

# DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES USED IN THE 2025 INTEGRATED ANNUAL REPORT

## Organic growth

Organic growth information factors out changes in the scope of consolidation (such as divestments and acquisitions occurring in the current year and the prior year) and currency translation effects (current-year figures are converted with prior-year exchange rates in order to calculate the currency effects).

## Growth in local currency excluding large M&A

Growth in local currency excludes currency translation effects and large M&A.

## Large M&A

Large M&A refers to divestments and acquisitions of entities or group of companies with annual net sales over CHF 200 million.

## Recurring operating costs

The recurring operating costs indicator represents all recurring costs. It is defined as:

- +/- Recurring EBITDA
- Net sales
- Share of profit of joint ventures

## Recurring EBITDA

The recurring EBITDA (earnings before interest, tax, depreciation, and amortization) measures the performance of the Group, excluding the impacts of non-recurring items. It is defined as:

- +/- Operating profit/loss (EBIT)
- Depreciation, amortization, and impairment of operating assets
- Restructuring, litigation, and other non-recurring costs

Post spin-off, recurring EBITDA is presented before leases to allow better comparability with peers and align with industry practice.

## Recurring EBITDA margin

The recurring EBITDA margin measures the profitability of the Group, excluding the impacts of non-recurring items. It is defined as the recurring EBITDA divided by net sales.

Post spin-off, recurring EBITDA is presented before leases to allow better comparability with peers and align with industry practices.

## Recurring EBIT

The recurring EBIT is defined as operating profit/loss (EBIT), adjusted for restructuring, litigation, other non-recurring costs, and impairment of operating assets.

## Recurring EBIT margin

The recurring EBIT margin measures the profitability of the Group, excluding the impacts of restructuring, litigation, and other non-recurring costs. It is defined as the recurring EBIT divided by net sales.

## Restructuring, litigation, and other non-recurring costs

Restructuring, litigation, and other non-recurring costs relate to significant items that, because of their exceptional nature, cannot be viewed as inherent to the Group's ongoing performance, such as strategic restructuring, major items relating to antitrust fines, and other business-related litigation cases.

## Profit (loss) on disposals and other non-operating items

Profit and loss on disposals and other non-operating items comprise gains or losses on the disposals of Group companies, associates, and joint ventures, other non-operating items that are not directly related to the Group's operating activities such as revaluation gains or losses on previously held equity interests, and indemnification provisions.

## Operating profit/loss (EBIT) before impairment

The operating profit/loss (EBIT) before impairment measures the profit earned from the Group's core business activities, excluding impairment charges which, because of their exceptional nature, cannot be viewed as inherent to the Group's ongoing activities. It is defined as:

- +/- Operating profit/loss
- Impairment of goodwill and long-term assets

### **Net income/loss before taxes, impairment and divestments**

Net income/loss before taxes, impairment and divestments excludes impairment charges and capital gains and losses arising on disposals of Group companies, joint ventures and associates which, because of their exceptional nature, cannot be viewed as inherent to the Group's ongoing activities. It is defined as:

- +/- Net income/loss before taxes
- Gains and losses on disposals of Group companies, joint ventures and associates
- Impairment of goodwill and long-term assets

This indicator is presented only for continuing operations.

### **Net income/loss before impairment and divestments**

Net income/loss before impairment and divestments excludes impairment charges and capital gains and losses arising on disposals of investments which, because of their exceptional nature, cannot be viewed as inherent to the Group's ongoing activities. This indicator is net of taxation and is defined as:

- +/- Net income/loss
- Gains and losses on disposals of Group companies, joint ventures and associates, net of taxation
- Impairment of goodwill and long-term assets, net of taxation

This indicator is presented only for continuing operations.

### **Earnings per share (EPS) before impairment and divestments**

Earnings per share (EPS) before impairment and divestments measures the theoretical profitability per share of stock outstanding based on net income/loss before impairment and divestments. It is defined as net income/loss before impairment and divestments attributable to the Holcim Ltd shareholders divided by the weighted average number of shares outstanding.

This indicator is presented only for continuing operations.

### **Growth (development) CapEx**

Expenditure to increase capacity and geographical footprint, transform or diversify products and services through innovation, and enhance operational efficiency and productivity to drive strategic growth and competitiveness.

### **Maintenance CapEx**

Expenditure to sustain the functional capacity of a particular component, assembly, equipment, production line or the whole plant, which may or may not generate a change of the resulting cash flow.

### **CapEx or net CapEx (net maintenance and growth (development) CapEx)**

The CapEx or net CapEx (net maintenance and growth (development) CapEx) measures the cash spent to maintain or develop the asset base. It is defined as:

- + Growth (development) CapEx
- + Maintenance CapEx
- Proceeds from the sale of property, plant and equipment

### **Employee benefits and other operating items**

Employee benefits and other operating items reflect the non-cash impact on the operating profit of employee benefits schemes net of any cash payments, the non-cash impact of the specific business risks provisions net of any cash payments, the non-cash share based compensation expenses and any other non-cash operating expenses.

### **Change in other receivables and liabilities**

Change in other receivables and liabilities includes the net change of other receivables and liabilities that are not already disclosed separately in the condensed interim consolidated statement of cash flows or that are not of a tax or financial nature.

### **Free cash flow**

The free cash flow measures the level of cash generated by the Group after spending cash to maintain or expand its asset base. It is defined as:

- +/- Cash flow from operating activities
- Net maintenance and growth (development) CapEx

Post spin-off, free cash flow is presented before leases to allow better comparability with peers and align with industry practices.

This indicator is presented only for continuing operations.

### **Free cash flow after leases**

The free cash flow after leases is defined as:

+/- Free cash flow

- Repayment of long-term lease liabilities.

This indicator is presented only for continuing operations.

### **Cash conversion**

Cash conversion measures the Group's ability to convert profits into available cash. It is defined as free cash flow divided by recurring EBITDA.

Post spin-off, cash conversion is presented before leases to allow better comparability with peers and align with industry practice.

This indicator is presented only for continuing operations.

### **Net financial debt (net debt)**

The net financial debt (net debt) measures the financial debt of the Group after deduction of the cash. It is defined as:

+ Financial liabilities (short- and long-term) including derivative liabilities

- Cash and cash equivalents

- Derivative assets (short- and long-term)

### **Debt leverage**

The net financial debt to recurring EBITDA ratio is used as an indicator of financial risk and shows the number of years it would take the Group to repay its debt if recurring EBITDA and net debt are held constant.

### **Invested capital**

The invested capital measures total funds invested by shareholders, lenders, and any other financing sources. It is defined as:

+ Total shareholders' equity

+ Net financial debt

- Assets classified as held for sale

+ Liabilities classified as held for sale

- Current financial receivables

- Long-term financial investments and other long-term assets

### **Net operating profit/loss after tax (NOPAT)**

It is defined as:

+/- Net operating profit/loss (i.e., recurring EBIT and share of profit of associates)

- Income taxes (determined by applying the Group's effective tax rate to the net operating profit/loss as defined above)

This indicator is presented only for continuing operations.

### **Return on invested capital (ROIC)**

The return on invested capital (ROIC) measures the Group's ability to efficiently use invested capital. It is defined as net operating profit/loss after tax (NOPAT) divided by the average invested capital. The average is calculated by adding the invested capital at the beginning of the period to that at the end of the period and dividing the sum by two (based on a rolling 12-month calculation). In case of a material change in scope during the year, the average invested capital is adjusted pro rata temporis.

### **Personnel (FTE)**

Personnel (FTE) measures the number of full-time equivalent own personnel (FTE) assigned to functions and tasks.

**Construction demolition materials**

Construction demolition materials (CDM) are generated from the construction industry, renovation, repair, maintenance and demolition of houses, large building structures, roads, bridges, piers, dams and alike. This comprises alternative raw materials, recycled aggregates, recycled asphalt and return concrete reused in cement, aggregates, ready-mix concrete, asphalt and concrete products. CDM includes, but is not limited to, Construction and Demolition Waste (CDW) as defined by the EU construction & demolition waste management protocol.

**Net sales from products with CDM inside**

Net sales from products with CDM inside are defined as products and solutions with ECOCycle inside containing at least 10% recycled construction demolition materials.

**Sustainable financing**

Any committed financing instrument drawn and undrawn with a sustainability feature which includes performance-based (sustainability KPI, ESG linked) or use-of-proceed-based products (green, social, transition bonds) incurred by the parent company or consolidated entities.