CEMEX | LatAm Holdings

Consolidated Condensed Financial Statements

September 30, 2020

This is an unofficial translation into English of the condensed consolidated financial statements as of and for the nine-month periods ended September 30, 2020 and 2019 issued in the Spanish language on October 22, 2020. This translation is provided solely for the convenience of English-speaking readers. For any and all purposes, the condensed consolidated financial statements as of and for the nine-month periods ended September 30, 2020 and 2019 issued in the Spanish language on October 22, 2020 shall be considered the only official version of the document.

INDEX

CEMEX Latam Holdings S.A. and Subsidiaries

CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Statements of Operations
(Thousands of U.S. dollars)

	Notes		(Unaudited) For the nine-month periods ended September 30, 2020	September 30, 2019
Revenues	4	$	571,417	751,826
Cost of sales	3E		(342,734)	(461,730)
Gross profit			**228,683**	**290,096**
Administrative and selling expenses			(94,952)	(120,203)
Distribution expenses			(64,649)	(82,766)
			(159,601)	(202,969)
Operating earnings before other expenses, net			**69,082**	**87,127**
Other expenses, net	6		(130,264)	(12,337)
Operating earnings (loss)			**(61,182)**	**74,790**
Financial expense	4		(38,711)	(39,598)
Financial income and other items, net	4, 7		(315)	(667)
Foreign exchange results			(18,121)	(21,928)
Earnings (loss) before income tax			**(118,329)**	**12,597**
Income tax	18A		(11,489)	(5,036)
CONSOLIDATED NET INCOME (LOSS)			**(129,818)**	**7,561**
Non-controlling interest net income (loss)			(765)	18
CONTROLLING INTEREST NET INCOME (LOSS)		$	**(129,053)**	**7,579**
BASIC EARNINGS (LOSS) PER SHARE	20	$	**(0.23)**	**0.01**
DILUTED EARNINGS (LOSS) PER SHARE		$	**(0.23)**	**0.01**

The accompanying notes are part of these consolidated condensed financial statements.

CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Statements of Comprehensive Income (Loss)
(Thousands of U.S. dollars)

	Notes		(Unaudited) For the nine-month periods ended September 30, 2020	September 30, 2019
CONSOLIDATED NET INCOME (LOSS)		$	**(129,818)**	**7,561**
Items that will be reclassified subsequently to profit or loss when specific conditions are met:				
Currency translation of foreign subsidiaries			(96,310)	(707)
Total other items of comprehensive income (loss) for the period			(96,310)	(707)
CONSOLIDATED COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD			(226,128)	6,854
Non-controlling interest comprehensive income (loss)			(765)	18
CONTROLLING INTEREST COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		$	**(225,363)**	**6,872**

The accompanying notes are part of these consolidated condensed financial statements.

CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Statements of Financial Position
(Thousands of U.S. dollars)

	Notes	(Unaudited) As of September 30, 2020	As of December 31, 2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	$ 29,755	22,606
Trade accounts receivable	9	63,507	70,650
Accounts receivable from related parties	10	18,758	34,350
Other accounts receivable	11A	7,282	13,828
Prepaid taxes		26,847	41,938
Inventories	12	70,077	77,973
Other current assets	13	17,395	22,604
Total current assets		233,621	283,949
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable	11B	3,813	4,107
Property, machinery and equipment, net and assets for the right-of-use, net	14	982,144	1,131,440
Goodwill and other intangible assets, net	15	1,377,101	1,552,903
Deferred income tax assets		20,151	21,804
Total non-current assets		2,383,209	2,710,254
TOTAL ASSETS		**$ 2,616,830**	**2,994,203**
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Debt and other current financial liabilities	16	$ 17,618	10,227
Trade payables		104,448	146,538
Accounts payable to related parties	10	41,072	20,021
Taxes payable		25,519	19,804
Other accounts payable and accrued expenses	17	53,343	64,282
Total current liabilities		242,000	260,872
NON-CURRENT LIABILITIES			
Debt and other non-current financial liabilities		17,050	19,174
Long-term accounts payable to related parties	10	653,676	729,090
Employee benefits		31,048	37,855
Deferred income tax liabilities		288,628	339,048
Other liabilities	17	62,098	64,358
Total non-current liabilities		1,052,500	1,189,525
TOTAL LIABILITIES		**1,294,500**	**1,450,397**
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital	19A	1,475,804	1,472,391
Other equity reserves	19B	(998,980)	(903,715)
Retained earnings	19C	840,826	969,879
Total controlling interest		1,317,650	1,538,555
Non-controlling interest	19E	4,680	5,251
TOTAL STOCKHOLDERS' EQUITY		**1,322,330**	**1,543,806**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**$ 2,616,830**	**2,994,203**

The accompanying notes are part of these consolidated condensed financial statements.

CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Statements of Cash Flows
(Thousands of U.S. dollars)

	Notes		(Unaudited) For the nine-month periods ended September 30, 2020	September 30, 2019
OPERATING ACTIVITIES				
Consolidated net income (loss)			(129,818)	7,561
Non-cash items:				
Depreciation and amortization of assets	5		56,518	58,876
Impairment losses of long-lived assets	6		121,132	1,140
Provisions and other non-cash expenses (income)			(2,378)	1,559
Financial expense, other financial income and foreign exchange results, net			57,147	62,193
Income taxes	18		11,489	5,036
Loss on the sale of fixed assets			1,716	3,495
Changes in working capital, excluding income taxes			10,607	4,914
Net cash flows provided by operating activities before interest and income taxes			**126,413**	**144,774**
Financial expense paid in cash			(20,363)	(22,385)
Income taxes paid in cash			1,793	(35,069)
Net cash flows provided by operating activities			**107,843**	**87,320**
OPERATING ACTIVITIES				
Property, machinery and equipment, net and assets for the right-of-use, net	14		(8,868)	(21,221)
Financial income	7		988	965
Intangible assets and other deferred charges			(50)	(125)
Long-term assets and others, net			(332)	5,761
Net cash flows used in investing activities			**(8,262)**	**(14,620)**
FINANCING ACTIVITIES				
Debt repayments to related parties	10		(159,240)	(290,779)
Loans from related parties			80,707	214,126
Debt increases from (repayments to) third parties, net			5,266	(1,862)
Non-current liabilities, net			(17,638)	(6,485)
Net cash flows used in financing activities			**(90,905)**	**(85,000)**
Increase (decrease) in cash and cash equivalents			8,676	(12,300)
Cash foreign currency translation effect			(1,527)	(1,633)
Cash and cash equivalents at beginning of period			22,606	37,126
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8	$	**29,755**	**23,193**
Changes in working capital, excluding income taxes:				
Trade accounts receivable		$	9,456	6,289
Other accounts receivable and other assets			28,713	36,077
Inventories			7,962	4,780
Trade accounts payable			(42,090)	(16,986)
Current related parties, net			21,050	(10,258)
Other accounts payable and accrued expenses			(14,484)	(14,988)
Changes in working capital, excluding income taxes		$	**10,607**	**4,914**

The accompanying notes are part of these consolidated financial statements.

CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Statements of Changes in Stockholders' Equity
For the nine-month periods ended September 30, 2020 and 2019 (unaudited)
(Thousands of U.S. dollars)

	Notes		Common stock	Additional paid-in capital	Other equity reserves	Retained earnings	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balances as of December 31, 2018		**$**	**718,124**	**751,608**	**(928,151)**	**965,412**	**1,506,993**	**5,290**	**1,512,283**
Net income for the period			–	–	–	7,579	7,579	18	7,597
Other items of comprehensive income (loss) for the period			–	–	(707)	–	(707)	–	(707)
Total other items of comprehensive income (loss) for the period			–	–	(707)	7,579	6,872	18	6,890
Changes in non-controlling interest	19E		–	–	–	–	–	(192)	(192)
Share-based compensation	19D		–	1,358	1,651	–	3,009	–	3,009
Balances as of September 30, 2019		**$**	**718,124**	**752,966**	**(927,207)**	**972,991**	**1,516,874**	**5,116**	**1,521,990**
Balances as of December 31, 2019		**$**	**718,124**	**754,267**	**(903,715)**	**969,879**	**1,538,555**	**5,251**	**1,543,806**
Net loss for the period			–	–	–	(129,053)	(129,053)	(765)	(129,818)
Other items of comprehensive income (loss) for the period			–	–	(96,310)	–	(96,310)	–	(96,310)
Total other items of comprehensive income (loss) for the period			–	–	(96,310)	(129,053)	(225,363)	(765)	(226,128)
Changes in non-controlling interest	19E		–	–	–	–	–	194	194
Share-based compensation	19D		–	3,413	1,045	–	4,458	–	4,458
Balances as of September 30, 2020		**$**	**718,124**	**757,680**	**(998,980)**	**840,826**	**1,317,650**	**4,680**	**1,322,330**

The accompanying notes are part of these consolidated condensed financial statements.

1) DESCRIPTION OF BUSINESS

CEMEX Latam Holdings, S.A., was constituted under the laws of Spain on April 17, 2012 as capital stock corporation (S.A.) for an undefined period of time. The entity is a subsidiary of CEMEX España, S.A. ("CEMEX España"), also organized under the laws of Spain, as well as an indirect subsidiary of CEMEX, S.A.B. de C.V., a public stock corporation with variable capital (S.A.B. de C.V.) organized under the laws of Mexico. The statutory purpose and main activities of CEMEX Latam Holdings, S.A. consist of the subscription, acquisition, tenure, enjoyment, management or sale of securities and share holdings, as well as the management and administration of securities representing the stockholders' equity (own funds) of non-resident entities in Spanish territory through the corresponding organization of material and human resources. Based on its statutory purpose, CEMEX Latam Holdings, S.A. is the indirect holding company (parent) of entities whose main activities located in Colombia, Panama, Costa Rica, Nicaragua, Guatemala and El Salvador, are all oriented to the construction industry through the production, marketing, distribution and sale of cement, ready-mix concrete, aggregates and other construction materials. The common shares of CEMEX Latam Holdings, S.A. are listed in the Colombian Stock Exchange (*Bolsa de Valores de Colombia, S.A.* or "BVC") under the symbol CLH.

The term the "Parent Company" used in these accompanying notes to the financial statements refers to CEMEX Latam Holdings, S.A. without its subsidiaries. The terms the "Company" or "CEMEX Latam" refer to CEMEX Latam Holdings, S.A. together with its consolidated subsidiaries. When the term "CEMEX" is used, refers to CEMEX, S.A.B. de C.V. and/or some of its subsidiaries, which are not direct or indirect subsidiaries of the Parent Company. The issuance of these consolidated financial statements was authorized by Management and the Board of Directors of the Parent Company on October 22, 2020, considering the favorable report of the Audit Commission.

On September 7, 2020, CEMEX España requested authorization from the Financial Superintendence of Colombia (*Superientendencia Financiera de Colombia* or the "SFC") to launch a Share Acquisition Public Offer (the "OPA"), based on the shares outstanding as of June 30 of 2020, over 100% of the Parent Company's shares that trade on the BVC, which represents 26.86% of the common stock, excluding the shares held in the Parent Company's treasury, at a price per share of 3,250 Colombian pesos. From this date, the SFC suspended trading of the securities underlying the OPA. As of the approval date of these condensed consolidated financial statements, the request for the OPA was under review by the SFC.

2) RELEVANT EVENT DURING THE PERIOD AND UNTIL THE DATE OF APPROVAL OF THESE FINANCIAL STATEMENTS

COVID-19: International Pandemic

On March 11, 2020, the World Health Organization declared as a pandemic the outbreak of Coronavirus SARS-CoV-2 that causes the disease known as COVID-19 (the "COVID-19 Pandemic"). As a result, most governments in the countries where the Company operates adopted several restrictive measures to contain the spread of such pandemic, which remained in effect from the third week of March, 2020 This situation has resulted in the following implications for the Company: (i) temporary restrictions, suspended access, shutdown or suspension of its operating units, personnel shortages, production slowdowns or stoppages and disruptions in the delivery systems; (ii) disruptions or delays in the supply chains, including shortages of materials, products and services on which the Company and its businesses depend of; (iii) reduced availability of land and sea transport, including labor shortages, logistics constraints and increased border controls or closures; (iv) increased cost of materials, products and services utilized by the Company; (v) reduction of investor confidence and consumers spending; as well as (vi) a general slowdown in economic activity, including construction, and a decrease in demand for the Company's products and services and general industry demand.

From the beginning of the COVID-19 Pandemic and attending official dispositions, CEMEX Latam has implemented strict hygiene guidelines in all of its operations and has modified its manufacturing, selling and distribution processes in order to implement physical distancing, aiming to protect the health and safety of its employees and their families, customers and communities. Following the quarantine measures implemented by the local authorities, CEMEX Latam temporarily suspended the production, distribution and commercialization of its products in certain operations. Specifically, in the case of Colombia, operations were suspended from March 25 until April 13, resumed activities from April 13 through April 27 for certain approved projects, and beginning on April 27 also for the supply of materials and products for the execution of infrastructure works, public works and building construction, among others; and in Panama, the Company's business most affected by the suspension of operations related to the COVID-19 Pandemic, the suspension was in effect from March 25 through May 24 in a first phase, resuming partially for the supply of prioritized public infrastructure and materials to hardware stores, and finally, on September 4, the government allowed the supply for general construction activities. The gradual reopening of essential economic activities in most of the countries where the Company operates has required implementing and maintaining strict sanitary, hygiene, social distancing and security measures. In this regard, for the nine-month period ended September 30, 2020, since the start of the pandemic, CEMEX Latam has identified incremental costs and expenses associated with implementing and maintaining the aforementioned measures of approximately $3.2 million dollars (note 6).

In the nine-month period ended September 30, 2020, the aforementioned implications negatively affected CEMEX Latam's liquidity, financial situation and results of operations. In such period, consolidated revenues decreased by 24% against the same period of the previous year, caused by several factors such as the reduction in sales volumes derived from the confinement measures and suspension of operations, as well as by the devaluation of the Colombian peso during the period and the intensification of competitive dynamics in some countries, among others. This reduction in revenues was partially offset by a reduction in operating costs and expenses which, before depreciation and amortization, decreased by 25.8% during the nine months ended September 30, 2020 compared to the same period of the previous year, as a result of the reduction of operations and the strict control of expenditures. During the same period in 2020, the Company's Operating EBITDA (operating earnings before other expenses, net, plus depreciation and amortization) decreased by 14% compared to the same period of the previous year. In addition, considering the negative effects of the pandemic and its impact on the valuation of the Company's assets and the future operating plans of certain assets, in the period ended September 30, 2020, CEMEX Latam recognized non-cash impairment losses of idle assets and goodwill for an aggregate amount of approximately 121.1 million dollars (notes 14A and 15).

COVID-19: International Pandemic – continued

In a publication of the International Monetary Fund ("IMF") in June 2020, the IMF estimates that the Latin America and Caribbean region will contract 9.4% in 2020. For 2021, a growth recovery close to 4% is expected. Although various governments and central banks have implemented measures to lessen the impact on economies and financial markets, these measures vary by country and may not be sufficient to stop the material adverse effect on the economy and finances. The Company considers that the construction activity across most of the markets in which it operates and offers its products and services will be adversely affected during some time, once that restrictive measures would be lifted, before returning to pre-COVID-19 Pandemic levels. The degree to which the COVID-19 Pandemic continues to affect the Company's liquidity, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and to how fast and to which extent the economic and operational conditions prevailing before the COVID-19 Pandemic can return, within a new normality with limited activities, as long as there are no globally accessible medicines or treatments against the virus.

The Company considers that, as the duration and negative impacts of such pandemic may extend and there would not be a significant economic recovery once the mobility restrictions would be lifted, there could be or repeat significant negative effects in the future mainly in connection with: (i) increases in estimated credit losses on trade accounts receivable (note 9); (ii) impairment of long-lived assets including goodwill (note 15); (iii) foreign exchange losses related to CEMEX Latam's obligations denominated in foreign currency; (iv) new disruptions in the supply chains; and (v) liquidity risks to meet the Company's short-term operational and financial obligations. The most relevant aspects regarding the potential negative effects mentioned above as of the date of approval of these condensed consolidated financial statements as of September 30, 2020 are disclosed in the explanatory notes.

CEMEX Latam has dealt with the liquidity risks during the COVID-19 Pandemic, maintaining sufficient cash, to the extent possible, by means of financing with commercial banks. During April and May 2020, CEMEX Colombia, S.A. negotiated new loans with local banks for an aggregate amount in pesos equivalent to approximately $32 million all maturing in different dates during October 2020, considering the exchange rate of 3,758.91 pesos per U.S. dollar as of June 30, 2020, facilities which, except for a loan of approximately 10 million dollars that expires on October 10 (note 24), have been repaid as of September 30, 2020. In addition, Cemento Bayano, S.A. negotiated two loans with banks in Panama for an aggregate amount of $8 million, of which $5 million matured in July 2020 and $3 million matured in August 2020, both have been repaid. In other measures, beginning on April 8 and for the rest of 2020: a) all capital expenditures not associated with the management of the COVID-19 Pandemic have been suspended; b) operating expenses will be incurred strictly according to the Company's markets evolution and demand; c) the Company has produced, to the extent permitted by quarantine measures, only the volume of products that markets demand; and, d) all activities not related to managing the crisis and basic operations are suspended. In addition, the Parent Company's Board of Directors approved to voluntarily forgo 25% of their allowances as board members during the months of May, June and July. Moreover, the members of the Company's executive team agreed to voluntarily forgo a portion of their monthly salaries of 25% for the Chief Executive Officer and of 15% for the rest of the executive level during the months of May, June and July 2020. Finally, the salaried employees agreed to voluntarily defer 10% of their monthly salary during the same three-month period, amounts that will be paid in full during December 2020. CEMEX Latam has tried to mitigate the effects on jobs derived from any operational shutdowns due to demand contraction or government measures as a consequence of the current health and economic crisis.

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to these consolidated condensed financial statements as of September 30, 2020, are the same as those applied in the consolidated financial statements as of December 31, 2019, considering as subsequently described in note 3A.

3A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated condensed financial statements and the accompanying notes were prepared in accordance with International Financial Reporting Standards ("IFRS") effective as of September 30, 2020, as issued by the International Accounting Standards Board ("IASB"), as well as with the International Accounting Standard 34, *Interim Financial Statements*. The consolidated condensed statements of financial position as of September 30, 2020 and as of December 31, 2019, as well as the consolidated condensed statements of operations, the consolidated condensed statements of comprehensive income (loss), the consolidated condensed statements of cash flows and the consolidated condensed statements of changes in stockholders' equity for the nine-month periods ended September 30, 2020 and 2019 and their related disclosures included in the notes to the financial statements, have not been audited. These consolidated condensed financial statements under IFRS are presented quarterly to the securities and exchange authority in Colombia due to the trading of the Parent Company's shares on the BVC.

Presentation currency and definition of terms

The presentation currency of the consolidated condensed financial statements is the dollar of the United States of America (the "United States"). The amounts in the financial statements and the accompanying notes are presented in thousands of dollars of the United States, except when specific references are made to other currency, or different measuring unit like millions, earnings per share, prices per share and/or exchange rates. All amounts disclosed in these notes to the financial statements, mainly in connection with tax or legal proceedings (notes 18B and 22), which are originated in jurisdictions which currencies are different to the dollar, are presented in dollar equivalents as of September 30, 2020. Consequently, despite any change in the original currency, such dollar amounts will fluctuate over time due to changes in exchange rates. These dollar translations should not be construed as representations that the dollar amounts were, could have been, or could be converted at the indicated exchange rates. See table of the main exchange rates included in note 3D.

Presentation currency and definition of terms – continued

When reference is made to "$" or Dollar is to Dollars of the United States, when reference is made to "€" or Euros is to the currency in circulation in a significant number of European Union ("EU") countries. When reference is made to "¢" or Colones is to Colones of the Republic of Costa Rica ("Costa Rica"). When reference is made to "COP$" or Pesos is to Pesos of the Republic of Colombia ("Colombia"). When reference is made to "C$" or Cordobas is to Cordobas of the Republic of Nicaragua ("Nicaragua"). When reference is made to "Q$" or Quetzales is to Quetzales of the Republic of Guatemala ("Guatemala").

Statements of operations

CEMEX Latam includes in the statements of operations the line item titled "Operating earnings before other expenses, net" considering that it is a relevant operating measure for the Company's management. The line item "Other expenses, net" consists primarily of revenues and expenses not directly related to CEMEX Latam's main activities, or that are of an unusual or non-recurring nature, including results on disposal of assets, reimbursement of damages from insurance companies, certain severance payments under restructuring, as well as for the period ended September 30, 2020, certain incremental expenses associated with the COVID-19 Pandemic, among others (note 6). Under IFRS, the inclusion of certain subtotals such as "Operating earnings before other expenses, net" and the display of the statement of operations vary significantly by industry and company according to specific needs.

Considering that it is an indicator of its ability to internally fund capital expenditures and to measure its ability to service or incur debt, for purposes of note 4B, CEMEX Latam presents "Operating EBITDA" (operating earnings before other expenses, net, plus depreciation and amortization). This is not an indicator of CEMEX Latam's financial performance, an alternative to cash flows, measure of liquidity or comparable to other similarly titled measures of other companies. This indicator is used by CEMEX Latam's management for decision-making purposes.

Statements of cash flows

The consolidated condensed statements of cash flows present cash inflows and outflows, excluding unrealized foreign exchange effects, as well as the following transaction that did not represent sources or uses of cash:

Financing activities

- For the nine-month periods ended September 30, 2020 and 2019, related to the capitalization of interest accrued on the debt with CEMEX companies, the increase in long-term accounts payable to related parties of $16,299 y $13,915, respectively (note 10).
- For the nine-month periods ended September 30, 2020 and 2019, in connection with the executives' share-based compensation (note 19D), the net increase in other equity reserves of $1,045 and $1,651, respectively, and the increase in additional paid-in capital of $3,413 in 2020 and $1,358 in 2019, and,
- For the nine-month periods ended September 30, 2020 and 2019, the increase in other financial obligations of $3,711 and $5,191 in 2019, respectively, in relation to the lease contracts negotiated during the periods (note 16).

Investing activities

- For the nine-month periods ended September 30, 2020 and 2019, the increase in assets for the right-of-use of $3,711 and $5,191 in 2019, respectively, in relation to the lease contracts negotiated during the period (note 14B).

Going Concern

The Parent Company's Board of Directors approved these consolidated condensed financial statements as of September 30, 2020 under the principle of going concern, considering that the Company will generate sufficient cash flows to enable it to meet any liquidity risk in the short term. As of September 30, 2020, total current liabilities, which include accounts payable to CEMEX's companies of approximately $41,072 (note 10), exceeded total current assets in approximately $8,379. In order to reduce liquidity risks in the past, the Company has renegotiated certain debt maturities with CEMEX´s companies. In case it is deemed necessary, CEMEX Latam considers that it would succeed in renegotiating on a long-term basis the maturity of some short-term payables to CEMEX. For the year ended December 31, 2019, net cash flows from operations after interest expense and income taxes amounted to $99,979.

Newly issued IFRS with impact on the reported periods

IFRS 16, *Leases* ("IFRS 16")

Beginning January 1, 2019, IFRS 16 introduced a single lessee accounting model that requires a lessee to recognize, for all leases, assets for the "right-of-use" the underlying asset against a corresponding financial liability, representing the net present value of the estimated fixed payments under the lease contract, allowing exemptions in case of leases with a term of less than 12 months or when the underlying asset is of low value. Under this model, the lessee recognizes in the income statement depreciation of the asset for the right-of-use and interest on the lease liability. After concluding the inventory and measurement of its leases, CEMEX Latam adopted IFRS 16 using the full retrospective approach by means of which it determined an opening cumulative effect as of January 1, 2018, representing increases in assets for the right-of-use of $15,678 and in deferred income tax assets of $2,786, against increases in other financial obligations of $22,921 and in deferred income tax liabilities of $705, recognizing a net reduction in stockholders' equity of $5,168, which refers to a temporary difference between the depreciation expenses of the assets for the right-of-use under the straight–line method against the amortization of the liability under the effective interest rate method both measured from the beginning of the contracts, which will be reversed during the remaining life of the contracts (note 14B).

(Thousands of U.S. dollars)

Other newly issued IFRS adopted in the reported periods

In addition, there were other new standards, interpretations and standard amendments adopted as of January 1, 2020, which did not result in any material impact on CEMEX Latam results or financial position, and which are summarized as follows:

Standard	Main topic
Amendments to IFRS 3, *Business combinations*...	The amendments definition of a business requires that an acquisition include an input and a substantive process that together contribute significantly to the ability to create outputs. The definition of the term "outlets" is modified to focus on goods and services provided to customers, generating investment income and other income, and exclude returns in the form of lower costs and other economic benefits.
Amendments to IAS 1, *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*...........	The amendments use a coherent definition of materiality throughout the International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 on non-material information.
Amendments to IFRS 9, IAS 39 and IFRS 7 - *The Reform of the Reference Interest Rates*...	The amendments refer to the replacement of the Interbank Reference Rates (IBOR) and provide temporary relief to continue applying hedge accounting during the period of uncertainty before its replacement by an alternate *quasi* risk-free rate.
Amendment to IFRS 16 - Covid-19-Related Rent Concessions.......................	The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 June 2020.

3B) PRINCIPLES OF CONSOLIDATION

The consolidated condensed financial statements include those of CEMEX Latam Holdings, S.A. and those of the entities, including structured entities, in which the Parent Company exercises control, by means of which the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Among other factors, control is evidenced when the Parent Company: a) holds the majority of voting rights in the board of directors or relevant governing body; b) holds directly or through subsidiaries, more than 50% of an entity's common stock; c) has the power, directly or indirectly, to govern the administrative, financial and operating policies of an entity, or d) is the primary receptor of the risks and rewards of an structured entity. Balances and operations between related parties are eliminated in consolidation. Each subsidiary is a legally responsible separate entity and maintains custody of its own financial resources.

3C) USE OF ESTIMATES AND MANAGEMENT JUDGMENT

The preparation of the consolidated financial statement in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the reporting date, as well as the reported amounts of revenues and expenses for the period. These assumptions are continuously reviewed using available information. Actual results could differ from these estimates.

The main items subject to estimates and assumptions include, among others, the determination of fair values and the impairment tests of long-lived assets and inventories, the valuation of expected credit losses of trade accounts receivable, the recognition of deferred income tax assets, as well as the evaluation of contingencies resulting from ongoing legal and/or tax proceedings. Significant judgment by management is required to appropriately measure these items, especially in periods of high uncertainty such as that resulting from the COVID-19 Pandemic.

3D) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION OF FOREIGN ENTITIES' FINANCIAL STATEMENTS

The most significant closing exchange rates per U.S. dollar as of September 30, 2020 and December 31, 2019 for purposes of the statement of financial position and the average exchange rates per U.S. dollar for purposes of the statements of operations for nine-month periods ended September 30, 2020 and 2019, are as follows:

	September 30, 2020		December 31, 2019	September 30, 2019
Currencies	Closing	Average	Closing	Average
Colombian Pesos	3,878.94	3,761.77	3,277.14	3,267.51
Costa Rican Colones..	606.68	584.22	576.49	592.56
Nicaraguan Cordobas	34.60	34.26	33.83	32.99
Guatemalan Quetzales	7.79	7.71	7.69	7.70

The foreign exchange fluctuation loss of $18,121 included the statement of operations and the currency translation loss of foreign subsidiaries of $96,310 included in the statement of comprehensive income (loss) for the nine-month period ended September 30, 2020 mainly refer to the devaluation of the peso against the dollar of 18% during the aforementioned period and its effect in the foreign exchange fluctuation results recognized in the statement of operations associated with CEMEX Colombia S.A.'s obligations denominated in dollars, as well as the currency translation of its net assets within equity for purposes of the statement of comprehensive income (loss).

(Thousands of U.S. dollars)

3E) COST OF SALES, ADMINISTRATIVE AND SELLING EXPENSES AND DISTRIBUTION EXPENSES

Cost of sales represents the production cost of inventories at the moment of sale including depreciation, amortization and depletion of assets involved in production and expenses related to storage in producing plants and the freight expenses of raw materials in the plants and the delivery expenses of the Company in the concrete business. Cost of sales excludes expenses related to personnel, equipment and services involved in sale activities and costs related to warehousing of products at the selling points, which are included as part of administrative and selling expenses, as well as freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities, which are included as part of the distribution expenses line item.

3F) NEWLY ISSUED IFRS NOT YET ADOPTED

IFRS issued as of the date of issuance of these consolidated condensed financial statements which have not yet been adopted are described as follow:

Standard [1]	Main topic	Effective date
Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* – Onerous Contracts—Cost of Fulfilling a Contract	Clarifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract.	January 1, 2022
Amendments to IAS 16, *Property, Plant and Equipment* – Property, Plant and Equipment: Proceeds before Intended Use	Clarifies the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.	January 1, 2022
Annual improvements to IFRS Standards (2018-2020 cycle): IFRS 1, *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a First-time Adopter	The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.	January 1, 2022
Annual improvements to IFRS Standards (2018-2020 cycle): IFRS 9, *Financial Instruments* – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.	January 1, 2022
Amendments to IFRS 3 – Reference to the Conceptual Framework	Update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	January 1, 2022
Amendments to IFRS 10, *Consolidated financial statements* and IAS 28	Clarify the recognition of gains or losses in the Parent's financial statements for the sale or contribution of assets between an investor and its associate or joint venture.	Has yet to be set
Amendments to IAS 1, *Presentation of Financial Statements*	Clarifies the requirements to be applied in classifying liabilities as current and non-current.	January 1, 2023
IFRS 17, *Insurance contracts*	The standard replaces IFRS 4, Insurance contracts. The rule sets out a General Model, which is modified by insurance contracts with direct participation clauses, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage.	January 1, 2023

1 The Company does not expect any material effect on its consolidated financial statements as a result of the adoption of these IFRS.

4) REVENUES AND SELECTED FINANCIAL INFORMATION BY REPORTABLE SEGMENT AND LINE OF BUSINESS

4A) REVENUES

CEMEX Latam's revenues are mainly originated from the sale and distribution of cement, ready-mix concrete, aggregates and other construction materials and services in the construction industry. CEMEX Latam grants credit to its customers for terms ranging from 15 to 45 days depending on the type of project and the credit risk of each customer. For the nine-month periods ended September 30, 2020 and 2019, revenues, after eliminations between related parties, are detailed as follows:

		2020	2019
From the sale of cement	$	415,995	508,927
From the sale of ready-mix concrete		106,780	185,840
From the sale of aggregates		14,036	19,588
From the sale of other products and eliminations [1]		34,606	37,471
	$	571,417	751,826

1 Mainly refers to revenues generated by other lines of business such as diverse products for the construction industry and infrastructure and housing projects, net of the elimination of revenues between segments.

(Thousands of U.S. dollars)

4B) SELECTED FINANCIAL INFORMATION BY REPORTABLE SEGMENTS AND LINE OF BUSINESS

The financial policies applied to elaborate the condensed financial information by reportable segments are consistent with those used in the preparation of the consolidated condensed financial statements for the nine-month periods ended September 30, 2020 and 2019. The segment "Rest of CLH" refers to the Company's operations in Guatemala, Nicaragua and El Salvador. In addition, the segment "Others" relates mainly to the Parent Company, including its corporate offices in Spain and its research and development offices in Switzerland, as well as adjustments and eliminations resulting from consolidation.

Selected consolidated condensed information of the statement of operations by reportable segment for the nine-month periods ended September 30, 2020 and 2019 are as follow:

2020	Revenues (including related parties)	Less: Related parties	Revenues	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expenses	Financial income and other items, net
Colombia .... $	283,689	(24)	283,665	56,585	(18,374)	38,211	(6,140)	(13,256)	(516)
Panama	57,526	(188)	57,338	8,386	(11,516)	(3,130)	(94,859)	(6,784)	85
Costa Rica....................	66,829	(9,564)	57,265	21,625	(3,534)	18,091	(27,634)	(104)	9
Rest of CLH................	173,840	(691)	173,149	58,219	(6,122)	52,097	(981)	(1,023)	107
Others	–	–	–	(19,215)	(16,972)	(36,187)	(650)	(17,544)	–
Total	581,884	(10,467)	571,417	125,600	(56,518)	69,082	(130,264)	(38,711)	(315)

2019	Revenues (including related parties)	Less: Related parties	Revenues	Operating EBITDA	Less: Depreciation and amortization	Operating earnings before other expenses, net	Other expenses, net	Financial expenses	Financial income and other items, net
Colombia .... $	376,324	(4)	376,320	58,974	(20,245)	38,729	(2,156)	(17,009)	663
Panama	143,038	(157)	142,881	38,281	(12,857)	25,424	(8,225)	(5,443)	90
Costa Rica....................	80,109	(11,480)	68,629	23,689	(3,473)	20,216	(1,437)	(39)	1
Rest of CLH................	164,369	(373)	163,996	46,442	(5,743)	40,699	146	(1,826)	(1,421)
Others	–	–	–	(21,383)	(16,558)	(37,941)	(665)	(15,281)	–
Total	763,840	(12,014)	751,826	146,003	(58,876)	87,127	(12,337)	(39,598)	(667)

Revenues by line of business and reportable segments for the nine-month periods ended September 30, 2020 and 2019 are as follows:

2020	Cement	Concrete	Aggregates	Other products	Others	Revenues
Colombia .... $	179,066	81,993	2,552	20,078	(24)	283,665
Panama	37,325	9,325	879	9,997	(188)	57,338
Costa Rica..	46,223	6,991	9,477	4,138	(9,564)	57,265
Rest of CLH......................................	153,381	8,471	1,128	10,860	(691)	173,149
Total	415,995	106,780	14,036	45,073	(10,467)	571,417

2019	Cement	Concrete	Aggregates	Other products	Others	Revenues
Colombia .... $	220,865	131,562	4,736	19,161	(4)	376,320
Panama	91,885	34,319	2,197	14,637	(157)	142,881
Costa Rica..	54,101	10,384	10,954	4,670	(11,480)	68,629
Rest of CLH......................................	142,076	9,575	1,701	11,017	(373)	163,996
Total	508,927	185,840	19,588	49,485	(12,014)	751,826

(Thousands of U.S. dollars)

Selected financial information by reportable segments and line of business – continued

As of September 30, 2020 and December 31, 2019, selected consolidated information of the statements of financial position by reportable segments, which includes the corresponding balance of goodwill that was allocated to each reportable operating segment (note 15), as well as eliminations resulting from consolidation, as applicable, is as follows:

2020		Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia	$	1,070,415	494,582	575,833	7,796
Panama		655,699	202,903	452,796	1,362
Costa Rica		367,374	29,493	337,881	777
Rest of CLH		506,047	73,345	432,702	2,166
Others		17,295	494,177	(476,882)	–
Total	$	2,616,830	1,294,500	1,322,330	12,101

2019		Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia	$	1,241,523	588,138	653,385	25,936
Panama		777,141	221,429	555,712	9,538
Costa Rica		426,156	29,471	396,685	4,122
Rest of CLH		528,820	73,732	455,088	6,263
Others		20,563	537,627	(517,064)	–
Total	$	2,994,203	1,450,397	1,543,806	45,859

5) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense by main activity for the nine-month periods ended September 30, 2020 and 2019 is detailed as follows:

		2020	2019
Depreciation and amortization expense of assets used in the production process	$	38,539	41,109
Depreciation and amortization expense of assets used in administrative and selling activities		17,979	17,767
	$	56,518	58,876

6) OTHER EXPENSES, NET

The detail of other expenses, net for the nine-month periods ended September 30, 2020 and 2019 is as follows:

		2020	2019
Impairment losses of long-lived assets [1]		(121,132)	(1,140)
Incremental costs and expenses associated with the COVID-19 Pandemic [2]	$	(3,175)	–
Results from valuation and sale of assets, sale of scrap and other products and expenses, net		(3,036)	(4,774)
Severance payments and other personnel costs for reorganization		(1,720)	(716)
Assumed taxes, fines and other penalties		(1,201)	(562)
Early termination of supply contract (note 21A)		–	(5,145)
	$	(130,264)	(12,337)

1 During the nine-month period ended September 30, 2020, in relation to the negative effects caused by the COVID-19 Pandemic, CEMEX Latam recognized impairment losses of idle assets in Panama and Colombia for a total of $12,945 (note 14A), as well as impairment losses of goodwill in Panama and Costa Rica for a total of $108,187 (note 15). During the nine-month period ended September 30, 2020, impairment losses were recognized in Colombia regarding certain mining equipment.

2 Mainly refers to expenses associated with the maintenance of sanitary, hygiene and lookdown measures that began in March 2020 as a result of the COVID-19 Pandemic, as well as certain incremental costs associated with operational disruptions related to such pandemic.

7) FINANCIAL EXPENSES, FINANCIAL INCOME AND OTHER ITEMS, NET

7A) FINANCIAL EXPENSE

Consolidated financial expense for the nine-month periods ended September 30, 2020 and 2019 of $38,711 and $39,598, respectively, includes $1,047 in 2020 and $1,211 in 2019, of financial expense arising from financial liabilities related to lease agreements.

(Thousands of U.S. dollars)

7B) FINANCIAL INCOME AND OTHER ITEMS, NET

The detail of financial income and other items, net for the nine-month periods ended September 30, 2020 and 2019 is as follows:

		2020	2019
Interest cost on employee benefits	$	(1,303)	(1,632)
Financial income, net		988	965
	$	(315)	(667)

8) CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents as of September 30, 2020 and December 31, 2019 are as follows:

		2020	2019
Cash and bank accounts	$	15,833	16,943
Fixed-income securities and other cash equivalents		13,922	5,663
	$	29,755	22,606

9) TRADE ACCOUNTS RECEIVABLE

For the reported periods, the Company does not maintain programs for the sale of trade accounts receivable. Consolidated trade accounts receivable as of September 30, 2020 and December 31, 2019 are detailed as follows:

		2020	2019
Trade accounts receivable	$	70,534	79,990
Allowances for expected credit losses		(7,027)	(9,340)
	$	63,507	70,650

Allowances for expected credit losses are measured upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") and are recognized over the tenure of the trade accounts receivable.

Under this ECL model, CEMEX Latam segments its trade accounts receivable in a matrix by country, type of client or homogeneous credit risk and days past due and determines for each segment an average rate of ECL, considering actual credit losses incurred over the last 24 months and the probability of future delinquency. These ECL rates are applied to the balances of accounts receivable of each segment. The average ECL rate increases in each segment of days past due until the rate reaches 100% for the segment of 365 days past due or more. The Company will timely reflect the effects in its PCE estimates in subsequent periods associated with the evolution observed in supply chains and the effective bad debt derived from the COVID-19 Pandemic.

As of September 30, 2020, and December 31, 2019, balances of trade accounts receivable and the allowances for ECL were as follows:

		As of September 30, 2020			As of December 31, 2019		
		Accounts receivable	ECL	ECL average rate	Accounts receivable	ECL	ECL average rate
Colombia	$	30,896	1,976	6.40%	32,257	1,948	6.04%
Panama		17,301	2,369	13.69%	22,489	2,132	9.48%
Costa Rica [1]		7,926	1,613	20.35%	10,788	3,928	36.41%
Rest of CLH		14,411	1,069	7.42%	14,456	1,332	9.21%
	$	70,534	7,027		79,990	9,340	

1 As of September 30, 2020 and December 31, 2019, the balances of trade accounts receivable and the estimated ECL include approximately $1.6 million and $3.8 million, respectively, of fully provisioned trade accounts receivable in process of legal recovery. During the first quarter of 2020, of the balance of such fully provisioned portfolio in legal recovery as of December 31, 2019, considering the customer's situation and the expectation of collection, the Company canceled accounts with a nominal value of approximately $2.2 million. Nonetheless, the process for legal recovery continues.

As of September 30, 2020, in relation to the COVID-19 Pandemic (note 2) and the potential increase in expected credit losses on trade accounts receivable as a result of the negative economic effects associated with the pandemic, the Company maintains continuous communication with its customers as part of its collection management, in order to anticipate situations that could represent an extension in the portfolio's recovery period or in some unfortunate cases the risk of non-recovery. As of this same date, the Company considers that these negative effects do not yet have a significant influence on the estimates of expected credit losses and will continue to monitor the development of relevant events that may eventually have effects as a result of a deepening or extension of the pandemic.

(Thousands of U.S. dollars)

10) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances receivable from and payable to related parties as of September 30, 2020 and December 31, 2019 are detailed as follows:

Current accounts receivable		**2020**	**2019**
Balboa Investments B.V. [1]	$	16,874	17,842
CEMEX Operaciones México, S.A. de C.V.		797	200
CEMEX, S.A.B. de C.V.		331	457
Trinidad Cement Limited		264	156
CEMEX España, S.A.		214	915
CEMEX Research Group A.G.		176	176
CEMEX Dominicana, S.A.		31	127
Lomez International B.V.		48	–
Torino RE Limited		–	14,165
Materiales Express Colombia S.A.S.		–	206
Others		23	106
Total assets with related parties	$	18,758	34,350

Current accounts payable		**2020**	**2019**
CEMEX Research Group A.G. [2]		18,424	535
Lomez International B.V. [3]		7,691	–
CEMEX Operaciones México, S.A. de C.V. [2]		7,474	5,215
CEMEX, S.A.B. de C.V. [2]		2,802	3,237
CEMEX Corp and Subsidiaries [4]		2,223	9,037
CEMEX España, S.A. [5]		1,409	137
CEMEX Internacional, S.A. de C.V.		620	855
Macoris Investment and Subsidiaries		148	148
Beijing Import & Export Co., Ltd		92	276
Trinidad Cement Limited		69	–
CEMEX Denmark ApS		–	62
Torino RE Limited		–	241
Pro Ambiente, S.A. de C.V.		–	106
Others		121	172
	$	41,072	20,021

Non-current accounts payable		**2020**	**2019**
Lomez International B.V. [3]	$	539,710	586,914
CEMEX España, S.A. [5]		113,966	142,176
		653,676	729,090
Total liabilities with related parties	$	694,748	749,111

1 On November 15, 2019, as described in note 17B, Cemento Bayano, S.A. ("Cemento Bayano") and Balboa Investments B.V. ("Balboa") entered into an indemnity agreement in connection with the purchase by Cementos Progreso, S.A. of 25% of the common stock of Grupo Cementero Panameño, S.A. (formerly Cemento Interoceánico, S.A.) which was owned by Balboa, generating on that date a cash inflow in Bayano for $32,398, an account receivable from Balboa for the earn-out of $17,842 as well as deferred revenue with related parties of $49,686 (note 17B). As of September 30, 2020 considering the reduction of sales in Panama during the period resulting from the lockdown measures and suspension of operations associated with the COVID-19 Pandemic (note 2), and based on the formulas for earning such deferred revenue contained in the aforementioned indemnity agreement which are linked to the sales volumes under the Clinker supply agreement with Grupo Cementero Panameño, S.A. (note 21B), Cemento Bayano reduced its best estimate of the earn-out and the account receivable from Balboa has been reduced to $16,874. As of September 30, 2020, the collection of the earn-out by Balboa from Cementos Progreso has not yet occurred derived from the closure of the industry in Panama from March 24 to September 4, 2020 and the resulting negative conditions in cement demand, which is progressively recovering, but which have made impossible its measurement and effective accrual. Nonetheless, as established in the shares sale contract, the measurement and collection of such earn-out may be rolled over until December 31, 2021. The Company considers that the earn-out will be collected in the aforementioned period for an amount similar to the Company's estimate.

2 Balances related to royalties resulting from technical assistance agreements, use of licenses and brands, software and administrative processes.

3 On December 20, 2019, Cemento Bayano renegotiated its revolving line of credit with Lomez with a new maturity in December 2022 at a variable market rate plus 360 basis points which as of September 30, 2020 represented 3.87%. Balances as of September 30, 2020 and December 31, 2019, include amounts payable to Lomez by: a) Corporación Cementera Latinoamericana, S.L.U. ("CCL") of $238,701 in 2020 and $285,517 in 2019; b) the Parent Company of $215,113 in 2020 and $217,269 in 2019, and c) Cemento Bayano of $93,586 in 2020 and $84,128 in 2019.

4 Balances generated by imports of clinker and grey cement.

5 Loan negotiated by CEMEX Colombia with CEMEX España originally in 2010, which has been subsequently renegotiated several occasions. On December 20, 2019, CEMEX Colombia renegotiated this loan with CEMEX España until December 2024 at variable market rate plus 277 basis points that as of September 30, 2020 represented 3.04%.

(Thousands of U.S. dollars)

Balances and transactions with related parties – continued

The maturities of non-current accounts payable to related parties as of September 30, 2020 are as follows:

Debtor		2022	2023	2024	Total
Cemento Bayano (6M Libor + 360 bps) [1]	$	92,633	–	–	92,633
CEMEX Latam Holdings, S.A. (5.65% annual)		–	235,048	–	235,048
Corporación Cementera Latinoamericana, S.L.U. (5.65% annual)		–	212,029	–	212,029
CEMEX Colombia S.A (6M Libor + 277 bps) [1]		–	–	113,966	113,966
	$	92,633	447,078	113,966	653,676

1 The *London Inter-Bank Offered Rate*, or LIBOR, is the variable rate used in international markets for debt denominated in Dollars. As of September 30, 2020, the nine-month LIBOR rate was 0.27%. The contraction “bps" means basis points. One hundred bps equals 1%.

The Company’s main transactions entered into with related parties for the nine-month periods ended September 30, 2020 and 2019 are as follows:

Indemnity revenue		2020	2019
Balboa Investments B.V. [1]		4,635	–

Purchases of raw materials		2020	2019
CEMEX Internacional, S.A. de C.V.	$	5,772	4,962
CEMEX Corp and Subsidiaries		5,018	25,251
Others		56	86
	$	10,846	30,299

Administrative and selling expenses		2020	2019
Neoris de México, S.A. de C.V.	$	–	4

Royalties and technical assistance		2020	2019
CEMEX Research Group, AG.	$	18,598	24,892
CEMEX Operaciones México, S.A. de C.V. [2]		7,445	9,453
CEMEX, S.A.B. de C.V.		2,528	3,246
	$	28,571	37,591

Financial expenses		2020	2019
Lomez International B.V.	$	25,607	27,284
CEMEX España, S.A.		4,998	7,470
Balboa Investments B.V. [1]		3,025	–
	$	33,630	34,754

1 The indemnity revenue of Cemento Bayano with Balboa is accrued from the date of the indemnity agreement and for a period of 10 years as the conditions set forth in the clinker supply agreement with Grupo Cementero Panameño S.A. are fulfilled (note 21B). For the nine-month period ended September 30, 2020, of the balance of deferred revenue with related parties mentioned above, a total of $1,610 has been amortized, through the recognition in the statement of operations of revenue for $4,635 and financial expenses for $3,025, considering the implicit interest rate of 8.4% (note 17B).

2 On August 1, 2019, CEMEX Operaciones México, S.A. merged and absorbed CEMEX Central, S.A. de C.V.

Pursuant to the services and the rights of use, operation and enjoyment of CEMEX brands, names and intellectual property assets, under the agreement of non-exclusive use, enjoyment and exploitation of license asset, management services agreement and business support and licensing agreement, the Parent Company has agreed to pay CEMEX (which includes CEMEX, S.A.B. de C.V., CEMEX Research Group, A.G. as well as CEMEX Operaciones México, S.A. de C.V.), consistent with the market practices and principles of unrelated parties, a fee equivalent to 5% of consolidated revenues. The aforementioned fee cannot be increased without the consent of the independent directors of CEMEX Latam Holdings expressed during a meeting of the board of directors.

During the nine-month periods ended September 30, 2020 and 2019, the independent directors and the chairman of the Parent Company's Board of Directors, in fulfillment of their functions, accrued compensation including remuneration and allowances, for a total of approximately $333 and $328, respectively. The Parent Company's independent directors have not received advances or loans and the Company has not provided guarantees or assumed any pension obligations on behalf of such independent directors and except for the civil liability insurance contracted by CEMEX, S.A.B. de C.V., the Company has not provided insurance for such independent directors. In addition, the Parent Company’s proprietary directors, in their capacity as members of its Board of Directors do not receive compensation for their services. The Parent Company has no members of the Company’s senior management among its employees.

(Thousands of U.S. dollars)

Balances and transactions with related parties – continued

In addition, for the nine-month periods ended September 30, 2020 and 2019, the aggregate compensation amounts accrued by members of the top management, which was recognized in the Company's subsidiaries, were approximately $3,963 and $3,810, respectively, out of which, $3,459 in 2020 and $3,360 in 2019, corresponded to base remuneration plus performance bonuses including pensions and other postretirement benefits. In addition, approximately $504 in 2020 and $450 in 2019 out of the aggregate compensation corresponded to allocations of shares under the executive stock-based compensation programs.

In its cement operations in Panama, which represented approximately 7% and 12% of the consolidated revenues for the nine-month periods ended September 30, 2020 and 2019, the Company carried out transactions with Grupo Cementero Panameño, S.A. (formerly "Cemento Interoceánico" S.A.), customer, competitor and local producer of cement, which were incurred under the framework of the outstanding clinker supply agreements at such dates and for amounts not deemed significant. Until November 15, 2019, Balboa held a non-controlling interest of 25% in the common stock of the then named Cemento Interoceánico which was sold to a subsidiary of Cementos Progreso S.A. on the aforementioned date (note 17B).

11) OTHER ACCOUNTS RECEIVABLE

11A) OTHER CURRENT ACCOUNTS RECEIVABLE

Consolidated other accounts receivable as of September 30, 2020 and December 31, 2019 consisted of:

		2020	2019
Rights in trust [1]	$	1,906	4,703
From sales of assets and scrap		1,676	4,513
From other diverse activities		2,834	2,674
Loans to employees		753	1,038
Work-in progress provisions		113	900
	$	7,282	13,828

1 Includes in both periods CEMEX Colombia's residual interest in a trust oriented to promote housing projects, which only asset is a claim on land in the municipality of Zipaquirá, Colombia and its only liability is a bank loan in pesos equivalent to $1,906 as of September 30, 2020 and $4,703 as of December 31, 2019, obtained for the purchase of such land and which is guaranteed by CEMEX Colombia. In connection with this structure, on July 25, 2019, CEMEX Colombia and the other partner in the project agreed with a Colombian construction firm ("the Acquirer") the transfer of the aforementioned land to a new trust incorporated by the Acquirer, by means of the repayment of the credit guaranteed by CEMEX Colombia. During the nine months ended September 30, 2020 and during 2019, from de beginning of the agreement, the Acquirer has amortized a portion of the credit for an aggregate amount in Pesos equivalent to approximately $2.4 million and $2 million, respectively, for a total amortization in pesos as of September 30, 2020 equivalent to approximately $4.4 million, out of an initial amount equivalent to approximately $6.3 million. It is expected that the Acquirer will finish paying off the entire loan in November 2020.

11B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

Consolidated balances of other assets and non-current accounts receivable as of September 30, 2020 and December 31, 2019 are detailed as follows:

		2020	2019
Loans and notes receivable [1]	$	3,472	3,666
Other non-current assets		341	441
	$	3,813	4,107

1 As of September 30, 2020 and December 31, 2019 this line item mainly includes a fund of Cemento Bayano to secure seniority premium payments for $2,868 and $2,885, respectively.

12) INVENTORIES

Consolidated balances of inventories as of September 30, 2020 and December 31, 2019 are summarized as follows:

		2020	2019
Spare parts and supplies	$	22,268	22,738
Finished goods		9,320	11,918
Work-in-process		16,806	15,308
Raw materials		16,996	23,143
Inventory in transit		4,232	4,608
Other inventories		455	258
	$	70,077	77,973

(Thousands of U.S. dollars)

13) OTHER CURRENT ASSETS

As of September 30, 2020, and December 31, 2019 consolidated other current assets consisted of:

		2020	2019
Advance payments [1]	$	12,168	19,922
Assets held for sale [2]		4,903	2,438
Restricted cash [3]		324	244
	$	17,395	22,604

1 As of September 30, 2020 and December 31, 2019, advance payments include $11,079 and $19,912, respectively, associated with insurance premiums and cash advances to inventory suppliers.

2 Assets held for sale are stated at their estimated realizable value and include mainly property received in payment of trade accounts receivable and certain idle assets that have been reclassified from the line of property, machinery and equipment as they are in an active sale process.

3 Refers to cash of CEMEX Colombia temporarily restricted in relation to legal processes associated with commercial disputes.

14) PROPERTY, MACHINERY AND EQUIPMENT, NET AND ASSETS FOR THE RIGHT-OF-USE, NET

As of September 30, 2020 and December 31, 2019, the consolidated balances of this caption consisted of:

		2020	2019
Property, machinery and equipment, net	$	966,245	1,113,858
Assets for the right-of-use, net		15,899	17,582
	$	982,144	1,131,440

14A) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of September 30, 2020 and December 31, 2019, the consolidated balances of property, machinery and equipment, net consisted of:

		2020				
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress	Total
Cost at end of the period		205,077	187,322	648,926	211,912	1,253,237
Accumulated depreciation and depletion		(42,402)	(48,520)	(196,070)	–	(286,992)
Net book value at end of the period	$	162,675	138,802	452,856	211,912	966,245

		2019				
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress	Total
Cost at end of the period		219,301	201,740	703,668	260,510	1,385,219
Accumulated depreciation and depletion		(41,498)	(48,416)	(181,447)	–	(271,361)
Net book value at end of the period	$	177,803	153,324	522,221	260,510	1,113,858

In 2017, CEMEX Colombia concluded almost entirely the construction of a cement plant in the Colombian municipality of Maceo in the Antioquia department with an annual capacity of approximately 1.3 million tons. The plant has not initiated commercial operations. As of the reporting date, the development of the access road to the plant remains suspended and the beginning of commercial operations is subject to the successful conclusion of several ongoing processes for the use of the plant's assets and other legal proceedings (note 22C). As of September 30, 2020 and December 31, 2019, the aggregate book value of the plant, net of impairment adjustments of certain advance payments recognized in 2016 of $23 million, the latter amount considering the exchange rate of 3,000.71 pesos per dollar as of December 31, 2016, is for amounts in Pesos equivalent to approximately $237 million and $278 million, respectively. The change in the plant's book value expressed in dollars as of September 30, 2020 as compared to December 31, 2019 was mainly due to the variation in exchange rates. The portion of cement milling assets of the plant was reclassified in 2017 from investments in progress to the specific items of buildings and machinery and equipment. Of the aforementioned book value of $237 million, a portion equivalent to approximately $67 million is recognized in the books of the entity Zona Franca Especial Cementera del Magdalena Medio S.A.S. ("Zomam"), subsidiary of CEMEX Colombia and holder of the free zone declaration. Of these $67 million, approximately $42 million correspond to equipment contributed to Zomam by CEMEX Colombia as equity contribution and the complement of $25 million corresponded to investments made directly by Zomam, mainly through a loan granted by CCL amounting to approximately $42 million including capitalized interest. The rest of Maceo's carrying amount is held directly in the books of CEMEX Colombia. These amounts translated at the exchange rate as of September 30, 2020. As mentioned in note 22C, the shares of Zomam and Maceo's land are subject to an expiration of property process carried by the Colombian authorities. As part of the annual procedures, as of December 31, 2019 and 2018, immediate annual periods prior to those reported, the Company analyzed for impairment its investment in the Maceo plant by determining, with the advisory of external appraisers, the fair value of the assets less estimated costs to sell, which exceeded the corresponding net book value in both periods.

(Thousands of U.S. dollars)

Property, machinery and equipment, net – continued

In addition, considering the negative effects of the COVID-19 Pandemic on certain idle assets that will remain closed for the foreseeable future in relation to the estimated sales volumes and the Company's ability to supply demand by achieving efficiencies in other operating assets, during the third quarter of 2020, CEMEX Latam recognized impairment losses for these idle assets for an aggregate amount of $12,945, of which $11,160 correspond to assets in the cement sector of the Company's operating segment in Panama and $1,785 come from the aggregates business in the Company's operating segment in Colombia. During the nine months ended September 30, 2019, impairment losses were recognized in Colombia in connection with certain mining equipment for a total of $1,140.

14B) ASSETS FOR THE RIGHT-OF-USE, NET

As of September 30, 2020 and December 31, 2019, the consolidated balances of the right-of-use assets associated with the recognition of lease contracts affected by the following concepts underlying the contracts:

		2020		
		Land and buildings	Machinery and equipment	Total
Assets for the right-of-use at end of the period		21,773	16,626	38,399
Accumulated depreciation [1]		(11,375)	(11,125)	(22,500)
Net book value at end of the period	$	10,398	5,501	15,899

		2019		
		Land and buildings	Machinery and equipment	Total
Assets for the right-of-use at end of the period		21,898	17,803	39,701
Accumulated depreciation [1]		(10,716)	(11,403)	(22,119)
Net book value at end of the period	$	11,182	6,400	17,582

1 These assets are depreciated over the term of the related lease agreements which have an average duration of 4 years as of September 30, 2020.

15) GOODWILL AND INTANGIBLE ASSETS

As of September 30, and December 31, 2019, consolidated balances are summarized as follows:

		2020			2019		
		Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Intangible assets of indefinite useful life							
Goodwill	$	1,344,074	–	1,344,074	1,503,970	–	1,503,970
Intangible assets of definite useful life							
Customer relations		190,698	(158,786)	31,912	191,851	(144,484)	47,367
Industrial property and trademarks		600	(600)	–	600	(600)	–
Mining projects		1,285	(274)	1,011	1,797	(323)	1,474
Other intangibles		104	–	104	92	–	92
	$	1,536,761	(159,660)	1,377,101	1,698,310	(145,407)	1,552,903

At least once a year during the last quarter or, when impairment indicators exist, CEMEX Latam analyses the possible impairment of goodwill by means of determining the value in use of its Cash Generating Units ("CGUs") to which goodwill balances have been allocated, represented by the discounted cash flows projections over the next five years related to such CGUs, using risk adjusted discount rates. During the third quarter of 2020, considering the negative effects on its operating results caused by the COVID-19 Pandemic (note 2), resulting from the periods of quarantine, social distancing and suspension and reduction of operations in accordance with the provisions issued by each government, as well as the high uncertainty in relation to the duration and consequences in the different markets where the Company operates, management considered that impairment indicators materialized and consequently carried out impairment analyses of goodwill as of September 30, 2020.

As a result of the aforementioned impairment analyses, in the nine-month period ended September 30, 2020, the Company recognized within other expenses, net (note 6), impairment losses of goodwill, which did not imply the use of resources, for an aggregate amount of $108,187, of which $81,290 correspond to the operating segment of the Company in Panama and $26,897 correspond to the operating segment in Costa Rica. In these countries, which had already been showing impairment risks in recent quarters according to the Company's sensitivity analyses, the net book value of the corresponding operating segment exceeded its value in use. During 2019, did not determine impairment losses of goodwill.

Goodwill and intangible assets – continued

In the case of the operating segment in Panama, which results have been the most affected by the negative effects of the COVID-19 Pandemic and where a slower recovery is expected, the value in use as of September 30, 2020 decreased by 44.5 % as compared to December 31, 2019. Of this reduction, 1.3 percentage points ("p.p.") resulted from the increase in the discount rate, 6.2 p.p. were related to the reduction in the long-term growth rate used to determine the terminal value and 37 p.p. resulted from the reduction in sales estimates over the projected years. In relation to the operating segment in Costa Rica, whose recovery expectations will be slower due to the COVID-19 Pandemic, the value in use as of September 30, 2020 decreased by 21.1% as compared to December 31, 2019. Of this decrease, 3.4 p.p. resulted from the reduction in the growth rate of the terminal value and 19.1 p.p. were related to the reduction in sales estimates over the projected years, partially offset by a positive effect of 1.5 p.p. as a result of the reduction in the discount rate. The value in use in the other countries where the Company operates exceeded in each case its respective net book value.

As of September 30, 2020 and December 31, 2019, goodwill balances allocated by reportable segment considering the impairment losses mentioned above are as follows:

		2020	2019
Costa Rica	$	377,297	425,363
Panama		273,892	344,703
Colombia		263,413	297,740
Guatemala		233,316	235,957
Nicaragua		181,068	185,119
El Salvador		15,088	15,088
	$	1,344,074	1,503,970

As of September 30, 2020 and December 31, 2019 pre-tax discount rates and long-term growth rates used to determine the discounted cash flows in the group of CGUs with the main goodwill balances, are as follows:

	Discount rates		Growth rates	
Groups of CGUs	**2020**	**2019**	**2020**	**2019**
Costa Rica	10.5%	10.7%	3.0%	3.5%
Colombia	9.1%	8.9%	2.5%	3.7%
Panama	8.6%	8.4%	5.0%	5.5%
Nicaragua	11.8%	11.3%	1.5%	1.5%
Guatemala	9.9%	9.4%	2.5%	3.5%
El Salvador	11.3%	10.8%	2.2%	2.2%

The discount rates used by CEMEX Latam in its cash flows projections as of September 30, 2019 increased slightly in most of the countries as compared to the rates determined as of December 31, 2019 in a range between 0.2% up to 0.5%, due to the increase in the funding cost observed in the industry that changed from 5.4% in 2019 to 6. 0% as of September 30, 2020. The risk-free rate related to CEMEX Latam decreased from 2.9% in 2019 to 2.4% as of September 30, 2020. Meanwhile, the country specific risk rates increased slightly as of September 30, 2020 as compared to 2019 in most countries. The debt weighting in the calculation of the discount rate as of September 30, 2020 remained practically unchanged at 32% as compared to 2019.

As of September 30, 2020, CEMEX Latam verified the reasonableness of its discounted cash flows projections through sensitivity analyses to changes in the relevant economic assumptions, affecting the value in use of its groups of CGUs with an independent reasonably possible increase of 1% in the discount rate, with an independent possible decrease of 1% in the long-term growth rate, as well with a reasonably possible independent reduction of 10% in the corresponding Operating EBITDA. After this assurance, the Company ratified its conclusions. CEMEX Latam closely monitors the specific evolution of the countries that have presented either impairment losses or relative impairment risk in any of the reported periods and, in case the relevant economic assumptions and the cash flow projections become more negative, an additional impairment loss could result in the future.

In relation to the economic assumptions used by the Company described above, the additional impairment losses that would had result from the sensitivity analyses derived from independent changes in each of the relevant assumptions, as well as the independent reduction of 10% in Operating EBITDA, in those operating segments that presented impairment charges in 2020, are as follows:

			Additional effects of the sensitivity analyzes to the charges recognized from the aforementioned changes in assumptions as of September 30, 2020		
Operating segment (Millions)		**Impairment losses recognized**	Discount rate **+1 Pt**	Long-term growth rate **–1 Pt**	**Operating EBITDA –10%**
Panama	$	81.3	109.7	96.9	54.1
Costa Rica		26.9	50.5	39.5	44.2

(Thousands of U.S. dollars)

Goodwill and other intangible assets – continues

The factors considered by the Company's management that could cause the hypothetical scenarios of the previous sensitivity analysis are, in relation to the discount rates, an independent increase of 300 bps in the industry funding cost observed as of September 30, 2020 of 6.0% or, an independent increase in the risk-free rate of 190 bps over the rate of 3.4% in Panama and 6.2% in Costa Rica. In the case of the long-term growth rates, a reduction of 100 bps in the rates projected as of September 30, 2020 of 5.0% in Panama and 3.0% in Costa Rica that could result from the deterioration of the economic expectations for these countries. In the case of a 10% decrease in Operating EBITDA, the scenarios could materialize in light of a reduction in volume or in price, an increase in operating costs, or a combination of these factors, due to the deterioration of the local economy or pressure from our competitors or imports.

Impairment evaluations consider long-term economic variables. Discounted cash flow projections are very sensitive, among other factors, to the estimation of future prices of products, increases or decreases in volumes, the evolution of operating expenses, local and international economic trends in the industry of construction, long-term growth expectations in the different markets, and the discount rates and growth in perpetuity used. Significant judgment by management is necessary to reasonably select the significant and appropriate economic assumptions. These assumptions used in the determination of these cash flow projections are consistent with internal forecasts and industry practices.

16) DEBT AND OTHER FINANCIAL LIABILITIES

As of September 30, 2020 and December 31, 2019, consolidated debt by type of financial instruments is summarized as follows:

		2020	2019
Bank loans [1]	$	10,312	–
Financial liabilities related to lease agreements (notes 3A and 14B) [2]		22,450	24,698
Trust guarantee for the development of housing projects [3]		1,906	4,703
Total debt and other financial liabilities	$	34,668	29,401
Out of which:			
Current portion	$	17,618	10,227
Non-current portion		17,050	19,174

1 As of September 30, 2020, to lessen the liquidity risks associated with the COVID-19 Pandemic (note 2), CEMEX Colombia negotiated various short-term loans with local banks in pesos for an equivalent amount of $10,312, all maturing in the fourth quarter of 2020 at a variable average rate 8.02% as of September 30, 2020.

2 As of September 30, 2020 and December 31, 2019, the aggregate financial liability from lease contracts of $22,450 and $24,698, respectively, includes $235 in 2020 and $281 in 2019 related to lease contracts with CEMEX companies. As of September 30, 2020, the average discount rate was 5.43%.

3 The loan guaranteed by CEMEX Colombia that is described in note 11A, was renewed during 2019 with maturity in November 2020 to align the amortization of this liability with the payments of the Acquirer, whom assumes the payment of principal and interest. The loan accrues interest at DTF rate plus 4.60%.

17) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES AND OTHER LIABILITIES

17A) CURRENT OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of September 30, 2020 and December 31, 2019 consolidated other current accounts payable and accrued expenses were as follows:

		2020	2019
Others provisions and liabilities [1]	$	23,380	31,055
Accrued expenses		15,407	18,052
Contract liabilities with customers [2]		9,461	11,273
Deferred revenue [3]		4,132	3,517
Others		963	385
	$	53,343	64,282

1 Includes, among others, provisions for: a) insurance and services of $15,075 in 2020 and $17,978 in 2019; b) employee' compensation of $5,218 in 2020 and $5,195 in 2019, as well as legal expenses and other commitments of $3,088 in 2020 and $3,815 in 2019.

2 Includes advance payments from customers of $8,784 in 2020 and $11,008 in 2019.

3 Refers to the current portion of the indemnity agreement between Cemento Bayano and Balboa described in notes 10 and 17B.

The items included in the table above arise in the ordinary course of business, are of recurring nature and are expected to be settled and replaced for similar amounts within the next 12 months.

(Thousands of U.S. dollars)

17B) NON-CURRENT OTHER LIABILITIES

As of September 30, 2020 and December 31, 2019, consolidated other non-current liabilities were as follows:

		2020	2019
Deferred revenue [1]	$	49,481	54,107
Provision for asset retirement obligations [2]		6,774	4,371
Other provisions and liabilities		4,897	3,838
Other taxes		946	2,042
	$	62,098	64,358

1 On November 15, 2019, through its subsidiary Balboa, CEMEX sold its 25% equity interest in Grupo Cementero Panameño, S.A. (formerly Cemento Interoceánico, S.A.) to a subsidiary of Cementos Progreso, S.A. (the "Purchaser") for an amount of approximately $44 million, plus an additional consideration ("earn-out") for up to $20 million to be determined and collected in 2020. As condition precedent for the acquisition of such 25% equity interest of Balboa in the then named Cemento Interoceánico, S.A., the Purchaser required Balboa's intermediation with Cemento Bayano, with the purpose of negotiating a new clinker supply agreement between Cemento Bayano and such entity including certain commercial conditions as well as a guaranteed installed capacity reserve of its plant in Panama for a period of 10 years beginning on November 15, 2019 (note 21B). Cemento Bayano accepted these conditions in exchange of acompensation indemnity and earn-out from Balboa for an aggregate amount of up to $52 million during the aforementioned period of 10 years in order to compensate Cemento Bayano's decrease in operating earnings resulting from the new clinker supply agreement (the "Indemnity Contract"). The Company's statement of financial position includes deferred revenue within current other accounts payable and non-current other liabilities of $4,132 and $42,977 as of September 30, 2020 respectively, and of $3,517 and $46,169 as of December 31, 2019, respectively, related to the best estimate of the amounts including the earn-out that will be generated under the Indemnity Contract, as well as an account receivable from Balboa related to the earn-out of $16,874 as of September 30, 2020 and $17,842 as of December 31, 2019 (note 10). Out of this aggregate compensation, on November 15, 2019, considering the payment of Cementos Progreso S.A., Balboa made an advance payment to the Company of $32,398. These deferred revenues are recognized in CEMEX Latam's statement of operations over the 10-year term of the new clinker supply agreement with Grupo Cementero Panameño S.A. as conditions agreed upon are fulfilled by Cemento Bayano, considering an implicit financing cost of 8.4% equivalent to the stand-alone borrowing rate that Cemento Bayano would obtain as of the date of the agreements from a bank for a similar amount and term. As of September 30, 2020, the earn-out payment by Cementos Progreso, S.A. has not occurred as a result of the closure of the industry in Panama from March 24 to September 4, 2020 and the subsequent conditions of reduction in demand, which is progressively recovering, but which have made its measurement and effective accrual impossible. Nonetheless, according to the agreement for the sale of the shares to Cementos Progreso, S.A., the measurement and collection of such earn-out may be rolled over until December 31, 2021. The company considers that the earn-out will be collected in the aforementioned period for an amount similar to the Company's estimate.

2 Asset retirement obligations include future estimated costs for demolition, dismantling and cleaning of production sites at the end of their operation, which are initially recognized against the related assets and are depreciated over their estimated useful life.

18) INCOME TAXES

18A) INCOME TAXES FOR THE PERIOD

The recognition of income taxes during interim periods is based on the best estimate of the expected income tax rate for the entire year, applied to earnings before income taxes. For the nine-month periods ended September 30, 2020 and 2019, income tax expense recognized in the condensed consolidated statements of operations was as follows:

		2020	2019
Current income taxes	$	22,059	23,493
Deferred income taxes		(10,570)	(18,457)
	$	11,489	5,036
Out of which:			
Colombia [1]	$	(23)	1,962
Costa Rica		4,808	2,467
Panama		(4,703)	(4,098)
Rest of CLH and others [2]		11,407	4,705
	$	11,489	5,036

1 As part of a tax modifications package effective beginning January 1, 2019, the income tax rate was modified to 32% in 2020, 31% in 2021 and 30% in 2022 onwards. The income tax rate in 2019 was 33%.

2 Includes the Company's operations in Nicaragua, Guatemala and El Salvador, as well as the income tax effects of the Parent Company, other sub-holding companies and other consolidation adjustments.

18B) SIGNIFICANT TAX PROCEEDINGS

CEMEX Latam is involved in several ongoing tax proceedings which have not required the recognition of accruals since the Company does not consider probable an adverse resolution considering the evidence at its disposal. Nonetheless, the Company cannot assure to obtain a favorable resolution. As of September 30, 2020, a summary of relevant facts of the most significant proceedings in progress, were as follows:

Colombia

- On April 6, 2018, CEMEX Colombia received a special proceeding from the Colombian Tax Authority (the "Tax Authority"), where certain deductions included in the 2012 income tax return were rejected. The Tax Authority assessed an increase in the income tax payable by CEMEX Colombia and imposed an inaccuracy penalty for amounts in Pesos equivalent to approximately $32 million of income tax and $32 million of penalty. On December 28, 2018, CEMEX Colombia received an official review settlement ratifying the rejected deductible items and amounts. On February 21, 2019 CEMEX Colombia filed an appeal for reconsideration, which was rejected by the Tax Authority on January 8, 2020. On July 1, 2020, CEMEX Colombia filed an action for annulment and restoration of rights before the Administrative Court of Cundinamarca within the legal opportunity. In the event of an adverse final resolution, the aforementioned amounts include, in the income tax payable, the amount required to reimburse the Tax Authority, income tax receivable for the period credited against income tax payable of subsequent years. If the proceeding would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the payment date. As of September 30, 2020, in this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures, however, it is difficult to assess with certainty the likelihood of an adverse resolution in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position.

- In September 2012, the Tax Authority requested CEMEX Colombia to amend its income tax return for the year 2011 in connection with several deductible expenses including the amortization of goodwill. CEMEX Colombia rejected the arguments of the ordinary request and filed a motion requesting the case to be closed. The tax return was under audit by the Tax Authority from August 2013 until September, 2018, when CEMEX Colombia was notified of a special requirement in which the Tax Authority rejects certain deductions included in such income tax return of the year 2011 and determined an increase in the income tax payable and imposed a penalty for amounts in Pesos equivalent to approximately $22 million of income tax and $22 million of penalty. CEMEX Colombia filed a response to the special requirement on November 30, 2018 and the tax authority notified the official review liquidation on May 15, 2019, maintaining the claims of the special requirement and CEMEX Colombia filed the appeal for reconsideration within the legal term on July 11, 2019. On July 6, 2020, CEMEX Colombia was notified of the resolution that resolves the appeal for reconsideration, in which the Tax Authority confirms the claims of the official settlement. CEMEX Colombia has four months to file the corresponding legal actions in the Administrative Courts. In the event of an adverse final resolution, the aforementioned amounts include, in the income tax payable, the amount required to reimburse the Tax Authority, income tax receivable for the period credited against income tax payable of subsequent years. If the proceeding would be adversely resolved in its final stage, CEMEX Colombia would have to pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the date of payment. As of September 30, 2020, in this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures, however, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position.

- In April, 2011, the Tax Authority notified CEMEX Colombia of a special proceeding rejecting certain deductions included in the 2009 tax return considering they were not linked to direct revenues recorded in the same tax year, and assessed an increase in the income tax payable by CEMEX Colombia and imposed a penalty for amounts in Pesos equivalent to approximately $23 million of income tax and approximately $23 million of penalty, considering changes in the law that reduced the original sanction. After several appeals of CEMEX Colombia to the Colombian Tax Authority's special proceeding over the years in the applicable courts in which CEMEX Colombia obtained negative resolutions in each case, in July 2014, CEMEX Colombia filed an appeal against this resolution before the Colombian State Council (*Consejo de Estado*). If the proceeding would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the amount of the income tax adjustment until the payment date. As of September 30, 2020, in this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures, however, it is difficult to assess with certainty the likelihood of an adverse resolution in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position.

- The municipality of San Luis (the "Municipality") has issued requirements to CEMEX Colombia related with the payment of the industry and commerce tax (*impuesto de industria y comercio*) in such municipality for the tax years from 1999 to 2013 and 2016. The Municipality argues that the tax is generated as a result of CEMEX Colombia's industrial activities in such jurisdiction. CEMEX Colombia considers that its activity in this municipality is strictly mining and therefore pays royalties for mineral extraction in this jurisdiction, based on the applicable law, which bans municipalities from collecting the industry and commerce tax, when the amount payable of royalties is equal or exceeds to the amount of such tax. CEMEX Colombia has duly submitted legal resources appealing these requirements. The processes from 1999 to 2012 have finalized without disbursements for CEMEX Colombia. In relation to the tax year 2013, there is a requirement from the Municipality, appealed by CEMEX Colombia, for amounts in Pesos equivalent to approximately $4 million of purported tax and $7 million of penalties, and in connection with this requirement. With respect to the 2016 tax year, on January 14, 2020, the Municipality notified CEMEX Colombia of the resolution that resolves the reconsideration appeal, in which the Municipality confirms the claims of the official liquidation the official settlement for amounts in Pesos equivalent to approximately $5 million of tax and $7 million of penalties. CEMEX Colombia appealed the resolution before the Administrative Court of Tolima on January 16, 2020 within the legal term. CEMEX Colombia actively defends its position in these proceedings. If these proceedings would be adversely resolved in the final stage, CEMEX Colombia must pay the amounts determined in the official settlement plus interest accrued on the tax adjustments until the payment date. As of September 30, 2020, in this stage of the proceedings, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures.

(Thousands of U.S. dollars)

Costa Rica

- In August 2013, the Costa Rican Tax Department (Dirección General de Tributación or the "Tax Department") submitted to CEMEX Costa Rica, S.A. ("CEMEX Costa Rica") a provisional regularization proposal related to income tax in connection with the 2008 tax year. After several resolutions and appeals thereof, motions of unconstitutionality, cancellation and replenishment of the processes over the years, in July 2017, the Tax Department confirmed by means of notification the sanctions imposed and required amounts in Colons equivalent to approximately $6 million of income tax plus accrued interest and approximately $0.8 million of penalty. In April, 2018, the Administrative Tax Court issued an adverse resolution to the appeal filed by CEMEX Costa Rica in all its aspects. In September, 2018, the Tax Department notified a request for payment for amounts in Colons equivalent to approximately $3 million of purported tax, allowing CEMEX Costa Rica to decide regarding the settlement of accrued interest. In November 2018, CEMEX Costa Rica proceeded with the payments of the income tax adjustment plus accrued interest for an amount in Colons equivalent to approximately $6 million. In respect to the penalty, CEMEX Costa Rica has not received a payment request. In December, 2018, CEMEX Costa Rica filed a claim against the Costa Rican State before the Administrative Contentious Court (the "Court"). On March 15, 2019, the Court notified CEMEX Costa Rica that the Attorney General Office (the "Attorney General") did not agree with its defense arguments. The hearing was held on November 12, 2019 and subsequently the proceeding was remitted to receive sentence. As of September 30, 2020, at this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures. Nonetheless, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers this proceeding could not have a material adverse impact on its operating results, liquidity or financial position.

Nicaragua

- On July 26, 2019, the Nicaraguan Tax Authority notified CEMEX Nicaragua S.A. of an Act of Charges in connection with the review of the income tax of the taxable year 2015, in which mainly the deductibility of royalty payments and administrative services is rejected, and determined an increase in the income tax payable and a penalty for amounts in Cordobas equivalent to approximately $3.5 million of income tax plus $0.9 million of penalty. On August 16, 2019, CEMEX Nicaragua S.A. submitted its response to the Act of Charges including its rebuttal evidence. After various resolutions of the Tax Authority confirming its arguments, and the respective defense remedies filed by CEMEX Nicaragua in each case. On January 30, 2020, the Nicaraguan Tax Authority issued a resolution regarding the last appeal presented by CEMEX Nicaragua, ratifying its claims and ignoring the arguments and evidence provided. CEMEX Nicaragua appealed such resolution before the head of the Tax Administration. On August 3, 2020, CEMEX Nicaragua's appeal was rejected and the authority ratified its claims, concluding the administrative stage of the proceeding. On September 29, 2020, within the legal opportunity, the pertinent legal actions were filed before the Supreme Court of Justice, initiating the judicial stage. If the proceeding would be ultimately adversely resolved, CEMEX Nicaragua S.A. must pay the amounts determined in the Act of Charges plus interest accrued on the amount of the income tax adjustment until the payment date plus an adjustment for changes in the exchange rate against the Dollar. As of September 30, 2020, in this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding at the end of all instances. Nonetheless, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers this proceeding could not have a material adverse impact on its operating results, liquidity or financial position.

19) STOCKHOLDERS' EQUITY

19A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of September 30, 2020 and December 31, 2019, the line item common stock and additional paid-in capital was detailed as follows:

		2020			2019		
		Authorized	**Treasury shares**	**Total**	**Authorized**	**Treasury shares**	**Total**
Common stock	$	718,124	–	718,124	718,124	–	718,124
Additional paid-in capital		894,701	(137,021)	757,680	894,701	(140,434)	754,267
	$	1,612,825	(137,021)	1,475,804	1,612,825	(140,434)	1,472,391

During the nine-month periods ended September 30, 2020 and 2019 the Parent Company made physical deliveries of its own shares to the executives subject to the stock-based long-term incentive plan benefits, which increased additional paid-in capital in the amount of $3,413 and $1,358, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

As of September 30, 2020 and December 31, 2019, the Parent Company's subscribed and paid shares by owner were as follows:

Stocks	**2020**	**2019**
Owned by CEMEX España	407,890,342	407,890,342
Owned by third-party investors	150,088,434	149,582,742
Total subscribed and paid shares	557,978,776	557,473,084

(Thousands of U.S. dollars)

Stockholders' equity – continued

As of September 30, 2020 and December 31, 2019, the Parent Company's common stock was represented by 578,278,342 ordinary shares with a nominal value of 1 Euro per share. The number of subscribed and paid shares of CEMEX Latam Holdings presented in the table above excludes 20,299,566 in 2020 and 20,805,258 shares in 2019 held in the Company's treasury (treasury shares).

As of September 30, 2020, CEMEX España owned approximately 73.10% of the Parent Company's common shares, excluding shares held in treasury.

19B) OTHER EQUITY RESERVES

As of September 30, 2020 and December 31, 2019, the balances of other equity reserves are summarized as follows:

		2020	2019
Reorganization of entities under common control and other effects [1]	$	(300,422)	(300,422)
Translation effects of foreign subsidiaries [2]		(716,203)	(617,525)
Share-based payments [3]		17,645	14,232
	$	(998,980)	(903,715)

1 Effects resulting mainly from the difference between the amount of compensation determined in the reorganization of entities effective as of July 1, 2012, by means of which the Parent Company acquired its consolidated subsidiaries, and the value of the net assets acquired of such subsidiaries, net of other purchase adjustments.

2 Represents the balance of the cumulative effects for the translation of foreign subsidiaries generated until the closing of the reported periods. The effects generated during the nine-month periods ended September 30, 2020 and 2019 are included in the statements of comprehensive income.

3 Includes effects associated with the stock-based executive compensation programs (nota 19D), which costs are recognized in the operating results of each subsidiary during the vesting period of the awards against other equity reserves. Upon physical delivery of the Parent Company's shares, the amounts accrued in other equity reserves are reclassified to additional paid-in capital.

19C) RETAINED EARNINGS

In accordance with the provisions of the Corporations Law in Spain, the Parent Company must allocate 10% of its profit for the year, determined individually, to a legal reserve until it reaches at least an amount equivalent to 20% of the share capital. As of September 30, 2020 and December 31, 2019, the Parent Company's legal reserve amounted to $22,339.

19D) EXECUTIVE' SHARE-BASED COMPENSATION

Based on IFRS 2, *Stock-based compensation*, awards granted to executives of CEMEX Latam are defined as equity instruments, considering that the services received from employees are settled by delivering shares. The cost of these equity instruments represent their estimated fair value at the grant date of each plan and is recognized in the statement of operations during the periods in which the executives render services and vest the exercise rights.

The Parent Company's Board of Directors, considering the favorable report of its Nominations and Remuneration Commission, approved, effective since 2013, long-term incentives program for certain executives of CEMEX Latam, consisting of an annual compensation plan based on the delivery of shares of the Parent Company. The cost associated with this long-term incentives plan is recognized in the operating results of the subsidiaries of CEMEX Latam in which the executives subject to the benefits of such plan render their services. The underlying shares in the aforementioned long-term incentives plan, which are held in the Company's treasury, are delivered fully vested during a 4-year period under each annual program.

All executives eligible to the benefits of the share-based long-term incentives program that join CEMEX Latam's operations from CEMEX, stop receiving shares of CEMEX, S.A.B. de C.V. and start receiving shares of the Parent Company in the following grant date after their entry.

During the nine-month periods ended September 30, 2020 and 2019, total compensation expense related to the share-based long-term incentive programs described above amounted to $4,458 and $3,009, respectively, which was recognized in the operating results of each subsidiary against other equity reserves.

19E) NON-CONTROLLING INTERESTS

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated entities. As of September 30, 2020 and December 31, 2019, non-controlling interest in equity amounted to approximately $4,680 and $5,251, respectively.

20) BASIC EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share shall be calculated by dividing earnings attributable to shareholders of the parent entity (the numerator) by the weighted average number of shares outstanding during the period (the denominator). Shares that would be issued depending only on the passage of time should be included in the determination of the basic weighted average number of shares outstanding. Diluted earnings per share should reflect in both, the numerator and denominator, the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions, to the extent that such assumption would lead to a reduction in basic earnings per share or an increase in basic loss per share, otherwise, the effects of potential shares are not considered because they generate anti-dilution.

The amounts considered for calculations of earnings (loss) per share ("EPS") for the nine-month periods ended September 30, 2020 and 2019 are as follows:

Denominator (thousands of shares)		2020	2019
Weighted average number of shares outstanding – Basic EPS		557,557	557,140
Effect of dilutive instruments – share-based compensation		1,482	1,777
Weighted average number of shares outstanding – Diluted EPS		559,039	558,917
Numerator			
Consolidated net income (loss)	$	(129,818)	7,561
Less: non-controlling interest net income (loss)		(765)	18
Controlling interest net income (loss)	$	(129,053)	7,579
Controlling interest basic earnings (loss) per share ($ per share)		(0.23)	0.01
Controlling interest diluted earnings (loss) per share ($ per share)		(0.23)	0.01

21) COMMITMENTS

21A) CONTRACTUAL OBLIGATIONS

As of September 30, 2020, the Company had the following contractual obligations:

(Thousands of Dollars)		2020				
Obligations		**Less than 1 year**	**1–3 years**	**3–5 years**	**More than 5 years**	**Total**
Bank loans (note 16)	$	10,312	–	–	–	10,312
Long-term debt with related parties [1]		41,072	92,633	561,043	–	694,748
Interest payments on debt [2]		32,348	46,661	4,232	–	83,241
Leases [3]		6,959	10,729	6,836	1,680	26,204
Pension plans and other benefits [4]		3,381	6,724	6,579	15,127	31,811
Purchases of raw materials, fuel and energy		32,361	41,734	9,982	19,600	103,677
Investments in property, machinery and equipment		4,504	–	–	–	4,504
Total contractual obligations	$	120,625	198,481	588,672	36,407	944,185

1 This line item refers entirely to the Company's liabilities with related parties described in note 10.

2 Includes future interest payments under debt owed to third-party creditors and to related parties as well as lease contracts using the current interest rates on the contracts as of September 30, 2020.

3 The amounts of payments under leases are presented on the basis of nominal cash flows. This line item includes the lease contract with maturity in January 2026 with the Government of the Republic of Nicaragua covering the operative and administrative assets, trademark rights, quarry extraction rights and other assets of Compañía Nacional Productora de Cemento, S.A. In addition, includes leases negotiated by the Parent Company with CEMEX España and CEMEX Research Group A.G. for its corporate offices in Spain and the research and development offices in Switzerland.

4 Represents the estimated annual payments under defined benefit plans over the next 10 years.

Contractual obligations – continued

As of September 30, 2020, the summary of certain significant contracts related to commitments for the purchase of raw materials, supplies and other items presented in the table above, which are commonly traded in the local currency of each subsidiary and which disclosed annual amounts are maximum estimates, depend on actual consumption at the unit prices agreed in the contracts, as follows:

		(U.S. Dollars millions)			
Counterpart	**Country**	**Concept**	**Start date**	**Term**	**Estimated annual amount**
General de Maquinaria y Excavación Colombia S.A.S...	Colombia	Quarry exploitation	July 2018	4 years	$ 2
Turgas S.A. E.S.P.	Colombia	Natural gas	October 2017	4 years	10
Exxonmobil Colombia S.A.	Colombia	Fuels	June 2017	4 years	8
Excavaciones y Proyectos de Colombia S.A.S.	Colombia	Raw materials	May 2017	6 years	6
IBM..	Various subsidiaries	Administrative services	July 2012	10 years	4
AES Panamá, S.R.L	Panama	Energy	January 2020	10 years	9
Wärtsilä Colombia S.A	Colombia	Energy	December 2019	4 years	2
South32 Energy S.A.S. ESP...	Colombia	Energy	March 2020	2 years	16
AES Chivor & CIA S.C.A. E.S.P	Colombia	Energy	September 2020	2 years	2

In addition, on November 15, 2019, as part of the agreements entered into simultaneously in the transaction where Balboa sold 25% of Cemento Interoceánico (note 17B), CEMEX Guatemala, S.A. ("CEMEX Guatemala") entered into a supply contract for clinker as a buyer with Cementos Progreso, S.A., to acquire, for a term of ten years, an estimated volume of 400 thousand metric tons of clinker per year. The annual amount of the contract will vary depending on the annual consumption of clinker by CEMEX Guatemala.

On July 22, 2019, in connection with a long-term service contract for the processing of aggregates, in order to resolve a commercial dispute, Cemento Bayano and a supplier reached an agreement and signed a termination and settlement agreement. As compensation for this termination and settlement, Cemento Bayano recognized a loss for an amount of approximately $5 million charged to the statement of operations, of which, approximately $4.3 million related to the payment to the supplier and the complement to other termination expenses. This effect was recognized by the Company in the statement of operations for the nine-month period ended September 30, 2019 (note 6).

Hedge of fuel prices

As of September 30, 2020 and December 31, 2019, CEMEX Colombia maintained call option contracts negotiated with CEMEX, S.A.B. de C.V. to hedge the price of diesel fuel for an aggregate nominal amount of $7,995 and $4,378, respectively, with an estimated fair value representing a liability of $704 as of September 30, 2020 and an asset of $132 as of December 31, 2019. By means of these contracts, for own consumption, CEMEX Colombia fixed the price of this fuel over certain volume that represents a portion of the estimated consumption of this fuel in the applicable operations. The contracts have been designated as cash flow hedges of such diesel consumption; therefore, changes in fair value are recognized through other comprehensive income (loss) and are recycled to operating costs when the related fuel volumes are consumed. During the nine-month periods ended September 30, 2020 and 2019, changes in fair value of these contracts recognized in comprehensive income (loss) represented losses of $836 and gains of $239, respectively.

21B) OTHER COMMITMENTS

As of September 30, 2020, the Parent Company had the following relevant contracts with entities of CEMEX for several concepts, the amounts of which are based on fixed percentages over the life of the contracts on consolidated net sales based on market conditions, which are summarized below:

		(Millions of dollars)			
Counterpart	**Contractor**	**Concept**	**Start / renewal date**	**Term**	**Annual amount**
CEMEX, S.A.B de C.V.	Parent Company	Use of trademarks	July 2017	5 years	$ 4
CEMEX Research Group, A.G.	Parent Company	Use, operation and enjoyment of assets	January 2019	5 years	33
CEMEX Operaciones México, S.A. de C.V.	Parent Company	Administrative services	July 2017	5 years	13

The relationship between the Parent Company and CEMEX S.A.B. de C.V, CEMEX España and their subsidiaries, is regulated by a Framework Agreement effective since November 2012, which includes limits and restrictions for the Parent Company, entity that needs the previous authorization of CEMEX S.A.B. de C.V. and CEMEX España, in connection with: a) any consolidation, merger or partnership with a third party; b) any sale, lease, exchange or other disposition, acquisition to any person other than CEMEX; c) the issuance of shares and equity securities; d) the declaration, decree or payment of dividends or other distribution by the Parent Company in connection with its shares; e) grant or guarantee any type of debt, and/or the creation of liens outside the ordinary business course; and f) take any action that could result on default for CEMEX S.A.B. de C.V. breach any contract or agreement. Moreover, beginning March, 2017, the Framework Agreement includes a principle of common interest and reciprocity between the three companies in connection with the management and responses related to legal proceedings, administrative matters and investigations by authorities or governmental regulators. In addition, the Framework Agreement will cease to have effect if the Parent Company ceases to be a subsidiary of CEMEX, S.A.B. de C.V. or if CEMEX, S.A.B. de C.V. no longer has to account for its investment in the Parent Company on a consolidated basis or under the equity method for accounting purposes (or any other method that applies similar principles).

Other commitments – continued

On November 15, 2019, as part of the conditions precedent required by the Purchaser for the sale of the 25% equity interest in Grupo Cementero Panameño S.A. (notes 10 and 17B), Cemento Bayano and Grupo Cementero Panameño S.A. early terminated the clinker supply contract that was set to expire in 2025 and entered into a new 10-year Clinker Supply Contract (the "New Supply Contract") that guarantees to this competitor a reserve of installed capacity of approximately 2.4 million metric tons of clinker over the duration of the contract as well as certain commercial conditions. The compensation received by the Company from Balboa under the Indemnity Contract is linked to the fulfillment of the commitments agreed during the term of this New Supply Contract.

Cemento Bayano, as operator of the only kiln in the country, maintains contracts for the supply of clinker to its competitors in Panama. Considering the nature of the related supply, these agreements are renewed at maturity for similar terms and new volumes are adjusted to market conditions.

22) LEGAL PROCEEDINGS, CONTINGENCIES AND OTHER SIGNIFICANT PROCESSES

22A) LIABILITIES RESULTING FROM LEGAL PROCEEDINGS

CEMEX Latam is involved in various non-significant legal proceedings, different than those associated with taxes detailed in note 18B, that arise in the ordinary course of business, and that involve: 1) claims for product guarantees; 2) claims for environmental damage; and 3) other similar claims associated with the business, the resolutions of which are deemed probable and imply cash outflows or the delivery of other resources owned by CEMEX Latam. As a result, certain provisions or losses have been recorded in the financial statements, representing the best estimate of payments or impairment of assets thereof. As a result, CEMEX Latam considers that there will not be significant payments or additional losses in excess of the amounts already recognized. As of September 30, 2020, no proceeding is significant to be disclosed individually.

22B) CONTINGENCIES FROM LEGAL PROCEEDINGS

As of September 30, 2020, CEMEX Latam is involved in various legal proceedings, not related to tax matters (note 18B), which have not required the recognition of accruals considering the likelihood of an adverse resolution to be low based on the evidence at the Company's disposal, although a favorable resolution cannot be assured. In addition, CEMEX Latam describes other significant processes. The summary of facts of the most significant proceedings with a quantification of the potential amount in dispute when such amount can be reasonably determined is as follows:

Contingencies from market related proceedings

- In June 2018, the Consumer Protection and Defense of Competition Authority in Panama initiated an administrative investigation to Cemento Bayano and other local producers for the presumed commission of practices against free competition in the market of gray concrete and ready-mix concrete. As a result of the investigation, the authority considered the possible existence of absolute monopolistic practice, such as: (i) price fixing and/or restriction of production in the gray cement market sold to ready-mix concrete producers in Panama, (ii) unilateral or joint predatory acts and/or exchange of subsidies in the concrete market. In October 2018, the Authority requested additional information to Cemento Bayano to continue such investigation and confirm if there were violations to the law. In December 2018, two executives of Cemento Bayano provided an affidavit. In February 2019, Cemento Bayano finalized the delivery to the Panamanian Authority of the required information and documentation. Cemento Bayano considers it did not committed improper acts and is fully cooperating with the Panamanian Authority. As of September 30, 2020, Cemento Bayano has provided all the requested information and the authority is in the analysis period of the collected evidence. With the elements of judgment available. CEMEX Latam cannot determine if the investigation would result in a fine, penalization or remediation, or if such fine, penalization or remediation, should any exist, could have a material adverse effect on its operating results, liquidity or financial position.

Environmental Contingencies

In addition, in the ordinary course of business, the Company is subject to extensive laws and regulations on environmental issues in each of the jurisdictions in which it operates. These laws and regulations impose increasingly stringent environmental protection standards regarding air pollutant emissions, wastewater discharges, the use and handling of hazardous materials or waste disposal practices and the remediation of pollution or environmental damage. Among other things, these laws and regulations expose the Company to a risk of substantial environmental costs and responsibilities, including responsibilities associated with divested assets and past activities and, in some cases, to the acts and omissions of prior owners or operators of a property or plant. Also, in some jurisdictions, certain environmental laws and regulations impose obligations without regard the fault or the legality of the original activity at the moment of the actions which gave rise to the responsibility.

Contingencies due to commercial demands

- In September 2018, CEMEX Colombia received an arbitrage claim filed by a constructor who seeks for the payment of damages caused by a purported breach of the contract for the supply of ready-mix concrete for the construction of the civil works called "Túnel de Crespo" located in the city of Cartagena, for an amount in Pesos equivalent to approximately $9 million. CEMEX Colombia considers that it has the legal and technical arguments that prove full compliance with the supply contract and will apply the corresponding actions at each stage of the process. In October 2018, simultaneously after responding the arbitrage claim, CEMEX Colombia filed a counterclaim against the aforementioned constructor seeking the recognition of amounts owed to CEMEX Colombia for an amount in Pesos equivalent to approximately $6 million related to repairs to such civil works paid by CEMEX Colombia during the years 2014 and 2015 by causes allegedly imputable to the constructor. All instances in the process have finalized and a hearing for the judgment is scheduled on October 26, 2020. An adverse resolution to CEMEX Colombia in this case could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial position.

Contingencies due to commercial demands – continued

- As a result of the premature damages presented in the Transmilenio slabs - North Highway, six popular actions were filed against CEMEX Colombia. The Administrative Litigation Court decided to declare the nullity of five lawsuits and, currently, the lawsuit is filed by a citizen. On June 17, 2019, a judgment of first instance was issued, and CEMEX Colombia and other concrete suppliers were held liable for the violation of consumer rights, due to alleged technical deficiencies in the landfill fluid that was provided. In the aforementioned ruling, a publication was ordered in which the responsibility for deficiencies in the product was acknowledged and it was committed not to incur again in similar situations. The judgment of first instance had no economic implications for the Company. CEMEX Colombia jointly with thirteen of the defendants filed an appeal before the Administrative Tribunal of Cundinamarca. As of September 30, 2020, CEMEX Latam considers remote the probability of an adverse result in this proceeding after conclusion of all available defense procedures. Nonetheless, an adverse resolution in this case could have a material adverse impact on CEMEX Latam's results of operations, liquidity or financial condition.

- On August 17, 2020, Cemento Bayano was notified of a claim for damages filed by a former supplier, in which it seeks a payment of $9.94 million. The plaintiff argues that the purported damages and losses were caused as a result of a prior ordinary civil proceeding, which purpose was the collection of a debt, filed by Cemento Bayano against the supplier. As part of the civil proceeding, a legal seizure of bank accounts and property such as mobile equipment, office furniture and machinery, among others, as well as the supplier's administration. The former supplier argues in the damages claim that, for the length of the civil proceeding, it could not dispose of the funds deposited in the bank accounts or use the property and that this caused the purported damages. On August 31, 2020, the claim was answered. Cemento Bayano considers that it has sufficient legal arguments to dismiss this claim for damages, since it can be sustained that the previous ordinary civil proceeding was the legitimate exercise of a right and that Cemento Bayano did not act recklessly or in bad faith in such proceeding, since it was evidenced the existence of the debt payable to Cemento Bayano and also that it had every right to proceed with the legal seizure of the assets; therefore, it will exercise all the pertinent actions at each stage of the proceeding. As of September 30, 2020, CEMEX Latam considers low probability of an adverse result in this proceeding at the end of all defense instances. Nonetheless, a negative resolution could have an adverse effect on CEMEX Latam's results of operations, liquidity and financial position.

In addition, as of September 30, 2020, the Company is involved in various legal proceedings of minor impact that have arisen in the ordinary course of business. These proceedings involve: 1) product warranty claims; 2) claims for environmental damages; 3) diverse civil, administrative, commercial or legal claims.

22C) OTHER SIGNIFICANT PROCESSES

In connection with the cement plant located in the municipality of Maceo in Colombia (the "Maceo Plant"), as described in note 14A, as of September 30, 2020, the plant has not initiated commercial operations considering several significant processes for the return of the investment. The evolution and status of the main issues related to such plant are described as follows:

Memorandums of understanding

- In August 2012, in relation to the cement plant in the municipality of Maceo in Colombia, CEMEX Colombia signed a memorandum of understanding (the "MOU") with the representative of the entity CI Calizas y Minerales S.A. ("CI Calizas"), for the acquisition and transfer of assets mainly comprising land, the mining concession and the shares of Zomam (holder of the free trade zone concession). In addition, in December 2013, CEMEX Colombia engaged the same representative of CI Calizas to also represent in the name and on behalf of CEMEX Colombia in the acquisition of certain land adjacent to the plant, signing a new memorandum of understanding (the "Land MOU"). Under the MOU and the Land MOU, CEMEX Colombia made cash advances to this representative for amounts in Pesos equivalent to approximately $13.4 million of a total of approximately $22.5 million, and paid interest accrued over the unpaid committed amount for approximately $1.2 million. These amounts considering the Colombian Peso to U.S. Dollar exchange rate as of December 31, 2016 of 3,000.71 Colombian pesos per U.S. Dollar. In September 2016, after confirming irregularities in the acquisition processes by means of investigations and internal audits initiated in response to complaints received, which were reported to Colombia's Attorney General (the "Attorney General"), providing the findings obtained, and considering that such payments were made in breach of CEMEX and CEMEX Latam policies, the Company decided to terminate the employment relationship with then those responsible for the Planning and Legal areas and accepted the resignation of the then Chief Executive Officer. Moreover, as a result of the findings and considering the available legal opinions as well as the low likelihood of recovering those advances, in December 2016, CEMEX Colombia write off such advances from its investments in progress (note 14A) and cancelled the remaining advance payable.

Expiration of property process and other related matters

- After the signing of the MOU, in December 2012, a former shareholder of CI Calizas, who presumptively transferred its shares of CI Calizas two years before the signing of the MOU, was linked to a process of expiration of property initiated by the Attorney General. Amongst other measures, the Attorney General ordered the seizure and consequent suspension of the right to dispose the assets subject to the MOU, including the shares of Zomam acquired by CEMEX Colombia before the beginning of such process. As a third party acting in good faith and free of guilt, CEMEX Colombia joined the expiration of property process fully cooperating with the Attorney General. As of September 30, 2020, it is estimated that a final resolution in the ongoing expiration of property process, under which is about to begin the evidentiary phase, may take between 10 and 15 years from its beginning. As of September 30, 2020, pursuant to the expiration of property process of the assets subject to the MOU and the failures to legally formalize the purchases under the Land MOU, CEMEX Colombia does not have the legal representation of Zomam, is not the rightful owner of the land and is not the assigned entity of the mining concession.

Expiration of property process and other related matters – continued

The aforementioned situations within the Maceo Project caused CEMEX Latam to start from late 2016 the implementation of guidelines, additional controls and remediation activities, which evolved into the policy for the communication of relevant unusual events, the policy for the approval of relevant transactions, the creation of the committee that supervises relevant investment projects, the strengthening of internal audit procedures and the improvement of existing monitoring controls so that they operate at a sufficient level of precision, among others. After attesting with the help of the internal control and internal audit teams that the implemented controls and remediation activities have operated effectively for a sufficient period of time, the Company considers that its internal controls system over financial reporting operates adequately.

In addition, there is an ongoing criminal investigation under which one former officer of the Company was sentenced and another former officer and CI Calizas' representative were indicted. CEMEX Latam is not able to anticipate the actions that criminal judges may impose against these people.

Lease contract, mandate agreement and operation contract

- In July 2013, CEMEX Colombia signed with the provisional depository designated by the former Drugs National Department (then depository of the assets subject to the expiration of property process), which functions after its liquidation were assumed by the Administrator of Special Assets (*Sociedad de Activos Especiales S.A.S.* or the "SAE"), a lease contract for a period of five years by means of which CEMEX Colombia was duly authorized to build and operate the plant (the "Lease Contract"). Moreover, in 2014, the provisional depository granted a mandate (the "Mandate") to CEMEX Colombia for an indefinite period for the same purpose of continuing the construction and operation of the plant. On July 15, 2018, the aforementioned Lease Contract expired.

  On April 12, 2019, CEMEX Colombia, CCL and another of its subsidiaries reached a conciliatory agreement with the SAE and CI Calizas before the Attorney General's Office and signed a contract of Mining Operation, Manufacturing and Delivery Services and Leasing of Properties for Cement Production (the "Operation Contract"), which will allow CEMEX Colombia to continue using the assets subject to the aforementioned expiration of property process for an initial term of 21 years that can be renewed for 10 additional years, provided that the extension of the mining concession is obtained. The Operation Contract was signed by CI Calizas and Zomam with the authorization of the SAE as delegate of these last two companies, considering the following terms:

  - As consideration for entering into the agreement, CEMEX Colombia and/or a subsidiary accepted to pay CI Calizas and Zomam the following amounts in Pesos: a) an annual payment to CI Calizas for the use of land that will be adjusted annually for changes in the Consumer Price Index of approximately COP$50.8 million, updated as of September 30, 2020; b) a single payment made in April 2019 of approximately COP$253 million for the rental of the aforementioned land from July 2013 until the signing date, based on the agreed upon rental amounts, reducing the lease payments made by CEMEX Colombia prior to the signing of the Operation Contract; c) an additional single payment of approximately COP$1,000 million made in April 2019 for consideration not received by the SAE during the negotiation of the Operation Contract; and d) a retroactive payment for the limestone extracted from the beginning of the contract until the date of the Operation Contract of approximately COP$3,750 million, of which, 50% was paid upon signing of the Operation Contract and the other 50% was paid on the first anniversary of the agreement on April 12, 2020.

  - Once the Maceo Plant begins commercial operations, CEMEX Colombia and/or a subsidiary will pay on a quarterly basis: a) 0.9% of the net sales resulting from the cement produced in the plant as compensation to CI Calizas for the right of CEMEX Colombia to extract and use the mineral reserves; and b) 0.8% of the net sales resulting from the cement produced in the plant as payment to Zomam for cement manufacturing and delivery services, as long as Zomam maintains the Free Zone benefit, or 0.3% of the aforementioned net sales exclusively for the use of equipments, in case that Zomam losses the benefits as Free Trade Zone.

  - The Operation Contract will continue in force regardless of the result in the expiration of property process, except that the applicable criminal judge would recognize ownership rights of the assets under expiration of property to CEMEX Colombia and its subsidiary, in which case the Operation Contract would no longer be needed and would be early terminated.

- Under the presumption that CEMEX Colombia conducted itself in good faith, CEMEX Latam considers that it will be able to keep ownership of the plant, and that the rest of its investments are protected by Colombian law, under which, if a person builds on the property of a third party, with full knowledge of such third party, this third party may: a) take ownership of the plant, provided a corresponding indemnity to CEMEX Colombia, or otherwise, b) oblige CEMEX Colombia to purchase the land. Nonetheless, had this not be the case, CEMEX Colombia would take all necessary actions to safeguard its rights. In the event that the expiration of property over the assets subject to the MOU is ordered in favor of the State, if the assets were adjudicated to a third party in a public tender offer, considering the signing of the Operation Contract, such third party would have to subrogate to the Operation Contract. As of September 30, 2020, CEMEX Latam is not able to estimate whether the expiration of property over the assets subject to the MOU will be ordered in favor of the State, or, if applicable, if the assets would be adjudicated to a third party in a public tender offer.

(Thousands of U.S. dollars)

Status in connection with the commissioning of the plant

- On September 3, 2019, CEMEX Colombia was notified of the resolution issued by Corantioquia's Directive Council, the regional environmental authority, regarding to the approval for the subtraction from the Integrated Management District ("IMD") of the Canyon of the Alicante River of 169.2 hectares corresponding to the surface of the Maceo Plant. As of September 30, 2020, after the signing of the Operation Contract and the subtraction of the plant's surface from the IMD, the commissioning of the Maceo plant and the conclusion of the access road remain suspended until favorable resolutions would be obtained in other significant ongoing procedures with the respective authorities to guarantee the start-up of the project, such as: a) modify the environmental license to expand limestone production fundamental raw material for cement production at least up to 990 thousand tons per year, which request was filed by the Company before the environmental authority on June 17, 2020 and which was admitted for processing on July 2, 2020; and b) obtain several permits to conclude the construction of several sections of the aforementioned access road. In respect to the modification of the permitted land use where the project is located, CEMEX Colombia received a favorable criteria from Corantioquia regarding the change of land use as a result of the approval for the subtraction from the IMD; that was endorsed by the municipality of Maceo, which allows for an industrial and mining use compatible with the project. CEMEX Colombia continues to address these issues as soon as possible. Meanwhile, CEMEX Colombia will limit its activities to those on which it has the relevant authorizations. As of September 30, 2020, CEMEX Latam continues working intensively on the processes necessary for the commissioning of the plant, but as of this date, the Company cannot give an exact date when it would start operations.

23) MAIN SUBSIDIARIES

The Parent Company's main direct and indirect subsidiaries as of September 30, 2020 and December 31, 2019 are as follows:

			% of interest	
Subsidiary	Country	Activity	2020	2019
Corporación Cementera Latinoamericana, S.L.U. [1]	Spain	Parent	100	100
CEMEX Colombia S.A.	Colombia	Operating	99.7	99.7
Zona Franca Especial Cementera del Magdalena Medio S.A.S. [2]	Colombia	Operating	100	100
CEMEX (Costa Rica), S.A.	Costa Rica	Operating	99.2	99.2
CEMEX Nicaragua, S.A.	Nicaragua	Operating	100	100
Cemento Bayano, S.A.	Panama	Operating	99.5	99.5
CEMEX Guatemala, S.A.	Guatemala	Operating	100	100
Cementos de Centroamérica, S.A. [3]	Guatemala	Operating	100	100
CEMEX Lan Trading Corporation	Barbados	Trading	100	100
CEMEX El Salvador, S.A.	El Salvador	Operating	100	100
Inversiones SECOYA, S.A.	Nicaragua	Operating	100	100
Apollo RE, Ltd.	Barbados	Reinsurance	100	100
CEMEX Finance Latam B.V.	Holland	Finance	100	100

1 CEMEX Latam Holdings, S.A. indirectly controls through CCL, the Parent Company's operations in Colombia, Costa Rica, Panama, Nicaragua, Guatemala and El Salvador.

2 The shares of this entity are included in the expiration of property process in Colombia (note 22C).

24) SUBSEQUENT EVENT

On October 10, 2020, upon maturity, CEMEX Colombia repaid approximately $10 million of the last loan negotiated to ease the Company's liquidity risks during the initial phases of the COVID-19 Pandemic (note 2).