

The shareholders of  
Holcim Liban SAL

Dear Sirs

**HOLCIM LIBAN SAL**  
**ARTICLE 158 OF THE LEBANESE CODE OF COMMERCE**  
**YEAR ENDED 31 DECEMBER 2022**

In accordance with the requirements of Article 158 of the Lebanese Code of Commerce, we list below the transactions between the Company and the persons mentioned in paragraphs 1 and 2 of Article 158 of the Lebanese Code of Commerce that require prior authorization from the Board of Directors based on our audit of the financial statements for the year ended 31 December 2022, on which we have issued our report dated 8 June 2023 and on representations received from the management.

Balances and transactions with related parties as at 31 December 2022 were as follows:

	<i>LL (000)</i>
<b>Due to parent company</b>	
Holcim Ltd	24,967,129
	24,967,129
<b>Due to a subsidiary</b>	
Bogaz Enditir Ve Madencilik Limited	60,048,713
	60,048,713
<b>Due to related parties</b>	
Holcim Middle East & Africa IT Service Center	9,735,068
Egypt Sack S.A.E	4,392,227
Holcim Haut Rhin	1,228,016
Holcim Int. Service Singapore	2,662,087
Holcim Group Services Ltd	5,422,823
Others	203,304
	23,643,525
<b>Due from subsidiaries</b>	
Societe Libanaise de Ciments Blancs SAL	68,019,518
Holcim Beton SAL	11,960,365
EDP Centre SARL	1,600,660
Energis Liban SAL	105,546
	81,686,089

	<i>LL (000)</i>
<b>Due from related parties</b>	
Holcim Technology Ltd	9,620,527
LaFarge Service Algerie	142,527
	<u>9,763,054</u>

**1. Holcim Ltd**

	<i>2022</i>	
	<i>US\$</i>	<i>LL (000)</i>
US\$ 50,000,000 – 17 April 2023 – 7% + Libor 6m	50,000,000	75,375,000
US\$ 7,800,000 – 20 January 2024 – 9% + Libor 6m	7,800,000	11,758,500
Capitalized interest - net	16,540,560	266,352,779
Balance as at 31 December 2022	<u>74,340,560</u>	<u>353,486,279</u>
Accrued interest payable - net	<u>1,909,567</u>	<u>70,331,982</u>

Total interest expense on the above loan for the year ended 31 December 2022 amounted to LL (000) 197,272,821 at the rate communicated by the group.

**2. Société Libanaise des Ciments Blancs SAL**

During the year ended 31 December 2022, the Company provided technical assistance to Société Libanaise des Ciments Blancs SAL amounting to LL (000) 6,065,542.

During the year ended 31 December 2022, the Company charged Société Libanaise des Ciments Blancs SAL costs including staff costs and other services amounting to LL (000) 8,894,821.

The Company sold raw materials and combustibles to Société Libanaise des Ciments Blancs SAL amounting to LL (000) 28,566,767 during the year ended 31 December 2022.

During 2008, the Company received a loan from Société Libanaise des Ciments Blancs SAL amounting to US\$ 5,000,000 (equivalent to LL (000) 7,537,500 at official rate) which was increased to US\$ 8,000,000 (equivalent to LL (000) 12,060,000 at official rate) during 2009. This loan is subject to interest at an average annual rate of 4.53% revised annually and matures on 31 December 2024. Total interest expense on the above loan for the year ended 31 December 2022 amounted to US\$ 260,471 (LL (000) 392,660 at published official rate)

### **3. Holcim Trading Ltd**

Holcim Trading Ltd, a subsidiary of the ultimate parent company Holcim Ltd, provides combustibles and other services to the Company. Purchases from this company amounted to LL (000) 536,087,810 during the year ended 31 December 2022.

Advances in the amount of LL (000) 44,424,071 as at 31 December 2022 represent advance payments for the purchase of combustibles paid to Holcim Trading Ltd and recorded under "Other assets" in the statement of financial position.

### **4. Holcim Technology Ltd**

Holcim Liban SAL has joined the Industrial Franchise Fee (IFF) mechanism of Holcim Group during 2020. Holcim Technology Ltd, a subsidiary of the ultimate parent company Holcim Ltd, charges the Company franchise fees computed at 3.5% of consolidated net sales to third parties. These fees were waived in 2022.

### **5. Holcim Middle East & Africa IT Service Center**

Holcim Liban SAL charges Holcim Middle East & Africa IT Service Center, a subsidiary of the ultimate parent company Holcim Ltd, salaries of local employees working with the IT center. Total amount charges during the year ended 31 December 2022 amounted to LL (000) 3,158,959.

### **6. Holcim Haut Rhin**

Holcim Haut Rhin, a subsidiary of the ultimate parent company Holcim Ltd, charges the Company salaries of foreign employees and related costs, which amounted to LL (000) 3,496,384 during the year ended 31 December 2022.

### **7. Holcim Int. Service Singapore**

Holcim Int. Service Singapore, a subsidiary of the ultimate parent company Holcim Ltd, charges the Company salaries of foreign employees and related costs, which amounted to LL (000) 9,184,755 during the year ended 31 December 2022.

### **8. Holcim Group Services Ltd**

Holcim Group Services Ltd, a subsidiary of the ultimate parent company Holcim Ltd, charges the Company training costs of employees and related costs, which amounted to LL (000) 2,254,643 during the year ended 31 December 2022.

Holcim Group Services Ltd, also charges the Company administrative support fees amounting to 0.6% of consolidated net sales. A waiver of the fees was granted to the Company in the year ended 31 December 2022.



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#### **9. Bogaz Enditir Ve Madencilik Limited**

During the year ended 31 December 2022 8. Bogaz Enditir Ve Madencilik Limited, a subsidiary, distributed dividends amounting to US\$ 1,222,000 (equivalent to LL (000) 33,604,670).

#### **10. Societe Pour le Commerce de L'immobilier SAL**

Notes receivable as at 31 December 2022 include an aggregate amount of LL (000) 3,575,396 from the above company. Interest income on these notes amounted to LL (000) 254,237 during the year ended 31 December 2022.

Extraction rights under intangible assets in the net carrying value of LL (000) 15,237,436 as at 31 December 2022 were acquired from the above company and paid for in advance.

Advances in the amount of LL (000) 13,741,722 as at 31 December 2022 consist of prepaid rent to the above company for land and premises recorded as prepayments under "Other assets" in the statement of financial position.

Rent expense paid to the above company amounted to LL (000) 467,958 during the year ended 31 December 2022.

#### **11. Remunerations of key management personnel**

Remunerations of key management personnel amounted to LL (000) 21,902,051 during the year ended 31 December 2022.

The management of the Company has confirmed to us that There are no other transactions, contracts, agreements or other commitments during the year between the Company and the persons mentioned in paragraphs 1 and 2 of Article 158 of the Lebanese Code of Commerce, that are subject to prior authorization from the Board of Directors, in accordance with the provisions of this Article.

Article 158 of the Lebanese Code of Commerce states in all cases, the authorization is not considered effective until it is approved by the General Assembly of the Shareholders. We do not have any comment in that respect.

Ernst & Young

8 June 2023  
Beirut, Lebanon