LafargeHolcim Finance US LLC

Financial Statements

December 31, 2020

General information

Managers	Laurent Jaques Ian Johnston Markus Unternährer
Registered office	1209 Orange Street Wilmington, DE 19801 USA
Members	Holcim Participation (US) Inc. 100%
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INDEPENDENT AUDITORS' REPORT

Managers
LafargeHolcim Finance US LLC

We have audited the accompanying financial statements of LafargeHolcim Finance US LLC (the "Company"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of loss or profit, comprehensive loss or income, changes in equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LafargeHolcim Finance US LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Deloitte & Touche LLP

February 19, 2021

Statements of loss or profit

(all amounts in USD thousands)		For the Year ended December 31	
	Note	2020	2019
Incomes			
Financial income	7	84,170	82,786
		84,170	**82,786**
Expenses			
Financial expenses	7	(84,337)	(82,469)
		(84,337)	**(82,469)**
Net (loss)/profit before taxes		**(167)**	**317**
Income taxes		90	21
Net (loss)/profit for the year		**(77)**	**338**

Statements of comprehensive (loss) or income

(all amounts in USD thousands)	For the Year ended December 31	
	2020	2019
Net (loss)/profit	**(77)**	**338**
Other comprehensive (loss)/income, net of tax	**-**	**-**
Total comprehensive (loss)/income	**(77)**	**338**

Statements of financial position

(all amounts in USD thousands) As at December 31

	Note	2020	2019
Cash and cash equivalents	8	133,773	300
Current financial assets	9	18,582	20,754
Prepaid expenses and other current assets		1,102	1,279
Total current assets		**153,457**	**22,333**
Non-current financial assets	10	1,558,116	1,568,116
Deferred tax assets		55	55
Total non-current assets		**1,558,171**	**1,568,171**
Total assets		**1,711,628**	**1,590,504**
Current financial liabilities	11	150,149	19,655
Other current liabilities		4	95
Total current liabilities		**150,153**	**19,750**
Non-current financial liabilities	12	1,561,522	1,570,724
Total non-current liabilities		**1,561,522**	**1,570,724**
Total liabilities		**1,711,675**	**1,590,474**
Reserves		(47)	30
Total member's (deficit) equity		**(47)**	**30**
Total liabilities and member's equity		**1,711,628**	**1,590,504**

Statements of changes in equity (deficit)

(all amounts in USD thousands) For the Year ended December 31

	Retained earnings	Total reserve	**Total member's equity**
Deficit as at January 1, 2019	**(308)**	**(308)**	**(308)**
Net profit	338	338	338
Other comprehensive income	-	-	-
Total comprehensive income	338	338	338
Equity as at December 31, 2019	**30**	**30**	**30**
Equity as at January 1, 2020	**30**	**30**	**30**
Net loss	(77)	(77)	(77)
Other comprehensive income	-	-	-
Total comprehensive loss	(77)	(77)	(77)
Deficit as at December 31, 2020	**(47)**	**(47)**	**(47)**

Statements of cash flows

(all amounts in USD thousands)	Year ended December 31	
	2020	2019
Interest and financial income received	84,517	82,423
Interest and financial expenses paid	(84,032)	(80,054)
Cash flow from operating activities (A)	**485**	**2,369**
Decrease (Increase) current financial assets	1,825	(1,825)
Decrease (Increase) non-current financial assets	10,000	(250,000)
Cash flow from investing activities (B)	**11,825**	**(251,825)**
Payment of debt financing costs	-	(26)
Proceeds (Repayment) from current financial liabilities	131,163	(220)
(Repayment) Proceeds from non-current financial liabilities	(10,000)	250,000
Cash flow used in financing activities (C)	**121,163**	**249,754**
Increase in cash and cash equivalents (A + B + C)	**133,473**	**298**
Cash and cash equivalents as at January 1 (net)	**300**	**2**
Increase in cash and cash equivalents	133,473	298
Cash and cash equivalents as at December 31 (net)	**133,773**	**300**

Notes to the financial statements

1. Company information

LafargeHolcim Finance US LLC (the "Company") is a limited liability company formed in the United States of America ("USA"). The date of formation was on August 31, 2016. The principal activity of the Company is providing financing to related parties in US dollars ("USD").

The shares of the Company are held by Holcim Participations (US) Inc., and its ultimate parent company is LafargeHolcim Ltd (the "Group").

No dividends were recognized as distributions to the equity holder during the reporting period.

These financial statements are the Company's separate financial statements in accordance with International Accounting Standards (IAS) 27 Consolidated and Separate Financial Statements.

2. Summary of significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and under the historical cost convention, modified as required. In this respect, the Company's assessment is that no material uncertainties exist about its ability to continue as a going concern.

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

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 United States dollar (USD).

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.

Current financial assets

Current financial assets are recognized and carried at the value of the financial agreements

Non-current financial assets

Non-current financial assets consist of non-current receivables with related companies. Non-current financial assets are measured at amortized cost using the effective interest method.

Impairment of financial assets

The Company has no recorded impairments 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 recognized 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 and Loss (FVTPL), at the end of each reporting period. The expected credit loss recognized represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Non-current financing liabilities

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

Although the Company is a limited liability company where federal income taxes are normally the responsibility of the member and are not recorded on the Company's financial statements, it is the Company's policy to record federal income taxes on its financial statements.

Provisions

The Company has no 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.

Contingent liabilities

The Company has disclosed no 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.

Revenue recognition

Financial income is recognized in respect to all financial assets which includes interest income calculated by applying the effective interest rate. The computation of the effective interest rate includes disbursements or receipts relating to the origination or acquisition of a financial asset.

Adoption of revised and new International Financial Reporting Standards and Interpretations

The Company has adopted a number of new standards that are effective from 1 January 2020 but they do not have a material effect on the Company's financial statements.

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.

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 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. Financial risk management within the Company is governed by policies approved by LafargeHolcim Group key management personnel. It provides principles for overall risk management, as well as policies covering specific areas such as interest rate risk, credit risk and investing of excess cash.

The outbreak of the coronavirus (COVID-19) has impacted the financial markets and the global economy. The outbreak of COVID-19 is still on-going and the magnitude of impact in the financial markets is uncertain and cannot be predicted. The effect of this impact has not been reflected in these financial statements and may adversely affect the Company's assets and liabilities. The related financial impact and duration cannot be reasonably estimated at this time.

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

LafargeHolcim Group is exposed to market risk, primarily relating to interest rate risk. The Group's objective is to reduce fluctuations in earnings and cash flows associated with changes in 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. The Company has no interest rate swap agreements.

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 member, return capital to the member, 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 in the statement of financial position.

Fair value estimation

The Company has no financial instruments valued at fair value that flow through profit or loss

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 2020 and 2019, there were no financial assets and liabilities allocated to level 3.

There have been no transfers between the different hierarchy levels in 2020 and 2019.

5. Additional disclosures to the financial instruments

31 December 2020	**Carrying amount**	
(all amounts in USD thousands)	**Financial assets/liabilities at amortised cost**	**Total**
Financial assets measured at amortized cost	1,576,698	1,576,698
Financial liabilities measured at amortized cost	1,711,671	1,711,671

31 December 2019	**Carrying amount**	
(all amounts in USD thousands)	**Financial assets/liabilities at amortised cost**	**Total**
Financial assets measured at amortized cost	1,588,870	1,588,870
Financial liabilities measured at amortized cost	1,590,380	1,590,380

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

6. Contractual maturity analysis

(all amounts in USD thousands)	Contractual undiscounted cash flows Within 1 year	Within 2 years	Within 3 years	Within 4 years	Within 5 years	Thereafter	Total
2020							
Non-derivative financial liabilities	61,285	61,300	61,300	311,323	238,537	1,782,301	**2,516,046**
Total	**61,285**	**61,300**	**61,300**	**311,323**	**238,537**	**1,782,301**	**2,516,046**
2019							
Non-derivative financial liabilities	65,888	65,888	315,888	59,012	59,012	2,041,288	**2,606,976**
Total	**65,888**	**65,888**	**315,888**	**59,012**	**59,012**	**2,041,288**	**2,606,976**

The contractual cash flows are based on the earliest date on which the Company can be required to pay. The above table does not include the annual guarantee fees for the following: USD 4,800 thousands on the 3.5% 2026 bond, USD 9,440 thousands on the 4.75% 2046 bond, USD 520 thousands on the 4.92% 2027 Private Placement, USD 1,800 thousands on the 4.79% 2025 Private Placement, USD 1,060 thousands on the 5.03% 2030 Private Placement, USD 2,500 thousands on the 2024 term loan.

7. Financial income and financial expenses

(all amounts in USD thousands)	2020	2019
Financial income - parent	84,142	82,786
Financial income - third party	28	-
Total financial income	**84,170**	**82,786**
Of which:		
Interest income	84,170	82,711
Other financial income	-	75

(all amounts in USD thousands)	2020	2019
Financial expenses - parent	(20,234)	(18,954)
Financial expenses - third parties	(64,103)	(63,515)
Total financial expenses	**(84,337)**	**(82,469)**
Of which:		
Interest expense	(63,144)	(63,515)
Guarantee fee expense	(20,234)	(18,954)
Other financial expense	(959)	-

Financial expenses – parent, relates to the bond, private placement and term loan guarantees provided by parent and its associated expense. Financial expenses - third parties, relates primarily to the interest expense associated with the bonds that were issued in 2016, private placements issued in 2018 and term loan issued in 2019. Other financial expenses relate to buyback of USD 10,000 thousands on bonds maturing in 2046.

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 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.

At December 31, a 1 percentage point shift in interest rates, with all other assumptions held constant, would result in approximately USD 2,165 thousands of annual additional/lower financial expenses before tax.

8. Cash and Cash Equivalents Notes to the cash flow statement

(all amounts in USD thousands)	2020	2019
Cash at banks and in hand	73	300
Short term deposits	133,700	-
Total	**133,773**	**300**
Of which pledged / restricted	-	-

Short term deposits with maturity of less than three months have been placed with Standard Chartered, Mizuho Bank, Ltd. and JPMorgan Chase Bank, N.A. at the end of December 31 2020.

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 2020	Financing cash flows (i)	Other changes (ii)	31 December 2020
Bank loans (note 11 and 12)	1,584,814	-10,000	173	1,574,987
Loans from related parties (note 11)	5,565	131,163	-44	136,684
Total liabilities from financing activities	**1,590,379**	**121,163**	**129**	**1,711,671**

(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.
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(ii) Other changes include interest accruals and payments.

9. Current financial assets

(all amounts in USD thousands)	2020	2019
Current financial receivables - parent	18,567	20,754
Current financial receivables - third parties	15	-
Total	**18,582**	**20,754**
Of which pledged / restricted	-	-

The carrying amounts of short-term financial assets approximate their fair value. During October 2018 the Company entered into an agreement with the parent to provide advances to the parent up to USD 500,000 thousands. During 2019 USD 88,225 thousands was funded to the parent and USD 86,400 thousands repaid in November 2019. The balance outstanding as of December 31, 2019 was USD 1,825 thousands. During 2020 USD 1,825 was repaid by parent and as of December 31, 2020 the balance is zero.

10. Non-current financial assets

(all amounts in USD thousands)	2020	2019
Non-current financial receivables - parent	1,558,116	1,568,116
Total	**1,558,116**	**1,568,116**
Of which pledged / restricted	-	-

Interest rate structure of non-current financial receivables

(all amounts in CHF thousands)	2020	2019
Financial receivables at fixed rates	1,308,116	1,318,116
Financial receivables at variable rates	250,000	250,000
Total	**1,558,116**	**1,568,116**

Long-term financial assets –parent, includes six notes receivable.

Two of the notes were issued on September 22, 2016. One note for USD 397,864 thousands bears interest at 4.70% and is payable at the option or demand of the borrower or in full on September 22, 2026. The second note for USD 582,252 thousands bears interest at 6.75% and is payable at the option or demand of the borrower or in full on September 22, 2046. During 2020, USD 10,000 thousands were repaid by parent to the Company on the note that bears interest at 6.75% with a maturity date of September 22, 2046 and the new balance of the note is USD 572,252 thousands.

Three of the notes were issued on November 15, 2018. One note for USD 52,000 thousands bears interest at 5.92% and is payable at the option or demand of the borrower or in full on November 15, 2027. The second note for USD 106,000 thousands bears interest at 6.23% and is payable at the option or demand of the borrower or in full on November 15, 2030. The third note for USD 180,000 thousands bears interest at 5.79% and is payable at the option or demand of the borrower or in full on November 15, 2025.

On July 16, 2019 a new note was issued for USD 250,000 thousands which bears interest of LIBOR plus a spread with maturity date of December 17, 2022. During 2020, the note amended the maturity date from 2022 to 2024 and all the other terms remain the same.

As of December 31,2020, the fair value of the long-term financial assets is USD 2,195,692 thousands and is based on a discounted cash flow method. As of December 31, 2019, the fair value of the long-term financial assets was USD 2,037,795 thousands and it was based on a discounted cash flow method.

11. Current financial liabilities

(all amounts in USD thousands)	2020	2019
Current financial liabilities - parent	136,684	5,565
Current financial liabilities - third parties	13,465	14,090
Total	**150,149**	**19,655**
Of which secured by the ultimate parent company	13,465	14,090

The carrying amounts of current financial liabilities approximate their fair value. In August 2018, the Company entered into a committed Credit Facility with Credit Suisse (the “Credit Suisse Facility”) with a maximum availability of EUR 200,000 thousands. As of December 31, 2020, the balance is zero. In October 2018 the Company entered into Commercial Paper agreements with Citigroup, Mizuho Securities, MUFG Securities Americas Inc. and J.P. Morgan Securities LLC (collectively “Commercial Paper Agreements”). During 2019 the Company issued Commercial Paper for USD 86,400 thousands which was all repaid during 2019 and there are no amounts outstanding as of December 31, 2020. During 2020 the Company entered into a new demand note agreement with HPUS with an available balance of USD 500,000 thousands. It is a non-interest bearing note and the balance outstanding as of December 31, 2020 is USD 131,163 thousands.

12. Non-current financial liabilities

(all amounts in USD thousands)	2020	2019
Non-current financial liabilities - third parties	1,561,522	1,570,724
Total	**1,561,522**	**1,570,724**
Of which guaranteed by the ultimate parent company	1,561,522	1,570,724

Interest rate structure of non-current financial liabilities

(all amounts in USD thousands)	2020	2019
Financial liabilities at fixed rates	1,311,522	1,320,724
Financial liabilities at variable rates	250,000	250,000
Total	**1,561,522**	**1,570,724**

As of December 31, 2020, the fair values of non-current financial liabilities amount to USD 1,180,942 thousands for bonds based on quoted market prices, USD 414,248 thousands for private placement and USD 254,136 thousands for term loan based on a discounted cash flow method. As of December 31, 2019, the fair value of non-current financial liabilities for bonds was USD 1,062,106 thousands and it was based on quoted market prices, USD 388,168 thousands for private placement and USD 254,564 thousands for term loan based on a discounted cash flow method.

(all amounts in USD thousands)					Net book value	Net book value
Currency / nominal value	Nominal interest rate	Effective interest rate	Term	Description	2020	2019
USD 400,000	3.50%	3.59%	2016-2026	Bonds guaranteed by LafargeHolcim Ltd.	398,775	398,562
USD 590,000	4.75%	5.00%	2016-2046	Bonds guaranteed by LafargeHolcim Ltd.	574,747	584,162
USD 180,000	4.79%	4.84%	2018-2025	Private Placement guaranteed by LafargeHolcim Ltd.	180,000	180,000
USD 52,000	4.92%	4.98%	2018-2027	Private Placement guaranteed by LafargeHolcim Ltd.	52,000	52,000
USD 106,000	5.03%	5.09%	2018-2030	Private Placement guaranteed by LafargeHolcim Ltd.	106,000	106,000
USD 250,000	1.05%	1.06%	2019-2024	Term Loan guaranteed by LafargeHolcim Ltd.	250,000	250,000
Total					**1,561,522**	**1,570,724**
Of which current portion					-	-

During 2020, the term loan amended the maturity date from 2022 to 2024 and all the other terms remain the same.

13. Events after the reporting period

There were no significant events after the reporting period.

14. Authorization of the financial statements for issue

The financial statements were authorized for issuance by the Managers of LafargeHolcim Finance US LLC on February 19, 2021, and cannot be amended after issuance.