

CRH FUNDING B.V.

ANNUAL REPORT

FOR THE PERIOD ENDED
31 DECEMBER 2023

Registered with the Chamber of Commerce in The Netherlands under number: 57502536

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated 12 April 2024

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1 DIRECTORS' REPORT

1.1 General

The principal business activities of CRH Funding B.V. ("the Company") consist of the supply or to procure the supply of finance to affiliated companies, as well as to draw or to procure the drawing of funding. The Company is a wholly owned subsidiary of CRH Nederland B.V., registered in Rijswijk ZH, The Netherlands and has its business office at De Klencke 10, 1083 HL, Amsterdam. The ultimate parent company is CRH plc, registered in 42 Fitzwilliam Square, Dublin 2, Ireland. CRH Funding B.V. is included in the consolidated financial statements of CRH plc. These latter financial statements can be obtained in the registered office of CRH plc in Ireland. They are also available at www.crh.com. The Company has been incorporated since March 19th, 2013.

1.2 2023 Results

The Company has participated as an "Issuer" in the CRH Euro Medium Term Note Programme ("EMTN Programme") guaranteed by a corporate guarantee by CRH plc.

The result for the year is a profit of €942 thousand. This profit is mainly driven by the interest income earned on intercompany loans, reduced by the interest expenses regarding the bond loan and guarantee fees on the corporate bonds paid to CRH Plc.

1.3 Outlook for 2024 and beyond

On 9th January 2024 the Company repaid €600 million bond and €11.25 million interest due as scheduled. The repayment was funded by the repayment of the intercompany loans granted to CRH Nederland B.V. (€200 million principal repayment plus €1.34 million interest payment) and CRH Europe Investments B.V. (€397 million principal repayment plus €2.68 million interest payment).

The Company may issue notes under the EMTN Programme when one is in place, as it has in the past. The Company may lend to other members of the CRH plc group of companies (the "CRH Group").

The Directors consider the position of the Company to be strong at year end. Cash at year end is nil, but the Company can draw cash from the Group cash pool for immediate expenses. Furthermore, the Company can draw on support provided by CRH plc to enhance their position. The Directors do not anticipate any major change in the nature of the Company's business in the foreseeable future.

1.4 Inclusion and diversity

The Company, as part of the CRH plc Group, continues to strive for inclusion and diversity in the Company.

The CRH plc Group is committed to a target of 33% women in senior leadership by 2030. As part of steps to achieve this target CRH plc Group have established I&D Committees across divisions and corporate offices to lead and embed change throughout CRH.

For further information on inclusion and diversity policies and targets, we refer to the CRH plc Annual Report.

1.5 Statement of Directors' Responsibilities

Company law in the Netherlands requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements of the Company, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent, and
- Comply with Title 9 of book 2 Dutch Civil Code, and
- Comply with applicable International Financial Reporting Standards as adopted by the European Union ("EU-IFRS"), subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements of the Company are prepared in accordance with applicable International Financial Reporting Standards as adopted by the European Union. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors signing the Annual Accounts are directors of CRH Nederland B.V., remunerated by CRH Nederland B.V..

1.6 Personnel

The company had no personnel employed in 2023 (2022: nil).

1.7 Risk management

The primary objective of the Company's capital management strategy is to ensure that the Company maintains an effective financial standing to be able to issue third party debt, which may be guaranteed by CRH plc, and for the Company to provide funding to related parties.

The Company uses financial instruments: interest-bearing loans and borrowings and cash and cash equivalents to perform its principal business activities. CRH Funding B.V. may enter into derivative transactions in order to hedge a risk, but it will not trade in derivative transactions. At 31 December 2023 no derivatives are in use.

The corporate treasury function of CRH Group provides services to the Company, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company. In this respect risk management is being performed by CRH plc.

The main risks relating to the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for the prudent management of each of these risks as documented below.

1.8 Principal Risks and Uncertainties

Under Title 9 of Book 2 of the Dutch Civil Code and Regulation 5(4)(c)(ii) of the Transparency (Directive 2004/109/EC) Regulations 2007, the Group is required to give a description of the principal risks and uncertainties which it faces. These risks and uncertainties reflect the international scope of the Group's operations and the Group's decentralised structure.

CRH Funding B.V. management is responsible for major strategic development. The responsibility for operational issues is devolved, subject to limits of authority, to platform and operating company management. Management is responsible for internal control. This embedding of the system of internal control throughout CRH Funding B.V.'s operations ensures that the organisation is capable of responding quickly to evolving business risks, and that significant internal control issues, should they arise, are reported promptly to appropriate levels of management. The Board of Directors receives on a regular basis, reports on the key risks to the business and the steps being taken to manage such risks and consider whether the significant risks faced by CRH Funding B.V. are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity.

The financial performance of the Company is affected by borrower credit quality and general economic conditions

Risks arising from changes in credit quality and the recoverability of loans and amounts due from other Group companies are inherent in the Company's business. Adverse changes in the credit quality of the Company's borrowers or in general deterioration in economic conditions, or arising from systematic risks in the financial system, could affect the recoverability and value of the Company's assets and require a provision for expected credit loss or other provisions. The current and desired risk profile are assessed as low.

Changes in interest rates affect the Company's business

The most significant market risks the Company faces are interest rate risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs and could result in decreased finance income or lead to volatility associated with changes in fair value materially differing from the carrying amount.

The current and desired risk profile are assessed as low.

Liquidity risks

Company's main objective when managing liquidity is to ensure that it will have sufficient funds to meet its liabilities. CRH Funding has financial support of the CRH Plc and participates in the cash pooling agreements with the CRH plc Group companies to ensure liquidity and cash flow management objectives are met.

The current and desired risk profile are assessed as low.

Russia - Ukraine conflict

The conflict between Russia and Ukraine impacted the globe. The Company does not have a direct footprint in Russia or Ukraine and the Company's activities are not directly impacted by the conflict.

The current and desired risk profile are assessed as low.

1.9 Going concern

The Company forms part of a wider Group which holds a strong financial position and has access to considerable financial resources. Having assessed the relevant business risks, the Directors believe that the Company is well placed to manage these risks successfully, and they have a reasonable expectation that the Group as a whole has adequate resources to continue operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

Going concern review

As at 31 December 2023 the Company's current assets (€626 million) exceed the current liabilities (€619 million) and mainly relate to the loans granted to the related parties. The Company's current liabilities mainly relate to the €600 million bond and €11.25 million interest due. The Company repaid the €600 million bond including interest outstanding on 9th January 2024 as scheduled. The bond repayment was funded by the receipt of the intercompany loans due.

The Company's long-term external debt, mainly comprises bonds totalling €745.69 million which are guaranteed by CRH plc. CRH plc maintains a strong long-term Credit Rating, best in sector as stated by Standard & Poor's (BBB+), Moody's (Baa1) and Fitch (BBB+). Therefore, the CRH Funding B.V. Board of Directors believes the Group continues to have a strong financial basis for current and future obligations.

To the best of the CRH Funding B.V. Board of Directors' knowledge the financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss for the financial period and the Directors' report gives a true and fair view of the situation at the balance sheet date and the development of the business during the financial period of the Company.

1.10 Directors' Remuneration

The Company's directors are remunerated in accordance with the CRH plc Group's Directors' Remuneration Policy. The full policy can be found on the CRH website (www.crh.com). For additional details, refer note 2.9.

Amsterdam, 12 April 2024

On behalf of the Directors

R.G.M. Pillen

A.J. Bakker

CRH Nederland B.V.

Director

R.G.M. Pillen

Director

CRH Nederland B.V.

Director

A.J. Bakker

Director

FINANCIAL STATEMENTS

2 FINANCIAL STATEMENTS

2.1 Statement of Profit or Loss

for the financial year ended 31 December 2023	Notes	2023	2022
		€'000	€'000
Interest income	2.8.1	36,323	36,000
Interest expense	2.8.1	(24,808)	(24,774)
Net interest income		11,515	11,226
Operating costs	2.8.2	(10,245)	(10,246)
Operating result		1,270	980
Result before tax		1,270	980
Income tax expense	2.8.5	(328)	(253)
Result for the financial year		942	727

2.2 Statement of Comprehensive Income

for the financial year ended 31 December 2023			
Result for the financial year		942	727
Other comprehensive income for the year		-	-
Total comprehensive income for the financial year		942	727
Attributable to:			
Equity holders of the Company		942	727

* The accompanying notes form an integral part of the financial statements.

2.3 Statement of Financial Position

for the financial year ended 31 December 2023

		2023	2022
	Notes	€'000	€'000
ASSETS			
Non-current assets			
Interest-bearing loans to related parties	2.8.6	743,000	1,340,000
Total non-current assets		743,000	1,340,000
Current assets			
Interest-bearing loans to related parties	2.8.6	597,000	-
Current receivables	2.8.7	29,566	28,873
Total current assets		626,566	28,873
TOTAL ASSETS		1,369,566	1,368,873
EQUITY			
Equity share capital	2.8.8	10	10
Share premium	2.8.8	70	70
Retained income	2.8.8	4,330	3,388
Shareholders' equity		4,410	3,468
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	2.8.9	745,687	1,344,295
Total non-current liabilities		745,687	1,344,295
Current liabilities			
Interest-bearing loans and borrowings	2.8.9	600,000	-
Interest on interest-bearing loans and borrowings	2.8.9	18,918	18,941
Other payables	2.8.10	551	2,169
Total current liabilities		619,469	21,110
Total liabilities		1,365,156	1,365,405
TOTAL EQUITY AND LIABILITIES		1,369,566	1,368,873

* The accompanying notes form an integral part of the financial statements.

2.4 Statement of Changes in Equity

for the financial year ended 31 December 2023

	Share capital €'000	Share premium €'000	Retained income €'000	Total €'000
Balance at 31 December 2021	10	70	2,661	2,741
Result for the financial year	-	-	727	727
Balance at 31 December 2022	10	70	3,388	3,468
Result for the financial year	-	-	942	942
Balance at 31 December 2023	10	70	4,330	4,410

2.5 Statement of Cash flows

for the financial year ended 31 December 2023

Notes

	2023	2022
	€'000	€'000
Cash flows from operating activities		
Result before tax	1,270	980
Amortisation upfront fees non-current liabilities	1,392	1,392
Adjustment for net interest income	(11,515)	(11,226)
Net movement on working capital	(16,302)	(2,380)
Interest received	48,592	36,063
Interest paid	(23,437)	(24,829)
Corporation tax received	-	-
Net cash flows from operating activities	-	-
Cash flows from investing activities		
Received interest bearing loans	-	-
Granted interest bearing loans	-	-
Net cash flows from investing activities	-	-
Cash flows from financing activities		
Net cash flows from financing activities	-	-
Movement in cash and cash equivalents	-	-
Reconciliation of opening to closing cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	-	-
Movement in cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year	-	-

* The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2.6 General

The principal business activities of CRH Funding B.V. ("the Company") consists of the supply or to procure the supply of finance to affiliated companies, as well as to draw or to procure the drawing of funding. The Company is a wholly owned subsidiary of CRH Nederland B.V., registered in Rijswijk ZH, The Netherlands and has its business office at De Klencke 10, 1083 HL, Amsterdam. The ultimate parent company is CRH plc, registered in 42 Fitzwilliam Square, Dublin 2, Ireland. CRH Funding B.V. is included in the consolidated financial statements of CRH plc. These latter financial statements can be obtained in the registered office of CRH plc in Ireland. They are also available at www.crh.com.

2.7 Accounting Policies

Statement of compliance

The financial statements of the Company have been prepared in accordance with Title 9 of book 2 of the Dutch Civil Code and International Financial Reporting Standards (IFRS) as adopted by the European Union (in accordance with Article 362 clause 8, Title 9 of Book 2 of the Dutch Civil Code), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 12 April 2024.

Going concern

These financial statements have been prepared on a going concern basis. As at 31 December 2023 the Company's current assets (€626 million) exceed the current liabilities (€619 million) and mainly relate to the loans granted to the related parties. The Company's current liabilities mainly relate to the €600 million bond and accompanying €11.25 million interest due. The Company repaid the €600 million bond including interest outstanding on 9th January 2024 as scheduled. The bond repayment was funded by the proceeds from the receipt of the intercompany loans due. As additional guarantee, the ultimate parent company, CRH Plc, has provided letters of financial support to the Company for the interest-bearing loans to related parties for the coming twelve months and CRH Plc has guaranteed the payment obligation due under the issued bonds debt of CRH Funding B.V.. (see also note 2.8.2).

Basis of preparation

The Financial Statements, which are presented in euro thousands, have been prepared under the historical cost convention as modified by the measurement at fair value of certain financial assets and liabilities (if any).

Fair value measurements

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data.

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

Adoption of IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies

The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policies". Accounting policy is material if, when considered together with other information included in the Company's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Management reviewed the accounting policies and made updates to the information disclosed in certain instances in line with the amendments.

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements.

	EU effective date periods beginning on or after
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendment to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to IFRS 17 Insurance Contracts	1 January 2023

IFRS and IFRIC interpretations being adopted in subsequent years

The Company is currently evaluating the impact of the following new standards and amendments to existing standards, but does not expect any of the new standards and amendments to have a material impact.

	EU effective date periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements	1 January 2024
Amendment to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures	1 January 2024
Amendment to IFRS 16 Leases	1 January 2024
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	date is unknown

Critical Accounting Policies which involve Estimates, Assumptions and Judgments

The preparation of the Financial Statements in accordance with IFRS requires Management to make certain estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates, assumptions and judgments upon which it relies are reasonable based on the information available to it at the time that those estimates, assumptions and judgments are made. In some cases, the accounting treatment of a particular transaction is specifically dictated by IFRS and does not require Management's judgment in its application.

Management considers that their use of estimates, assumptions and judgments in the application of the Company's accounting policies are inter-related and therefore discuss them together below. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances or experiences on which the estimate was based or as a result of new information. The critical accounting policies which involve significant estimates or assumptions or judgments, the actual outcome of which could have a material impact on the Company's results and financial position outlined below are as follows:

Impairment

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The company generally assumes a significant increase in credit risk when a receivable is more than 30 days overdue.

Reference is made to note 2.8.11.

*Financial assets (Interest-bearing loans to related parties)***Initial recognition and measurement**

Financial assets are classified at initial recognition, and subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Subsequent measurement

For purposes of subsequent measurement, the Company's financial assets are classified in the following category:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

*Taxation***Current tax**

The tax currently payable is based on taxable profit for the year. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Current tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively.

CRH Funding B.V. forms part of a fiscal unity for Dutch corporate income tax, together with its fellow subsidiaries incorporated in the Netherlands. The head of the fiscal unity is CRH International B.V.. The Company's current tax liability is recognised as an intercompany payable to CRH International B.V.

Current receivables

Current receivables are financial assets measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances held for the purpose of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are classified as financial assets measured at amortised cost. Bank overdrafts are included within current interest-bearing loans and borrowings in the Statement of Financial Position. Where the overdrafts are repayable on demand and form an integral part of cash management, they are netted against cash and cash equivalents for the purposes of the Statement of Cash Flows.

*Financial liabilities (Interest-bearing loans and borrowings)***Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as loans and borrowings or as payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, the Company's financial liabilities are classified in the following category:

- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and upfront fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest expense in the Statement of Profit or Loss.

Foreign currency translation

The Financial Statements are presented in euro, which is the functional and presentation currency of the Company.

The Company's transactions and monetary assets and liabilities are all denominated in euro.

Statement of cash flows

The cash flows from operating activities are prepared using the indirect method. Interest paid and received is presented as part of operating cash flows.

2.8 Notes to the Statement of Profit or Loss and Statement of Financial Position

2.8.1 Finance Costs & Finance Income

	2023	2022
	€'000	€'000
Interest on loans to related parties*	36,323	36,000
Interest on borrowings**	(24,808)	(24,774)
Net interest income	11,515	11,226

*Finance income from related parties, see also note 2.9.

**Interest is paid to the bondholders.

2.8.2 Operating Costs and auditor's remuneration

	2023	2022
	€'000	€'000
Guarantee fees*	(10,153)	(10,153)
Other **	(92)	(91)
Total operating costs	(10,245)	(10,242)

* The annual guarantee fee is a fixed % (€750 million bond 0,8337%; €600 million bond 0,65%) and is payable on 31 December each year. The fee is payable to CRH plc because of the guarantee that is provided by CRH plc to the bondholders so that CRH Funding B.V. would be able to attract funds at favourable interest.

** Including audit fees of €78.191,00 (2022: €70.950,00) for the audit of the statutory financial statements.

2.8.3 Personnel

During the financial period and previous financial period, the company had no personnel employed. In the income statement, no costs have been taken in regards to wages, salaries and pensions.

2.8.4 Directors' remuneration

CRH Nederland B.V. is the sole shareholder and director of the company. CRH Nederland B.V. does not receive any (deferred) compensation or benefit for its board membership.

2.8.5 Income tax

By resolution dated April 19, 2013 the Company is, effectively as from March 19, 2013, a member of a Dutch fiscal unity for Corporate Income Tax headed by CRH International B.V.; the standard conditions stipulate that each of the companies is liable for the income tax payable by all companies belonging to the fiscal unity.

	2023	2022
	€'000	€'000
Current tax expense	(328)	(253)
Tax expense for the year	(328)	(253)

Reconciliation of applicable tax rate to effective tax rate:

Result before tax	1,270	980
Corporate income tax expressed as a % of result before tax (effective tax rate):		
- current income tax only	25.8%	25.8%
- deferred tax	0.0%	0.0%
- total income tax (current and deferred)	25.8%	25.8%

The following table reconciles the applicable Dutch statutory tax rate to the effective tax rate (current and deferred)

Dutch corporation tax rate	25.8%	25.8%
Other items (items not chargeable to tax/expenses not deductible for tax)	0.0%	0.0%
Total effective tax rate	25.8%	25.8%

2.8.6 Interest-bearing loans to related parties
Non-current assets

	2023	2022
	€'000	€'000
Loans to related parties	743,000	1,340,000
	<u>743,000</u>	<u>1,340,000</u>

Current assets

	2023	2022
	€'000	€'000
Loans to related parties	597,000	0
	<u>597,000</u>	<u>0</u>

The following loans are provided to CRH Nederland B.V.:

- €165.000.000 loan at 2,75% interest per annum; repayment ultimately on the 9th of January 2024; no repayments have occurred in 2023; no securities are provided.
- €35.004.246 loan at 2,00% interest per annum; repayment ultimately on the 9th of January 2024; no repayments have occurred in 2023; no securities are provided.
- €283.000.000 loan at 2,64% interest per annum; repayment ultimately on the 5th of May 2030; no repayments have occurred in 2023; no securities are provided.

The following loans are provided to CRH Europe Investments B.V.:

- €15.856.965 loan at 2,75% interest per annum; repayment ultimately on the 9th of January 2024; no repayments have occurred in 2023; no securities are provided.
- €381.138.791 loan at 2,75% interest per annum; repayment ultimately on the 9th of January 2024; no repayments have occurred in 2023; no securities are provided.

The following loans are provided to Van Neerbos Groep B.V.:

- €460.000.000 loan at 2,64% interest per annum; repayment ultimately on the 5th of May 2030; no repayments have occurred in 2023; no securities are provided.

Interest rates are computed by taking the rate linked to the external bond, adding the associated guarantee fee and including a benchmarked company fair value margin.

2.8.7 Current receivables
Current assets

	2023	2022
	€'000	€'000
(for further details see also paragraph 2.9)		
Other receivables from related parties	12,962	1
Interest receivable from related parties	16,604	28,873
VAT receivable	-	-
	<u>29,566</u>	<u>28,874</u>

Financial instruments not measured at fair value includes current receivables. Due to their short-term nature, the carrying value of current receivables approximates their fair value.

2.8.8 Shareholders' Equity
Share capital

With reference to Article 4 and the clauses included at the end of the deed of incorporation of the Company, it was stated that the authorised share capital of the Company consists of 10 shares of €1.000,00 each. The issued shares comprise 10 shares, which have been fully paid.

Share premium

The share premium amounts to €70.000,00. In April 2015 the shareholder CRH Nederland B.V. made a share premium contribution of €20.000,00. In September 2015 the shareholder CRH Nederland B.V. made a share premium contribution of €50.000,00.

Appropriation of Result

The directors of CRH Funding B.V. propose that the result for the financial period 2023 to be added to retained income and this has been accounted for as such.

2.8.9 Interest-bearing loans and borrowings
Non-current liabilities

	2023	2022
	€'000	€'000
Bonds (including non-current upfront fees)	745,687	1,344,295
	<u>745,687</u>	<u>1,344,295</u>

Current liabilities

	2023	2022
	€'000	€'000
Bonds (including non-current upfront fees)	600,000	-
Interest on bonds and private placements	18,918	18,941
	<u>618,918</u>	<u>18,941</u>

Upfront fees are expensed in the Income Statement through amortisation on the basis of the maturity of the loans and borrowings.

Bonds and private placements:

The bond of €600 million is a public Euro bond at an annual coupon rate of 1,875% and has its final maturity in 2024. Coupon is payable annually.

The bond of €750 million is a public Euro bond at an annual coupon rate of 1,625% and has its final maturity in 2030. Coupon is payable annually.

Movement in current and non-current liabilities

	€'000
At 1 January 2022	1,361,899
Received	-
Amortisation of upfront fees	1,392
Interest paid	(23,437)
Interest to be paid	23,382
At 31 December 2022	<u>1,363,236</u>
Received	-
Amortisation of upfront fees	1,392
Interest paid	(23,437)
Interest to be paid	23,414
At 31 December 2023	<u>1,364,605</u>

2.8.10 Other payables

Current liabilities	2023	2022
	€'000	€'000
Current payables to related parties	551	2,170
Other payables	-	-
	<u>551</u>	<u>2,170</u>

Financial instruments not measured at fair value includes other payables. Due to their short-term nature, the carrying value of current payables approximates their fair value.

2.8.11 Capital and Financial Risk Management

Capital management

The company considers net equity as capital. The company's policy is to maintain its capital as minimum capital. The Company is not subjected to externally imposed capital requirements.

Overall summary / risk appetite

The primary objective of the Company's capital management strategy is to ensure that the Company maintains an effective financial standing to be able to issue third party debt, which may be guaranteed by CRH plc, and for the Company to provide funding to related parties.

The capital structure of the Company, which comprises capital and reserves attributable to the Company's equity holders, may be summarised as follows:

	2023	2022
	€'000	€'000
Capital and reserves attributable to the Company's equity holders	4,410	3,468
Equity	<u>4,410</u>	<u>3,468</u>

No changes were made to the objectives or policies during 2023.

Financial risk management objectives and policies

The Company uses financial instruments: interest-bearing loans and borrowings and cash and cash equivalents are used to perform its principal business activities. CRH Funding B.V. may enter into derivative transactions in order to hedge a risk, but it will not trade in derivative transactions. At 31 December 2023 no derivatives are in use.

The corporate treasury function of CRH Group provides services to the Company, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company. In this respect risk management is being performed by CRH plc.

The main risks relating to the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for the prudent management of each of these risks as documented below.

Interest rate risk

The most significant market risks the Company faces are interest rate risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs and could result in decreased net finance income.

Net interest rate risk is managed by using fixed interest rates for both loans and borrowings receivable and loans and borrowings payable.

Credit/counterparty risk

Cash at bank, interest-bearing loans to related parties, interest receivable from related parties and other receivables from related parties give rise to credit risk on amounts due from counterparties.

The credit risk associated with interest bearing loans to related parties is considered to be limited since the related parties are all ultimately part of the CRH Group, and therefore benefit from the Group's financial strength. No provisions have been included at balance sheet date as the Expected Credit Losses (ECL) are not material. The maximum exposure arising in the event of default on the part of the counterparty is the carrying value of the relevant financial instrument.

All loans and borrowings are guaranteed by CRH plc and therefore the company also has access to sufficient liquidity.

	2023	2022
	€'000	€'000
Interest bearing loans to related parties	1,340,000	1,340,000
Other receivables from related parties	12,962	1
Interest receivable from related parties	16,604	28,873
Cash at bank and in hand	-	-
Total credit risk	1,369,566	1,368,874

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience, credit assessment and forward-looking information. The Company uses three criteria for determining whether there has been a significant increase in credit risk, quantitative test based on movement in the Probability of Default ("PD"); qualitative indicators; and a backstop of 30 days past due.

Amounts arising from Expected Credit Losses (ECL):

The credit risk associated with interest bearing loans to related parties, including accrued interest receivable is considered to be limited since the related parties are all ultimately part of the CRH Group and therefore no loss allowance has been included at balance sheet date.

Inputs, assumptions and techniques used for estimating impairment:

Determining whether credit risk has increased significantly

Management has considered whether there has been an actual or expected significant change in the operating results of the borrower since the loan was first recognised. This included considering whether there were any actual or expected declining revenues or margins, increasing operating risk, decreasing balance sheet leverage, liquidity that would result in a significant change in the borrower's ability to meet its debt obligations. It was therefore concluded that there was no such actual or expected significant change in the operating results of the borrower.

Management has determined that there has not been a significant increase in credit risk since initial recognition. Hence, the intercompany loan is in "stage 1" and 12-month expected credit losses should be calculated for the loan.

Probability of default

For the determination of the probability of default, management has used the Bloomberg Corporate Default Risk Model (DRSK) model as retrieved from the Bloomberg platform applicable to CRH plc. For the position on 31 December 2023, 0,0015% is used. A market standard "Loss Given Default" (LGD) for large corporate borrowings of 60% has been applied. When applying the probability of default to the Exposure at Default, it results in an immaterial ECL, and therefore no loss allowance has been recognised at the balance sheet date. The exposure at default at year-end 2023 is €1.340 million plus interest to be received (2022: €1.340 million). A sensitivity analysis is also performed to review the potential ECL under different scenarios.

Liquidity risk

The Company's liquidity risk is deemed to be not significant due to the favourable contractual maturities of the financial assets compared to the financial liabilities.

The following are the contractual (undiscounted) maturities of financial assets and liabilities, including estimated interest payments:

	Within 1 year	Between 1 and 5 years	After 5 years	Total cash flows
At 31 December 2023	€'000	€'000	€'000	€'000
Interest bearing loans to related parties	597,000	-	743,000	1,340,000
Interest receipts on loans to related parties	23,744	78,461	39,230	141,435
Current assets (excl. interest receivable)	12,962	-	-	12,962
Total received	633,706	78,461	782,230	1,494,397
Bonds	(600,000)	-	(750,000)	(1,350,000)
Coupon payments on bonds	(23,438)	(48,750)	(24,375)	(96,563)
Current payables to related parties	(551)	-	-	(551)
Other payables	-	-	-	-
Total paid	(623,989)	(48,750)	(774,375)	(1,447,114)
Net movement cash	9,717	29,711	7,855	47,283

2.8.12 Financial instruments

The financial instruments of the Company may be summarised as follows:

	2023 Fair value	2023 Book value	2022 Fair value	2022 Book value
	€'000	€'000	€'000	€'000
<i>Financial assets (Financial assets at amortised cost):</i>				
Non-current interest bearing loans to related parties*	653,029	743,000	1,340,000	1,340,000
Current interest bearing loans to related parties*	597,000	597,000	-	-
Current receivables	29,566	29,566	28,873	28,873
<i>Financial liabilities (Financial liabilities at amortised cost):</i>				
Non-current interest-bearing loans and borrowings **	(684,728)	(745,687)	(1,231,325)	(1,344,295)
Current interest-bearing loans and borrowings **	(599,784)	(600,000)	-	-
Interest on interest-bearing loans and borrowings	(18,918)	(18,918)	(18,941)	(18,941)
Other payables	(551)	(551)	(2,169)	(2,169)
Total financial instruments	(24,386)	4,410	116,439	3,468

* The non-current and current interest-bearing loans to related parties include loans to CRH Nederland B.V., CRH Europe Investments B.V., and Van Neerbos Groep B.V.. The carrying amounts of the current intercompany loans are reasonable approximations of their fair value as the loans matured on January 9th, 2024. The fair value of the non-current intercompany loans is based on a discounted cashflow analysis using the risk-free rate (10-year Dutch government bond yields) and the implied credit spread (level 3).

** The non-current and current interest-bearing loans and borrowings comprise public bonds. The fair value of the bonds is based on the market value for the bonds issued and, as such, is estimated at 91,297% and 99,964% for the €750 million bond and the €600 million bond, respectively (level 2).

It is deemed that the carrying amounts of all other financial assets and liabilities measured at amortised cost are reasonable approximations of their fair values.

At 31 December 2023 no derivatives are in use.

2.9 Related parties

The Company has a related party relationship with its parent company and the companies owned by the parent companies (Group companies). The transactions with related parties have been negotiated on an arm's-length basis.

List of related parties:

Company	Nature of the transactions	Reference
<i>Parent companies</i>		
CRH Nederland B.V.	CRH Funding B.V. provides loan to CRH Nederland B.V. CRH Nederland B.V. provides key management services to CRH Funding B.V.	2.8.6 / 2.8.7 / 2.9
CRH plc	CRH Funding B.V. pays guarantee fee to CRH plc for its guarantee towards the bondholders	2.8.2
CRH International B.V.	CRH Funding B.V. participates in a fiscal unity with CRH International B.V.	2.8.5
<i>Other related party</i>		
Van Neerbos Groep B.V.	CRH Funding B.V. provides loan to Van Neerbos Groep B.V.	2.8.6 / 2.8.7
CRH Europe Investments B.V.	CRH Funding B.V. provides loan to CRH Europe Investments B.V.	2.8.6 / 2.8.7
CRH Finance DAC	Cashpool Manager	2.8.7

Key management services

CRH Nederland B.V. provides key management services to the Company in accordance with IAS 24. CRH Nederland B.V. is the sole statutory director of the Company. No advances or guarantees have been granted to the director. The Company granted loans to the director as presented in note 2.8.6. The operating expenses below include recharges for administrative services provided by CRH Nederland B.V. and do not include the remuneration of key management personnel.

Operating costs relating to CRH Nederland B.V. are as follows:

	2023	2022
	€	€
Operating costs - administration fees	5,375	5,375

2.10 Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the entity's operating decision maker and for which discrete financial information is available. The Company's Director has been identified as the chief operating decision maker for the purpose of segmental reporting. The Company has determined that it operates in one segment, providing loans to related parties from issued bonds. The determination is based on the reports reviewed by the Director in assessing performance, allocating resources and making strategic decisions. Providing loans to related parties from issued bonds is provided in the Netherlands and the bonds are listed on the Euronext Dublin exchange. 100 percent of the Company's financing revenue in the period to 31 December 2023 consists of interest income from related parties.

2.11 Contingent liabilities

The company is a member of the fiscal unity for income tax purposes of CRH International B.V. in the Netherlands. The standard conditions prescribe that all companies of the fiscal unity are liable for the corporate income tax payable.

2.12 Subsequent events

The company repaid a Eurobond in the amount of €600 million (plus €11.25 million interest) on January 9th, 2024, as scheduled. The repayment of the Eurobond was funded (as originally planned) through the repayment of existing intercompany loans granted to CRH Nederland (€200 million principal repayment plus €1.34 million interest payment) and CRH Europe Investments B.V. (€397 million principal repayment plus €2.68 million interest payment) on January 9th, 2024.

There are no other material events after the balance sheet date to report for CRH Funding B.V.

OTHER INFORMATION

3 OTHER INFORMATION

3.1 Independent Auditor's Report

3.2 Appropriation of Result

According to Article 23 Section 1 of the company's articles of association, the annual meeting of shareholders determines the appropriation of the company's result for the period.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of CRH Funding B.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of CRH Funding B.V., based in Rijswijk.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of CRH Funding B.V. as at 31 December 2023, and of its result and its cashflows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The statement of financial position as at 31 December 2023.
2. The following statements for 2023: the statement of profit and loss, the statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the significant 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 CRH Funding B.V. in accordance with 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 EUR 6,800,000. The materiality is based on 0,5% of 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 EUR 340,000, 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.

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 management exercises oversight, as well as the outcomes. 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 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 or misappropriation of assets. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the presumed fraud risks related to management override of controls and performed the following specific procedures:

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

We considered available information and made enquiries of relevant executives.

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 by the group, 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 2.7 of the financial statements.

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

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the Company through discussion with management and others, and other relevant documentation. 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 and 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, CRH Funding B.V. 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 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) inquiries of management and others within the company 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.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the Board of Directors, are outlined under the prevailing standards in the 'Description of responsibilities regarding the financial statements' section below. Management has assessed the going concern assumption, as part of the preparation of the financial statements, and as disclosed in the financial statements (Note 'Going concern' on page 10 of the financial statements), management believes that no events or conditions, give rise to a material uncertainty about the ability of the group to continue in operation for at least twelve months after reporting date.

We have obtained such management's assessment of the company's ability to continue as a going concern, and have assessed the going concern assumption applied. As part of our procedures, we evaluated whether sufficient appropriate audit evidence has been obtained regarding, and have concluded on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements. Based on these procedures, we did not identify any reportable findings related to the company's ability to continue as a going concern.

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. In the 2020 audit the recognition, measurement and presentation of the issued publicly traded note amounting to EUR 750 million for which proceeds have been loaned to related parties was considered a key audit matter due to its size and the non-routine character. For 2021, 2022 and 2023, due to the limited number of transactions during the year, given no changes in the outstanding 'Interest-bearing loans to related parties' and 'Interest-bearing loans and borrowings', we observed limited judgements in the preparation of the 2023 annual report and have not identified a key audit matter.

Report on the other information included in the annual report

The annual accounts contain other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- Director's 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 all the information regarding the management report and the other 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 Board's 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.

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 scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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.

Amsterdam, 12 April 2024

Deloitte Accountants B.V.

Signed on the original: M.J. van der Vegte