(77,490,930)
Charge for the year (note 4)	(1,027,856)	-	-	(1,027,856)
At 31 December 2023	(19,555,127)	(58,340,250)	(623,409)	(78,518,786)
Net carrying amount:				
At 31 December 2023	13,965,442	-	244,138	14,209,580

9 INVESTMENT PROPERTIES

	<i>2024 LL (000)</i>	<i>2023 LL (000)</i>
Property location		
Hery	9,216,735	9,216,735
Kefraya	1,711,916	1,711,916
Hamat	1,148,516	1,148,516
	12,077,167	12,077,167

Investment properties consist of 42 plots of land not used in the Company's operations segregated by location as disclosed above. Management estimates that the fair value of investment properties exceeds their carrying value at year-end.

Holcim Liban SAL

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10 INVESTMENT IN SUBSIDIARIES AND AFFILIATES

	Country of incorporation	Percentage of legal ownership %	Cost of investment LL (000)	Provision for impairment of investment LL (000)	Net investment LL (000)
	Turkish republic Limited of North				
Bogaz Enddriye Madencilik Limited	Cyprus	100.00	19,342,709	-	19,342,709
Societe Libanaise des Ciments Blancs SAL	Lebanon	65.99	9,867,454	-	9,867,454
Holcim Béton	Lebanon	97.82	5,604,406	(5,604,406)	-
Engergis Liban SAL	Lebanon	100.00	352,441	(313,441)	39,000
EDP Centre SARI. (under liquidation)	Lebanon	91.80	151	(151)	-
			<u>35,167,161</u>	<u>(5,917,998)</u>	<u>29,249,163</u>

11 ACCOUNTS AND NOTES RECEIVABLE

	2024 LL (000)	2023 LL (000)
Notes receivable	157,957,480	156,654,205
Due from related parties (note 19)	151,686,366	85,591,893
Trade receivables	69,386,748	51,950,793
Value added tax receivable	5,666,331	-
Checks under collection	2,408,295	19,522,950
	<u>387,105,220</u>	<u>313,719,841</u>
Less: Non-current portion of notes receivable	(89,258,858)	(12,872,590)
	<u>297,846,362</u>	<u>300,847,251</u>
Less: Allowance for expected credit losses	(74,425,480)	(72,137,406)
	<u>223,420,882</u>	<u>228,709,845</u>

The breakdown of allowance for expected credit losses is as follows:

	2024 LL (000)	2023 LL (000)
Allowance for expected credit losses – Credit impaired	(51,950,793)	(51,950,793)
Allowance for expected credit losses – Not credit impaired	(9,969,576)	(9,969,576)
Allowance for expected credit losses – Related parties (note 19)	(12,505,111)	(10,217,037)
	<u>(74,425,480)</u>	<u>(72,137,406)</u>

Trade receivables and checks under collection are denominated in Lebanese Lira except for balances fully provided for prior to 2019.

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11 ACCOUNTS AND NOTES RECEIVABLE (continued)

The aging of trade receivables as at 31 December 2024 and 2023 is detailed as follows:

	2024 LL (000)	2023 LL (000)
Not due	9,806,792	2,415,533
Up to 3 months	1,985,585	857,325
Over 3 months	57,594,371	48,677,935
	<u>69,386,748</u>	<u>51,950,793</u>

Since 2020 and due to the economic situation, no credit is granted to customers. No interest is charged on past due trade receivables.

The movement of the allowance for credit loss (non-related parties) is summarized as follows:

	2024 LL (000)	2023 LL (000)
Balance at 1 January	61,920,369	6,556,652
Write-offs during the year	-	-
Write-back during the year	-	(775,176)
Difference of exchange	-	56,138,893
Balance at 31 December	<u>61,920,369</u>	<u>61,920,369</u>

The maturity of the notes receivables is as follows:

	2024 LL (000)	2023 LL (000)
Due	56,568,429	130,595,985
Within 1 year	12,136,679	13,185,630
Between 1 year and 5 years	39,677,816	12,872,590
Over 5 years and up to 10 years	49,574,556	-
	<u>157,957,480</u>	<u>156,654,205</u>

Notes receivable are denominated in restricted US Dollar (local). The effective interest rates on the notes receivable ranges between 4% and 7.5%. Interest income on notes receivable for the year 2024 amounted to LL (000) 1,303,275 (2023: LL (000) 1,931,430). Notes receivable are recoverable and therefore no impairment was setup against these notes receivable as at 31 December 2024 and 2023 (note 19).

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12 INVENTORIES

	2024 LL (000)	2023 LL (000)
Combustibles	1,009,619,100	802,936,045
Work in progress	488,134,644	224,512,740
Finished goods -cement	298,539,368	337,850,375
Spare parts	251,246,205	159,038,604
Raw material	141,644,553	145,131,537
Goods in transit	18,568,353	-
	<u>2,207,752,223</u>	<u>1,669,469,301</u>
Less: Provision for slow moving and obsolete inventory	(32,792,604)	(13,329,680)
	<u>2,174,959,619</u>	<u>1,656,139,621</u>

The movement of the provision for slow moving and obsolete inventory during the year was as follows:

	2024 LL (000)	2023 LL (000)
Balance at 1 January	13,329,680	9,754,719
Provision during the year	19,462,924	3,574,961
Balance at 31 December	<u>32,792,604</u>	<u>13,329,680</u>

Provision for slow moving and obsolete inventory is determined according to the Group policy defined as follows:

- 30% for inventory aging bracket between 365 and 729 days
- 50% for inventory aging bracket between 730 and 1,095 days
- 80% for inventory aging bracket more than 1,095 days.

13 OTHER ASSETS

	2024 LL (000)	2023 LL (000)
Advances to suppliers	233,758,636	141,392,975
Advances to a related party (note 19)	9,553,698	8,737,358
Prepayments	7,860,044	4,550,031
Advances to employees	493,290	372,156
National Social Security Fund receivables	-	341,432
Other receivables	4,940,599	5,165,599
	<u>256,606,267</u>	<u>160,559,551</u>

National Social Security Fund receivables represent reimbursement of medical claims paid to employees by the Company to be collected from NSSF.

Holcim Liban SAL

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14 CASH AND CASH EQUIVALENTS

	2024 LL (000)	2023 LL (000)
Cash in transit	-	47,093,649
Bank's current accounts	764,896,428	1,408,759,224
	<u>764,896,428</u>	<u>1,455,852,873</u>

Bank's current accounts are segregated as follows by currency:

	2024 LL (000)	2023 LL (000)
Unrestricted US Dollar (fresh) – non resident banks	526,964,024	1,114,081,670
Unrestricted US Dollar (fresh) – resident banks	127,607,629	108,648,161
Lebanese Lira	99,731,811	118,860,966
Restricted US Dollar (local)	9,136,700	64,072,762
Unrestricted Euro (fresh) – resident banks	1,456,264	3,095,665
	<u>764,896,428</u>	<u>1,408,759,224</u>

Restricted US Dollar (local) as at 31 December 2024 and 2023, consist of balances with Lebanese banks that are subject to de-facto capital controls and restricted transfers outside Lebanon. However, these balances are available for disbursement within Lebanon.

15 SHARE CAPITAL

At 31 December 2024 and 2023, the Company's capital amounts to LL (000) 97,580,200 which consists of 19,516,040 shares with a nominal value of LL 5,000 each, fully paid.

16 LEGAL RESERVE

Legal reserve

In accordance with the Lebanese Code of Commerce and the Company's articles of association, 10% of the annual net income is required to be transferred to legal reserve until this reserve equals one third of the capital. This limit was attained in prior years and no further transfer is required. This reserve is not available for distribution to the shareholders.

Property revaluation reserve

Property revaluation reserve of LL (000) 50,613,023 represents the amount of the revaluation surplus net of tax of LL (000) 5,623,674 that arose on revaluation of property and equipment in 1997. The revaluation surplus is subject to capital gains tax. Accordingly, a deferred tax liability of LL (000) 5,623,674 is carried in respect of this temporary difference (note 6).

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17 PROVISIONS FOR RISK AND CHARGES

	2024 LL (000)	2023 LL (000)
Environmental restoration (a)	315,588,696	230,534,642
Others (b)	27,048,028	28,312,492
	<u>342,636,724</u>	<u>258,847,134</u>

The movement of the provision for risk and charges is as follows:

	2024		
	<i>Environmental restoration LL (000)</i>	<i>Others LL (000)</i>	<i>Total LL (000)</i>
Balance at 1 January	230,534,642	28,312,492	258,847,134
Additions	85,054,054	-	85,054,054
Transfer to accrued expenses and other liabilities	-	(1,026,840)	(1,026,840)
Transfer to accounts and notes receivables (note 19)	-	(237,624)	(237,624)
Balance at 31 December	<u>315,588,696</u>	<u>27,048,028</u>	<u>342,636,724</u>

	2023		
	<i>Environmental restoration LL (000)</i>	<i>Others LL (000)</i>	<i>Total LL (000)</i>
Balance at 1 January	66,235,028	45,489,287	111,724,315
Additions	171,338,694	-	171,338,694
Provision paid	(7,039,080)	(7,373,372)	(14,412,452)
Transfer to income tax liability	-	(2,215,896)	(2,215,896)
Transfer to accrued expenses and other liabilities	-	(7,455,463)	(7,455,463)
Transfer from accounts and notes receivables (note 19)	-	2,499,936	2,499,936
Difference of exchange	-	(2,632,000)	(2,632,000)
Balance at 31 December	<u>230,534,642</u>	<u>28,312,492</u>	<u>258,847,134</u>

(a) Environmental restoration

The Company extracts mineral resources from its quarries as part of its ongoing production. A provision is made for the present value of costs to be incurred for the restoration of the extraction sites.

(b) Other provisions

Other provisions is set up to possible claims and charges in connection with the Company's activities and includes amounts to cover the likelihood of additional levies due to uncertainties.

Holcim Liban SAL

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18 RETIREMENT BENEFIT OBLIGATIONS

The Company is subject to the NSSF defined benefit plan which is in the nature of an end-of-service indemnity for the benefit of its employees.

The movement in the retirement benefit obligations during the year was as follows:

	2024 LL (000)	2023 LL (000)
Balance at 1 January	151,206,468	16,303,720
Current service cost	2,165,467	206,719
Interest expense	5,075,279	566,817
Total amount recognized in profit or loss	7,240,746	773,536
Remeasurement:		
Experience loss	507,754,726	134,361,222
Total amount recognized in other comprehensive income	507,754,726	134,361,222
Benefit payments during the year	(70,883,161)	(232,010)
Balance at 31 December	595,318,779	151,206,468

The provisions at the respective reporting rates have been calculated based on the following actuarial assumptions:

	2024	2023
Discount rate	13.58%	5.60%
Expected rate of return on contribution	5.00%	5.00%
Salary growth rate	4.00%	4.00%
Mortality rate	None	None
Turnover rate	1.00%	1.00%
Retirement age	Earliest of 64 or completion of 35 years of contribution	Earliest of 64 or completion of 35 years of contribution

Holcim Liban SAL

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19 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management. Balances with related parties included in the separate statement of financial position are as follows:

	2024		2023	
	<i>Due from LL (000)</i>	<i>Due to LL (000)</i>	<i>Due from LL (000)</i>	<i>Due to LL (000)</i>
Ultimate parent company				
Holcim Ltd	-	52,326,157	-	52,326,157
Subsidiaries and affiliates:				
Societe Libanaise de Ciments Blancs SAL	110,393,651	-	41,507,030	-
Holcim Beton SAL*	10,904,451	-	8,616,377	-
Energis Liban SAL	105,546	-	105,546	-
EDP Centre SARL (under liquidation)	1,600,660	-	1,600,660	-
	123,004,308	-	51,829,613	-
Entities under common directorship				
Societe Pour le Commerce de L'Immobilier SAL	8,251,099	-	11,900,607	-
Entities associated with the Company:				
Holcim EMEA Digital Center S.L.	-	4,569,072	1,377,460	-
Holcim Haut Rhin	-	1,880,554	-	1,865,415
Holcim Int Service Singapore	-	1,544,030	-	2,741,922
Holcim Group Services Ltd	-	19,018,802	-	17,033,755
Holcim Technology Ltd	20,162,720	-	20,162,720	-
LaFarge Service Algerie	268,239	-	321,493	-
LaFarge MEA Building Materials S.A.E	-	426,085	-	426,085
	20,430,959	27,438,543	21,861,673	22,067,177
	151,686,366	79,764,700	85,591,893	74,393,334
Less: Allowance for impairment:				
Holcim Beton SAL	(10,904,451)	-	(8,616,377)	-
EDP Centre SARL (under liquidation)	(1,600,660)	-	(1,600,660)	-
	(12,505,111)	-	(10,217,037)	-
	139,181,255	79,764,700	75,374,856	74,393,334

* The General Assembly meeting of Holcim Beton SAL dated 20 July 2018 resolved to temporarily discontinue the Company's operations and lease or sell part of its property and equipment.

Holcim Liban SAL

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2024

19 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Above related parties balances are current in nature, do not carry any interest and are denominated as follows by currency:

	2024		2023	
	Due from LL (000)	Due to LL (000)	Due from LL (000)	Due to LL (000)
Non-resident entities (fresh foreign currencies)	20,430,959	79,764,700	21,861,673	74,393,334
Resident entities (fresh US\$)	56,258,057	-	2,352,840	-
Resident entities (local US\$)	-	-	10,198,418	-
Resident entities (Lebanese Lira)	62,492,239	-	40,961,925	-
	<u>139,181,255</u>	<u>79,764,700</u>	<u>75,374,856</u>	<u>74,393,334</u>

Movement on allowance for impairment on due from related parties for the year ended 31 December 2024 and 2023 was as follow:

	2024 LL (000)	2023 LL (000)
Balance at 1 January	(10,217,037)	(12,716,973)
Provided during the year	(2,050,450)	-
Transfer (from) to provision for risk and charges (note 17)	(237,624)	2,499,936
Balance at 31 December	<u>(12,505,111)</u>	<u>(10,217,037)</u>

Notes receivable from related parties:

In prior years, Societe Pour le Commerce de L'Immobilier SAL, a related party, acquired plots of land from the Company against interest bearing notes receivable.

Notes receivable amounted to LL (000) 157,957,480 as at 31 December 2024 (2023: LL (000) 156,654,205) (note 11). Related interest income on these notes amounted to LL (000) 1,303,275 for the year ended 31 December 2024 (2023: LL (000) 1,931,430).

Loans from related parties are as follows:

	2024 LL (000)	2023 LL (000)
Loans from ultimate parent company (a)		
Holcim Ltd	1,807,761,362	1,121,825,421
Accrued interest payable (note 22)	28,054,808	208,488,930
	<u>1,835,816,170</u>	<u>1,330,314,351</u>
Loan from a subsidiary (b)		
Societe Libanaise des Ciments Blancs SAL	-	120,000,000

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19 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The loans from the ultimate parent company are detailed as follows:

	2024		2023	
	US\$	LL (000)	US\$	LL (000)
US\$ 50,000,000 – 15 December 2028 – 9%	50,000,000	75,375,000	-	-
US\$ 50,000,000 – 17 April 2024 – 7% + SOFR 6m	-	-	50,000,000	75,375,000
US\$ 7,800,000 – 20 January 2024 – 9% + SOFR 6m	-	-	7,800,000	11,758,500
Capitalized interest – net	31,762,227	1,732,385,751	24,984,900	1,034,691,921
Balance as at 31 December	81,762,227	1,807,760,751	82,784,900	1,121,825,421
<i>Out of which current:</i>				
US\$ 50,000,000 – 15 December 2028 – 9%	5,000,000	7,537,500	-	-
US\$ 7,800,000 – 20 January 2024 – 9% + SOFR 6m	-	-	7,800,000	11,758,500
Related capitalized interest – net	-	-	2,379,771	123,756,964
Total current	5,000,000	7,537,500	10,179,771	135,515,464
Total non-current	76,762,227	1,800,223,251	72,605,129	986,309,957
Accrued interest payable – net (note 22)	312,742	28,054,808	2,324,234	208,488,930

US\$ 50,000,000 – 17 April 2024 – 7% + SOFR 6m / 15 December 2028 – 9%

During 2019, Holcim Investments S.A.S., a related party, granted the Company a loan denominated in US\$ amounting to US\$ 50,000,000 (recorded at LL (000) 75,375,000 in the Company's books and records) subject to interest at the rate of 6 months Libor plus 7% and matures on 17 April 2021. On 3 August 2020, Holcim Investments S.A.S. transferred the above loan and related interest to Holcim Ltd, the ultimate parent company, with continuity according to signed assignment agreements. This agreement was renewed for an additional year during 2022 and 2023 with same terms except for the change of the interest rate to SOFR 6 month plus 7%. During 2024, the Company signed an amended facility agreement with Holcim Ltd, fixing the interest rate at 9% and specifying that the Company should repay a minimum amount of US\$ 5,000,000 before 15 December 2025 and fixing the final maturity of the loan on 15 December 2028.

US\$ 7,800,000 – 20 January 2024 – 9% + SOFR 6m

During 2020, an additional loan amounting to US\$ 10,000,000 was granted, out of which US\$ 7,800,000 (recorded at LL (000) 11,758,500 in the Company's books and records) was used. This loan subject to interest at the rate of 6-month SOFR plus 9% and 1% on the unused limit and matures on 20 January 2024. On 3 August 2020, Holcim Investments S.A.S. transferred the above loan and related interest to Holcim Ltd, the ultimate parent company, with continuity according to signed assignment agreements. During 2024, the Company fully settled the loan balance and recorded a loss on exchange in the separate statement of comprehensive income amounting to LL (000) 777,679,833.

Interest related to the ultimate parent company loans is capitalized into the principal on each interest payment date based on the ultimate parent company instructions. These interests are translated into Lebanese Liras (LL) at the rate provided by Holcim Group Management on each interest payment date and capitalized at that amount accordingly net of 10% tax withheld. Total interest payable on the above loans during the year ended 31 December 2024 amounted to US\$ 9.81 million (LL (000) 880,624,979 at the rate communicated by the Holcim Group Management on each interest payment date) (2023: US\$ 8.86 million (LL (000) 731,094,158 at the rate communicated by the group on each interest payment date).

Holcim Liban SAL

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19 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(a) Loan from a subsidiary:

The loan from a subsidiary is detailed as follows:

	2024		2023	
	US\$	LL (000)	US\$	LL (000)
US\$ 8,000,000 due on 31 December 2024				
- BRR minus 2%	-	-	8,000,000	120,000,000
Balance as at 31 December	-	-	8,000,000	120,000,000

The loan from the subsidiary, Société Libanaise des Ciments Blancs SAL is denominated in US\$. The loan matures on 31 December 2024. Interest on the loan is equal to the BRR (Beirut reference rate) minus 2% having an average during 2024 of 2.53% (2023: the same). Total interest expense on the above loan for the year ended 31 December 2024 amounted to US\$ 226,351 (LL (000) 3,395,265 at the rate of 15,000 LL for the US\$) (2023: US\$ 225,732 (LL (000) 3,127,308 at the rate of 15,000 LL for the US\$). The loan was fully settled during 2024.

During the year, the Company carried out the following major transactions with related parties:

	2024 LL (000)	2023 LL (000)
Transactions with ultimate parent company, subsidiaries and affiliates		
Sales of goods	5,767,629	47,559,037
Income from services	2,113,574	6,989,191
Interest expense on loans (note 5)	800,788,299	815,454,151
Service fees charged to a subsidiary	19,492,390	20,446,880
Recharged costs to subsidiaries	17,861,256	24,126,735
Salaries recharged from related parties (note 4)	42,653,552	59,274,400
Costs recharged from related parties	22,319,212	25,116,041
Interest income on notes receivable	1,303,275	1,931,430
Rent expense	13,339,276	9,805,457
Transactions with entities associated with the Company:		
Purchase of goods	1,284,704,165	1,236,732,253
Income from services	15,669,838	13,622,398

Recharges costs to subsidiaries represent salaries, rent, combustibles and other expenses recharged to the Company's subsidiaries.

	2024 LL (000)	2023 LL (000)
Key management remuneration:		
Key management personnel	90,755,634	84,800,967
Dividend income from subsidiaries		
Bogaz Endutri ve Madencilik Limited	1,454,064,442	387,854,378

Holcim Liban SAL

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

31 December 2024

19 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

During 2024, the Company recorded dividend income from subsidiaries in the amount of LL (000) 1,454,064,442 (US\$ 16.2 million) (2023: LL (000) 387,854,378 (US\$ 5.7 million)) in the separate statement comprehensive income. Dividends collected during 2024 amounted to LL (000) 1,454,064,442 (2023: LL (000) 387,854,378). There were no dividends receivable outstanding as at 31 December 2024 (2023: the same).

Extraction rights under intangible assets in the net carrying value of LL (000) 12,937,586 as at 31 December 2024 (2023: LL (000) 13,965,442) were acquired from a related party and paid for in advance and are being amortized over the life of the lease agreements (note 8).

Advances to a related party in the amount of LL (000) 9,553,698 as at 31 December 2024 (2023: LL (000) 8,737,358) represent advance payments to Holcim Trading Ltd and Lafarge Cement Egypt SAE and recorded under "Other assets" in the separate statement of financial position (note 13).

Holcim Ltd, charges Master Branding Agreement fees (MBA) to its subsidiaries amounting to 1.5% of net sales. No amount was charged in 2024.

Holcim Liban SAL has joined the Master Industrial Intellectual Property Agreements (MIIPA) mechanism of Holcim Group during 2020. Holcim Technology Ltd, a subsidiary of the ultimate parent company Holcim Ltd, charges the Company fees that varies between 0.5% to 4.1% of consolidated net sales to third parties based on a special calculation formula related to profitability. No amount was charged in 2024.

Holcim Group Services Ltd, also charges the Company administrative support fees. There were no charges for the year ended 31 December 2024.

20 NOTES PAYABLE

During 2015, the Company reached an agreement with the National Social Security Fund ("NSSF") to schedule the settlement of a long outstanding disputed assessment of LL (000) 4,740,000 (note 24). An amount of LL (000) 237,000 was paid upfront while remaining balance of LL (000) 4,500,000 is payable over 120 monthly instalments. The last instalment is due on 25 April 2025. The effective interest rate on these notes payable is 5%.

These notes payable are denominated in Lebanese Lira and their maturity is as follows at year-end:

	2024 LL (000)	2023 LL (000)
Within 1 year	150,126	450,380
Between 1 year to 5 years	-	150,126
	<u>150,126</u>	<u>600,506</u>

21 ACCOUNTS PAYABLE

	2024 LL (000)	2023 LL (000)
Trade payables	567,520,103	388,200,941
Due to related parties (note 19)	79,764,700	74,393,334
	<u>647,284,803</u>	<u>462,594,275</u>

Holcim Liban SAL

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31 December 2024

21 ACCOUNTS PAYABLE (continued)

Trade payables consist of current trade suppliers' balances, are non-interest bearing and segregated into the following currencies:

	2024 LL (000)	2023 LL (000)
Lebanese Lira	32,249,697	42,649,657
US Dollar (fresh)	355,400,185	212,256,923
Sterling Pound (fresh)	2,059,360	11,067
Euro (fresh)	177,810,861	133,305,458
	<u>567,520,103</u>	<u>388,223,105</u>

22 ACCRUED EXPENSES AND OTHER LIABILITIES

	2024 LL (000)	2023 LL (000)
Taxes payable	178,253,527	89,870,975
Accrued rebates	141,849,962	188,545,938
Accrued expenses	96,367,754	85,893,871
Accrued interest payable (note 19)	28,054,808	208,488,930
Advances from customers	12,344,595	13,687,813
Value added tax payable	-	75,623,059
Other liabilities	4,726,544	3,601,371
	<u>461,597,190</u>	<u>665,711,957</u>

23 DIVIDENDS PAYABLE

On 19 June 2019, the Ordinary General Assembly approved the distribution of dividends to Shareholders in the amount of LL (000) 7,600,000 (390 per share). An amount of LL (000) 139,000 is outstanding as dividends payable as at 31 December 2024 (LL (000) 212,047 as at 31 December 2023).

24 COMMITMENTS AND CONTINGENCIES

The Company had the following commitments and liabilities as at 31 December 2024 and 2023:

	2024 LL (000)	2023 LL (000)
Bank guarantees	<u>5,316,543</u>	<u>5,311,543</u>

24 COMMITMENTS AND CONTINGENCIES (continued)

Tax and National Social Security Fund

Certain areas of the Lebanese tax legislation are subject to different interpretations in respect of the taxability of certain types of transactions and activities.

The Company's accounting records were examined by the National Social Security Fund ("NSSF") for the period from 1 January 1982 to 30 September 2007. The review resulted in an assessment and in additional subscription due of LL (000) 5,300,000 which are covered by bank guarantees. An objection was submitted in respect of the assessment which was rejected by the Labour Council of Beirut. The Company has since filed an appeal.

During 2015, the Company availed itself of the opportunity

- (i) to settle the amount due by installments (note 20).
- (j) to benefit from an exemption from delay penalties whilst maintaining its appeal against the assessment.

The exemption from delay penalties is not considered final until the entire social security debt is settled. The period up to April 2016 was cleared by the Social Security Fund.

The Company's books for the period from April 2016 up to 31 December 2024 (inclusive) remain subject to review by the National Social Security Fund. Management does not believe that the ultimate outcome of any such reviews can have a material effect on the separate financial statements.

The Company's books and records from the years 2015 to 2018 are currently being reviewed by the Department of Income Tax. The Companies books and records from the years 2019 to 2024 remain subject to review. Management does not believe that the ultimate outcome of any such reviews can have a material effect on the separate financial statements.

The Company's books and records from the years 2018 to 2024 remain subject to review by the Department of Value Added Tax. Management does not believe that the ultimate outcome of any such reviews can have a material effect on the separate financial statements.

Other matters

The Company is defendant in some legal cases in front of the labor court, in addition to other civil and penal cases within the normal course of business. Management does not believe that the ultimate outcome of these legal cases can have a material effect on the separate financial statements.

Group fees

As disclosed in note 19 to the separate financial statements, Holcim Ltd, charges Master Branding Agreement fees (MBA) to its subsidiaries amounting to 1.5% of net sales. No amount was charged in 2024.

Holcim Technology Ltd, a subsidiary of the ultimate parent company Holcim Ltd, charges the Company fees that varies between 0.5% to 4.1% of consolidated net sales to third parties based on a special calculation formula related to profitability. No amount was charged in 2024.

Holcim Group Services Ltd, also charges the Company administrative support fees. There were no charges for the year ended 31 December 2024.

Management has estimated the maximum potential fees at US\$ 5,140,628 (LL (000) 461,124,613) for the year ended 31 December 2024, however no provisions for these amounts were recorded in these separate financial statements because this obligation has yet to be confirmed and these fees were waived in prior years.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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25 RISK MANAGEMENT

Interest rate risk

The Company's interest rate risk arises from the possibility that changes in market interest rates will affect the value of interest-earning assets and interest-bearing liabilities and related interest amounts. The Company has no significant assets subject to interest. The Company's major interest-bearing liabilities as at 31 December 2023 are the loan from the parent company and from a subsidiary that are subject to variable interest rate. A 1% change in interest rate would impact the Company's profitability by LL (000) 75,459,263 in 2023. The Company is not exposed to significant interest rate risk on its liabilities as at 31 December 2024 as the loan from a subsidiary was fully settled and the interest rate on the loan from the parent company was fixed during the year.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial assets which potentially subject the Company to credit risk consist mainly of cash at banks and trade receivables. The Company limits credit risk with regard to bank deposits by only dealing with reputable banks. The Company's onshore liquid funds are placed with Lebanese banks and are subject to de-facto capital control imposed by banks. As a result of the current financial and economic crisis in Lebanon, credit rating agencies have downgraded the credit rating for Lebanon to default category with little recovery, which resulted in an increase in significant credit risk for the Company's exposure to Lebanese banks. The Company's offshore liquid funds with Lebanese banks are not subject to de-facto capital control and are placed with reputable banks.

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The Company manages liquidity risk by maintaining adequate resources and ensuring the availability of necessary facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturities of the Company's financial liabilities at 31 December 2024 and 2023 are as follows:

	2024			
	Less than 1 year LL (000)	1 to 5 years LL (000)	Over 5 years LL (000)	Total LL (000)
FINANCIAL ASSETS				
Cash and cash equivalents	764,896,428	-	-	764,896,428
Accounts and notes receivable	223,420,882	89,258,858	-	312,679,740
Other assets	14,987,587	-	-	14,987,587
TOTAL	1,003,304,897	89,258,858	-	1,092,563,755
FINANCIAL LIABILITIES				
Accounts payable	647,284,803	-	-	647,284,803
Notes payable	150,126	-	-	150,126
Dividends payable	139,000	-	-	139,000
Loan from related parties	7,537,500	1,800,223,251	-	1,807,760,751
Accrued expenses and other liabilities	211,034,879	-	-	211,034,879
TOTAL	866,146,308	1,800,223,251	-	2,666,369,559
Liquidity gap	137,158,589	(1,718,501,893)	-	(1,581,343,304)

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25 RISK MANAGEMENT (continued)

Liquidity risk (continued)

	2023			Total LL (000)
	Less than 1 year LL (000)	1 to 5 years LL (000)	Over 5 years LL (000)	
FINANCIAL ASSETS				
Cash and cash equivalents	1,455,852,873	-	-	1,455,852,873
Accounts and notes receivable	228,709,845	12,872,590	-	241,582,435
Other assets	14,275,113	341,432	-	14,616,545
TOTAL	1,698,837,831	13,214,022	-	1,712,051,853
FINANCIAL LIABILITIES				
Accounts payable	462,594,275	-	-	462,594,275
Notes payable	450,380	150,126	-	600,506
Dividends payable	212,047	-	-	212,047
Loan from related parties	255,515,464	986,309,957	-	1,241,825,421
Accrued expenses and other liabilities	377,584,335	-	-	377,584,335
TOTAL	1,096,356,501	986,460,083	-	2,082,816,584
Liquidity gap	602,481,330	(973,246,061)	-	(370,764,731)

Currency risk

Currency risk arises from currency fluctuation effects on the monetary assets and liabilities denominated in foreign currencies. The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's monetary assets and liabilities are mostly denominated in Euro, US Dollar and Lebanese Lira. The de-facto capital control imposed by banks in Lebanon since October 2019 mainly on movement of funds in foreign currencies, caused a wide range of price variance between the official rates and the market rates from the last quarter of 2019 until the latest change in January 2024, leading to a convergence of these rates. Management is taking steps to address currency risk by matching sources and applications of funds, as applicable.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 31 December 2023. Equity comprises of paid capital, retained earnings, share premium, legal reserves and defined benefits obligations and is measured at a surplus of LL (000) 310,064,320 as at 31 December 2024 (2023: LL (000) 1,043,622,832).

26 FAIR VALUES

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates. The carrying book values of financial assets and liabilities are not materially different from their fair values applicable at the reporting date.

Effects of exchange rates on fair value measurements

The fair values of assets and liabilities are first determined in their original currency, which is not always the Lebanese Lira. These are then translated to Lebanese Lira at the exchange rates as discussed in note 2.2. For the purpose of comparing the carrying amount of financial assets and liabilities, management considers values in original currencies.

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27 SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on their geographical location and has one reportable operating segment "Local sales".

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the separate financial statements. However, financing (including finance costs and interest income) and income taxes are managed on a Company basis and are not allocated to operating segments.

	2024 LL (000)	2023 LL (000)
Sales	4,719,829,937	5,690,117,254
Cost of sales	(3,797,340,162)	(3,137,998,217)
GROSS PROFIT	922,489,775	2,552,119,037
Distribution expenses	(360,460,849)	(462,493,099)
General and administrative expenses	(556,378,063)	(333,756,932)
Write-back for expected credit loss on accounts receivable	-	775,176
Provisions for risks and charges	(85,054,054)	(171,338,694)
Allowance for expected credit loss on due from related parties	(2,050,450)	-
Provision for slow moving and obsolete inventory	(19,462,924)	(3,574,961)
Foreign exchange, net	6,544,759	(19,989,110)
Segment (loss) profit	(94,371,806)	1,561,741,417
Operating assets	4,090,549,682	3,996,467,862
Operating liabilities	2,023,859,054	1,512,560,342

Adjustments

1. Profit for each operating segment does not include interest income, dividend income, finance costs, or provisions for risks and charges as these are managed on a Company basis.
2. Segment assets do not include investments in subsidiaries as these assets are managed on a Company basis.
3. Segment liabilities do not include deferred tax, current tax payable, loans and borrowings or provisions for risks and charges, as these liabilities are managed on a Company basis.

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27 SEGMENT INFORMATION (continued)

Reconciliation of profit

	2024 LL (000)	2023 LL (000)
Segment (loss) profit	(94,371,806)	1,561,741,417
Dividend income	1,454,064,442	387,854,378
Finance costs, net	(822,275,779)	(871,856,072)
Income tax expense	14,459,190	(204,219,663)
Foreign exchange, net	(777,679,833)	-
Company profit	(225,803,786)	873,520,060

Reconciliation of assets

	2024 LL (000)	2023 LL (000)
Segment assets	4,090,549,682	3,996,467,862
Investments in subsidiaries	29,249,163	29,249,163
Deferred tax assets	49,223,045	34,763,855
Company assets	4,169,021,890	4,060,480,880

Reconciliation of liabilities

	2024 LL (000)	2023 LL (000)
Segment liabilities	2,023,859,054	1,512,560,342
Loans and borrowings	1,807,761,362	1,241,825,421
Dividend payable	139,000	212,047
Notes payable	150,126	600,506
Provisions for risks and charges	27,048,028	28,312,492
Income tax payable	-	233,347,240
Company liabilities	3,858,957,570	3,016,858,048