Holcim Sterling Finance (Netherlands) B.V.

formely named "LafargeHolcim Sterling Finance (Netherlands) B.V."

Amsterdam, the Netherlands

ANNUAL REPORT 2021

Holcim Sterling Finance (Netherlands) B.V.

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Holcim Sterling Finance (Netherlands) B.V.

Management report

The Management board herewith presents its annual report for the year ended 31 December 2021.

Company structure

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

Summary of activities

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

During the year under review the Company acquired financing by issuing a bond on the Luxembourg stock exchange for the nominal amount of GBP 250 million. The Company used the funds raised with this bond issue to finance the group company Holcim Ltd GBP branch.

The net result for 2021 is GBP 403k (2020: GBP 519k). The result of the Company for the year 2021 has decreased compared to the result for the year 2020 mainly because of the increase of administration expenses by GBP 110k in 2021 due to the cost of hired staff.

Summary of the financial activities

Debt-to-Equity ratio
Due to financing activity during the year under review the Company has a Debt-to-Equity ratio (total liabilities/total Capital and Reserves*100%) of 10,685.75% in 2021 (2020: 6,390.32%).

Solvability
As per December 31 2021 the solvability of the Company is 0.93 % (2020: 1.54 %) (Total Capital and Reserves / Total Long Term Liabilities plus Capital plus Total Short Term Liabilities *100%).

General and administrative expenses
The "General and administrative expenses" amounted to GBP 137k (2020: GBP 27k) and increased by GBP 110k compared to 2020 due to the costs of hired staff.

Financial income / (expenses)
The decrease in interest income is mainly caused by the maturity and re-financing of the GBP 200 million loan against a lower interest rate. The increase in financial expenses during 2021 compared to 2020 is mainly due to issue of the new bond partially compensated by a decrease in guarantee fees.

Cash flow
In 2021 the cash flow of the Investing activities is GBP (243.7) million (2020: GBP 0 million) and the cash flow of the financing activities is GBP 243.7 million (2020: GBP 0 million). The operational cash flow for 2021 amounts to GBP (1.9) million negative (2020: GBP 0.8 million positive).

Derivatives

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

Risk

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

Liquidity risk
The liquidity risk is low since at year-end the Net Current Assets were GBP 1.3 million (2020: GBP 0.4 million). The interest on the 300mGBP bond is due annually in May for which the Company will need to attract group financing which will be almost fully repaid with the revenues earned in June of the same year. On a net basis the Company has a cash inflow estimated at GBP 700k annually and therefore has built up a positive net current asset position over the years. The Company is responsible for its own cash balances and the raising of internal and external credit lines to cover the liquidity needs. The Company monitors its liquidity risk by using a recurring liquidity management process and by monitoring reserves of cash.

Credit risk
The Company is exposed to credit risk on its financing activity. The credit risk of the Company is partly limited through contractual agreements with its parent company. As per 31 December 2021 the risk was limited to 1% (2020: 1%) of the lending portfolio achieved by way of Guarantee of the bond by the Parent company and the limited recourse agreement limiting the right of recourse of the Parent company on the Company. The Company monitors the credit risk of the borrowers continuously.

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

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

Subsequent events

The Company has a guarantee from Holcim Ltd and Holcim Ltd's major presence in developing markets exposes the Group to risks such as political, financial and social uncertainties and turmoil, terrorism, civil war and unrest. In February 2022, the conflict between Russia and Ukraine worsened. The situation is changing rapidly creating high volatility in the energy markets, especially in Europe. Given the recent and rapid escalation of events and the imposition of additional sanctions, it is too early to determine the potential impact on the Group's operating results. The Group does not have any assets nor operations in Ukraine. The Group's Russian operations represented around one percent of the 2021 consolidated net sales.

No other significant events, that impact the financial statements as at 31 December 2021, occurred between the balance sheet date and the 21 of March 2022.

Covid-19 impact

Due to the COVID-19 crisis, the local market conditions were disrupted and impacted by various factors beyond the Company’s control, including a prolonged spread of the pandemic, government measures affecting the Group’s operations and customer’s behaviors. These factors led to a high degree of uncertainty on the estimated and assumptions concerning the future that were considered in multiple scenarios which are believed to be reasonable, supportable and realistic under circumstances. The estimates and assumptions have been based on the available information at the end of December 2021.

Internal Control

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

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

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

A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and

expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Holcim Sterling Finance (Netherlands) B.V.

Management report

Corporate governance statement

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

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

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

Shareholders meeting

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

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

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

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

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

Audit committee

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

Independent auditors

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

Deloitte was elected as independent auditor.

Future outlook

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

Research and Development

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

The Management Board

M.L. Unternährer

V.C. Hartman

G. van Estrik

H.C.H. Lokin

L.E.L. Jaques

Amsterdam, 21 March 2022

Holcim Sterling Finance (Netherlands) B.V.

Balance Sheet

(after appropriation of results and expressed in British Pounds)

	Notes	31 December 2021	31 December 2020
FIXED ASSETS			
Loans to affiliated companies	3	543,722,500	300,000,000
CURRENT ASSETS	4		
Receivable from affiliated companies		4,304,697	98,111
Receivable from third parties		16,217	7,269
Cash at bank	5	4,193,879	6,078,086
		8,514,793	6,183,466
CURRENT LIABILITIES	6		
Liabilities to affiliated companies		86,870	43,247
Tax liability	7	15,034	0
Other accounts payable and accrued expenses		7,151,838	5,782,062
		7,253,742	5,825,309
NET CURRENT ASSETS/(LIABILITIES)		1,261,051	358,157
TOTAL ASSETS LESS CURRENT LIABILITIES		***544,983,551***	***300,358,157***
LONG-TERM LIABILITIES			
Loans facility from affiliated companies	8	0	0
Loans from third parties	9	539,863,488	295,640,617
CAPITAL AND RESERVES	10		
Share capital		1,000	1,000
Share premium		3,000,000	3,000,000
Other reserves		2,119,063	1,716,540
		5,120,063	4,717,540
TOTAL LONG-TERM LIABILITIES PLUS CAPITAL		***544,983,551***	***300,358,157***

Holcim Sterling Finance (Netherlands) B.V.

Profit and Loss Account
(expressed in British Pounds)

	Note	Year ended 31 December 2021	Year ended 31 December 2020
FINANCIAL INCOME/(EXPENSES)			
Interest income - affiliated companies		16,093,198	17,954,333
Interest income - third parties		6,335	19,515
Interest expenses- affiliated companies		(4,538,418)	(7,923,537)
Interest expenses - third parties		(10,371,698)	(9,015,769)
Other interest and similar expenses - third parties		(501,245)	(382,192)
Foreign exchange difference		(14,259)	18,950
		673,913	671,300
EXPENSES			
General and administrative expenses		137,390	26,613
		137,390	26,613
RESULT BEFORE TAXATION		536,523	644,687
Taxation	7	(134,000)	(125,356)
RESULT AFTER TAXATION		**402,523**	**519,331**

Holcim Sterling Finance (Netherlands) B.V.

Cash flow statement
(expressed in British Pounds)

	2021	2020
General and administrative expenses	-137,388	(26,613)
Movement in working capital	62,737	4,200
Cash flow form operations	-74,651	(22,413)
Financial income received	11,907,850	17,973,953
Financial expenses paid	-13,580,751	(16,924,321)
Corporate income tax paid	-122,395	(210,313)
	-1,795,296	839,319
Cash flow from operating activities	-1,869,947	816,906
Increase long term receivables	-243,722,500	0
Cash flow from investing activities	-243,722,500	0
Increase long term financial liabilities	249,932,402	4,000,000
Decrease long term financial liabilities	-6,209,902	(4,000,000)
Cash flow from financing activities	243,722,500	0
Net Cash flow	**-1,869,947**	**816,906**
Exchange and translations gains and losses on cash and cash equivalents	-14,259	18,950
Increase in cash and cash equivalents	**-1,884,207**	**835,856**
Cash and cash equivalents at the beginning of the year	6,078,086	5,242,230
Cash and cash equivalents at the end of the year	**4,193,880**	**6,078,086**

Holcim Sterling Finance (Netherlands) B.V.

Notes to financial statements as at 31 December 2021

1. General

Holcim Sterling Finance (Netherlands) B.V. ("the Company") has been incorporated with limited liability on 14 March 2016 in Amsterdam, The Netherlands. The address of the Company is Roemer Visscherstraat 41, 1054 EW, Amsterdam, the Netherlands. The Company's Chamber of Commerce registration number is 65563921. The main activity of the Company is to act as finance company in British pounds for the Holcim group. On 9 June 2021 the Company changed its name from LafargeHolcim Sterling Finance (Netherlands) B.V into Holcim Sterling Finance (Netherlands) B.V. The financial statements have been prepared by management of the Company and are approved on 21 of March 2022.

2. Summary of principal accounting policies

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

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

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

Financial Assets and Liabilities

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

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

2. Summary of principal accounting policies (continued)

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

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

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

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

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

2. Summary of principal accounting policies (continued)

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

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

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

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

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

Risks

Liquidity risk
The liquidity risk is low since at year-end the Net Current Assets were GBP 1.3 million (2020: GBP 0.4 million). The negative position of the Net Current Assets in years 2017, 2018 and 2019 was caused by a discrepancy between the attracted financing and the long term loan notes provided which is partly compensated by the timing difference in maturity of the interest payable/receivable and the payable for the guarantee. The interest on the bond is due annually in May for which the Company will need to attract group financing which will be almost fully repaid with the revenues earned in June of the same year. On a net basis the Company has a cash inflow estimated at GBP 700k annually and therefore has built up a positive net current asset position over the years. The Company is responsible for its own cash balances and the raising of internal and external credit lines to cover the liquidity needs. The Company monitors its liquidity risk by using a recurring liquidity management process and by monitoring reserves of cash.

Credit risk
The Company is exposed to credit risk on its financing activity. The credit risk of the Company is partly limited through contractual agreements with its parent company. As per 31 December 2021 the risk was limited to 1% (2020: 1%) of the lending portfolio achieved by way of Guarantee of the bond by the Parent company and the limited recourse agreement limiting the right of recourse of the Parent company on the Company. The Company monitors the credit risk of the borrowers continuously.

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

2. Summary of principal accounting policies (continued)

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

Fair value estimation

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

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

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

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

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

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

Level 3 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are not based on observable market data. In 2020 there were no financial assets and liabilities allocated to level 3.

COVID-19 impact

Due to the COVID-19 crisis, the local market conditions were disrupted and impacted by various factors beyond the Company's control, including a prolonged spread of the pandemic, government measures affecting the Group's operations and customer's behaviors. These factors led to a high degree of uncertainty on the estimated and assumptions concerning the future that were considered in multiple scenarios which are believed to be reasonable, supportable and realistic under circumstances. The estimates and assumptions have been based on the available information at the end of December 2021.

3. Loans to affiliated companies

The Company has a GBP 200 million long term loan note and a GBP 100 million long term loan note with Holcim Participations (UK) Ltd. The long term loan note of GBP 100 million has a maturity date of December 2027. The GBP 200 million loan note matured on 20.07.2021, but it was refinanced be a new GBP 200 million loan on the same date. The new GBP 200 million has its maturity on 20.07.2031.

Next to these existing loans the Company gave a new GBP 243.8 million long term loan to Holcim Ltd, with a maturity on 04.04.2034.

The fair values of loans to affiliated companies as per 31.12.2021 amount to GBP 636’577’968 (2020: 325’806’651) are classified as level 2.

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

	2021	2020
Balance at the beginning of the year	300,000,000	300,000,000
Additional loans	443,722,500	0
Redemption of loan	(200,000,000)	0
Balance at the end of the year	543,722,500	300,000,000

4. Current assets

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

5. Cash at bank

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

6. Current liabilities

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

7. Corporate income tax

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

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

	2021	2020
Tax payable (receivable) beginning of the year	(7,120)	77,837
Income taxation current year	134,000	161,000
Corrections income taxation previous years	0	(35,644)
Payments to tax authorities	(125,693)	(210,313)
Foreign exhange	13,847	0
Balance at the end of the year	15,034	(7,120)

The effective tax rate for the year 2021 is 24.97% (2020: 19.44%). The nominal tax rate for the year 2021 is 15% - 25% (2020: 16.5% - 25%). The difference between the effective tax rate and the nominal tax rate in 2020 was due to a prior year adjustment recognized in 2020.

8. Loans facility from affiliated parties

The company has a facility agreement with Holcim Ltd for an amount of GBP 15 million (2020 GBP 15 million). The facility which was in place till May 2021 and has been renewed with a new facility agreement of GBP 15 million which is in place till May 2024. The interest rate on the new facility agreement is fixed at 1.0665% (2020: 1.75%) of the used amount of the facility.

During the year The Company used an amount of GBP 6.2 million and repaid GBP 6.2 million. The repayments of the facility are at the option of the borrower and the loans cannot immediately be reclaimed by the lender because no event of default has taken place.

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

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

	2021	2020
Balance at the beginning of the year	0	0
Additional loan	6,209,902	4,000,000
Early repayment of loan	(6,209,902)	(4,000,000)
Balance at the end of the year	0	0

9. Loans from third parties

Under the 10 billion Euro Medium Term Note Program, as entered into in 2016 by the Company and a few affiliated companies, the Company has issued Notes for a nominal value of GBP 300 million, which are quoted at the Luxembourg Stock Exchange. The actual amount, which is received, is GBP 294.3 million taking into account a discount and issuing costs. The amortization of costs during the year of review was GBP 0.4 million and is presented as other interest and similar expenses. The Notes have a term of 15 years and ends at May 2032 and for this period the interest is fixed at 3.00%. Holcim Ltd. acts as the guarantor of the Note program.

During the year under review the Company acquired financing by issuing a bond on the Luxembourg Stock Exchange with a nominal amount of GBP 250 million. The actual amount received is GBP 243.7 million taking into account a discount and issuing costs. The amortization of costs during the year of review was GBP 0.1 million and is presented as other interest and similar expenses. The Notes have a term of 13 years and ends at April 2034, for this period the interest rate is fixed at 2.25 %. Holcim Ltd. acts as the guarantor of the Note program.

The fair values of loans from third parties amount to GBP 564’360’500 (2020: GBP 351’192’000) are classified as level 1.

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

	2021	**2020**
Balance at the beginning of the year	295,640,617	295,259,204
Additional loans	243,722,500	0
Amortization of costs	500,371	381,413
Balance at the end of the year	539,863,488	295,640,617

Limited recourse

The Company has entered into a limited recourse agreement with Holcim Ltd. This agreement limits the Company’s risk of Holcim Ltd’s rights of recourse to 1% of the outstanding bonds. The annual fee charged covers the limited recourse as well as the Guarantee that Holcim Ltd has committed itself to towards the bond holders and amounts to 0.0593% on the outstanding bond as per 31.12.2021 (31.12.2020: 2.5948%). The fee is presented as interest expense.

10. Capital and reserves

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

The Company’s share premium is GBP 3 million, there were no movements in 2021.

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

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

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

	2021	2020
Share capital		
Balance at the beginning and end of the year	1,000	1,000
Share premium		
Balance at the beginning and end of the year	3,000,000	3,000,000
Other reserves		
Balance at the beginning of the year	1,716,540	1,197,209
Profit for the year	402,523	519,331
Balance at the end of the year	2,119,063	1,716,540
Total capital and reserves	5,120,063	4,717,540

11. Directors

During the year under review the Company has five (2020: five) managing directors. The total remuneration for the year under review amounted to EUR 5’000 / GBP 4’280 (2020: EUR 6’050 / GBP 5’458). The Company has no supervisory directors.

Notes to financial statements as at 31 December 2021

12. Related parties

The 2021 accounts include the following related party transactions:

	2021	2020
Balance sheet		
Interest receivable on Holcim Participation (UK) Ltd.	2,774,444	98,111
Interest receivable on Holcim Ltd	1,515,420	0
Accounts receivable on Caricement BV	610	0
Accounts receiveble on Surma Holding BV	7,112	0
Accounts receivable on Holchin BV	7,112	0
Long term loan (notes) to Holcim Participation (UK) Ltd.	300,000,000	300,000,000
Long term loan (notes) to Holcim Ltd	243,722,500	0
Interest payable to LafargeHolcim Ltd.	1,910	43,247
Account payable to Holderfin BV	84,960	0
Profit and loss account		
Interest income Holcim Participation (UK) Ltd.	14,577,778	17,954,333
Financial expenses LafargeHolcim Ltd.	3,022,998	7,923,537

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

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

13. Auditors fees

The agreed fee for auditing services and other services rendered by the auditor's firm Deloitte Accountants B.V. excluding VAT are as follows in EUR:

	2021	2020
Audit of financial statements	12,105	14,278
Other services (consent letter)	3,750	2,602
Total audit fees	15,855	16,880

14. Contingent assets / liabilities

The Company has an entered into an annual lease obligation with a third party in respect of property for EUR 49'775 (2020: EUR 0) in total. The term of the lease contract is until the 31 May 2024.

15. Number of employees

The Company has no FTE's, but it has insourced personnel in order to perform the activities necessary to manage the company. The costs of this insourcing amounts to GBP 85k in 2021 (2020: GBP 0).

16. Events after the balance sheet date

The Company has a guarantee from Holcim Ltd and Holcim Ltd's major presence in developing markets exposes the Group to risks such as political, financial and social uncertainties and turmoil, terrorism, civil war and unrest. In February 2022, the conflict between Russia and Ukraine worsened. The situation is changing rapidly creating high volatility in the energy markets, especially in Europe. Given the recent and rapid escalation of events and the imposition of additional sanctions, it is too early to determine the potential impact on the Group's operating results. The Group does not have any assets nor operations in Ukraine. The Group's Russian operations represented around one percent of the 2021 consolidated net sales.

No other significant events, that impact the financial statements as at 31 December 2021, occurred between the balance sheet date and the 21 of March 2022.

17. Other disclosures

The Company has together with several other affiliated companies, credit facility agreements with third parties for the amounts of CHF 500 million and EUR 1'050 million.

At the moment the Company makes a draw down on these credit facilities it is obliged to take in to consideration that:
The facilities are ranked pari passu with all other present and futures unsecured and unsubordinated obligations.
Not to pledge any positions, unless in any such case at the same time the obligations under the facility are secured equally and ratably by the same security as is created and outstanding.

During the year 2021 the Company did not make a draw down on these credit facilities.

The Management Board

M.L. Unternährer

V.C. Hartman

G. van Estrik

H.C.H. Lokin

L.E.L. Jaques

Amsterdam, 21 March 2022

Other information

Audit

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

Appropriation of result according to Articles of Association

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

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Deloitte Accountants B.V.
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P.O.Box 58110
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Independent auditor's report

To the shareholders of Holcim Sterling Finance (Netherlands) B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the accompanying financial statements 2021 of Holcim Sterling Finance (Netherlands) B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Holcim Sterling Finance (Netherlands) B.V. as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at 31 December 2021.

2. The profit and loss account for 2021.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Holcim Sterling Finance (Netherlands) B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

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

Materiality
Based on our professional judgement we determined the materiality for the financial statements as a whole at GBP 5,500,000. The materiality is based on 1% of the total assets. We have also taken into

account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with management that misstatements in excess of GBP 275,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Emphasis of the impact of the Russia/Ukraine-crisis

The Russia/Ukraine-Crisis also impacts Holcim Sterling Finance (Netherlands) B.V. Management disclosed the estimated impact on financial performance and health of the company and her plans to deal with these events or circumstances in page 18 of the financial statements. Our opinion is not modified in respect of this matter.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to management. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the matter***
Note 3 and 4 Receivables from affiliated companies Key audit matter is the risk associated with the possible impairment of the receivables from the affiliated companies, which are measured against amortized cost. Reference is made to note 3 and 4 of the financial statements of Holcim Sterling Finance (Netherlands) B.V. as per 31 December 2021.	We performed the following procedures to audit the valuation of the receivables from affiliated companies: • We obtained the most recent financial information of the affiliated companies and evaluated valuation of the receivables from affiliated companies. • We verified that the interest rate is at arm's length based on the advanced pricing agreements and credit spread compared to the related bonds issued. • We obtained confirmations of the outstanding loans from the counterparties. ***Key observations*** Our procedures performed did not indicate that the receivables from affiliated companies are materially misstated.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the board exercises oversight, as well as the outcomes.
We note that management has not formalized its fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.
As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We identified the following fraud risks and performed the following specific procedures:

- Management override of controls
  - we have reviewed journal entries made and evaluated whether these include elements that could relate to fraud and management override;
  - we have identified and obtained an understanding of the business rationale for significant or unusual transactions that are outside the normal course of business; and
  - we have evaluated whether the judgments and decisions made by management in making the estimates included in the financial statements, even if they are individually reasonable, indicate a possible bias on the part of the entity's management.

- Revenue
  - we have reviewed loan agreements and evaluated the used parameters in the interest calculation prepared by client;
  - we have reconciled the interest income calculated with the general ledger.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or noncompliance.

We considered available information and made enquiries of relevant executives, directors.

We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We evaluated whether the selection and application of accounting policies of the company, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.

We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 3 of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements.

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Impairment testing of fixed assets is a significant area to our audit as the determination whether these assets are not carried at more than their recoverable amounts is subject to significant management judgment. Reference is made to the section "Our key audit matters"

For significant transactions such as Loans receivable we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach fraud risks compliance with laws and regulations

We assessed the laws and regulations relevant to the Company through discussion with management, reading minutes. As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: adherence to (corporate) tax law and financial reporting regulations, the requirements under Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements. We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, the Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.
Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to Company's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of management, the Supervisory Board, the Executive Board and others within Company's as to whether the Company is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.
Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.
Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contain other information that consists of:

- Management Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by management as auditor of Holcim Sterling Finance (Netherlands) B.V. on January 16, 2018, as of the audit for the year 2017 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

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

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding 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 auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee (on ultimate parent level) in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide management with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 21 March 2022

Deloitte Accountants B.V.

Signed on the original: J. Penon