Holcim US Finance S.à r.l. & Cie S.C.S.

Annual report including the report of the Réviseur d'Entreprises Agréé

For the year ended December 31, 2021

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General information

Directors	Holcim US Finance S.à r.l. Rue Louvigny 21 1946 Luxembourg Grand Duchy of Luxembourg	
Registered office	Rue Louvigny 21 1946 Luxembourg Grand Duchy of Luxembourg	
Partners	Holcim US Finance S.à r.l. Rue Louvigny 21 1946 Luxembourg Grand Duchy of Luxembourg	99%
	Holdertrade Ltd & Cie S.N.C. Rue Louvigny 21 1946 Luxembourg Grand Duchy of Luxembourg	1%
Auditors	Mazars Luxembourg S.A. Rue Guillaume Kroll 5 1882 Luxembourg Grand Duchy of Luxembourg	
Trade Register	B112666	

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To the Board of Managers of
Holcim US Finance S.à r.l. & Cie S.C.S.

R.C.S Luxembourg B 112.666

21, rue de Louvigny
L-1946 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Holcim US Finance S.à r.l. & Cie S.C.S.** (the "Company"),which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" ("CSSF"). Our responsibilities under the EU regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "*réviseur d'entreprises agréé*" for the Audit of the Financial Statements » section of our report.

We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reason why the point has been identified as key audit matter	Response
Evaluation of recoverability of receivables owed by related parties	
As at 31 December 2021, the non-current financial assets consisting of receivables owed by related parties amounted to USD 149 725 000 which represents 96 % of the Company's total assets. As detailed in the Note 2 of the financial statements, the financial assets are carried at amortized cost less impairment in accordance with the accounting policies disclosed in the notes to the financial statements.	We have performed the following procedures over the evaluation of the recoverability of receivables owed by related parties: - obtaining an understanding of the internal recoverability procedure put in place at the group level - evaluating the judgements and decisions made by the management for assessing the recoverability of the receivables - reconciling the data used for the assessment with the audited and unaudited financial information of the counterparties - obtaining an understanding and list of the unused credit lines available to the counterparties.

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Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the management report and the Corporate Governance Statement but does not include the financial statements and our report of the "*réviseur d'entreprises agréé*" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers for the Financial Statements

The Board of Managers is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Managers is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "*réviseur d'entreprises agréé*" for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "*réviseur d'entreprises agréé*" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;

- Obtain 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;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers;

- Conclude on the appropriateness of Board of Managers ' 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 report of the "*réviseur d'entreprises agréé*" 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 report of the "*réviseur d'entreprises agréé*". However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

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Report on Other Legal and Regulatory Requirements

We have been appointed as "*réviseur d'entreprises agréé*" by the General Meeting of the Partners on 18 February 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 3 years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Luxembourg, 16 February 2022

For MAZARS LUXEMBOURG, Cabinet de révision agréé
5, RUE GUILLAUME J. KROLL
L – 1882 LUXEMBOURG

Olivier BIREN
Réviseur d'entreprises agréé

HOLCIM US FINANCE S.à r.l. & Cie S.C.S.

(the Company)

Société en Commandite Simple

Registered Office: 21, rue Louvigny, L-1946 Luxembourg

Trade Register Luxembourg B number 112.666

MANAGEMENT REPORT

We have the honor of reporting on the activity of the Company for the year ended December 31, 2021.

We hereby submit to you the financial statements for the same year.

Summary of activities:

The principal activity of the Company is to raise funds on the capital market and to provide intercompany financing in USD to other Holcim group companies.

During the year under review the Company issued a USD 100 million bond which will mature in 2031 with an annual coupon of 2,24%. The proceeds of this transaction has been used to provide a loan to a parent entity Holdertrade Ltd. & Cie S.N.C.

Summary of the financial activities:

Financial Income/Expenses

The financial income decreased by USD 50,7 million compared to prior year due to the repayment of two loans during the year 2020

The financial expenses decreased by USD 50,7 million compared to 2020 due to the repayment of the 500 M. EUR bond and the buyback of the 500 M. USD bond in 2020.

Derivatives and Risk:

Derivative Instruments

As at the balance sheet date, the company doesn't have any derivative instruments:

Liquidity Risk

The third party financial debt of the Company is guaranteed by Holcim Ltd towards the debtholders.

The Company monitors its liquidity risk by using a recurring liquidity management process and maintaining sufficient reserves of cash and unused credit lines to meet liquidity requirements at all times.

Credit Risk

The Company is exposed to the credit risk of the borrower on its intercompany financing and monitors this risk continuously.

Interest rate risk

The Company manages its interest rate risks actively. During the year under review, the loans granted by the Company are financed in a back-to-back manner avoiding any interest exposure on its financing activity.

Foreign currency risk

The Company manages its foreign currency risk continuously. As December 31, 2021, the Company was not exposed to material currency risk as most transactions as well as most receivables and payables were denominated in its functional currency (USD).

Uncertainties:

The main uncertainties of the Company are the future development of the liquidity of the financial markets, the evolution of reference interest rates and exchange rates in the view of refinancing its maturing debt or the potential issuance of new securities in the capital markets.

Key Performance Indicators:

The Company is committed to enhance its performance through continuous improvement; it reports its financial result on a monthly basis and evaluates the performance mainly based on the maximization of the income, minimization of financial expenses and the assessment of liquidity, interest rate and foreign exchange risks.

Subsequent event:

No material subsequent events occurred after December 31, 2021.

Result Allocation:

The financial year ended as at December 31, 2021 has been closed with a profit of USD 3.794,83. Total assets of the Company amounted to USD 155.544.667,63.

The Partners note that as at December 31, 2021 the Company's own equity consists of the following items:

- Share Capital	USD	20.000,00
- Share Premium	USD	2.990.000,00
- Retained earnings prior year	USD	612.343,09
- Result of the year	USD	3.794,83

We suggest the following allocation of the result:

- To be carried forward:	USD	3.794,83

Outlook:

The Company does not expect any major changes in its activity in the foreseeable future and expects to continue its financing operations in a comparable manner. If deemed appropriate by the Company, a part of the financial liabilities could be refinanced by the issuance of new debt instruments or bank facilities.

Research and Development:

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

Own Shares:

The Company does not hold any treasury shares.

Branch of the Company:

The Company doesn't have any branch as at December 31, 2021.

Responsibility statement:

To the best of our knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss.

The management report includes a fair review of the development and performance of the business together with a description of the principal risks and uncertainties.

Corporate governance statement:

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

The Company considers the 10 principles recommended by the Luxembourg Stock Exchange as guidance for its own corporate governance.

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

Organization and management

Board of Partners:

The company is managed by its Associé Gérant Holcim US Finance S.à r.l. supported by a General Manager. The Associé Gérant reports to the Board of Partners.

Management:

The daily business of the Company is under the responsibility of the Management. The Management consists of a member with high qualifications, which is appointed by and report to the Board of Partners.

Independent auditors

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

Mazars Luxembourg S.A. was approved as independent auditor for a one-year term until the Annual General Meeting of 2022.

Code of conduct

Since 2004, the Code of Conduct, binding for the entire Group, has been part of the mission statement.

This code of conduct is available under this link:

https://www.holcim.com/corporate-governance

Information and control instruments of the Partner

The Partner determines in which manner it is to be informed about the course of business. The Partner may demand information on all issues relating to the Company. At the Partner's meetings, all participants have a duty to contribute actively to the discussion and to provide information, as do any members of the Management in attendance.

Internal control

The Company has implemented a control system and procedures.

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

Holcim US Finance S.à r.l. (Manager of the Company)

Statement of profit or loss

(all amounts in USD thousands)		For the year ended December 31	
	Note	2021	2020
Incomes			
Financial income	7	4,192	54,915
Foreign exchange gains net	8	-	30
		4,192	**54,945**
Expenses			
Financial expenses	7	(4,134)	(54,898)
Administration expenses		(54)	(46)
		(4,188)	**(54,944)**
Net profit before taxes		**4**	**1**
Income taxes	13	-	2
Net profit for the year		**4**	**3**

Statement of comprehensive income

(all amounts in USD thousands)	For the year ended December 31	
	2021	2020
Net profit	**4**	**3**
Other comprehensive income	**-**	**-**
Total comprehensive income	**4**	**3**

Statement of financial position

(all amounts in USD thousands)		As at December 31	
	Note	2021	2020
Cash and cash equivalents	9	3.434	3.903
Prepaid expenses and other current assets	10	2.386	1.619
Total current assets		**5.820**	**5.522**
Non-current financial assets	11	149.725	50.000
Total non-current assets		**149.725**	**50.000**
Total assets		**155.545**	**55.522**
Other current liabilities		2.185	1.900
Total current liabilities		**2.185**	**1.900**
Non-current financial liabilities	12	149.734	50.000
Total non-current liabilities		**149.734**	**50.000**
Total liabilities		**151.919**	**51.900**
Share capital		20	20
Share premium		2.990	2.990
Retained earnings		616	612
Total shareholder's equity		**3.626**	**3.622**
Total liabilities and shareholder's equity		**155.545**	**55.522**

Statement of changes in equity

(all amounts in USD thousands)	For the year ended December 31		
	Share capital	Share premium	Retained earnings
Equity as at January 1, 2020	**20**	**2.990**	**609**
Net profit	-	-	3
Other comprehensive income/(loss)	-	-	-
Total comprehensive income/(loss)	-	-	3
Share premium increase/(decrease)	-	-	-
Share capital paid-in	-	-	-
Additional paid-in capital	-	-	-
Dividends	-	-	-
Equity as at December 31, 2020	**20**	**2.990**	**612**
Equity as at January 1, 2021	**20**	**2.990**	**612**
Net profit	-	-	4
Other comprehensive income/(loss)	-	-	-
Total comprehensive income/(loss)	-	-	4
Share premium increase/(decrease)	-	-	-
Share capital paid-in	-	-	-
Additional paid-in capital	-	-	-
Dividends	-	-	-
Equity as at December 31, 2021	**20**	**2.990**	**616**

Statement of cash flows

(all amounts in USD thousands)	For the year ended December 31	
	2021	2020
Net profit	**4**	**3**
Cash generated from operations	**4**	**3**
Interest and financial income received	3,426	53,635
Interest and financial expenses paid	(3,841)	(57,369)
Income taxes paid	-	2
Other expense	(54)	(45)
Cash flow from operating activities (A)	**(469)**	**(3,777)**
Decrease current financial assets	-	627,500
Repayment of non-current financial assets	-	500,000
Decrease non-current financial assets	(99,725)	-
Cash flow from investing activities (B)	**(99,725)**	**1,127,500**
Proceeds from current financial liabilities	551,000	-
Repayment of current financial liabilities	(551,000)	-
Proceeds from non-current financial liabilities	99,725	-
Repayment of non-current financial liabilities	-	(1,127,482)
Cash flow used in financing activities (C) (note X9)	**99,725**	**(1,127,482)**
(Decrease)Increase in cash and cash equivalents (A + B + C)	**(469)**	**(3,759)**
Cash and cash equivalents as at January 1 (net)	**3,903**	**7,679**
(Decrease) / Increase in cash and cash equivalents	(469)	(3,759)
Net foreign exchange difference	-	(17)
Cash and cash equivalents as at December 31 (net)	**3,434**	**3,903**

Notes to the financial statements

1. Company information

Holcim US Finance S.à r.l. & Cie S.C.S. (the "Company") is a "Société en Commandite Simple" incorporated in Luxembourg. The date of incorporation was on November 28, 2005. The principal activity of the Company is intercompany financing in USD.

The shares of the Company are held by Holcim US Finance S.à r.l. with 99% and Holdertrade Ltd & Cie S.N.C. with 1 % and its ultimate parent company is Holcim Ltd.

The Company's share capital comprises 200 (200 in the previous year) authorized, issued and fully paid ordinary, non-preference shares with a nominal value of USD 100.00 each.

These financial statements are the Company's separate financial statements in accordance with IAS 27.

2. Summary of significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Related companies refer to group companies consolidated in the Holcim Ltd financial statements.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Impact from COVID-19

Due to the COVID-19 crisis, the local market conditions were disrupted and impacted by various factors beyond the Company's control, including a prolonged spread of the pandemic, government measures affecting the Group's operations and customers' behaviours. These factors led to a high degree of uncertainty on the estimates and assumptions concerning the future that were considered in multiple scenarios which are believed to be reasonable, supportable and realistic under the circumstances. The estimates and assumptions, notably those relating to assets and goodwill impairments, inventory valuation, expected credit loss of trade receivables, recovery of deferred tax assets, income tax computation, employee defined benefit plans and hedged positions have been based on the available information at the end of December 2021.

Presentation currency

The assets and liabilities of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's presentation and functional currency is USD, as the principal activity of the Company is intercompany financing in USD.

Foreign currency translation

Foreign currency transactions translated into the functional currency are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, except when deferred outside the statement of profit and loss as qualifying cash flow hedges or net investment hedges. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Cash and cash equivalents

Cash and cash equivalents are financial assets. Cash equivalents are readily convertible into a known amount of cash with original maturity of three months or less and which are subject to an insignificant risk of changes in value

Current financial assets

Current financial receivables are recognized at their fair value and are subsequently measured depending on their classification based on the business model and contractual cash flows test.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance

Investments

Investments in subsidiaries and associates are stated at cost as the company intends to hold the asset to maturity to collect contractual cash flows. Investments in which the Company does not have a controlling interest or significant influence are classified as fair value through other comprehensive income. All purchases and sales of investments are recognized on the trade date, which is the date that the Company commits to purchase or sell the asset. The purchase cost includes transaction costs, except for derivative instruments.

Non-current financial assets

Non-current financial assets consist of (a) non-current receivables - related companies and (b) non-current receivables - third parties. Non-current receivables are measured at amortized cost using the effective interest method.

Impairment of financial assets

IFRS 9 requires the Company to measure and record the expected credit loss ("ECL"), which means that anticipated as opposed to incurred credit losses are recognised resulting in earlier recognition of impairments. A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument. The company considers the probability of default upon initial recognition of long-term loans and receivables whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period by considering available reasonable and supportable historical and forward-looking information.

The company uses three categories for long-term loans and receivables which reflect their credit risk and how the loan loss provision is determined for each of those categories:

Category	Definition
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows.
Non-performing	Interest and/or principal repayments are past due and credit risk level shows an increase.
Write-off	Based on observable data the payments will not be collected.

Each exposure is allocated to a credit risk category at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring which may result in an exposure being moved to a different credit risk category.

Over the term of the loans, the Company accounts for its credit risk by providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the company considers historical loss rates for each category of customers and adjusts for forward looking macroeconomic data. No significant changes to estimation techniques or assumptions were made during the reporting period.

Non-current financing liabilities

Non-current financing liabilities from related companies are measured at amortized cost using the effective interest method.

Bank loans acquired and non-convertible bonds issued are recognized initially at the proceeds received, net of transaction costs incurred. Subsequently, bank loans and non-convertible bonds are stated at amortized cost using the effective interest method with any difference between the proceeds (net of transaction costs) and the redemption value being recognized in the statement of profit and loss over the term of the borrowings.

Financial liabilities that are due within 12 months after the end of the reporting period are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability until more than 12 months after the reporting period.

Current and deferred taxes

Current taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax are also recognized in other comprehensive income or directly in equity respectively.

Deferred tax is provided using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at reporting date. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax expense.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which deductible temporary differences or unused tax losses can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising from financial investments except where the Company is able to control the timing and distribution of earnings from these respective entities and where dividend payments are not expected to occur in the foreseeable future.

Deferred tax is charged or credited in the statement of profit and loss, except when it relates to items credited or charged outside the statement of profit and loss, in which case the deferred tax is treated accordingly.

Provisions

A provision is recognized when a legal or constructive obligation arising from past events exists, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of this amount.

Recognition of Dividend and interest income

Interest is recognized on a time proportion basis that reflects the effective yield on the asset. Dividends are recognized when partners' right to receive payment is established.

Contingent liabilities

Contingent liabilities arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. They are accordingly only disclosed in the notes to the financial statements.

Adoption of revised and new International Financial Reporting Standards and Interpretations

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 *Insurance Contracts and amendments* to IFRS 17 *Insurance Contracts*.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

Although new or amended standards that will have no or no material effect on the financial statements need not be provided, the Company has included all new or amended standards and their possible impact on the financial statements for illustrative purposes only.

3. Critical accounting judgements and key sources of estimation uncertainty

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of incomes, expenses, assets, liabilities and related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. However, actual results could differ from those estimates.

Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no accounting estimates or judgements which are considered to be critical.

4. Risk management

Financial risk management

The Company's activities expose it to a variety of financial risks, including the effect of changes in debt structure and equity market liquidity, interest rate, foreign exchange and credit risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company may use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures. The Company does not enter into derivative or other financial transactions which are unrelated to its operating business. Financial risk management within the Company is governed by policies approved by Holcim Group key management personnel. It provides principles for overall risk management, as well as policies covering specific areas such as interest rate risk, foreign exchange risk, credit risk, use of derivative financial instruments and investing of excess cash.

Liquidity risk

The Company needs liquidity to meet its obligations. As an individual company, it is responsible for its own cash balances and the raising of internal and external credit lines to cover the liquidity needs, subject to guidance by the Group and, in certain cases, approval at Group level. The Group monitors its liquidity risk by using a recurring liquidity planning tool and maintains cash, readily realizable marketable securities and unused committed credit lines to meet its liquidity requirements. In addition, the strong creditworthiness of the Group allows it to access international financial markets for financing purposes.

Market risk

Holcim Group is exposed to market risk, primarily relating to foreign exchange and interest rate risk. To manage the volatility relating to these exposures, the Group may enter into a variety of derivative financial instruments. The Group's objective is to reduce fluctuations in earnings and cash flows associated with changes in foreign exchange and interest rate risk.

Interest rate risk

Interest rate risk arises from movements in interest rates which could affect the Company's financial results and market values of its financial instruments. The Company is primarily exposed to fluctuations in interest rates on its financial liabilities at floating rates which may cause variations in the Company's financial results. The exposure is mainly addressed through the management of the fixed/floating ratio of financial liabilities. To manage this mix, the Company may enter into interest rate swap agreements, in which it exchanges periodic payments based on notional amounts and agreed-upon fixed and floating interest rates. The Company is also exposed to the evolution of interest rates and credit markets for its future refinancing, which may result in a lower or higher cost of financing. The Company constantly monitors credit markets and the aim of its financing strategy is to achieve a well-balanced maturity profile to reduce both the risk of refinancing and of large fluctuations of its financing cost.

Foreign exchange risk

The Group's global footprint exposes it to foreign exchange risks. The principal activity of the Company is intercompany financing in USD. It usually borrows funds from third parties or related parties in the same currency. Any remaining foreign currency exposure may be hedged by entering into derivative contracts.

Capital Structure

The Company's objectives when managing capital are to secure the Company's financial needs as a going concern. The Company manages the capital structure by ensuring an adequate cash flow from operating activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the partners, return capital to the partners, issue new shares, or sell assets to reduce debt.

Credit risk

Credit risks, or the risk of counterparties defaulting, are constantly monitored on a Group level. In general, the Company only enters into financial transactions with related counterparties, as well as with non-related counterparties with high credit ratings. The Group does not expect any counterparty to be unable to fulfill their obligations under their respective financing agreements.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position.

Fair value estimation

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

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

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

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

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

Level 2 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are observable market data, either directly or indirectly. Such valuation techniques include the discounted cash flow method and option pricing models. For example, the fair value of interest rates and currency swaps is determined by discounting estimated future cash flows, and the fair value of forward foreign exchange contracts is determined using the forward exchange market at the end of the reporting period.

Level 3 fair value measurements are those derived from valuation techniques using inputs for the asset or liability that are not based on observable market data. In 2021 and 2020, there were no financial assets and liabilities allocated to level 3.

There have been no transfers between the different hierarchy levels in 2021 and 2020.

5. Financial instruments and fair values

31 December 2021 (all amounts in USD thousands)	Carrying amount			Fair value			
				Level			
	Debt instruments at amortized cost	Financial assets at amortized cost	Total	1	2	3	Total
Financial assets measured at amortized cost	-	149,725	**149,725**	-	191,113	-	**191,113**
Financial liabilities measured at amortized cost	149,734	-	**149,734**	151,585	-	-	**151,585**

31 December 2020 (all amounts in USD thousands)	Carrying amount			Fair value			
				Level			
	Debt instruments at amortized cost	Financial assets at amortized cost	Total	1	2	3	Total
Financial assets measured at amortized cost	-	50,000	**50,000**	-	70,394	-	**70,394**
Financial liabilities measured at amortized cost	50,000	-	**50,000**	54,643	-	-	**54,643**

6. Contractual maturity analysis

	Contractual undiscounted cash flows						
(all amounts in USD thousands)	Within 1 year	Within 2 years	Within 3 years	Within 4 years	Within 5 years	Thereafter	Total
2021							
Non-derivative financial liabilities	4,340	4,340	4,340	4,340	4,340	175,900	**197,600**
Total	**4,340**	**4,340**	**4,340**	**4,340**	**4,340**	**175,900**	**197,600**
2020							
Non-derivative financial liabilities	2,100	2,100	2,100	2,100	2,100	66,800	**77,300**
Total	**2,100**	**2,100**	**2,100**	**2,100**	**2,100**	**66,800**	**77,300**

The contractual cash flows are based on the earliest date on which the Company can be required to pay. Contractual interest cash flows relating to a variable interest rate are calculated based on the rates prevailing as of December 31.

7. Financial income and financial expenses

(all amounts in USD thousands)	2021	2020
Financial income - parent	4,192	54,915
Financial income - third parties	-	30
Total financial income	**4,192**	**54,945**
Of which:		
Interest income	4,192	54,915
other financial income	-	30

(all amounts in USD thousands)	2021	2020
Financial expenses - other related companies	(1,046)	(11,267)
Financial expenses - third parties	(3,088)	(43,631)
Total financial expenses	**(4,134)**	**(54,898)**
Of which:		
Interest expense	(3,056)	(40,857)
Guarantee fee expense	(1,046)	(11,267)
Amortizations	(9)	(2,748)
Other financial expense	(23)	(26)

The position of financial expenses - third parties relates primarily to financial liabilities measured at amortized cost.

Interest rate sensitivity

The Company's sensitivity analysis has been determined based on the interest rate exposure relating to the Company's financial liabilities at variable rate on a post hedge basis as at December 31. A 1 percentage point change is used when the interest rate risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

On December 31, a 1 percentage point shift in interest rates, with all other assumptions held constant, would result in an immaterial amount of annual additional/lower financial expenses before tax on a post hedge basis.

This is mainly attributable to the Company's short-term Liabilities bearing floating.

8. Foreign exchange gains/(losses) net

(all amounts in USD thousands)	2021	2020
The foreign exchange gains/(losses) net arose from:		
Other current liabilities	-	30
Total	-	**30**

Foreign currency sensitivity

The Company's sensitivity analysis has been determined based on the Company's net transaction exposure that arises on monetary financial assets and liabilities at December 31 that are denominated in a foreign currency other than the functional currency in which they are measured.
A 5 percent change is used when the net foreign currency transaction risk is reported internally to key management personnel and represents management's assessment of a reasonably possible change in foreign currency rates.
As at December 31, the Company has no foreign currency exposures.

9. Notes to the cash flow statement

(all amounts in USD thousands)	2021	2020
Cash at banks and in hand	3,434	3,903
Total cash and cash equivalents	**3,434**	**3,903**
Of which pledged / restricted	-	-

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the reporting position as shown above.

Changes in liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's cash flow statement as cash flows from financing activities.

(all amounts in USD thousands)	1 January 2021	Financing cash flows (i)	Fair value adjustments	Other changes (ii)	31 December 2021
Bond Financing (note14)	50,000	99,725	-	9	149,734
Total liabilities from financing activities	**50,000**	**99,725**	**-**	**9**	**149,734**

(all amounts in USD thousands)	1 January 2020	Financing cash flows (i)	Fair value adjustments	Other changes (ii)	31 December 2020
Bond Financing (note14)	1,111,241	(1,127,482)	-	66,241	50,000
Interest rate swaps fair value hedging or economically hedging financing liabilities	58,943	-	(58,943)	-	-
Total liabilities from financing activities	1,170,184	(1,127,482)	(58,943)	66,241	50,000

(i) The cash flows from bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.
(ii) Other changes are included in the Financial expenses third parties (note 7).

10. Prepaid expenses and other current assets

(all amounts in USD thousands)	2021	2020
Accrued interest receivable	2,386	1,619
Total	**2,386**	**1,619**

11. Non-current financial assets

(all amounts in USD thousands)	2021	2020
Non-current financial receivables - parent	149,725	50,000
Total	**149,725**	**50,000**
Of which pledged / restricted	-	-

Interest rate structure of non-current financial receivables

(all amounts in USD thousands)	2021	2020
Financial receivables at fixed rates	149,725	50,000
Financial receivables at variable rates	-	-
Total	**149,725**	**50,000**

The fair values of non-current financial assets amount to USD 191 million (previous year: USD 70 million) and are classified as level 2 in the fair value hierarchy. (note 5)

12. Non-current financial liabilities

(all amounts in USD thousands)	2021	2020
Non-current financial liabilities - third parties	149,734	50,000
Total	**149,734**	**50,000**
Of which guaranteed by the ultimate parent company	149,734	50,000

Interest rate structure of non-current financial liabilities

(all amounts in USD thousands)	2021	2020
Financial liabilities at fixed rates	149,734	50,000
Financial liabilities at variable rates	-	-
Total	**149,734**	**50,000**

The fair values of non-current financial liabilities amount to USD 152 million (previous year: USD 55 million and are classified as level 1 in the fair value hierarchy (note 5).

(all amounts in USD thousands)					Net book value	Net book value
Currency / nominal value	Nominal interest rate	Effective interest rate	Term	Description	2021	2020
USD/50'000	4.20%	4.20%	2013-2033	Bond Guaranteed by Holcim Ltd	50,000	50,000
USD/100'000	2.24%	2.28%	2021-2031	Bond Guaranteed by Holcim Ltd	99,734	-
Total					**149,734**	**50,000**
Of which current portion					-	-

13. Income Taxes

The Company is subject to all taxes applicable for Luxembourg commercial companies.

14. Operating Segments

The Company is not an operating entity and has therefore not identified any operating segment.

15. Events after the reporting period

There were no significant events after reporting period

16. Authorization of the financial statements for issue

The financial statements were authorized for issuance by the Board of Directors of Holcim US Finance S.à r.l. & Cie S.C.S on February 16, 2022 and cannot be amended after issuance.