

Holcim US Finance (Luxembourg) S.A.

Société Anonyme

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

For the year ended December 31, 2023

Address: 21 rue Louvigny
L-1946 Luxembourg
Grand Duchy of Luxembourg

Trade Register: B112666

Share Capital: USD 50.000

Table of Contents

	Pages
General information	1
Report of the Réviseur d'Entreprises Agréé	2 - 5
Management report	6 - 10
Annual accounts	
- Statement of profit or loss	11
- Statement of Comprehensive income	11
- Statement of financial position	12
- Statement of changes in equity	13
- Statement of cash flows	14
Notes to the financial statements	15 - 27

General information

Directors	Jaques Laurent Gehlen Mireille Kossmann Christoph	
Registered office	Rue Louvigny 21 L-1946 Luxembourg Grand Duchy of Luxembourg	
Shareholder	Holcim Ltd Grafenauweg 10 CH-6300 Zug Switzerland	100%
Auditor	Ernst & Young Avenue John F. Kennedy 35E 1855 Luxembourg Grand Duchy of Luxembourg	
Trade Register	B112666	

Holcim US Finance (Luxembourg) S.A.
(the Company)
Société Anonyme
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, 2023.

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.

In November 2022 the Company agreed to substitute Holcim Capital Corporation Ltd as issuer of the following issuances with a total nominal value of USD 550 million:

- Series B U.S.\$250,000,000 6.875 per cent. guaranteed notes due 2039 guaranteed by Holcim Ltd
- Series B U.S.\$250,000,000 6.500 per cent. guaranteed notes due 2043 guaranteed by Holcim Ltd
- U.S.\$50,000,000 7.65 per cent. Private Placement due 2031 guaranteed by Holcim Ltd

These issuances were assigned to the Company together with three loans for a total nominal value of USD 550 million to Holcim Ltd.

The three loans to Holcim Ltd were fully repaid immediately after the assignment and the funds received by the Company were used to provide three new loans to Holcim International Finance Ltd.

The company maintained its operational status in 2023 without issuing any new bond.

In November 2023, USD 3,5 million out of the bank assets were extended as a short-term loan to Holcim International Finance Ltd at a 5.94% interest rate until February 2024.

Summary of the financial activities:

Financial Income/Expenses

Due to the substitution as the issuer and the initiation of new loans to HIFL starting only in November 2022, it is logical that the company's expenses and revenues saw an increase in 2023.

The financial income increased by USD 33,8 million and the financial expenses increased by USD 32 million compared to prior year.

Derivatives and Risk:

Derivative Instruments

The company holds no derivative instrument as at the balance sheet date.

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, 2023, 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, 2023.

Result Allocation:

The financial year ended as at December 31, 2023 has been closed with a profit of USD 1.489.402,78. Total assets of the Company amounted to USD 731.057.428,41.

The Directors note that as at December 31, 2023 the Company's own equity consists of the following items:

- Share Capital	USD	50.000,00
- Share Premium	USD	2.990.000,00
- Legal reserve	USD	5.000,00
- Retained earnings prior year	USD	906.876,81
- Result of the year	USD	1.489.402,78

We suggest the following allocation of the result:

- To be carried forward:	USD	1.369.152,78
- To the wealth tax reserve:	USD	120.250,00

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, 2023.

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 Directors:

The Company is placing a strong emphasis on corporate governance. The Board of Directors consists of two independent Directors out of three members with complementary high qualifications.

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 Directors.

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.

Ernst and Young was approved as independent auditor for a one-year term until the Annual General Meeting of 2024.

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>

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>



Mr. Jaques
Director



Mrs. Gehlen
Director



Mr. Kossmann
Director

Independent auditor's report

To the Shareholders of
Holcim US Finance (Luxembourg) S.A.
21, Rue Louvigny
L-1946 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Holcim US Finance (Luxembourg) S.A. (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with 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 the "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.

Expected credit loss related to current and non-current financial assets granted to other companies of the Holcim Group	
Matter	Response
<p>Holcim US Finance (Luxembourg) S.A. is a financing entity granting loans to companies within the Holcim Group referred to as Holcim Group companies.</p> <p>As of 31 December 2023 current financial assets amounted to USD 3,500 thousand, accrued interest receivable and prepaid expenses amounted to USD 13,048 thousand and non-current financial assets amounted to USD 713,332 thousand all together totalling to USD 729,880 thousand ("Loans") and representing almost 100% of the Company's total assets.</p> <p>As detailed in Note 2 to the financial statements, the Loans are classified as debt instruments measured at amortized cost less impairment. An expected credit loss analysis was performed by the Management as at 31 December 2023 based on key judgements and estimates.</p> <p>Given the significance of Loans granted to Holcim Group companies as well as the importance of the judgments involved regarding the assessment of the expected credit losses of these Loans, we consider it as a key audit matter.</p>	<p>Our audit procedures over impairment and the evaluation of the expected credit loss analysis of Loans granted to Holcim Group companies included, among others:</p> <ul style="list-style-type: none"> - inspecting legal documentation related to the Loans. - agreeing the input data used in the expected credit losses analysis by comparing the carrying value of the Loans disclosed in the Company's financial statements to the respective financial information obtained from Holcim Group companies. - assessing the methods used and assumptions applied by Management in the expected credit losses analysis with the support of our internal valuation specialists to evaluate its reasonableness considering the Company's portfolio, risk profile, credit risk management policies and the complex macroeconomic environment. - evaluating the allocation of the Loans to stage 1 (Performing), 2 (Non-performing) or 3 (write-off) in accordance with IFRS 9 by testing a sample of the Loans to ensure that they were allocated to the appropriate stage. - evaluating the adequacy of the Company's disclosures in respect to the credit risk as disclosed in Note 4 of the financial statements.

Other Matter

The financial statements of Holcim US Finance (Luxembourg) S.A. for the year ended 31 December 2022 were audited by another réviseur d'entreprises agréé who expressed an unmodified opinion on those financial statements on 17 February 2023.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the corporate governance statement but does not include the financial statements and our report of "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 Directors and of those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors 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 Directors 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 Directors 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 EU Regulation N° 537/2014, the Law of 23 July 2016 and with the 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 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 Directors.

- Conclude on the appropriateness of Board of Directors' 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, related safeguards.

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.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Extraordinary General Meeting of the Shareholders on 19 October 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is one year.

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

The corporate governance statement, included in the management report, is the responsibility of the Board of Directors. 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 EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Monika Reschka



Petar Dionissiev

Statement of profit or loss

(all amounts in USD thousands)

	Note	For the year ended December 31	
		2023	2022
Income			
Financial income	7	43,867	10,072
		43,867	10,072
Expenses			
Financial expenses	7	(41,662)	(9,622)
Administration expenses		(341)	(82)
Foreign exchange (losses) net	8	(3)	(1)
		(42,006)	(9,705)
Net profit before taxes		1,861	367
Income taxes	14	(372)	(71)
Net profit for the year		1,489	296

Statement of comprehensive income

(all amounts in USD thousands)

	For the year ended December 31	
	2023	2022
Net profit	1,489	296
Other comprehensive income		
Total comprehensive income	1,489	296

Statement of financial position

(all amounts in USD thousands)

	Note	As at December 31	
		2023	2022
Cash and cash equivalents	9	1,177	3,572
Current financial assets	11	3,500	-
Accrued interest receivable and prepaid expenses	10	13,048	5,993
Total current assets		17,725	9,565
Non-current financial assets	11	713,332	721,632
Total non-current assets		713,332	721,632
Total assets		731,057	731,197
Other current liabilities	12	13,066	12,930
Total current liabilities		13,066	12,930
Non-current financial liabilities	13	712,550	714,315
Total non-current liabilities		712,550	714,315
Total liabilities		725,616	727,245
Share capital	1	50	50
Share premium		2,990	2,990
Legal Reserves	1	5	-
Retained earnings		2,396	912
Total shareholder's equity		5,441	3,952
Total liabilities and shareholder's equity		731,057	731,197

Statement of changes in equity

(all amounts in USD thousands)

	For the year ended December 31			Retained earnings
	Share capital	Share premium	Legal reserves	
Equity as at January 1, 2022	20	2,990	-	616
Net profit	-	-	-	296
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income	-	-	-	296
Share capital paid-in	30	-	-	-
Equity as at December 31, 2022	50	2,990	-	912
Equity as at January 1, 2023	50	2,990	-	912
Net profit/(loss)	-	-	5	1,484
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income	-	-	5	1,484
Equity as at December 31, 2023	50	2,990	5	2,396

Statement of cash flows

(all amounts in USD thousands)	For the year ended December 31	
	2023	2022
Interest and financial income received	36,811	13,671
Interest and financial expenses paid	(43,492)	(6,279)
Income taxes paid	(175)	-
Other expense	(339)	(80)
Cash flow from operating activities (A)	(7,195)	7,312
Current financial assets issued	(3,500)	-
Proceeds from non-current financial assets	8,549	564,703
Non-current financial assets issued	(249)	(571,907)
Cash flow from/(used in) investing activities (B)	4,800	(7,204)
Equity Capital paid in	-	30
Cash flow (used in)/from financing activities (C) (note 9)	-	30
(Decrease)Increase in cash and cash equivalents (A + B + C)	(2,395)	138
Cash and cash equivalents as at January 1 (net)	3,572	3,434
(Decrease)Increase in cash and cash equivalents	(2,395)	138
Cash and cash equivalents as at December 31 (net)	1,177	3,572

Notes to the financial statements

1. Company information

Holcim US Finance (Luxembourg) S.A. (the "Company") is a limited liability Company incorporated in Luxembourg for an unlimited period. The date of incorporation was on November 28, 2005.

The principal activity of the Company is intercompany financing in USD by issuing bonds on the regulated market of the Luxembourg Stock Exchange. The Market is a regulated market for the purposes of the Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments.

The shares of the Company are held by Holcim Ltd, its ultimate parent company, with 100%.

The Company's Financial Statements are included in the consolidated Financial Statements of Holcim Ltd prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, and available at the official website of Holcim Ltd.

The Company's share capital comprises of 500 (500 in the previous year) authorized, issued and fully paid ordinary, non-preference shares with a nominal value of USD 100.00 each.

Under Luxembourg law, the Company is required to appropriate annually at least 5% of its statutory net profit to a non-distributable legal reserve until the aggregate reserve reaches 10% of the subscribed capital. The reserve is fully constituted for USD 5 thousand.

2. Summary of material accounting policies

Basis of accounting

The financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as adopted by the European Union and with Luxembourg law.

The financial statements have been prepared on the historical cost basis. 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 Company 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 financial statements is determined on such a basis.

Related parties 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 Company 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.

Macroeconomic developments

In the context of high inflation and tight labour markets, central banks in most major economies have raised interest rates at an accelerated pace, which has increased the concerns about recessions in those economies and which may lead to further significant levels of volatility in equities, currencies and interest rates. In addition, the implications of the ongoing war in Ukraine, including a deepening energy crisis in Europe, have continued to add uncertainty to future economic and market developments. The Company does not conduct any business in Russia or with Russia-domiciled clients.

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 profit or loss, 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.

Non-current financial assets

Non-current financial assets consist of (a) non-current receivables - related parties 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 fair value through profit or loss, 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 expected credit loss 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.

Current and non-current financial liabilities

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

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 is 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.

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 shareholders' 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

In 2023 the Company adopted the following new or amended standards:

- *IFRS 17 Insurance Contracts* (including Amendments to IFRS 17 issued in June 2020 and Amendment to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued in December 2021). The Company does not have any contracts that meet the definition of insurance contracts as set out in IFRS 17.
- *Amendments to IAS 8 – Definition of Accounting Estimates*. The adoption of the amendments to IAS 8 have not materially impacted the Company financial statements.
- *Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies*. The adoption of the amendments to IAS 1 have not materially impacted the Company financial statements.
- *Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*. The adoption of the amendments to IAS 12 have not materially impacted the Company financial statements.

- *Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules*.

The OECD has released international model rules aimed at ensuring that large corporate groups are subject to a minimum taxation at a 15 percent rate in each jurisdiction where they operate (Pillar Two Model Rules). The Company belongs to the Group which is in the scope of the Pillar Two Model Rules and has adopted the amendments to IAS 12 concerning "International Tax Reform – Pillar Two Model Rules" issued by the International Accounting Standards Board in May 2023.

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current with Covenants Amendments to IAS 1 (1 January 2024)
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 (1 January 2024)
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 (1 January 2024)

- Lack of exchangeability – Amendments to IAS 21 (1 January 2025)

The Company is currently assessing the impact of those amendments on the financial statements. Those impacts are not expected to be material.

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.

Significant 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.

The area affected is the determination of the expected credit losses (ECL) on the loans granted.

The measurement of impairment losses under IFRS 9 requires judgements and estimates. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the ECL models are considered accounting judgements. Refer to Note 2 paragraph Impairment of financial assets for further details.

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 Company monitors its liquidity risk by using a recurring liquidity planning tool and maintains cash and other financial assets 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

The Company is exposed to market risk, primarily relating to foreign exchange rate risk. To manage the volatility relating to this exposure, the Company usually maintains financing activity in the presentation currency - USD. The Company's objective is to reduce fluctuations in earnings and cash flows associated with changes in foreign exchange 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 principal activity of the Company is intercompany financing in USD. It usually borrows funds from third parties or related parties in the same currency.

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 shareholder, return capital to the shareholder, 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 fulfil 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.

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 2023 and 2022, there were no financial assets and liabilities allocated to level 3.

There have been no transfers between the different hierarchy levels in 2023 and 2022.

5. Financial instruments and fair values

December 31 2023 (all amounts in USD thousands)	Carrying amount		Fair value				
	Debt instruments at amortized cost	Financial assets at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost	-	716,832	716,832	-	957,828	-	957,828
Financial liabilities measured at amortized cost	712,550	-	712,550	654,432	64,711	-	719,143
December 31 2022 (all amounts in USD thousands)	Carrying amount		Fair value				
	Debt instruments at amortized cost	Financial assets at amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost	-	721,632	721,632	-	959,301	-	959,301
Financial liabilities measured at amortized cost	714,315	-	714,315	617,343	65,703	-	683,046

6. Contractual maturity analysis

(all amounts in USD thousands)	Contractual undiscounted cash flows						Total
	Within 1 year	Within 2 years	Within 3 years	Within 4 years	Within 5 years	Thereafter	
2023							
Non-derivative financial liabilities	41,603	41,603	41,603	41,603	41,603	1,161,598	1,369,613
Total	41,603	41,603	41,603	41,603	41,603	1,161,598	1,369,613
2022							
Non-derivative financial liabilities	41,603	41,603	41,603	41,603	41,603	1,203,110	1,411,125
Total	41,603	41,603	41,603	41,603	41,603	1,203,110	1,411,125

The contractual cash flows are based on the earliest date on which the Company can be required to pay.

7. Financial income and financial expenses

(all amounts in USD thousands)		
	2023	2022
Financial income - parent	-	2,601
Financial income - other related parties	43,867	7,471
Total financial income	43,867	10,072
Of which:		
Interest income	43,867	10,072
(all amounts in USD thousands)		
	2023	2022
Financial expenses - parent	(1,789)	(1,969)
Financial expenses - third parties	(39,873)	(7,654)
Total financial expenses	(41,662)	(9,623)
Of which:		
Interest expense	(41,616)	(7,756)
Guarantee fee expense	(1,789)	(1,969)
Unwinding of premium	2,279	122
Unwinding of discount	(513)	-
Other Financial expenses	(23)	(20)

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

Interest rate sensitivity

The Company has no exposure to variable interest rate.

8. Foreign exchange gains/(losses) net

(all amounts in USD thousands)		
	2023	2022
The foreign exchange gains/(losses) net arose from:		
Other current liabilities	(3)	(1)
Total	(3)	(1)

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)		
	2023	2022
Cash at banks	1,177	3,572
Total cash and cash equivalents	1,177	3,572
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.

	1 January 2023	Financing cash flows (i)	Other changes (ii)	31 December 2023
(all amounts in USD thousands)				
<u>Non-Current financing liabilities (note 12)</u>	714,315	-	(1,765)	712,550
Total liabilities from financing activities	714,315	-	(1,765)	712,550

- (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 include interest accruals and payments.

	1 January 2022	Financing cash flows (i)	Other changes (ii)	31 December 2022
(all amounts in USD thousands)				
<u>Non-Current financing liabilities (note 12)</u>	149,734	-	564,581	714,315
Total liabilities from financing activities	149,734	-	564,581	714,315

- (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 include interest accruals and payments.

10. Accrued Interest receivable and prepaid expenses

(all amounts in USD thousands)		
	2023	2022
Prepaid expenses	2	2
Accrued interest receivable other related parties	13,046	5,991
Total	13,048	5,993

11. Current and non-current financial assets

(all amounts in USD thousands)		
	2023	2022
Non-current financial receivables other related parties	713,332	721,632
Total	713,332	721,632
Of which pledged / restricted	-	-

Interest rate structure of non-current financial receivables

(all amounts in USD thousands)		
	2023	2022
Financial receivables at fixed rates	713,332	721,632
Total	713,332	721,632

The fair values of financial assets amount to USD 958 million (previous year: USD 959 million) and are classified as level 2 in the fair value hierarchy. (note 5)

The current financial asset is represented by a short-term deposit at fixed rate of USD 3.5 million (previous year: no current financial asset) to a related party.

12. Other current liabilities

The amount under the caption "other current liabilities" is mainly composed of USD 12,305 thousand accrued interest payable on third party issuances (2022: USD 12,305 thousand), USD 484 thousand accruals on the guarantee fees payable to Holcim Ltd (2022: USD 548 thousand) and USD 270 thousand the provision for income tax payable (2022: USD 74 thousand).

13. Non-Current financial Liabilities

The fair values of financial liabilities amount to USD 719 million (previous year: USD 683 million) of which USD 654 are classified as level 1 and USD 65 are classified as level 2 in the fair value hierarchy (note 5).

(all amounts in USD thousands)		
	2023	2022
Non-current financial liabilities - third parties	712,550	714,315
Total	712,550	714,315
Of which guaranteed by the ultimate parent company	712,550	714,315

Interest rate structure of non-current financial liabilities

(all amounts in USD thousands)		
	2023	2022
Financial liabilities at fixed rates	712,550	714,315
Total	712,550	714,315

(all amounts in USD thousands)					Net book value	Net book value
Currency / nominal value	Nominal interest rate	Effective interest rate	Term	Description	2023	2022
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	99,788	99,761
USD/250'000*	6.50%	6.98%	2013-2043	Bond Guaranteed by Holcim Ltd	240,401	239,915
USD/250'000*	6.88%	6.57%	2009-2039	Bond Guaranteed by Holcim Ltd	259,530	260,135
USD/50'000*	7.65%	3.73%	2001-2031	Bond Guaranteed by Holcim Ltd	62,831	64,504
Total					712,550	714,315
Of which current portion					-	-

* The Company substitute Holcim Capital Corporation Ltd as issuer in November 2022. Initial issue date and terminal date remain the same while the Company had transferred the bonds at fair market value in November 2022. The nominal interest rate is the one specified in the subscription/note purchase agreement and the effective interest rate is determined on the basis of the fair value of the bonds at the initial recognition - transfer date.

14. Income Taxes

The Company is subject to all taxes applicable for Luxembourg commercial companies. There is no material difference between the tax expense due and the hypothetical tax due by applying the standard Luxembourg corporate tax rate on the profit before taxes as disclosed in the statement of financial position. The effective tax rate for the financial year is 19.96%.

15. Transactions with key management personnel

(all amounts in USD thousands)		
	2023	2022
Remuneration of the Board of Directors	13	-

16. Related parties

Transactions with related parties are set at best OECD practice in a manner similar to transactions with third parties.

17. Operating Segments

The financing activities of the Company are managed as one single business and as one operating segment.

18. Events after the reporting period

There were no significant events after reporting period.

19. Authorization of the financial statements for issue

The financial statements were authorized for issuance by the Board of Directors of Holcim US Finance (Luxembourg) S.A. on March 26, 2024 and are subject to the approval of the general meeting of the Shareholder.