Sika Capital B.V.

Annual report

For the period ended 31 December 2021

Contents

Report of the Board of Management

Report of the Board of Management for the period ended 31 December 2021.

The Board of Management herewith submits its report and the Financial Statements of Sika Capital B.V. (the Company) for the financial year ended 31 December 2021. These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as well as with Part 9 of Book 2 of the Dutch Civil Code.

General

The Company is registered at Zonnebaan 56, 3542 EG Utrecht, the Netherlands. The Company is a Dutch B.V., founded on 12 March, 2019 under the laws of the Netherlands. The company is a 100% subsidiary of Sika AG, Baar, Switzerland. The Company acts as a finance company for the benefit of its sole shareholder Sika AG. Based on the Act on the Supervision of Auditors and the Resolution on the Establishment Audit Committee, the Company is required to established an audit committee. According to Article 39 paragraphs 1,2 and 5 of the Directive and Article 16 paragraph 5 of the Regulation, the Company does not need to establish an own audit committee as it can use the exemption since the shareholder Sika AG has established an audit committee essentially complying with the EU requirements. The Board of Management have agreed that the audit committee of Sika AG will act as audit committee for the Company to monitor the financial reporting process and to ensure the integrity if the process.

Overview of activities

The Sika Group needs access to the EU Capital Market. The company was founded to get full access to the EU Capital Market. The Company lends all funds from the Eurobonds and it's no needed cash surplus to Sika AG. The main income of the Company is the interest income on the Loans to Sika AG. The main expense is the interest on the Bonds which were issued by the Company and which are listed on the Irish Stock Exchange. During the reporting period no new loan arrangements have been executed neither new bonds have been issued.

Objectives

The objectives of the Company, in accordance to article 2 of the Articles of Association, are to borrow money in any form, including via public offerings, to issue notes and bonds as a finance company for the benefit of Sika AG.

Risk management

The Board of Management is in charge of the management of the Company meaning that the responsibilities include the policy and business progress within the Company and with this achievement of the goals, strategy and profit development that are relevant for the Company.

All Euro bonds issues have been guaranteed by Sika AG. The Company's financial assets at amortized cost are considered to have a low credit risk and the loss allowance recognized during the period was therefore limited to 12 months expected losses. All transaction done within the Company are in Euro, therefore no significant exchange risks exist.

Risk Area	Risks	Accepted Risk level	Present Risk Level
Strategic Risk	Reputation damage	1	1
Operational Risk	Counterpart- and Credit risk	2	2
Financial Risk	Cash flow and liquidity risk	2	2
Legal and compliance risk	Tax risk	2	2

1 = very low risk level
2 = low risk level
3= medium risk level
4= high risk
5= Very high risk

Risk Profile

Above an overview of the risks that the Company's management believes are most relevant to the achievement of our strategy. The sequence of risks mentioned does not reflect an order of importance, vulnerability or materiality. The overview is not exhaustive and should be considered with forward looking statements. There may be risks not yet known to us or which currently are not deemed to be material.

Reputation Damage

The fact the Company would not be able to fulfil the obligations may cause serious damage to the brand "Sika". This risk is seen as very low. The Company does not bear risks arising from mismatches in terms and conditions between the loans received and provided. These risks are covered by Sika AG. Under responsibility of the Management Board, system for internal control and for the management of risks within the Company were set up, in corporation with Sika AG, to identify and subsequently manage the credit and interest risks. 4-eyes principle is implemented for the signing of all agreements and bank transactions.

Counterpart and credit risk

Sika AG is engaged in the business of specialty chemicals for the construction industry. In this respect, the company makes decisions on whether borrowing from the Company under the Tested Transaction is in line with its commercial objectives. In addition, Sika AG (as the guarantor) has the financial capacity to assume and actually manage the default risk associated with the bonds. The most representative risk under the Company's financing activities (i.e., most of the default risk) is contractually assumed by Sika AG. As long as Sika AG exercises control over and has the financial capacity to assume such risk, Sika AG can be considered as fully assuming that risk and, in consequence, be accordingly remunerated. The present Credit rating for the Sika Group is:

The Sika Group's credit rating is assessed annually since 1997 by the rating agency Standard & Poor's.
In its latest rating Standard & Poor's attested Sika's strong financial standing as well as the Group's leading market position in the field of construction chemicals as well as in the industrial adhesives and sealants sector for the automobile and transportation industry.
A- / negative
A-2 (short-term)

Looking at the present credit rating of the Sika Group, we see this risk as low.

Cash flow and liquidity risk

The loan agreement between the Company and Sika AG also includes a 'gross-up' provision to ensure that, withholding taxes (if any) levied on the interest payments will not impact the Company's financial position. The Company maintains enough equity available to cover the limited default risk of Euro 10 million, as contractually agreed between the Company and Sika AG. In addition, the Company meets the Dutch operational substance requirements for financing companies as listed in the Decrees.

Any costs incurred with respect to the bond issuance are not (ultimately) assumed by the Company but passed on to Sika AG. Therefore we see this risk as low.

Tax risk

Analyses of the financial activities of the Company including transfer pricing impact has been analysed by an external advisor in July 2019. The income tax calculation is prepared by the Company with support from an external advisor. Also for the monitoring of the income tax calculation, the Company engages external support. As the income tax calculation is first prepared by the Company, then is checked by an external advisor and finally is audited by the controlling Auditor, we have limited the risk of wrong calculations. Therefore we have qualified this risk as low.

Changes of regulations, laws and policies

With support of the tax and legal department of Sika AG and external tax and legal advisors, the management of the Company continuously monitors current and upcoming changes in regulations, laws and policies. Therefore the impact on objectives and overall result of the Company is considered to be low.

Risk and Internal control framework

The Company implemented risk and internal control framework established in the Sika Group. The Company also continuously improves its risk management in alignment with Sika guidelines and standards. The Corporate Governance Statement of Sika is published on www.sika.com.

Composition of the Board

The size and composition of the Board of Management and the combined experience and expertise should reflect the best fit for the profile and strategy of the Company.

Business Review

The Company has issued an Euro 1 billion bond split up into a double tranche with payment date om April 29, 2019. One tranche with a fixed interest bond amounting Euro 0,5 billion for term of 2019 – 2027 and one tranche of Euro 0,5 billion for term 2019 – 2031. The Euro 1 billion bond borrowings have been on-lent to Sika AG. In line with the transfer pricing study, the Company is making an intercompany interest profit of 0,077%. The difference between the interest income and interest expense is the main driver for the realized EBIT. The other operating expenses are related to costs for external advisory and other office expenses. The Company started in March 2019 with an equity of Euro 10 million. As the Company does not need the full Euro 10 million cash for the daily operation, the Company has lend in 2019 Euro 9,6 million to Sika Sika AG. The company received during 2021 Euro 12,6 million interest from Sika AG and had to pay Euro 11,9 million for the Bonds. The Company has paid Euro 0.34 million to other payables and parent company.

	2021	**2020**
Current ratio[1]	2,4	2,3
Debt ratio[2]	1,0	1,0

According to the current ratio the current liabilities are lower compared to the current assets, because of the nature of the Company. Debt ratio is high but looking at the nature of the Company and the position towards Sika AG (See also Risk profile) is this in line with complexity of the legal entity and group companies.

Future Outlook

Looking at the nature of the Company we expect an EBIT development for next year which will be in line with the present EBIT development. It is expected that the nature of the activities of the Company will remain unchanged next year. No new financing activities are expected. We do not expected changes in personnel.

Post Balance Sheet Events

No material post balance sheet events to report.

Other items

All personnel are employed by the regional company Sika Nederland B.V. and the sole shareholder Sika AG. The Company does not have any personnel on the payroll. The company is paying a monthly fee for office expenses. Part of the office expenses is related to the expenses of the two Dutch board members who are on the pay list of Sika Nederland B.V.

The board members do not received a remuneration from the Company as they are employed by Sika Nederland B.V. and Sika AG. The members of the Sika AG audit committee do not receive a remuneration from the Company. Due the nature of the Company, there are no Research and Development costs booked of expected in the near future.

[1] Current ratio is calculated as: Total current assets / Total current liabilities.
[2] Debt ratio is calculated as: Total liabilities / Total equity and liabilities

Representation by the Management Board

Management declares that, to the best of its knowledge, the Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as well as with Part 9 of Book 2 of the Dutch Civil Code give a true and fair view of the assets, liabilities, financial position and results of the Company. The report of the Management Board includes a fair review of the development and performance of the business during the fiscal year, the position of the Company on the balance sheet date and a description of the material risks that the Company faces.

Utrecht, 18 March 2022

Sika Capital B.V.
The Management Board

R. van der Wilt Managing Director	P. Baumann Managing Director	H.H. Lunneker Managing Director

Financial statements for the period ended 31 December 2021

(i) **Statement of financial position**

(before appropriation of result of the reporting period)

Thousands Euros	Notes	31 December 2021	31 December 2020
Assets			
Non-current assets			
Loans to related companies	4,12,13	995.398	994.821
Deferred tax asset	11	94	94
Total non-current assets		995.492	994.915
Current assets			
Other assets	5	1.239	1.115
Loans to related companies	4,12,13	18.082	18.079
Total current assets		19.321	19.194
Total assets		1.014.813	1.014.109
Liabilities			
Non-current liabilities			
Borrowings	7,12	995.778	995.196
Total non- current liabilities		995.778	995.196
Current liabilities			
Trade and other payables	6,13	53	81
Borrowings	7,12	7.950	7.950
Current tax liabilities		7	274
Total current liabilities		8.010	8.305
Total liabilities		1.003.788	1.003.501
Equity			
Shareholder's equity	8	10.000	10.000
Other reserves		608	-
Retained earnings	8	417	608
Total equity		11.025	10.608
Total equity and liabilities		1.014.813	1.014.109

(ii) Statement of profit or loss and other comprehensive income

Thousands Euros	Notes	For the period from 1 January 2020 to 31 December 2021	For the period from 12 March 2019 to 31 December 2020
Interest income	10	13.381	**22.325**
Interest expenses	10	(12.456)	**(20.781)**
Net interest income		925	1.544
Net impairment losses	12	-	(376)
Other operating income / (expenses)	9	(243)	**(381)**
Profit (loss) before income tax		682	787
Income taxes	11	(264)	**(179)**
Net profit (loss) for the period		418	608
Other comprehensive income (loss) for the period, net of tax			
Total comprehensive income (loss) for the period		418	608

(iii) Statement of changes in equity

	For the period from 1 January 2021 to 31 December 2021			For the period from 12 March 2019 to 31 December 2020		
Thousands Euros	Capital Stock	Retained earnings	Total equity	Capital Stock	Retained earnings	Total equity
At 1 January	10.000	608	10.608	-	-	-
Issue of share capital (net of expenses)	-	-	-	10.000	-	10.000
Other reserves	-	-	-	-	-	-
Net profit	-	418	418	-	608	608
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	10.000	1.026	11.026	-	608	608
At 31 December	10.000	1.026	11.026	10.000	608	10.608

(iv) Statement of cash flows

Thousands Euros	Notes	For the period from 1 January 2021 to 31 December 2021	For the period from 12 March 2019 to 31 December 2020
Cash flows from operating activities			
Profit before taxes		682	787
Adjustments for:			
Interest income	10	(13.381)	(22.325)
Interest expense	10	12.456	20.781
Impairment loss	12	-	376
Operating profit		**(925)**	**(1.168)**
Changes in:			
Other current assets	5	(12)	(13)
Receivables to related companies for the cash pool	5	(112)	(1.102)
Trade and other payables	6	235	81
Movement in working capital		**111**	**(1.034)**
Interest received		12.525	12.890
Interest paid		(11.875)	(11.875)
Income taxes paid		(518)	-
Cash flow from operating activities		-	(400)
Cash flow from investing activities			
Issued loans to related companies	4	-	(1.003.840)
Cash flow from financing activities			
Proceeds from issuance of shares	8	-	10.000
Proceeds from borrowings	7,12	-	994.240
Cash flow from financing activities		-	1.004.240
Net change in cash and cash equivalents		-	-
Reconciliation of opening to closing cash and cash equipments:			
At 1 January		-	-
Net change in cash and cash equivalents		-	-
Cash and cash equivalents at 31 December		-	-

1 Corporate information

The registered office according to the Articles of Association of Sika Capital B.V. ("the Company") is Zonnebaan 56 3542 EG, Utrecht. The Company, incorporated on 12 March 2019 under the laws of the Netherlands, is registered in the Commercial Register of the Chamber of Commerce under the following file number: 74254545

Sika AG, Baar, Switzerland, is the ultimate parent company of the Company and includes the financial information of the Company in its consolidated financial statements. Copies of these consolidated financial statements can be acquired from the website www.sika.com.

The principal business activities of the Company is to act as a finance company for the Sika AG Group.

The Company's objective is to raise funds in the debt capital market to fund the Sika AG Group activities and investment plans. The Company borrows funds and lends the funds to Sika AG Group companies.

The financial statements comprise only the separate financial statements of the Company.

The financial statements relate to the reporting period 01 January 2021 up to 31 December 2021. The comparative figures consists of the reporting period 12 March 2019 up to and including 31 December 2020 and due to this extended reporting period, the comparative figures are not comparable. According to Chapter 13 of the Notarial Deed of Incorporation, the first financial year of the Company had to end on 31 December 2020 as management believes the extended period provides a more appropriate financial review of the Company's performance compared to a period shorter than 1 year.

The financial statements have been approved for issue by the Board of Management on 18th of March 2022.

2 Accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in conformity with the provisions of the International Accounting Standards Board (IASB), in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS)

and Part 9 of Book 2 of the Dutch civil code. All standards and interpretations applicable as of 31 December 2021, were taken into account. The financial statements have been prepared according to the going-concern principle.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The financial statements have been prepared in Euros and all values are rounded to the nearest thousand.

2.2 New, revised or amended standards adopted by the Company

The following IFRS standards and interpretations have been issued and became effective as of 1 January 2021 but do not have an impact on the financial statements of the Company:

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9, effective 1 January 2021.
- Amendments to IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures, IAS 39 Financial Instruments: Recognition and measurement, IFRS 4 Insurance contracts and IFRS 16 Leases – Interest Rate Benchmark Reform – Phase 2, effective 1 January 2021.
- Amendments to IFRS 16 Leases – Covid-19 related rent concessions beyond 30 June 2021, effective 1 April 2021.

2.3 New, revised or amended standards and interpretations not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for reporting periods starting on or after 1 January 2021 and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, effective 1 January 2023[1]
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure
  of Accounting policies, effective 1 January 2023[1]
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective 1 January 2023[1]
  Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective 1 January 2023[1]
- Amendments to IAS 37 Provisions, contingent liabilities and contingent assets – onerous contracts— cost of fulfilling a contract, effective 1 January 2022
- Annual Improvements Cycle - 2018-2020, effective 1 January 2022

Interest Rate Benchmark Reform:
The Company does not have any interest rate hedging relationships, nor does the Company hold any variable interest rate exposures. The interest rate benchmark reform therefore has no impact on the financial statements of the Company.

2.4 Significant accounting estimates

Explanations of the key assumptions concerning forward-looking elements and other estimation uncertainties are provided below. These include the risk that a material adjustment to the carrying amounts of assets and liabilities may become necessary within the next financial year.

The critical accounting policies which involve significant estimates, assumptions or judgements, the actual outcome of which could have a material impact on the Company's results and financial position, relate to the following item:

Impairment of financial assets
The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on existing market conditions, as well as forward-looking estimates at the end of the reporting period.

[1] Not yet endorsed by the EU as per 31 August 2021

2.5 Financial instruments

Classification and measurement of financial assets

The classification is determined at initial recognition and depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequently, financial assets are measured at amortised cost using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified, or impaired. Financial assets at amortized cost comprise loans to related companies.

The other current assets relate to a receivable to related companies for the cash pool and other tax and statutory assets. The amortised cost of the other current assets approximate their nominal amount due to their short term nature.

Financial assets are derecognized when the Company loses the rights to receive cash flows that comprise the financial asset. Normally this occurs through the sale of assets or the repayment of loans and accounts receivable.

Impairment of financial assets:

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The Company applies the low credit risk exemption allowing the Company to assume that there is no significant increase in credit risk since initial recognition of a financial instrument, if the instrument is determined to have low credit risk at the reporting date. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company measures loss allowances at an amount that represents credit losses resulting from default events that are possible within the next 12 months; unless the credit risk on a financial instrument has increased significantly since initial recognition. In the event of such significant increase in credit risk the Company's measures loss allowances for that financial instrument at an amount equal to its lifetime expected losses, i.e.. at an amount equal to the excepted credit losses that results from an possible default events over the excepted life of that financial instrument. The risk of default is considered to be low, taking into account Sika AG's "investment grade" S&P credit rating, strong liquidity position and positive cash generation from operating activities in 2021.

Classification and measurement of financial liabilities

All financial liabilities are initially recognized at fair value less directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of profit or loss when the liabilities are amortized or derecognized. Amortized cost is calculated taking into account any premium or discount and any fees or costs that are an integral part of the effective interest rate. Financial liabilities recognized at amortized costs include Borrowings and trade and other payables.

The trade and other payables amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

A financial liability is derecognized when the underlying obligation has been fulfilled, cancelled, or expired. If an existing financial obligation is replaced by another financial liability of the same lender with substantially different contractual terms or if the terms of an existing liability are significantly changed, such an exchange or change is treated as a derecognition of the original liability and recognition of a new liability.

Offsetting

Financial assets and financial liabilities are only offset in the financial statements if and to the extent that:

- An enforceable legal right exists to offset the assets and liabilities and settle them simultaneously, and
- The Company intends is to settle the assets and liabilities on a net basis or simultaneously

2.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
A liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.7 Income taxes

Current tax

Current tax is the tax expected to be paid on the taxable income for the reporting period, using tax rates enacted at the balance sheet date.

Deferred tax

Deferred taxes are calculated using the liability method. According to this method, the effects on income taxes resulting from temporary differences between Company internal and taxable balance sheet values are recorded as deferred tax assets or deferred tax liabilities, respectively. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recognized or the liability is settled based on the rates (and tax laws) that have been substantively enacted. Changes in deferred taxes are reflected in the income tax expense, the statement of profit or loss, or directly in equity.

Deferred tax assets including those that can be applied to carried forward tax losses are recognized to the extent that their realization is probable. Deferred tax liabilities are recognized for all taxable temporary differences insofar as the accounting regulations foresee no exception

2.8 Other operating expenses

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 recognized if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

2.9 Net interest income: interest income and interest expenses

Interest income and interest expenses from financial instruments measured at amortised cost are recognized in the statement of profit and loss account for all interest-bearing financial instruments on an accrual basis using the 'effective interest' method based on the fair value at inception. When a financial asset measured at amortised cost is credit-impaired and regarded as Stage 3, interest income is calculated by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset is no longer credit-impaired, the calculation of interest income reverts to the gross basis.

2.10 Cash flow statement

Cash flows from operating activities, as included in the statement of cash flows, has been prepared in accordance with the indirect method. Due to the nature of the entity (as financing company), interest income and interest expenses are treated as operating activities in the cashflow statement.

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

2.11 Statement of financial position

Current assets and current liabilities mature in less than twelve months. Non-current assets and liabilities include positions for a term of more than one year.

3 Segment reporting

The Company determined one operating segment based on the information that is internally provided to the management and the chief operating decision maker.

The Company generates interest income by providing loans to Sika AG Group companies. The significant operations of the Company take place in The Netherlands.

4 Loans to related companies

Thousands Euros		31 December 2021	31 December 2020
Non-current			
Loan to related companies		995.774	995.193
Less: loss allowance	12	(372)	(372)
		995.402	994.821
Current			
Loan to related companies		9.600	9.600
Accrued interest		8.483	8.483
Less: loss allowance	12	(4)	(4)
		18.079	18.079
Total		**1.013.481**	**1.012.900**

The current 'loan to related companies' (loan number 3 amounting EUR. 9.600) represents the loan agreement between the Company and Sika AG for the purpose of general financing needs of the day-to-day operational expenses and working capital. The loan is classified as a current asset as it includes a demand feature which is exercisable within 12 months. The demand feature is exercisable by both parties.

The non-current 'loan to related companies' (loan number 1 and 2, amounting EUR. 500.000 each) represents the proceeds received by the Company from the placement of the Euro bonds which have been on-lent to Sika AG.

Further information regarding loans to related companies is set out in note 12 and the table below:

	Counterparty	Notional	Principal	Currency	Term	Maturity date	Interest rate
1)	Sika AG	500.000	497.160	EUR	2019 - 2031	29 April 2031	1.577%
2)	Sika AG	500.000	497.080	EUR	2019 - 2027	29 April 2027	0.952%
3)	Sika AG	9.600	9.600	EUR	2019 - 2031	29 April 2031	1.597%

The difference between the notional and principal amount relates to transaction costs. The interest rates on the loans are fixed and are received annually in arrears.

5 Other assets

Thousands Euros	31 December 2021	31 December 2020
Other receivables to related companies for the cash pool	1.214	1.102
Tax and other statutory assets	25	13
Total	**1.239**	**1.115**

Other receivables represents the cash pooling of the Sika AG Group, according to the Target Balancing Agreement between Sika Finanz AG, Citibank NA London Branch and Sika Capital B.V. The cash pool balance of the Company is at the Company's free disposal.

6 Trade and other payables

The carrying amounts of trade and other payables approximate their fair value due to the short-term maturities.

Thousands Euros	31 December 2021	31 December 2020
Accrued audit and other advisory costs	53	81
Total	**53**	**81**

7 Borrowings

On 15 April 2019 the Company placed a Euro bond of EUR 1,000 million through a double tranche with a settlement date on 29 April 2019. The bonds are traded on the Irish Stock Exchange, under Euronext Dublin.

The details of the bond is set out below:

	Counterparty	Principal	Currency	Term	Interest rate
1)	Fixed interest bond	500.000	EUR	2019-2027	0,875%
2)	Fixed interest bond	500.000	EUR	2019-2031	1,500%

Thousands Euros	31 December 2021	31 December 2020
Non-current		
Bonds issued	995.778	995.196
	995.778	995.196
Current		
Accrued interest	7.950	7.950
	7.950	7.950
Total	**1.003.728**	**1.003.146**

Sika AG guarantees the Euro bonds issued by the Company.

8 Shareholder's equity

The authorized share capital of the Company (EUR. 10.000 in total) comprises of shares of EUR.1,00 each of which 10.000.000 shares have been issued and fully paid up. During 2021 there have been no movements in the issued and paid-up capital.

Proposed appropriation of the profit of 2021

Following the appropriation of result proposed by the board of directors and pursuant to article 11.1 of the articles of association, an amount of EUR. 418 of the profit 2021will be at the disposal of the Annual general Meeting.

The Board of Management have proposed to distribute the profit of EUR. 418, as follows:

Thousands Euros	For the period 1 January to 31 December 2021
At the disposals of the Annual General Meeting	418
Net profit	**418**

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios in order to support its business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

9 Other operating expenses

Thousands Euros	For the period 1 January 2021 to 31 December 2021	For the period 12 March 2019 to 31 December 2020
Other operating expenses		
Audit and Advisory costs	91	180
Other	-	201
Total	**91**	**381**

10 Net interest income: interest income and interest expense

Thousands Euros	For the period 1 January 2021 to 31 December 2021	For the period 12 March 2019 to 31 December 2020
Interest income		
Loans to related companies - amortised cos·	13.381	22.318
Other	-	7
	13.381	22.325
Interest expense		
Bonds - amortised cost	(12.456)	(20.781)
	(12.456)	(20.781)
Total	**925**	**1.544**

11 Income taxes

Thousands Euros	For the period 1 January 2021 to 31 December 2021	For the period 12 March 2019 to 31 December 2020
Income tax during the year under review	264	273
Deferred income tax	-	(94)
Income tax from prior years		
Total	**264**	**179**
Reconciliation between expected and effective tax expense		
Profit before taxes	**682**	**778**
Expected tax expense	**171**	**195**
Non-taxable income/non-tax-deductible expenses	**36**	**-**
Effect of changes in tax rates	**(26)**	**-**
Adjusted tax expense from earlier periods	**83**	**(16)**
Tax expense as per income statement	**264**	**179**
Origin of deferred tax assets and liabilities		
Other non-current assets	**94**	**94**
Total	**94**	**94**

The applicable tax rate for the financial statements is 25%, while the effective tax rate is 38,7%. Effect of changes in tax rates is caused by the fact that over the first EUR. 245, the tax rate is 16,5 %. Non-tax-deductable expenses is related to limitation of G&A costs according to the transfer pricing report. Adjusted tax expenses from earlier periods is related to the limitation of G&A costs which was not included in previous period calculation.

12 Financial risk management

Basic principles

The Company's activities expose it to a variety of financial risks: market risks (primarily interest rate risks), credit risks, and liquidity risks. Management identifies, evaluates, and hedges financial risks, where appropriate.

Interest rate risk

Interest rate risks result from changes in interest rates, which could have a negative impact on the Company's financial position, cash flow, and earnings situation.

Interest rate risk is limited through the issue of fixed-interest long-term bonds (see note 7) which are issued back to back with loans to related companies at fixed rates which are aligned with the long-term bonds (see note 4). A change in the rate of interest would therefore alter neither annual financial expenses nor shareholder's equity materially. Interest rate developments are closely monitored by management.

Credit risk

Credit risks arise from the possibility that the counterparty to a transaction may not be able or willing to discharge its obligations, thereby causing the Company to suffer a financial loss. Counterparty risks are minimized by only concluding contracts with reputable business partners and banks. The loan assets are localized to a single counterparty, Sika AG (credit rating: A-/ negative, according to rating agency Standard & Poor's).

In order to limit Sika Capital B.V's exposure to aggregate risks related to the intercompany loan agreement, Sika Capital B.V. and Sika AG have entered into a Limitation of Recourse Agreement. Per this agreement, Sika Capital B.V. will assume risks up to the higher of (i) either 1% of the aggregate amount of outstanding loans to Sika Group Companies or (ii) an aggregate amount of EUR. 2 million. Consequently, any additional risks above the risks assumed by Sika Capital B.V, will be absorbed by Sika AG.

The group has financial assets carried at amortised cost (loans to related companies) that are subject to the expected credit loss model

A significant increase in credit risk since initial recognition is presumed when financial assets are 30 days past due.

Financial assets carried at amortised cost – Loans to related companies

The company's financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognized during the period was therefore limited to 12 months' expected losses.

The loss allowance for financial assets at amortised cost as at 31 December reconciles to the opening loss allowance as follows:

Financial risk management

31 December Thousands Euros	For the period 1 January 2021 to 31 December 2021 Loans to Sika	 Total	For the period 12 March 2019 to 31 December 2020 Loans to Sika	 Total
Opening loss allowance as at 12 March 2019			-	-
Opening loss allowance as at 1 January	376	376		
Increase in the allowance recognised in profit or loss during the period	-	-	376	376
Total closing loss allowance at 31 December	**376**	**376**	**376**	**376**

Liquidity risk

Liquidity risk refers to the risk of the Company no longer being able to meet its financial obligations in full. Prudent liquidity management includes maintaining sufficient cash and cash equivalents and securing the availability of liquidity reserves which can be called upon at short notice. Management monitors the Company's liquidity reserve on the basis of expected cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

31 December 2021 Thousands Euros	For the period 1 January 2021 to 31 December 2021				For the period 12 March 2019 to 31 December 2020			
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Borrowings	-	-	995.778	995.778	-	-	995.196	995.196
Accrued interest	7.950	-	-	7.950	7.950	-	-	7.950
Trade and other payables	53	-	-	53	81	-	-	81
Current tax liabilities	7	-	-	7	274	-	-	274
Total financial liabilities measured at amortised cost	**8.010**	**-**	**995.778**	**1.003.788**	**8.305**	**-**	**995.196**	**1.003.501**

13 Fair value of financial assets and financial liabilities

The Company measures all financial assets and financial liabilities subsequently at amortised cost using the effective interest method. In this section the fair value of those instruments are disclosed.

The hierarchy below classifies financial instruments, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: procedures in which all input parameters having an essential effect on the registered market value are either directly or indirectly observable. The fair values for the loans to related companies are determined using quoted prices for similar assets or liabilities in active markets.
- Level 3: procedures applied to input parameters that have an essential effect on the registered market value but are not based on observable market data.

An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing data on an ongoing basis. The company does not hold any financial instruments requiring evaluation according to level 3 procedures.

The fair values of other assets and trade and other payables approximate their carrying value due to their short term nature. Due to the nature of the loans to related companies, no adjustments have been taken into account compared to the quoted prices of the similar liabilities in active markets.

31 December 2021 **Thousands Euros**	**Level**	**Carrying amount**	**Fair value**
Non-current financial assets			
Loans to related companies	2	1.000.000	1.047.320
current financial assets			
Loans to related companies	2	9.600	9.600
Total financial assets measured at amortised cost	2	1.009.600	1.056.920

Thousands Euros	**Level**	**Carrying amount**	**Fair value**
Financial liabilities			
Borrowings	2	1.000.000	1.047.695
Total financial assets measured at amortised cost	2	1.000.000	1.047.695

14 Related party transactions

Parent entities

The company is controlled by the following entity:

Company	Type	Place of incorporation	Ownership Interest for the period January 2021 to 31 December 2021
Sika AG	Parent entity	Switzerland	100%

Transactions with other related companies – Sika Nederland B.V.

Thousands Euros	For the period 1 January to 31 December 2021	For the period 12 March 2019 to 31 December 2020
Sales and purchases of goods and services		
Purchase of management services from Sika Nederland BV	151	201
Total	**151**	**201**

The Company, through the payment of management services, acquired professional services, IT services and the use of general office equipment and office space from Sika Nederland B.V. These expenses are included in the 'other operating expenses' in the statement of profit and loss.

Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the year in relation to transactions with related companies:

Loans to/from related companies

Loans receivable to Sika AG - ultimate parent entity

Thousands Euros	31 December 2021	31 December 2020
Non current		
Loans advanced	995.774	994.821
Current		
Loans advanced	9.600	9.600
Interest Receivable	8.483	8.483
	1.013.857	1.012.904

Besides the above loans the Company is making use of a cash pool of Sika AG as disclosed in note 5.

A loss allowance of EUR.376 (2020: 376) is deducted from the loans to related companies, see note 12 for further information.

The above transactions caused accrued interests income, see note 4 for further information and for the interest income recorded in the statement of profit and loss see note 10.

Terms and conditions

The related party transactions were made on terms equivalent to those that prevail in arm's length transactions. Refer to note 4 for further details on the loan terms.

Key management personnel remuneration

During the reporting period presented, we considered the board of management of Sika Capital B.V. to be the key management personnel as defined in IAS 24 'Related parties'. The board of management comprises of three members. One board member is compensated via Sika AG and two board member are compensated via Sika Nederland B.V.

Total remuneration per director in the reporting period:

		For the period 1 January to 31 December 2021
Hours	**av. Rate per hour in EUR.**	**Total in EUR**
395	92	36.340
Total spend for 3 directors		**109.020**

15 Workforce

The average number of staff (FTE) employed by the Company in 2021 was nil.(prior year: nil.)

16 Audit fees

Ernst & Young Accountants LLP has acted as external auditor for the company since the reporting period started 12 March 2019. With reference to Section 2:382 a (1) and (2) of the Dutch Civil Code, the fees related to professional services rendered by the Company's independent auditor were EUR. 50.000. These fees relate to audit services only.

17 Remuneration of the members of the board of management

The board remuneration is disclosed in Note 14 of the financial statements.

18 Events after the end of the reporting period

Since 1 January 2022 till the date of the issuance of the financial statements, no significant events occurred that require disclosure nor adjustment to the financial statements reported as at and for the year ended 31 December 2021.

19 Signatories to the financial statements

Utrecht, 18 March 2022

Board of Management:

P. Baumann	R. van der Wilt	H.H. Lunneker

Other information

Provisions in the articles of association governing the appropriation of profit

Under article 11.1 of the Company's articles of association, the profit is at the disposal of the General Meeting, which can allocate said profit either wholly or partly to the formation of - or addition to - one or more general or special reserve funds.

Independent Auditor's Report

The Independent Auditor's Report is set out on the next pages.

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1 Audit result report 2021

Our audit approach is consistent with the audit plan as communicated on 20 December 2021. The board of management has provided us with all required explanations and documentation. Our audit results are below summarized:

- No remaining uncorrected material misstatements were identified.
- The Company's analysis of important accounting matters is appropriate.
- Reasonable judgments and consistency in methodology have been used by management to account for critical accounting estimates.
- We did not rely on controls and adopted a fully substantive audit strategy as we consider this to be more effective and efficient.

As reported in our independent auditor's report, the valuation of the long term receivable was a Key Audit Matter in our audit 2021. We did not identify evidence of material misstatement in the valuation of long term loan receivables.

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

In the table below we have summarized our audit results and subjects that we would bring to the Board of Management.

Subject	Comment
Responsibility statement The board of management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code. Our responsibility is to express an opinion on these financial statements based on our audit. Our audit will be conducted in accordance with Dutch law, which requires that we obtain reasonable assurance about whether the financial statements are free of material misstatement. As part of our audit, we obtained an understanding of internal control sufficient to plan our audit and to determine the nature, timing and extent of testing performed. However, we were not engaged to and did not perform an audit of internal control over financial reporting.	We have audited the company financial statements for 2021 of Sika Capital B.V. We have conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We issued an unqualified opinion on 18 March 2022 on the financial statements for the year ended 31 December 2021 of Sika Capital B.V.

Subject	Comment
Significant and critical accounting policies, including qualitative aspects and (the impact of) changes in these policies and our assessment of management's disclosures. We review the selection of and changes to significant accounting policies, and audit the application of new accounting standards.	The accounting policies selected by management are acceptable and applied consistently. This also applies to the timing of the transactions, the period in which they are recognized and the corresponding disclosure in the financial statements.
Management judgments and accounting estimates The preparation of financial statements often requires accounting estimates to be made. Certain estimates are particularly important owing to their significance for the financial statements and the possibility that future events may differ significantly from management's expectations.	We have identified no unresolved issues with regard to judgments and accounting estimates during our audit. Nor with the disclosure and assessment of the valuation methods applied to the different items in the financial statements, including the possible effect of changes to those methods.
Effectiveness of the internal controls (including continuity and reliability of the electronic data processing systems) Section 393(4) of Book 2 of the Netherlands Civil Code requires the auditor, as part of the audit of the financial statements, to report its findings concerning the continuity and reliability of the data processing systems. Our audit was not primarily designed to express an opinion on the continuity and reliability of your automated data processing (or parts thereof) and we have not been so instructed by management.	The activities solely comprise financing activities and as such we applied a substantive audit approach. We have not identified significant deficiencies in the internal financial control system Although our audit was not primarily directed at forming an opinion on the continuity or reliability of any part of the electronic data processing systems, our audit procedures did not reveal any findings concerning the continuity and reliability of the electronic data processing systems.
Audit differences Our audit is aimed at detecting material errors in financial statements. Through the audit findings report, we indicate that the financial statements give a true and fair view, which means that we have reasonable assurance that the financial statements are free from material error.	We have no unadjusted audit differences.

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Subject	Comment
We inform the managing directors of material differences (whether adjusted or not) identified during our audit which, in our opinion, individually or jointly, have a significant effect on the company's financial reporting process. We have used a materiality of €7.5 million. This amount is based on 0,75% of total assets. The main activity of Sika Capital B.V. is to operate as a financing company of the Sika Group. Sika Capital B.V. raises funds from third party lenders through bond issuance and subsequently transfers the proceeds in full to the parent company Sika AG. Considering these financing activities, and based on our professional judgment, we consider total assets to be the most appropriate benchmark for the stakeholders of Sika Capital B.V. Misstatements in excess of €375,000, 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.	
Differences of opinion with management on accounting and reporting matters	There were no differences of opinion with management concerning accounting principles or practices, financial reporting or our audit procedures.
Significant difficulties encountered during the audit Significant difficulties encountered during the audit may include such matters as: 1. Significant delays in management providing required information 2. An unnecessarily brief time within which to complete the audit 3. Extensive unexpected effort required to obtain sufficient appropriate audit evidence 4. The unavailability of expected information 5. Restrictions imposed on the auditor by management	No significant difficulties were encountered during the audit.

Subject	Comment
6. Management's unwillingness to make or extend its assessment of the entity's ability to continue as a going concern when requested.	
Fraud and non-compliance with laws and regulations The primary responsibility for preventing and detecting fraud and non-compliance with regulations (hereinafter: irregularities) rests with the board of management. It is crucial that the board of management are adamant about the prevention of fraud and irregularities, thereby reducing the opportunity for committing fraud and irregularities, and urgently discourage fraud, so that persons refrain from committing fraud because it is likely to be discovered and punished. We are required to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement due to error, fraud (Standard on Auditing 240) or non-compliance with regulations (Standard on auditing 250). Because of the limitations inherent in an audit, there is an inevitable risk that some misstatements in the financial breakdowns are not detected, even if the audit has been planned properly and conducted in accordance with the relevant standards. Our audit procedures also include the procedures required under Standard on Auditing 240 and 250, such as brainstorming, collecting information with a view to identifying and responding to the risk of fraud and non-compliance, and performing certain procedures designed to identify breaches by management of internal controls, including examination of journal entries, assessment of estimates and evaluation of commercial reasons for significant unusual transactions. As of the financial year 2021, we report in our auditor's report on the identified risks for fraud and going concern and how we have followed them up in the audit. Given the importance of these topics, we have asked management for a fraud risk analysis.	No significant matters involving actual or suspected fraud or non-compliance with laws and regulations or articles of association were identified in the course of the audit.

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Subject	Comment
As in all of our audits, we addressed the risks related to management override of controls.	
Going concern The financial statements are prepared on the basis of the going concern assumption based on management's assessment that the enterprise will continue to operate in the foreseeable future and can continue to meet its liabilities. As an auditor, we must assess whether we agree with the going concern assumption, whether the disclosures are adequate, and whether there may be material events or circumstances that may cast significant doubt on the entity's ability to maintain its going concern. As an assumption for our judgment, we have requested from management the evidence of its assessment of the entity's ability to maintain its going concern, including a consideration of whether or not a situation of material uncertainty exists (management assessment). The (management) assessment is based on the assumptions and expectations about future developments. Although the accounting rules do not contain a cut-off of the period to be taken into account, we use the minimum period to be assessed of one year after the preparation of the financial statements, which usually coincides with the date of our auditor's report.	In the management assessment it has been concluded that no material uncertainty exists. By reaching this conclusion, management took amongst others the liquidity position and the 2021 results and cashflows of Sika AG into consideration, as well as the expected positive cashflows on a month by month basis for the period up and till including March 2023. Based on our procedures performed and the information obtained, we, as an auditor, conclude that management's use of the going concern assumption is appropriate in the circumstances, the disclosures are adequate and that there is no material uncertainty. Our assessment period is a period of at least twelve months from the date of the auditor's report.
Related parties We identify and understand related party relationships and relevant transactions. We verified that the relevant transactions are in the normal course of business and at arm's length.	Based on our audit procedures we did not identify any relevant transactions which are not in the normal course of business or not at arm's length. We are also not aware of any significant unusual transactions out of the course of the normal business executed by the company.

Subject	Comment
Requirements management board report Part 9 Book 2 of the Dutch Civil Code and the Dutch Corporate Governance Code lay down further requirements for the management board report.	We have found that the report of the board of management: • Contains all the information required by applicable laws and regulations • Is compatible with the financial statements and does not contain any material misstatements based on the knowledge obtained during the audit of the accounts
It is our responsibility within our audit of the financial statements to verify whether the directors' reports complies with the requirements under Part 9 Book 2 of the Dutch Civil Code and whether it is consistent with the financial statements, and also whether the management board report, in light of the knowledge and insights concerning Sika Capital B.V. and its environment obtained in the course of the financial statements audit, contains any material misstatements.	
Complex matters requiring consultation outside the audit team	During 2021, we have not obtained concurrence with our Professional Practice Group relating to specific accounting and auding issues besides our auditor's report.

2 Fee and independence

2.1 Introduction

We herewith report to you in writing on our independence and fees related matters pursuant to the Dutch and International Standards on Auditing, Article 11 of Regulation (EU) No. 537/2014, as well as the applicable Dutch laws and regulations on independence. This reporting comprises Ernst & Young Accountants LLP, the other EY network firms in the Netherlands and the EY member firms in other countries (together EY or we).

2.2 Fees and non-audit services

We report to you the fees charged during the period covered by the financial statements for the statutory audit, other assurance services and non-audit services provided by EY. The total audit fees for the financial period regarding Sika Capital B.V., are as follows:

Services delivered for the year 2021	Ernst & Young Accountants LLP	Total	Total audit hours*
Audit services	50,000	50,000	185
Other assurance services	-	-	
Other non-audit services	-	-	
Total services	50,000	50,000	185

* *The audit hours include an estimation for hours to wrap up and to finalize the audit.*

In accordance with Article 11 of Regulation (EU) No. 537/2014, we represent to you to the best of our knowledge the following with respect to our fees:

1. The fees for provision of the statutory audit do not contain contingent fees
2. We have not provided non-audit services for the statutory audit of the company financial statements of Sika Capital B.V.
3. We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Audit Regulation 537/2014 and applicable Dutch laws and regulations relating to auditor independence.

2.3 Long term involvement

2.3.1 Statutory auditor

Daniël Groot Zwaaftink is acting as the statutory auditor of Sika Capital B.V. as of the year 2020 (first year). As the statutory auditor is to rotate off after seven years, based on Article 24 of the Dutch Act on the supervision of audit firms (Wta), Daniël Groot Zwaaftink is allowed to act as statutory auditor for the year 2021.

2.4 Financial relationships

Financial relationships can relate to relationships of EY as a firm with Sika Capital B.V. as well as relationships of individuals (personal independence). Therefore, EY performs procedures in the Netherlands and in our foreign locations to determine whether any covered person with respect to Sika Capital B.V. or any EY member firm has any proscribed financial arrangements with Sika Capital B.V. No matters were identified during the financial period.

2.5 Other independence matters

Other independence matters may comprise:

1. Business relations
2. Employment relations
3. Other personal relationships
4. Gifts and hospitality
5. Legal proceedings

We are not aware of any of these matters that may reasonably be thought to bear on our independence in relation to Sika Capital B.V.

2.6 Use of non-EY auditors and specialists

We have not made use of external specialists nor made use of non-EY auditors.

2.7 Declaration of independence

We represent to you that Daniël Groot Zwaaftink, in his position as statutory auditor, Ernst & Young Accountants LLP, its network firm and its partners, senior managers and managers, conducting the statutory audit are independent from Sika Capital B.V.

Daniël Lodewijk
Groot Zwaaftink

Digitally signed by Daniël Lodewijk Groot Zwaaftink
DN: cn=Daniël Lodewijk Groot Zwaaftink, c=NL, o=Daniël Lodewijk Groot Zwaaftink, email=daniel.groot.zwaaftink@nl.ey.com
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