Consolidated Financial Statements

December 31, 2020

This is an unofficial translation into English of the consolidated financial statements for the years ended December 31, 2020 and 2019 issued in the Spanish language on February 08, 2021. This translation is provided solely for the convenience of English-speaking readers. For any and all purposes, the consolidated financial statements for the years ended December 31, 2020 and 2019 issued in the Spanish language on February 08, 2021 shall be considered the only official version of the document.

Independent Auditor's Report on Cemex Latam Holdings, S.A. and Subsidiaries

(Together with the consolidated financial statements of Cemex Latam Holdings, S.A. and Subsidiaries for the year ended December 31, 2020)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

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CEMEX Latam Holdings S.A. and Subsidiaries

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

	Notes	Years ended December 31, 2020	2019
Revenues	3O, 4	789,604	988,653
Cost of sales	3Q. 5	(470,701)	(606,139)
Gross profit		**318,903**	**382,514**
Administrative and selling expenses	3Q, 5	(130,164)	(156,455)
Distribution expenses	3Q	(89,551)	(110,376)
		(219,715)	(266,831)
Operating earnings before other expenses, net		**99,188**	**115,683**
Other expenses, net	4B, 6	(141,033)	(13,081)
Operating earnings (loss)		**(41,845)**	**102,602**
Financial expense	4B, 7A	(49,914)	(51,956)
Financial income and other items, net	4B, 7B	101	(1,647)
Foreign exchange results		4,880	(15,084)
Earnings (loss) before income tax		**(86,778)**	**33,915**
Income tax	20A	(34,550)	(29,443)
CONSOLIDATED NET INCOME (LOSS)		**(121,328)**	**4,472**
Non-controlling interest net income (loss)		718	(5)
CONTROLLING INTEREST NET INCOME (LOSS)		**(120,610)**	**4,467**
BASIC EARNINGS (LOSS) PER SHARE	22	(0.22)	0.01
DILUTED EARNINGS (LOSS) PER SHARE	22	(0.22)	0.01

The accompanying notes are part of these consolidated financial statements.

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

	Notes		Years ended December 31, 2020	2019
CONSOLIDATED NET INCOME (LOSS)		$	**(121,328)**	**4,472**
Items that will not be reclassified subsequently to the income statement:				
Remeasurements of the defined benefits obligation	**19**		(1,942)	(2,692)
Items that will be reclassified subsequently to the income statement when specific conditions are met:				
Currency translation effects of foreign subsidiaries	**3D**		(82,241)	25,324
Total items of comprehensive income (loss) for the period			(84,183)	22,632
CONSOLIDATED COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD			(205,511)	27,104
Non-controlling interest comprehensive income			718	(5)
CONTROLLING INTEREST COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		$	**(204,793)**	**27,099**

The accompanying notes are part of these consolidated financial statements.

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

	Notes	As of December 31, 2020	2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	$ 24,437	22,606
Trade accounts receivable	9	56,600	70,650
Accounts receivable from related parties	10	13,008	34,350
Other accounts receivable	11A	8,514	13,828
Prepaid taxes		22,866	41,938
Inventories	12	74,262	77,973
Other current assets	13	19,618	22,604
Total current assets		219,305	283,949
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable	11B	3,882	4,107
Property, machinery and equipment and assets for the right-of-use, net	14	1,042,926	1,131,440
Goodwill and other intangible assets, net	15	1,381,320	1,552,903
Deferred income tax assets	20B	20,068	21,804
Total non-current assets		2,448,196	2,710,254
TOTAL ASSETS		**$ 2,667,501**	**2,994,203**
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Current debt and other financial liabilities	16A	$ 8,154	10,227
Trade payables		132,334	146,538
Accounts payable to related parties	10	14,328	20,021
Taxes payable		22,403	19,804
Other accounts payable and accrued expenses	17A	58,871	64,282
Total current liabilities		236,090	260,872
NON-CURRENT LIABILITIES			
Non-current debt and other financial liabilities		102,030	19,174
Non-current accounts payable to related parties	10	568,138	729,090
Employee benefits	19	36,731	37,855
Deferred income tax liabilities	20B	319,532	339,048
Other liabilities	17B	55,531	64,358
Total non-current liabilities		1,081,962	1,189,525
TOTAL LIABILITIES		**1,318,052**	**1,450,397**
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital	21A	1,481,730	1,472,391
Other equity reserves	21B	(986,380)	(903,715)
Retained earnings	21C	849,269	969,879
Total controlling interest		1,344,619	1,538,555
Non-controlling interest	21E	4,830	5,251
TOTAL STOCKHOLDERS' EQUITY		**1,349,449**	**1,543,806**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**$ 2,667,501**	**2,994,203**

The accompanying notes are part of these consolidated financial statements.

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

	Notes	Years ended December 31, 2020	2019
OPERATING ACTIVITIES			
Consolidated net income, (Loss)		(121,328)	4,472
Non-cash items:			
Impairment losses	6	121,793	4,686
Depreciation and amortization of assets	5	75,859	83,181
Provisions and other non-cash expenses	9, 12	(685)	1,060
Financial expense, other financial income and foreign exchange results, net		44,933	68,687
Income taxes	20	34,550	29,443
Results on the sale of fixed assets		1,834	(2,361)
Changes in working capital, excluding income taxes		7,033	5,274
Net cash flows provided by operating activities from continuing operations before interest and income taxes		**163,989**	**194,442**
Financial expense paid in cash		(37,221)	(42,609)
Income taxes paid in cash		(17,070)	(51,854)
Net cash flows provided by operating activities		**109,698**	**99,979**
INVESTING ACTIVITIES			
Property, machinery and equipment and assets for the right-of-use, net	14A	(16,174)	(25,715)
Financial income	7	1,853	508
Intangible assets and other deferred charges		(264)	(3,206)
Long term assets and others, net	11B	1,960	199
Net cash flows used in investing activities		**(12,625)**	**(28,214)**
FINANCING ACTIVITIES			
Debt repayments to related parties	10	(296,999)	(413,886)
Loans from related parties	10	136,048	335,375
Debt increases from (repayments to) third parties, net	16A	83,690	(1,488)
Other non-current liabilities, net		(17,259)	(6,004)
Net cash flows used in financing activities		**(94,520)**	**(86,003)**
Increase (decrease) in cash and cash equivalents		2,553	(14,238)
Foreign currency translation effect on cash		(722)	(282)
Cash and cash equivalents at beginning of period		22,606	37,126
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8	$ **24,437**	**22,606**
Changes in working capital, excluding income taxes:			
Trade accounts receivable		14,553	15,779
Other accounts receivable and other assets		23,197	12,830
Inventories		3,893	3,175
Trade accounts payable		(14,204)	(2,985)
Short-term related parties, net		(13,288)	(18,919)
Other accounts payable and accrued expenses		(7,118)	(4,606)
Changes in working capital, excluding income taxes		$ **7,033**	**5,274**

The accompanying notes are part of these consolidated financial statements.

CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
As of December 31, 2020 and 2019
(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
Balance 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			–	–	–	4,467	4,467	5	4,472
Other items of comprehensive income for the period			–	–	22,632	–	22,632	–	22,632
Total other comprehensive income for the period			–	–	22,632	4,467	27,099	5	27,104
Changes in non-controlling interest	21E		–	–	–	–	–	(44)	(44)
Share-based compensation	21D		–	2,659	1,804	–	4,463	–	4,463
Balance as of December 31, 2019		**$**	**718,124**	**754,267**	**(903,715)**	**969,879**	**1,538,555**	**5,251**	**1,543,806**
Net loss for the period			–	–	–	(120,610)	(120,610)	(718)	(121,328)
Other items of comprehensive income (loss) for the period			–	–	(84,183)	–	(84,183)	–	(84,183)
Total other comprehensive loss for the period			–	–	(84,183)	(120,610)	(204,793)	(718)	(205,511)
Changes in non-controlling interest	21E		–	–	–	–	–	297	297
Share-based compensation	21D		–	9,339	1,518	–	10,857	–	10,857
Balance as of December 31, 2020		**$**	**718,124**	**763,606**	**(986,380)**	**849,269**	**1,344,619**	**4,830**	**1,349,449**

The accompanying notes are part of these consolidated 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 shares, 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 were approved by the Board of Directors of the Parent Company on February 8, 2021 and updated on February 17, 2021 considering the subsequent event related to the Maceo Plant described in note 25, considering the favorable report of the Parent Company's Audit Commission.

On November 9, 2020, began the acceptance period of the Public Tender Offer (the "Tender Offer") launched by CEMEX España for all and every one of the outstanding shares of the Parent Company registered in the National Registry of Securities and Issuers and the BVC (149,610,106 shares that exclude the shares held in the Parent Company's treasury). CLH's Tender Offer expired on December 10, 2020. As a result of the Tender Offer, CEMEX España acquired 108,337,613 shares of CLH at a price of 3,250 Colombian pesos per share. The Tender Offer was settled on December 18, 2020 for a total of 352.1 billion Colombian pesos (approximately 102.5 million dollars). As of December 31, 2020, CEMEX España owns 92.37% of CLH's outstanding shares, excluding own shares held in the Parent Company´s treasury.

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. These measures remained in effect from the third week of March 2020 and for much of the second quarter of 2020, nonetheless, the restrictions remained in effect in Panama during the third quarter of 2020. During these periods there were several implications for the Company, of which the following were more significant: (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.

According to 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 the supply of materials and products was approved for the execution of infrastructure works, public works and construction in general, among others. In Panama, the Company's business most affected by the suspension of operations related to the COVID-19 Pandemic, the suspension was in effect initially from March 25 through May 24, 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. 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. For the year ended December 31, 2020, the implementation and maintenance of these strict measures required to perform the Company's activities, represented incremental costs and expenses of approximately 6.1 million Dollars (note 6).

In the year ended December 31, 2020, the Company's suspension of activities negatively affected the liquidity, financial situation and results of operations of CEMEX Latam. During 2020, consolidated revenues decreased by 20% against the previous year, considering, among other factors, 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. This reduction in revenues was partially offset by a reduction in operating costs and expenses which, before depreciation and amortization, decreased by 22% in 2020 compared to the previous year, as a result of both, the reduction of operations and the strict control of expenditures. During 2020, the Company's Operating EBITDA (operating earnings before other expenses, net, plus depreciation and amortization) decreased by 12% compared to the previous year.

COVID-19: International Pandemic – continued

In addition, considering mainly 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 year ended December 31, 2020, CEMEX Latam recognized non-cash impairment losses related to idle assets and goodwill for an aggregate amount of 121.8 million Dollars (notes 13, 14A and 15). These impairment losses did not require the use of cash flows. The degree to which the COVID-19 Pandemic continues to affect the Company's liquidity, financial situation and results of operations will depend on the evolution of future developments that are highly uncertain, including, the duration and spread of the pandemic, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent the Company can returned to operate under the economic and operational conditions prior to the COVID-19 Pandemic, but within a new normal with limited activities, which will only be normalized when medicines, vaccines and other treatments against the virus would be authorized, produced, distributed and made accessible to the general public in the countries in which the Company operates.

The Company considers that, as the duration and negative impacts of such pandemic may extend and there would not be a significant economic recovery, the significant negative effects occurred during 2020 could be repeated 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 14A and 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 consolidated financial statements as of December 31, 2020 are disclosed in the explanatory notes.

CEMEX Latam dealt with the liquidity risks during the COVID-19 Pandemic phase of operating restrictions, maintaining sufficient cash to the extent possible, by means of obtaining financing with commercial banks. During April and May 2020, CEMEX Colombia, S.A. ("CEMEX Colombia") negotiated short-term loans with local banks for an aggregate amount in pesos equivalent to approximately 32 million Dollars, considering the exchange rate of 3,758.91 pesos per U.S. dollar as of June 30, 2020, which were fully repaid in September and October 2020. In addition, Cemento Bayano, S.A. ("Cemento Bayano") also negotiated short-term loans with banks in Panama for an aggregate amount of 8 million Dollars, which were repaid in July and August 2020. Other measures that contributed to ease liquidity risks applied beginning on April 8 and for the rest of 2020 were as follows: a) all capital expenditures not associated with the management of the COVID-19 Pandemic were suspended; b) operating expenses were incurred strictly according to the Company's markets evolution and demand; c) the Company produced, to the extent permitted by quarantine measures, only the volume of products that markets consumed; and, d) all activities not related to managing the crisis and basic operations were 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. In respect to the rest of salaried employees, this group agreed to voluntarily defer 10% of their monthly salary during the same three-month period. 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. During November 2020, considering better than expected liquidity and operating conditions during the second half of 2020, all amounts forgone and/or deferred were fully reimbursed to employees, executives and members of the Board of Directors of the Parent Company.

3) SIGNIFICANT ACCOUNTING POLICIES

3A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated financial statements and the accompanying notes as of December 31, 2020 and 2019 were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The IFRS consolidated financial statements are presented to the stock exchange regulator in Colombia, due to the registration of the Parent Company's shares with the aforementioned authority for their trading on the BVC.

Presentation currency and definition of terms

The presentation currency of the consolidated financial statements is the Dollar of the United States of America (the "United States"), which is also the functional currency of the Parent Company considering that is the main currency in which the Parent Company realizes its operations and settles its obligations. 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, according with the following paragraph, or different measuring unit like millions, earnings per share, prices per share and/or exchange rates. For convenience of the reader, all amounts disclosed in these notes to the financial statements, mainly in connection with tax or legal proceedings (notes 20D and 24), which are originated in jurisdictions which currencies are different to the Dollar, are presented in Dollar equivalents as of December 31, 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. Foreign currency translations as of December 31, 2020 and 2019, as well as for the years ended December 31, 2020 and 2019 were determined using the closing and average exchange rates, as correspond, presented in the table of exchange rates included in note 3D.

When reference is made to "$" or Dollars is to Dollars of the United States, when reference is made to "€" or Euros is to the currency in circulation in a significant number of European Union ("EU") countries. When reference is made to "¢" or Colons is to Colons of the Republic of Costa Rica ("Costa Rica"). When reference is made to "COP$" 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 Quetzals is to Quetzals 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 impairment of long-lived assets, results on disposal of assets, reimbursement of damages from insurance companies, certain severance payments under restructuring, as well as for the period ended December 31, 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 internal indicator of its ability to 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 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:

Financial Activities

- For the years ended December 31, 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 $29,485 and $27,500, respectively,

- For the years ended December 31, 2020 and 2019, in connection with the executives' share-based compensation (note 21D), the net increase in other equity reserves of $1,518 and $1,804, respectively, and the increase in additional paid-in capital of $9,339 in 2020 and $2,659 in 2019, and

- In 2020, the increase in other financial obligations of $5,133 and in $2,377, in relation with the lease contracts negotiated or canceled during the year, respectively (note 16).

Investing activities

- In 2020 and 2019, the increase in assets for the right-of-use of $5,133 and $2,631, respectively, in relation with the lease contracts negotiated or canceled during the year, respectively (note 14B).

Going Concern

The Parent Company's Board of Directors approved these consolidated financial statements as of December 31, 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 December 31, 2020, total current liabilities, which include accounts payable to CEMEX's companies of approximately $14,328 (note 10), exceeded total current assets in approximately $16,785. It should be noted that, as an administrative strategy, the Company's management operates with negative working capital. Moreover, in 2020, the Company's management applied cash surpluses and new non-current loans negotiated with commercial banks (note 10), to the reduction of non-current debt with related parties, which was reduced by $160,952. In case it is deemed necessary, CEMEX Latam considers that it would succeed in accessing non-current lines of credit and use the proceeds for the payment of current liabilities. For the years ended December 31, 2020 and 2019, net cash flows from operations after interest expense and income taxes amounted to $109,698 and $99,979, respectively. In Addition, CEMEX, S.A.B. de C.V., indirect controlling entity of the Parent Company, has signed a commitment to provide the Company any financial support that may be necessary until April 1, 2022.

Newly issued IFRS with impact on the reported periods

IFRS 16, Leases ("IFRS 16") (notes 3F, 14B y 16A)

Beginning January 1, 2019, IFRS 16 superseded all existing guidance related to lease accounting including IAS 17, *Leases* and 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 in its statement of financial position as of January 1, 2018, representing an increase in assets for the right-of-use of $15,678, an increase in deferred income tax assets of $2,786, an increase in other financial obligations of $22,921, an increase in deferred income tax liabilities of $705 and a reduction in stockholders' equity of $5,168. The initial reduction in stockholders' equity refers to a temporary difference between the depreciation expense 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 since the beginning of the contracts, which will be reversed during the remaining life of the contracts.

Other newly issued IFRS with impact on the reported periods – continued

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 (IBORs) 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 financial statements include those of CEMEX Latam Holdings, S.A. and those of all 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) has the power to appoint and remove the board of directors or relevant corporate governance 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 a structured entity. Balances and operations between the Parent Company and its subsidiaries (related parties) were eliminated in consolidation. Each subsidiary is a legally responsible separate entity and maintains custody of its own financial resources.

Changes in the ownership interest of the Parent Company in a subsidiary that do not result in a loss of control are accounted for as transactions between stockholders in their capacity as owners. Therefore, adjustments to non-controlling interests, which are based on a proportional amount of the net assets of the subsidiary, do not result in adjustments to goodwill and/or the recognition of gains or losses in the income statement for the period.

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 transactions denominated in foreign currencies are initially recorded in the functional currency of each entity at the exchange rates prevailing on the dates of their execution. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the date of the financial statements and the resulting foreign exchange.

The financial statements of foreign subsidiaries, as determined using their respective functional currency, are translated to U.S. Dollars at the closing exchange rate for statement of financial position accounts, at the historical exchange rate for the stockholders' equity and additional paid-in capital accounts, and at the closing exchange rates of each month within the period for income statement's accounts. The functional currency is that in which each consolidated entity primarily generates and expends cash. The corresponding translation adjustment is included within "Other equity reserves" and is presented in the statement of other comprehensive income (loss) for the period as part of the foreign currency translation adjustment (note 21B) until the disposal of the net investment in the foreign subsidiary.

(Thousands of U.S. Dollars)

Foreign currency transactions and translation of foreign entities' financial Statements -- Continued

The gain from exchange rate fluctuations of $4,880 in the statement of operations in 2020 refers mainly to the cash surpluses of each operation denominated in dollars due to the devaluation of the relevant currencies in 2020 versus 2019. The loss from the translation of subsidiaries of $82,241 in the statement of comprehensive income (loss) in 2020 mainly refers to the 4.7% devaluation of the Peso against the Dollar in 2020 in relation to 2019 and the 7.1% devaluation of the Colon against the Dollar in 2020 against 2019, and its effect on the translation of the Company's net assets in Colombia and Costa Rica, respectively, recognized within equity for purposes of the statement of comprehensive income (loss).

During December 2020, in order to prospectively reduce volatility resulting from exchange rate fluctuations in the Company's statement of operations, CEMEX Colombia negotiated non-current debt in Colombian Pesos equivalent to approximately $86.2 million, proceeds that were used to repay a significant portion of CEMEX Colombia's line of credit with CEMEX España.

The Company's main closing exchange rates per Dollar as of December 31, 2020 and 2019 for statement of financial position and the approximated average exchange rates in 2020 and 2019 for statements of operations purposes, were as follows:

	2020		2019	
Currency	**Closing**	**Average**	**Closing**	**Average**
Colombian Pesos	3,432.50	3,729.87	3,277.14	3,299.77
Costa Rican Colons	617.30	591.41	576.49	588.40
Nicaraguan Cordobas	34.82	34.38	33.83	33.18
Guatemalan Quetzals	7.79	7.73	7.69	7.70

3E) CASH AND CASH EQUIVALENTS (note 8)

Includes available amounts of cash and cash equivalents, mainly represented by short-term investments, which are easily convertible into cash, and which are not subject to significant risks of changes in their values, including overnight investments, which yield fixed returns and have maturities of less than three months from the investment date. These fixed-income investments are recorded at cost plus accrued interest. Other investments which are easily convertible into cash are recorded at their market value. Gains or losses resulting from changes in market values and accrued interest are included in the income statement as part of "Financial income and other items, net".

CEMEX Latam has centralized cash management arrangements whereby excess cash generated by the different companies is swept into a centralized cash pool with a related party, and the Company´s cash requirements are met through withdrawals or borrowings from that pool. Deposits in related parties are considered highly liquid investments readily convertible to cash and presented as "Fixed-income securities and other cash equivalents".

3F) FINANCIAL INSTRUMENTS

Classification and measurement of financial instruments

The financial assets that meet both of the following conditions and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified as "Held to collect" and measured at amortized cost. Amortized cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents (note 8).
- Trade accounts receivable, other current accounts receivable and other current assets (notes 9 and 11A). Considering the short-term nature of these assets, CEMEX Latam initially recognizes these assets at the original invoiced or transaction amount less any expected credit losses, as explained below.
- Investments and non-current accounts receivable (note 11B). Subsequent changes in amortized cost are recognized in the income statement as part of "Financial income and other items, net."

Investments which business model consists in receiving contractual cash flows and subsequently selling such financial assets are defined as "held to collect and sale" instruments. During the reported years, CEMEX Latam did not maintain financial assets "held to collect and trade."

The financial assets that are not classified as "Held to collect" or that do not have strategic characteristics fall into the residual category of held at fair value through the income statement as part of "Financial income and other items, net" (note 7).

Debt instruments and other financial obligations are classified as "Loans" and measured at amortized cost (notes 16). Interest accrued on financial instruments is recognized as financial expense in the income statement against "Other accounts payable and accrued expenses". During the reported periods, CEMEX Latam did not have financial liabilities voluntarily recognized at fair value or associated with fair value hedge strategies with derivative financial instruments.

Impairment of financial assets

Impairment losses of financial assets, including trade accounts receivable, are recognized using the expected credit loss model ("ECL") for the entire lifetime of such financial assets on initial recognition and during the tenure of such trade accounts receivable. For purposes of the ECL model, CEMEX Latam segments its accounts receivable in a matrix by country, type of client or homogeneous credit risk and days past due and determines for each basket an average rate of ECL, considering actual credit losses experienced over the last 24 months and analyses of future delinquency. This ECL rate is applied to the balance of the accounts receivable. The average ECL rate increases in each basket of days past due until the rate is 100% for the basket of 365 days or more past due.

Costs incurred in the issuance of debt or borrowings

Direct costs incurred in debt issuances or borrowings, as well as debt refinancing or non-substantial modifications to debt agreements that did not represent an extinguishment of debt by considering that the holders and the relevant economic terms of the new instrument are not substantially different to the replaced instrument, adjust the carrying amount of the related debt and are amortized as interest expense as part of the effective interest rate of each instrument over its maturity. These costs include commissions and professional fees. Costs incurred in the extinguishment of debt, as well as debt refinancing or modifications to debt agreements, when the new instrument is substantially different from the old instrument according to a qualitative and quantitative analysis, are recognized in the income statement as incurred.

Leases (notes 3A, 14B and 16A)

As mentioned in note 3A, CEMEX Latam adopted IFRS 16 beginning January 1, 2019 using the full retrospective approach. At the inception of a lease contract, CEMEX Latam assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. CEMEX Latam uses the definition of a lease in IFRS 16 to assess whether a contract conveys the right to control the use of an identified asset.

Based on IFRS 16, leases are recognized as financial liabilities against assets for the right-of-use, measured at their commencement date by the net present value ("NPV") of the future contractual fixed payments, using the interest rate implicit in the lease or, if that rate cannot be readily determined, CEMEX Latam's incremental borrowing rate. CEMEX Latam determines its incremental borrowing rate by obtaining interest rates from its external financing sources and makes certain adjustments to reflect the term of the lease, the type of the asset leased and the economic environment in which the asset is leased.

CEMEX Latam does not separate the non-lease component from the lease component included in the same contract. Lease payments included in the measurement of the lease liability comprise contractual fixed payments, less incentives, fixed payments of non-lease components and the value of a purchase option, to the extent that option is highly probable to be exercised or is considered a bargain purchase option. Interest incurred under the financial obligations related to lease contracts is recognized as part of the "Interest expense" line item in the income statement.

At commencement date or on modification of a contract that contains a lease component, CEMEX Latam allocates the consideration in the contract to each lease component based on their relative stand-alone prices. CEMEX Latam applies the recognition exception for lease terms of 12 months or less and contracts of low-value assets and recognizes the lease payment of these leases as rental expense in the income statement over the lease term. CEMEX Latam defined the lease contracts related to office and computer equipment as low-value assets.

The lease liability is amortized using the effective interest method as payments are incurred and is remeasured when: a) there is a change in future lease payments arising from a change in an index or rate, b) if there is a change in the amount expected to be payable under a residual guarantee, c) if the Company changes its assessment of whether it will exercise a purchase, extension or termination option, or d) if there is a revised in-substance fixed lease payment. When the lease liability is remeasured, an adjustment is made to the carrying amount of the asset for the right-of-use or is recognized within "Financial income and other items, net" if such asset has been reduced to zero.

Derivative financial instruments (note 23A)

In cash flow hedging relationships using derivative financial instruments, the effective portion of changes in the fair value of the related derivative instruments is recognized in stockholders' equity within the line item "Other equity reserves" and is reclassified to the statement of operations as the underlying items are consumed in the case of contracts for the purchase of supplies. During the reported years, CEMEX Latam did not have derivative financial instruments for trading purposes, designated as fair value hedges, or associated with the net investment in a subsidiary.

Fair value measurements

Under IFRS, fair value represents an "Exit Value" which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, considering the counterparty's credit risk in the valuation. The concept of Exit Value is premised on the existence of a market and market participants for the specific asset or liability. When there are no market and/or market participants willing to make a market, IFRS establishes a fair value hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements), data different to quoted prices in active markets that are directly or indirectly observable for the asset or liability (level 2 measurement), and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements).

(Thousands of U.S. Dollars)

3G) INVENTORIES (note 12)

Inventories are valued using the lower of cost and net realizable value. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The Company analyzes its inventory balances to determine if, as a result of internal events, such as physical damage, or external events, such as technological changes or market conditions, certain portions of such balances have become obsolete or impaired. When an impairment situation arises, the inventory balance is adjusted to its net realizable value. The positive and negative adjustments related with the valuation of inventory are recognized against the results of the period. Advances to suppliers of inventory are presented as part of other short-term accounts receivable.

3H) PROPERTY, MACHINERY AND EQUIPMENT AND ASSETS FOR THE RIGHT-OF-USE (note 14)

Property, machinery and equipment are recognized at their acquisition or construction cost, as applicable, less accumulated depreciation and accumulated impairment losses. Depreciation of fixed assets is recognized as part of cost and operating expenses (note 5) and is calculated using the straight-line method over the estimated useful lives of the assets, except for mineral reserves, which are depleted using the units-of-production method. (notes 3J and 6).

As of December 31, 2020, the average useful lives by category of fixed assets which are reviewed on each reporting date and adjusted if necessary were as follows:

	Years
Administrative buildings	30
Industrial buildings	35
Machinery and equipment	14
Ready-mix trucks and motor vehicles	9
Office equipment and other assets	5

Assets for the right-of-use related to leases are initially measured at cost, which comprises the initial amount of the lease liability adjusted by any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle, remove or restore the underlaying asset, less any lease incentives received. The asset for the right-of-use is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlaying asset to CEMEX Latam by the end of the lease term or if the cost of the asset for the right-of-use reflects that CEMEX Latam will exercise a purchase option. In that case the asset for the right-of-use would be depreciated over the useful life of the underlying asset. In addition, assets for the right-of-use may be reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. As of December 31, 2020, the average term of the current contracts is four years.

CEMEX Latam capitalizes, as part of the related cost of fixed assets, interest expense from existing debt during the construction or installation period of significant fixed assets, considering CEMEX Latam corporate average interest rate and the average balance of investments in process for the period.

All waste removal costs or stripping costs incurred in the operative phase of a surface mine in order to access the mineral reserves are recognized as part of the carrying amount of the related quarries. The capitalized amounts are further amortized over the expected useful life of exposed ore body based on the units of production method.

Costs incurred in respect of operating fixed assets that result in future economic benefits, such as an extension in their useful lives, an increase in their production capacity or in safety, as well as those costs incurred to mitigate or prevent environmental damage, are capitalized as part of the carrying amount of the related assets. Likewise, improvements in third-party properties, such as some access roads to operating units, are capitalized when the Company will obtain and have control over future economic benefits associated with said improvements. during the period in which the benefits are expected to be obtained, which is determined on a case-by-case basis considering the contractual agreements in other factors. The periodic maintenance of fixed assets is recognized in income as incurred. The capitalized costs are depreciated over the remaining useful lives of such fixed assets. Periodic maintenance of fixed assets is expensed as incurred. Advances to suppliers of fixed assets are presented as part of other long-term accounts receivable

3I) BUSSINES COMBINATIONS, GOODWILL AND OTHER INTANGIBLE ASSETS (note 15)

Business combinations are recognized using the purchase method, by allocating the consideration transferred to assume control of the entity to all assets acquired and liabilities assumed, based on their estimated fair values as of the acquisition date. Intangible assets acquired are identified and recognized at fair value. Any unallocated portion of the purchase price represents goodwill, which is not amortized and is subject to periodic impairment tests (note 3J), can be adjusted for any correction to the preliminary assessment given to the assets acquired and/or liabilities assumed within the twelve-month period after purchase. Costs associated with the acquisition are expensed in the income statement as incurred.

The Company capitalizes intangible assets acquired, as well as costs incurred in the development of intangible assets, when future economic benefits associated are identified and there is evidence of control over such benefits. Intangible assets are presented at their acquisition or development cost. Indefinite life intangible assets are not amortized since the period in which the benefits associated with such intangibles will terminate cannot be accurately established. Definite life intangible assets are amortized on straight-line basis as part of operating costs and expenses (note 5).

Costs incurred in exploration activities such as payments for rights to explore, topographical and geological studies, as well as trenching, among other items incurred to assess the technical and commercial feasibility of extracting a mineral resource, which are not significant to CEMEX Latam, are capitalized when future economic benefits associated with such activities are identified. When extraction begins, these costs are amortized during the useful life of the quarry based on the estimated tons of material to be extracted. When future economic benefits are not achieved, any capitalized costs are subject to impairment.

Business combinations, goodwill and other intangible assets -- Continued

The Company's rights, licenses and other intangible assets are generally amortized on a straight-line basis over their useful lives that range on average from approximately 5 to 40 years. At expiration, certain permits can be extended for new periods of up to 40 years.

3J) IMPAIRMENT OF LONG-LIVED ASSETS (notes 14 and 15B)

Impairment of property, machinery and equipment, assets for the right-of-use and intangible assets of definite life

Property, machinery and equipment, assets for the right-of–use and intangible assets of definite life, are tested for impairment upon the occurrence of factors such as a significant adverse event, changes in the Company's operating environment, changes in projected use or in technology, as well as expectations of lower operating results that could affect for each cash generating unit which are integrated, in order to determine whether their carrying amounts may not be recovered, in which case an impairment loss is recorded in income statement for the period when such determination is made within "Other (expenses) income, net." The impairment loss of an asset results from the excess of the asset's carrying amount over its recoverable amount, corresponding to the higher between the fair value of the asset, less costs to sell such asset, the latter represented by the net present value of estimated cash flows related to the use and eventual disposal of the asset.

Significant judgment by management is required to appropriately assess the fair values and values in use of these assets. The main assumptions utilized to develop these estimates are a discount rate that reflects the risk of the cash flows associated with the assets evaluated and the estimations of generation of future income. Those assumptions are evaluated for reasonableness by comparing such discount rates to market information available and by comparing to third-party expectations of industry growth, such as governmental agencies or industry chambers of commerce.

Goodwill

Goodwill is tested for impairment when required due to significant adverse changes or at least once a year, during the last quarter of such year, determining the recoverable amount of the group of cash-generating units ("CGUs") to which goodwill balances were allocated, which consists of the higher of such group of CGUs fair value less cost to sell and its value in use, the later represented by the NPV of estimated future cash flows to be generated by the CGUs to which goodwill was allocated, which are generally determined over periods of 5 years.

If the value in use of a group of CGUs to which goodwill has been allocated is lower than its corresponding carrying amount, the Company determines the fair value of such group of CGUs using methodologies generally accepted in the market to determine the value of entities, such as multiples of Operating EBITDA and by reference to other market transactions, among others. An impairment loss is recognized within "Other (expenses) income, net", if the recoverable amount is lower than the net book value of the group of CGUs to which goodwill has been allocated. Impairment charges recognized on goodwill are not reversed in subsequent periods.

The reportable segments disclosed by the Company (note 4B), represent the Company's groups of CGUs to which goodwill has been allocated for purposes of testing goodwill for impairment. In arriving at this conclusion, the Company considered: a) that after the acquisition, goodwill was allocated at the level of the geographic operating segment; b) that the operating components that comprise the reported segment have similar economic characteristics; c) that the reported segments are used in CEMEX Latam to organize and evaluate its activities in its internal information system; d) the homogeneous nature of the items produced and traded in each operative component, which are all used by the construction industry; e) the vertical integration in the value chain of the products comprising each component; f) the type of clients, which are substantially similar in all components; g) the operative integration among components; and h) that the compensation is based on the consolidated results of the geographic operating segment. In addition, the country level represents the lowest level within CEMEX Latam at which goodwill is monitored for internal management purposes.

Impairment tests are significantly sensitive to, among other factors, the estimation of future prices of the products, the development of operating expenses, local and international economic trends in the construction industry, the long-term growth expectations in the different markets, as well as the discount rates and the growth rates in perpetuity applied. For purposes of estimating future prices, CEMEX Latam uses, to the extent available, historical data plus the expected increase or decrease according to information issued by trusted external sources, such as national construction or cement producer chambers and/or in governmental economic expectations. Operating expenses are normally measured as a constant proportion of revenues, following past experience. However, such operating expenses are also reviewed considering external information sources in respect to inputs that behave according to international prices, such as gas and oil. The amounts of estimated undiscounted cash flows are significantly sensitive to the growth rate in perpetuity applied. The higher the growth rate in perpetuity applied, the higher the amount of undiscounted future cash flows by group of CGUs obtained. Moreover, the amounts of discounted estimated future cash flows are significantly sensitive to the discount rate applied. The higher the discount rate applied, the lower the amount obtained of discounted estimated future cash flows by group of CGUs. CEMEX Latam uses specific pre-tax discount rates for each group of CGUs to which goodwill is allocated, which are applied to discount pre-tax cash flows.

3K) PROVISIONS

The Company recognizes provisions for diverse items, including environmental remediation such as quarries reforestation when it has a legal or constructive present obligation resulting from past events, whose resolution would imply cash outflows or the delivery of other resources. These provisions reflect the estimate disbursement's future cost and are generally recognized at its net present value, except when there is not clarity when disbursed or when the economic effect for time passing is not significant. Reimbursements from insurance companies are recognized as an asset only when the recovery is practically certain, and if necessary, such asset is not offset by the recognized cost provision. The entity does not have an obligation to pay levies imposed by governments that will be triggered by operating in a future period; consequently, provisions for such levies imposed by governments are recognized until the critical event or the activity that triggers the payment of the levy has occurred, as defined in the legislation.

Restructuring

CEMEX Latam recognizes provisions for restructuring costs only when there structuring plans have been properly finalized and authorized by management and have been communicated to the third parties involved and/or affected by the restructuring prior to the statement of financial position date. These provisions may include costs not associated with CEMEX Latam on going activities.

Asset retirement obligations (note 17)

Unavoidable obligations, legal or constructive, to restore operating sites upon retirement of long-lived assets at the end of their useful lives are measured at the net present value of estimated future cash flows to be incurred in the restoration process and are initially recognized against the related assets' book value. The increase to the assets' book value is depreciated during its remaining useful life. The increase in the liability related to the passage of time is charged to "Financial income and other items, net" in the income statement. Adjustments to the liability for changes in estimations are recognized against fixed assets, and depreciation is modified prospectively. These liabilities relate mainly to the future costs of demolition, cleaning and reforestation, to leave under certain conditions the quarries, the maritime terminals, as well as other productive sites.

Commitments and contingencies (notes 23 and 24)

Obligations or losses related to contingencies are recognized as liabilities in the consolidated statement of financial position when present obligations exist resulting from past events that are expected to result in an outflow of resources and the amount can be measured reliably; otherwise, a qualitative disclosure is included in the notes to the consolidated financial statement. The effects of long-term commitments established with third parties, such as supply contracts with suppliers or customers, are recognized in the financial statements considering the substance of the agreements based on an incurred or accrued basis. Relevant commitments are disclosed in the notes to the financial statement. The company does not recognize contingent revenues, income or assets, unless their realization is virtually certain.

3L) PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (note 19)

Defined contributions pension plans

The costs of defined contribution pension plans are recognized in the operating results as they are incurred. Liabilities arising from such plans are settled through cash transfers to the employees' retirement accounts, without generating prospective obligations.

Defined benefit pension plans and other post-employment benefits

Considering that there are no active employees subject to pension benefits from the Company, the costs associated with post-employment benefits are recognized during the period of payment of the benefits, based on actuarial estimates of the present value of the obligations with the assistance of external actuaries. Actuarial assumptions consider the use of nominal rates. Actuarial gains or losses for the period, resulting from differences between projected and real actuarial assumptions at the end of the period are recognized within "Other equity reserves" in stockholders' equity. The financial expense is recognized within "Financial income and other items, net." As of December 31, 2020 and 2019 there are no defined benefit pension plans for active employees.

The effects from modifications to the pension plans that affect the cost of past services are recognized within operating costs and expenses during the period in which such modifications become effective with respect to the employees or without delay if changes are effective immediately. The effects from curtailments and/or settlements of obligations occurring during the period, associated with events that significantly reduce the cost of future services and/or significantly reduce the population subject to pension benefits, respectively, are recognized within operating costs and expenses.

Termination benefits

Termination benefits, not associated with a restructuring event, which mainly represent severance payments by law, are recognized in the operating results for the period in which they are incurred.

3M) INCOME TAXES (note 20)

The effects reflected in the income statement for income taxes include the amounts incurred during the period and the amounts of deferred income taxes, determined according to the income tax law applicable to each entity. consolidated deferred income taxes represent the addition of the amounts determined in each entity by applying the enacted statutory income tax rate to the total temporary differences resulting from comparing the book and taxable values of assets and liabilities, considering tax loss carryforwards as well as other recoverable taxes and tax credits, to the extent that it is probable that future taxable profits will be available against which they can be utilized. The measurement of deferred income taxes reflects the tax consequences that follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred income taxes for the period represent the difference between balances of deferred income taxes at the beginning and the end of the period. Deferred income tax assets and liabilities relating to different tax jurisdictions are not offset. All items charged or credited directly in stockholders' equity or as part of other comprehensive income for the period under IFRS are recognized net of their current and deferred income tax effects. The effect of a change in enacted statutory tax rates is recognized in the period in which the change is officially enacted.

Income taxes – continued

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is considered that it would not be possible that the related tax benefit will be realized. In conducting such assessment, the Company analyzes the aggregate amount of self-determined tax loss carryforwards that the Company believes the tax authorities would not reject based on available evidence, and the likelihood of the recoverability of such tax loss carryforwards prior to their expiration through the generation of future taxable income. When it is considered highly probable that the tax authorities would reject a deferred tax asset, the Company decreases such asset. When it is considered not possible to use a deferred tax asset before its expiration, the Company would not recognize such asset. Both situations would result in additional income tax expense for the period in which such determination is made. In order to determine whether it is probable that deferred tax assets will ultimately be realized, the Company considers all available positive and negative evidence, including factors such as market conditions, industry analysis, expansion plans, projected taxable income, carryforward periods, current tax structure, potential changes or adjustments in tax structure, tax planning strategies, future reversals of existing temporary differences. Likewise, CEMEX Latam analyzes its actual results versus the Company's estimates, and adjusts, as necessary, its tax asset valuations. If actual results vary from its estimates, the deferred tax asset and/or valuations may be affected, and necessary adjustments will be made based on relevant information in the income statement for such period.

Based on IFRIC 23, *Uncertainty over income tax treatments* ("IFRIC 23"), the income tax effects from an uncertain tax position are recognized when is probable that the position will be sustained based on its technical merits and assuming that the tax authorities will examine each position and have full knowledge of all relevant information. For each position is considered individually its probability, regardless of its relation to any other broader tax settlement. The probability threshold represents a positive assertion by management that the Company is entitled to the economic benefits of a tax position. If a tax position is considered not probable of being sustained, no benefits of the position are recognized. Interest and penalties related to unrecognized tax benefits are recorded as part of the income tax in the consolidated statements of operations.

The amounts of current and deferred income tax included in the statements of operations for the period are highly variable, and are subject among other factors, to the amount of taxable income determined in each jurisdiction in which CEMEX Latam operates. The amounts of taxable income depend on variables such as volumes and selling prices, costs and expenses, fluctuations in exchange rates and interest on debt, among others, as well as the amount of tax assets estimated at the end of the period based on the expected generation of future taxable income in each jurisdiction.

3N) STOCKHOLDERS EQUITY

Common stock and additional paid-in capital (note 21A)

Represent the value of stockholders' contributions and include the value of the Parent Company's shares issued under the executive stock-based compensation programs.

Other equity reserves (note 21B)

This caption groups the cumulative effects of items and transactions that are temporarily or permanently recognized in stockholders' equity and includes the effects for the period that do not result from contributions by owners and distributions to owners, presented in the statements of comprehensive income. The most significant items within "Other equity reserves" during the reported periods were as follows:

- Currency translation effects from the consolidated financial statement of foreign entities;
- Actuarial gains and losses;
- Current and deferred income taxes during the period arising from items whose effects are directly recognized in stockholders' equity; and
- The counter account for the compensation expense related to long-term incentive plans (note 21D).

Retained earnings (note 21C)

Retained earnings represent the cumulative net results of prior accounting periods, net, when applicable, of any amount of dividends declared to shareholders.

Non-controlling interest (note 21E)

This caption includes the share of non-controlling stockholders in the results and equity of consolidated entities.

3O) REVENUE RECOGNITION

Revenue is recognized at a point in time or over time in the amount of the price, before tax on sales, expected to be received by CEMEX Latam's subsidiaries for goods and services supplied as a result of their ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by any trade discounts or volume rebates granted to customers. Transactions between related parties are eliminated in consolidation.

Variable consideration is recognized when it is highly probable that a significant reversal in the amount of cumulative revenue recognized for the contract will not occur and is measured using the expected value or the most likely amount method, whichever is expected to better predict the amount based on the terms and conditions of the contract.

Revenue and costs from trading activities, in which CEMEX Latam acquires finished goods from a third party and subsequently sells the goods to another third-party, are recognized on a gross basis, considering that CEMEX Latam assumes ownership risks on the goods purchased, not acting as agent or broker.

(Thousands of U.S. Dollars)

Revenue recognition – continued

When revenue is earned over time as contractual performance obligations are satisfied, which is the case of construction contracts, CEMEX Latam applies the stage of completion method to measure revenue, which represents: a) the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs; b) the surveys of work performed; or c) the physical proportion of the contract work completed, whichever better reflects the percentage of completion under the specific circumstances. Considering that the following has been agreed: (i) each party's enforceable rights regarding the asset under construction; (ii) the consideration to be exchanged; (iii) the manner and terms of settlement; (iv) actual costs incurred and contract costs required to complete the asset are effectively controlled; and (v) it is probable that the economic benefits associated with the contract will flow to the entity.

Progress payments and advances received from customers do not reflect the work performed and are recognized as short-term or long-term advance payments, as appropriate.

3P) EXECUTIVE STOCK-BASED COMPENSATION (note 21D)

The stock-based compensation programs to executives are treated as equity instruments, considering that services received from such employees are settled delivering shares of the Parent Company. The costs of equity instruments represent their fair value at the date of grant and are recognized in the income statement during the period in which the exercise rights of the employees become vested as services are rendered.

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

Cost of sales represents the production cost of inventories at the moment of sale includes depreciation, amortization and depletion of assets involved in production and expenses related to storage in producing plants. Cost of sales excludes expenses related to personnel, equipment and services involved in sale activities and storage of product at points of sales, as well as costs related to warehousing of products at the selling points, which are included as part of administrative and selling expenses. Cost of sales includes freight expenses of raw material in plants and delivery expenses of the Company's ready-mix concrete business but excludes 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.

3R) CONCENTRATION OF CREDIT

The Company sells its products primarily to distributors in the construction industry, with no specific geographic concentration within the countries in which the Company operates. As of and for the years ended December 31, 2020 and 2019, no single customer individually accounted for a significant amount of the reported amounts of sales or in the balances of trade receivables. In addition, there is no significant concentration of a specific supplier relating to the purchase of raw materials.

3S) NEWLY ISSUED IFRS NOT YET ADOPTED

IFRS issued as of the date of issuance of these 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.

(Thousands of U.S. Dollars)

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

4A) REVENUE

CEMEX Latam's revenues are mainly originated from the sale and distribution of cement, ready-mix concrete, aggregates and other construction materials and services. CEMEX Latam grants credit for terms ranging from 15 to 45 days depending on the type of project and risk of each customer. For the years ended December 31, 2020 and 2019, revenues, after eliminations between related parties, are detailed as follows:

		2020	2019
From the sale of cement	$	572,358	671,676
From the sale of ready-mix concrete		149,351	241,028
From the sale of aggregates		19,608	24,390
From the sale of other products and eliminations [1]		48,287	51,559
	$	789,604	988,653

1 Refers mainly to revenues generated by other business lines such as diverse products for the construction industry and infrastructure and housing projects, as well as the eliminations for sales of products between business lines as shown later in this note within the information of revenues by business line and reportable segment.

Information of revenues by reportable segment and line of business for the years 2020 and 2019 is presented in note 4B.

Under IFRS 15, some commercial practices of CEMEX Latam, in the form of certain promotions and/or discounts and rebates offered as part of the sale transaction, result in that a portion of the transaction price should be allocated to such commercial incentives as separate performance obligations, recognized as contract liabilities with customers, and deferred to the income statement during the period in which the incentive is exercised by the customer or until it expires.

For the years ended December 31, 2020 and 2019 changes in the balance of contract liabilities with customers were as follows:

		2020	2019
Opening balance of contract liabilities with customers	$	11,273	14,393
Increase during the period for new transactions		10,804	9,356
Decrease during the period for exercise or expiration of incentives		(11,139)	(12,355)
Currency translation effects		(447)	(121)
Closing balance of contract liabilities with customers	$	10,491	11,273

For the years 2020 and 2019, CEMEX Latam did not identify any costs required to be capitalized as contract fulfillment assets and released over the contract life according to IFRS 15.

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

The reportable segments are defined as the components of the Company that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's top management to assess their performance and make decisions about the allocation of resources to the segments, and for which discrete financial information is available. The accounting policies applied to determine the financial information by reportable segment are consistent with those described in note 3.

Considering similar regional and economic characteristics and/or materiality, certain countries have been aggregated and presented in a single line segment titled "Rest of CLH," which includes the combined operations of the Company in Nicaragua and El Salvador. Moreover, the segment "Others" refers 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 information of income statement by reportable segments for the years ended December 31, 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	$	403,738	(24)	403,714	86,520	(25,143)	61,377	(8,175)	(16,475)	(915)
Panama		80,445	(258)	80,187	11,962	(15,702)	(3,740)	(100,159)	(8,919)	836
Costa Rica		88,614	(13,492)	75,122	29,971	(4,628)	25,343	(30,538)	(134)	14
Guatemala		111,656	(148)	111,508	43,022	(2,062)	40,960	(834)	(178)	75
Rest of CLH		119,829	(756)	119,073	31,662	(6,030)	25,632	(866)	(1,130)	91
Others		–	–	–	(28,090)	(22,294)	(50,384)	(461)	(23,078)	–
Total		804,282	(14,678)	789,604	175,047	(75,859)	99,188	(141,033)	(49,914)	101

(Thousands of U.S. Dollars)

Selected financial information by reportable segments – continued

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 $	503,839	(4)	503,835	90,716	(29,425)	61,291	(6,115)	(21,145)	(2,009)
Panama	181,229	(234)	180,995	48,619	(17,342)	31,277	(3,117)	(7,555)	128
Costa Rica	101,834	(14,125)	87,709	30,313	(4,643)	25,670	(2,675)	(177)	6
Guatemala	103,102	–	103,102	32,863	(2,080)	30,783	(68)	(154)	53
Rest of CLH	113,624	(612)	113,012	27,506	(6,199)	21,307	(820)	(2,190)	175
Others	–	–	–	(31,153)	(23,492)	(54,645)	(286)	(20,735)	–
Total $	1,003,628	(14,975)	988,653	198,864	(83,181)	115,683	(13,081)	(51,956)	(1,647)

Revenues by line of business and reportable segments for the years ended December 31, 2020 and 2019 were as follows:

2020	Cement	Concrete	Aggregates	Other products	Others	Revenues
Colombia $	253,782	115,871	3,743	30,342	(24)	403,714
Panama	53,213	13,242	1,144	12,846	(258)	80,187
Costa Rica	61,555	8,697	13,078	5,284	(13,492)	75,122
Guatemala	96,398	7,159	–	8,099	(148)	111,508
Rest of CLH	107,410	4,382	1,643	6,394	(756)	119,073
Total $	572,358	149,351	19,608	62,965	(14,678)	789,604

2019	Cement	Concrete	Aggregates	Other products	Others	Revenues
Colombia $	299,450	172,758	5,949	25,682	(4)	503,835
Panama	114,975	43,054	2,857	20,343	(234)	180,995
Costa Rica	69,724	12,775	13,304	6,031	(14,125)	87,709
Guatemala	84,848	10,853	1	7,400	–	103,102
Rest of CLH	102,679	1,588	2,279	7,078	(612)	113,012
Total $	671,676	241,028	24,390	66,534	(14,975)	988,653

As of December 31, 2020 and 2019, selected consolidated information of the statements of financial position by reportable segments, which includes in each segment its allocated balance of goodwill (note 15), as well as consolidation eliminations, as applicable, is as follows:

2020	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia $	1,157,703	540,833	616,870	13,661
Panama	634,226	194,818	439,408	2,769
Costa Rica	358,165	33,384	324,781	902
Guatemala	284,612	31,705	252,907	648
Rest of CLH	213,441	43,613	169,828	2,672
Others	19,354	473,699	(454,345)	–
Total $	2,667,501	1,318,052	1,349,449	20,652

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
Guatemala	307,697	34,335	273,362	1,498
Rest of CLH	221,123	39,397	181,726	4,765
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 for the years ended December 31, 2020 and 2019 is detailed as follows:

		2020	2019
Depreciation and amortization expense of assets used in the production process	$	51,944	59,340
Depreciation and amortization expense of assets used in administrative and selling activities		23,915	23,841
	$	75,859	83,181

(Thousands of U.S. Dollars)

6) OTHER EXPENSES, NET

Other expenses, net for the years 2020 and 2019 is detailed as follows:

		2020	2019
Impairment losses of long-lived assets [1]	$	(121,793)	(4,686)
Severance payments for reorganization and other personnel costs		(6,484)	(2,015)
Incremental costs and expenses associated with the COVID-19 Pandemic [2]		(6,070)	–
Results from valuation and sale of assets, sale of scrap and other revenues and expenses, net		(5,098)	(454)
Assumed taxes, fines and other penalties		(1,588)	(764)
Early termination of supply contract (note 23A)		–	(5,162)
	$	(141,033)	(13,081)

1 In 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 $13,283 (note 14A), as well as impairment losses of goodwill in Panama and Costa Rica for a total of $108,187 (note 15) and impairment losses of $323 related to assets held for sale in Panama (note 13). In 2019, impairment losses were recognized in Colombia regarding certain mining equipment as well as impairment losses in connection with machinery and equipment in Nicaragua, Costa Rica and Panama (note 14A).

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 EXPENSE, FINANCIAL INCOME AND OTHER ITEMS, NET

7A) FINANCIAL EXPENSE

Consolidated financial expense in 2020 and 2019 of $49,914 and $51,956, respectively, includes $1,373 in 2020 and $1,589 in 2019, of financial expense arising from financial liabilities related to lease agreements (notes 14B and 16A).

7B) FINANCIAL INCOME AND OTHER ITEMS, NET

The line item “Financial income and other items, net” in 2020 and 2019 are detailed as follows:

		2020	2019
Interest cost on employee benefits	$	(1,752)	(2,155)
Financial income		1,853	508
	$	101	(1,647)

8) CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents as of December 31, 2020 and 2019 were as follows:

		2020	2019
Cash and bank accounts	$	16,365	16,943
Fixed-income securities and other cash equivalents		8,072	5,663
	$	24,437	22,606

9) TRADE ACCOUNTS RECEIVABLE

For the reported periods, the Company did not maintain programs for the sale of trade receivables. As of December 31, 2020 and 2019, consolidated trade accounts receivable are detailed as follows:

		2020	2019
Trade accounts receivable	$	65,437	79,990
Allowance for expected credit losses		(8,837)	(9,340)
	$	56,600	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.

(Thousands of U.S. Dollars)

Trade accounts receivable– continued

As of December 31, 2020 and 2019, balances of trade accounts receivable and the allowance for ECL by country were as follows:

		As of December 31, 2020			As of December 31, 2019		
		Accounts receivable	ECL allowance	ECL average rate	Accounts receivable	ECL allowance	ECL average rate
Colombia	$	28,794	2,181	7.57%	32,257	1,948	6.04%
Panama		14,800	3,873	26.17%	22,489	2,132	9.48%
Costa Rica [1]		7,440	1,657	22.27%	10,788	3,928	36.41%
Guatemala		7,909	812	10.27%	8,785	661	7.53%
Rest of CLH		6,494	314	4.84%	5,671	671	11.82%
	$	65,437	8,837		79,990	9,340	

1 As of December 31, 2020 and 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 receivables with a nominal value of approximately $2.2 million. Nonetheless, the process for legal recovery continues.

As of December 31, 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 such 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 on the ECL estimates are manifested to a greater degree in Panama and to a lesser degree in Guatemala. The Company will continue to monitor the development of relevant events that may eventually have negative effects as a result of a deepening or extension of the pandemic.

Changes in the allowance for expected credit losses in 2020 and 2019 were as follows:

		2020	2019
Allowance for expected credit losses at beginning of the period	$	9,340	8,304
Additions during the year charged to administrative and selling expenses		2,496	4,986
Deductions		(2,988)	(3,910)
Foreign currency translation effects		(11)	(40)
Allowance for expected credit losses at end of the period	$	8,837	9,340

10) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Current accounts receivable		2020	2019
Balboa Investments B.V. [1]	$	8,000	17,842
CEMEX España, S.A. [2]		2,737	915
CEMEX Operaciones México, S.A. de C.V		975	200
CEMEX Corp and Subsidiaries		333	–
CEMEX, S.A.B. de C.V.		327	457
Solid Cement Corporation		230	–
CEMEX Research Group A.G.		176	176
Trinidad Cement Limited		147	156
Torino RE Limited		–	14,165
Materiales Express Colombia S.A.S.		–	206
CEMEX Dominicana, S.A.		–	127
Others		83	106
Total assets with related parties	$	13,008	34,350

(Thousands of U.S. Dollars)

Balances and transactions with related parties – continued

Current accounts payable		**2020**	**2019**
CEMEX España, S.A. [3]	$	8,118	137
CEMEX Corp and Subsidiaries [4]		4,878	9,037
CEMEX Internacional, S.A. de C.V.		665	855
Beijing Import & Export Co., Ltd		298	276
Macoris Investment y Subsidiarias		148	148
CEMEX Operaciones México, S.A. de C.V.		60	5,215
CEMEX, S.A.B. de C.V.		–	3,237
CEMEX Research Group A.G.		–	535
Torino RE Limited		–	241
Pro Ambiente, S.A. de C.V.		–	106
CEMEX Denmark ApS		–	62
Others		161	172
	$	14,328	20,021

Non-current accounts payable		**2020**	**2019**
Lomez International B.V. [5]	$	541,177	586,914
CEMEX España, S.A. [6]		26,961	142,176
		568,138	729,090
Total liabilities with related parties	$	582,466	749,111

1 On November 15, 2019, as described in note 17B, Cemento Bayano and Balboa Investments B.V. ("Balboa") entered into an indemnity agreement in connection with the purchase by a subsidiary of Cementos Progreso, S.A. ("Cementos Progreso" or the "Buyer") 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 of $32,398, an account receivable from Balboa of $17,842 representing the best estimate of a potential earn-out as well as deferred revenue with related parties of $49,686 (note 17B). Until September 30, 2020, based on the formulas then ruling the accrual of the earn-out and considering the reduction of sales, Cemento Bayano had reduced its best estimate of the earn-out and the account receivable from Balboa to $16,874. The suspension of operations in Panama from March 24 to September 4, 2020 related to the COVID-19 Pandemic and the resulting negative conditions in cement demand, made impossible the measurement and effective accrual of the earn-out in 2020. Consequently, Cementos Progreso requested Balboa the renegotiation of the agreements arguing force majeure causes. As a result, on December 16, 2020, Cementos Progreso and Balboa signed an addendum to the original agreements and subsequently, on December 21, 2020, Balboa replied the modified terms with Bayano in connection with the earn-out. Among other changes, such as the extension of the clinker supply contracts in Panama and Guatemala, it was agreed to reduce the maximum amount of the earn-out from $20 million to $10 million, which will be measured at the end of a six-month period of normalized operations, so it is expected, if there are no new suspension of activities in the industry, that such earn-out could be measured at the end of June 2021 and settled during the third quarter of 2021 (note 17B). On December 24, 2020, the Buyer made an advance payment to Balboa and the latter in turn to Cementos Bayano of $2 million toward the new earn-out. Considering the above, due to the effects of the addendum to the indemnity agreement, the account receivable of Cemento Bayano from Balboa was reduced from $16,874 to $10,000, adjustment that was recognized against the balance of deferred revenues with related parties. Moreover, by virtue of the advance payment toward the earn-out, as of December 31, 2020, the account receivable from Balboa was reduced to $8,000.

2 The balance mainly corresponds to tax losses generated by CEMEX Latam that have been sent and used by other companies of the same tax consolidation group within which CEMEX Latam is taxed in Spain and whose head entity is CEMEX España.

3 The balance mainly corresponds to the Company's current income tax expense that should be paid to CEMEX España as part of the tax consolidation group.

4 Balances generated by imports of clinker and grey cement.

5 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 December 31, 2020 represented 3.94%. Balances as of December 31, 2020, and 2019 include amounts payable to Lomez by: a) Corporación Cementera Latinoamericana, S.L.U. ("CCL") of $230,803 in 2020 and $285,517 in 2019; b) the Parent Company of $221,543 in 2020 and $217,269 in 2019, and c) Cemento Bayano of $88,831 in 2020 and $84,128 in 2019.

6 Loan negotiated by CEMEX Colombia with CEMEX España originally in 2010, which has been subsequently renegotiated on 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 December 31, 2020 represented 3.11% In December 2020, considering the financing in Pesos obtained by CEMEX Colombia with commercial banks (note 16A) as well as the use of cash generated by operations, the Company partially repaid this credit line.

(Thousands of U.S. Dollars)

Balances and transactions with related parties – continued

The maturities of non-current accounts payable to related parties as of December 31, 2020 were as follows:

Debtor	Annual rate		2022	2023	2024	Total
Cemento Bayano	6M Libor + 360 bps [1]	$	88,831	–	–	88,831
CEMEX Latam Holdings, S.A.	5.65%		–	221,543	–	221,543
Corporación Cementera Latinoamericana, S.L.U.	5.65%		–	230,803	–	230,803
CEMEX Colombia S.A.	6M Libor + 277 bps [1]		–	–	26,961	26,961
		$	88,831	452,346	26,961	568,138

1 The *London Inter-Bank Offered Rate*, or LIBOR, is the variable rate used in international markets for debt denominated in Dollars. As of December 31, 2020, 6-month LIBOR rates was 0.34%. The contraction “bps" means basis points. One hundred bps equals 1%.

The Company’s main transactions entered into with related parties for the years ended December 31, 2020 and 2019 are shown below:

Indemnity revenue		2020	2019
Balboa Investments B.V. [1]	$	6,255	1,082

Purchases of raw materials		2020	2019
CEMEX Internacional, S.A. de C.V.	$	7,362	6,785
CEMEX Corp and Subsidiaries		6,388	31,238
Beijing Import & Export Co., Ltd		79	89
Others		6	2
	$	13,835	38,114

Administrative and selling expenses		2020	2019
CEMEX España, S.A. [5]	$	32	–
CEMEX Research Group, A.G.		–	4
	$	32	4

Royalties and technical assistance (note 22B)		2020	2019
CEMEX Research Group A.G.	$	28,184	32,752
CEMEX Operaciones México, S.A. de C.V. [2]		8,139	12,459
CEMEX, S.A.B. de C.V.		3,157	4,222
	$	39,480	49,433

Financial expense		2020	2019
Lomez International B.V.	$	33,375	35,952
CEMEX España, S.A.		5,950	9,477
Balboa Investments B.V. [1]		4,050	530
	$	43,375	45,959

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 23B). For the year ended December 31, 2020, of the balance of deferred revenues with related parties mentioned above, a total of $2,205 was amortized during the year, through the recognition in the statement of operations of revenue of $6,255 and financial expenses of $4,050, considering the implicit interest rate of 8.4% (note 17B).

2 On August 1, 2019, CEMEX Central, S.A. merged with CEMEX Operaciones México, S.A. of C.V., the latter entity prevailing.

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 years ended December 31, 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 annual allowances, for a total of approximately $525 and $430, 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. Likewise, the Company has no obligations in the matter of pensions and, except for the civil liability insurance contracted by CEMEX, S.A.B. de C.V., no insurance has been contracted for said independent directors. 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 years ended December 31, 2020 and 2019, the aggregate compensation amounts accrued by members of the top management, which was recognized in the Company's subsidiaries, were approximately $5,284 and $5,080, respectively, out of which, $4,612 in 2020 and $4,480 in 2019, corresponded to base remuneration plus performance bonuses including pensions and other postretirement benefits. In addition, approximately $672 in 2020 and $600 in 2019 out of the aggregate compensation corresponded to allocations of shares under the executive share-based compensation programs.

In its cement operations in Panama, which represented approximately 6.7% and 11.6% of the consolidated sales for the period ended on December 31, 2020 and 2019, respectively, 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 market conditions and for amounts not deemed significant. Until November 15, 2019, Balboa held a non-controlling interest of 25% in the common stock of Cemento Interoceánico, S.A. 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 December 31, 2020 and 2019 consisted of:

		2020	2019
From other diverse activities	$	3,671	2,674
Rights in trust [1]		2,154	4,703
From sales of assets and scrap		1,756	4,513
Loans to employees		933	1,038
Work-in progress provisions		–	900
	$	8,514	13,828

1 Includes in both periods CEMEX Colombia's residual interest in a trust oriented to promote a specific housing project, which only asset is a claim on land in the municipality of Zipaquirá in Colombia and its only liability is a bank loan in pesos equivalent to $2,154 and $4,703 as of December 31, 2020 and 2019, respectively, obtained for the purchase of such land and which repayment is guaranteed by CEMEX Colombia. In July 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 by the Acquirer of the loan guaranteed by CEMEX Colombia. During 2020 and 2019, the Acquirer made amortizations to the loan for amounts in Pesos equivalent to approximately $2.4 million and $2 million, respectively, for a total amortization in pesos as of December 31, 2020 equivalent to approximately $4.4 million, remaining to be settled an amount equivalent to approximately $2.2 million, which was considered to be settled by the Acquirer in November 2020, but which was renegotiated at the request of the Acquirer considering the effects of the COVID-19 Pandemic (note 2). As of the date of approval of these financial statements, the settlement of the agreement is under negotiation by the counterparties and the balance is expected to be settled by the Acquirer in three installments ending in June 2021.

11B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

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

		2020	2019
Loans and notes receivable [1]	$	3,516	3,666
Other non-current assets		366	441
	$	3,882	4,107

1 Includes a fund of Cemento Bayano to secure seniority premium payments for $2,888 in 2020 and $2,885 in 2019.

12) INVENTORIES

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

		2020	2019
Spare parts and supplies	$	25,295	22,738
Work-in-process		18,784	15,308
Raw materials		14,873	23,143
Finished goods		10,615	11,918
Inventory in transit		4,235	4,608
Other inventories		460	258
	$	74,262	77,973

(Thousands of U.S. Dollars)

13) OTHER CURRENT ASSETS

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

		2020	2019
Advance payments [1]	$	14,970	19,922
Assets held for sale [2]		4,269	2,438
Restricted cash [3]		379	244
	$	19,618	22,604

1 As of December 31, 2020 and 2019, advance payments include $14,970 and $19,912, respectively, associated with insurance premiums.

2 Assets held for sale are stated at their estimated realizable value and include mainly properties received in payment of trade accounts receivable. During 2020, an impairment loss of assets held for sale in Panama of $ 323 was recognized (note 6).

3 As of December 31, 2020, refers to temporarily restricted CEMEX Colombia cash in relation to legal processes associated with commercial disputes process, and as of December 31, 2019 were restricted by the municipality of San Luis.

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

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

		2020	2019
Property, machinery and equipment, net	$	1,027,761	1,113,858
Assets for the right-of-use, net		15,165	17,582
	$	1,042,926	1,131,440

14A) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of December 31, 2020 and 2019 the consolidated balances of property, machinery and equipment, net as well as the changes of the period in 2020 and 2019, were as follows:

		2020				
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress	Total
Cost at beginning of the period	$	219,301	201,740	703,668	260,510	1,385,219
Capital expenditures and stripping costs		567	–	677	14,275	15,519
Disposals		(110)	(3,766)	(19,637)	(2)	(23,515)
Reclassifications		5,282	4,909	18,119	(28,310)	–
Impairment losses		(1,200)	(986)	(11,097)	–	(13,283)
Depreciation and depletion for the period		(6,387)	(5,681)	(40,418)	–	(52,486)
Foreign currency translation effects		(4,309)	(5,615)	(18,604)	(10,402)	(38,930)
Cost at end of the period		219,531	196,282	673,126	236,071	1,325,010
Accumulated depreciation and depletion		(46,851)	(50,853)	(199,545)	–	(297,249)
Net book value at end of the period	$	172,680	145,429	473,581	236,071	1,027,761

		2019				
		Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress	Total
Cost at beginning of the period	$	226,387	200,316	744,868	268,563	1,440,134
Capital expenditures and stripping costs		–	248	1,129	37,188	38,565
Disposals		(12,043)	(5,086)	(67,833)	–	(84,962)
Reclassifications		6,432	6,189	30,582	(43,203)	–
Impairment losses		(308)	(197)	(4,181)	–	(4,686)
Depreciation and depletion for the period		(9,679)	(6,636)	(43,536)	–	(59,851)
Foreign currency translation effects		(1,167)	270	(897)	(2,038)	(3,832)
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

(Thousands of U.S. Dollars)

Property, machinery and equipment – continued

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 date of approval of these consolidated financial statements, 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 24C). As of December 31, 2020 and 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 $270 million and $278 million, respectively. The change in the plant's book value expressed in dollars as of December 31, 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 $270 million, a portion equivalent to approximately $76 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 trade zone license. Of these $76 million, approximately $47 million correspond to equipment contributed to Zomam by CEMEX Colombia as equity contribution and the complement of $29 million correspond to investments made directly by Zomam, with financing granted by CCL amounting to approximately $43 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 December 31, 2020. As mentioned in note 24C, the shares of Zomam and Maceo's land are subject to an expiration of property process carried by the Colombian authorities. As part of its annual procedures, as of December 31, 2020 and 2019, 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.

Considering the lack of visibility and high uncertainty caused by 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 as well as the Company's ability to supply demand by achieving efficiencies in other operating assets, during 2020, CEMEX Latam recognized impairment losses for these idle assets for an aggregate amount of $13,283, of which, $11,611 correspond to assets in the cement sector of the Company's operating segment in Panama and $1,672 come from the aggregates business in the Company's operating segment in Colombia. During 2019, impairment losses for a total of $4,686 were recognized, mainly in Colombia in connection with certain mining equipment, as well as certain miscellaneous equipment in other countries.

Impairment losses of property, machinery and equipment by country during 2020 and 2019 were as follows:

		2020	2019
Colombia	$	1,672	2,872
Nicaragua		–	748
Costa Rica		–	584
Panamá		11,611	482
	$	13,283	4,686

Impairment losses of property, machinery and equipment recognized in 2020 and 2019 refer to impairment tests carried out considering certain events or impairment indicators, mainly: a) the rationalization or the temporary or permanent closure of facilities to adjust the offer to current demand conditions; b) change in the business model of certain assets resulting from the transfer of installed capacity to more efficient plants; as well as c) in certain equipment for remaining idle for extended periods with no plans for resuming operations in the foreseeable future. These impairment losses, recognized in the line item of "Other expenses, net" in the statement of operations, result from the excess of the net book value of the related assets against their respective value in use or estimated realizable value, whichever is higher.

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

As of December 31, 2020 and 2019, the consolidated balances of the assets for the right-of-use, net associated with the recognition of IFRS 16 refer to the following underlying concepts in the contracts:

		2020		
		Land and buildings	Machinery and equipment	Total
Assets for the right-of-use at beginning of the period	$	21,898	17,803	39,701
Capital expenditures (new lease contracts)		3,207	1,926	5,133
Contract cancellations		(5,141)	(1,312)	(6,453)
Depreciation for the period		(3,059)	(1,255)	(4,314)
Foreign currency translation effects		(355)	(459)	(814)
Assets for the right-of-use at end of the period		19,609	17,958	37,567
Accumulated depreciation		(10,492)	(11,910)	(22,402)
Net book value at end of the period	$	9,117	6,048	15,165

(Thousands of U.S. Dollars)

Assets for the right-of-use – continued

		2019		
		Land and buildings	Machinery and equipment	Total
Assets for the right-of-use at beginning of the period	$	17,665	15,603	33,268
Capital expenditures (new lease contracts)		4,504	2,814	7,318
Contract cancellations		(225)	(8)	(233)
Depreciation for the period		(1,973)	(2,172)	(4,145)
Foreign currency translation effects		(46)	(606)	(652)
Assets for the right-of-use at end of the period		21,898	17,803	39,701
Accumulated depreciation		(10,716)	(11,403)	(22,119)
Net book value at end of the period	$	11,182	6,400	17,582

For the years 2020 and 2019, rental expenses related to short-term leases, low-value assets and variable lease payments were $1,371 and $2,317, respectively, recognized in cost of sales and operating expenses, as applicable.

15) GOODWILL AND INTANGIBLE ASSETS

15A) BALANCES AND CHANGES DURING THE PERIOD

As of December 31, 2020, and 2019, consolidated goodwill and intangible assets 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	$	1,352,586	–	1,352,586	1,503,970	–	1,503,970
Intangible assets of definite useful life							
Customer relations		190,596	(163,543)	27,053	191,851	(144,484)	47,367
Industrial property and trademarks		600	(600)	–	600	(600)	–
Mining projects		1,885	(309)	1,576	1,797	(323)	1,474
Other intangibles and deferred assets		105	–	105	92	–	92
	$	1,545,772	(164,452)	1,381,320	1,698,310	(145,407)	1,552,903

Changes in intangible assets during the year ended December 31, 2020 and 2019 were as follows:

		2020			
		Goodwill	Customer relations	Others	Total
Net book value at beginning of the period	$	1,503,970	47,367	1,566	1,552,903
Impairment losses (note 15B)		(108,187)	–	–	(108,187)
Amortization during the period		–	(19,059)	–	(19,059)
Additions (disposals), net		–	–	264	264
Foreign currency translation effects		(43,197)	(1,255)	(149)	(44,601)
Net book value at end of the period	$	1,352,586	27,053	1,681	1,381,320

		2019			
		Goodwill	Customer relations	Others	Total
Net book value at beginning of the period	$	1,488,216	66,042	1,155	1,555,413
Amortization during the period		–	(19,290)	105	(19,185)
Foreign currency translation effects		15,754	615	306	16,675
Net book value at end of the period	$	1,503,970	47,367	1,566	1,552,903

(Thousands of U.S. Dollars)

15B) ANALYSIS OF GOODWILL IMPAIRMENT

At least once a year during the last quarter or, during interim periods 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. The value in use of each CGU is represented by the discounted cash flows projections over the next five years plus a terminal value related to such CGUs using risk adjusted discount rates. In addition to the periodic goodwill impairment analyzes carried out as of December 31, 2020 and 2019, CEMEX Latam's management considered that impairment indicators materialized and also carried out interim goodwill impairment analyzes as of September 30, 2020. For this purpose, the Company considered 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 in which the Company operates.

As a result of the aforementioned interim impairment analyses as of 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 corresponded to the operating segment of the Company in Panama and $26,897 corresponded to the Company's 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 Company's operating segments in Panama and Costa Rica exceeded their corresponding value in use. In this interim analysis as of September 30, 2020, the value in use in the other countries where the Company operates exceeded in each case its respective net book value.

Nonetheless, in the periodic impairment analysis carried out as of December 31, 2020, the Company did not determine additional impairment losses of goodwill in any of the groups of CGUs to which goodwill balances have been assigned in the different countries in which the Company operates. In the impairment analysis as of December 31, 2019, losses due to impairment of goodwill were not determined.

In connection with to the interim impairment analyzes as of September 30, 2020, 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 in 2020 and where a slower recovery is expected, the value in use as of September 30, 2020 decreased by 44.5 % as compared with 2019. Of this reduction, 1.3 percentage points ("p.p.") resulted from the increase in the discount rate from 8.9% in 2019 to 9.1% as of September 30, 2020, 6.2 p.p. of the decrease were related to the reduction in the long-term growth rate used to determine the terminal value from 3.7% in 2019 to 2.5% as of September 30, 2020, and 37 p.p. of the decrease resulted from the reduction in sales estimates over the projected years. In relation to the operating segment in Costa Rica, which 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 with 2019. Of this decrease, 3.4 p.p. resulted from the reduction in the long-term growth rate of the terminal value from 3.5% in 2019 to 3.0% as of September 30, 2020 and 19.1 p.p. of the decrease 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 from 10.7% in 2019 to 10.5% as of September 30, 2020.

Considering the aforementioned impairment losses determined in the interim impairment analyzes during the third quarter of 2020, as of December 31, 2020 and 2019, the goodwill balances by operating segment were as follows:

		2020	2019
Costa Rica	$	370,343	425,363
Colombia		290,782	297,740
Panama		263,413	344,703
Guatemala		233,083	235,957
Nicaragua		179,877	185,119
El Salvador		15,088	15,088
	$	1,352,586	1,503,970

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

	Discount rates			Growth rates		
Groups of CGUs	**Sep 2020**	**Dic 2020**	**Dic 2019**	**Sep 2020**	**Dic 2020**	**Dic 2019**
Costa Rica	10.5%	10.0%	10.7%	3.0%	3.0%	3.5%
Colombia	9.1%	8.4%	8.9%	2.5%	2.5%	3.7%
Panama	8.6%	7.9%	8.4%	5.0%	5.0%	5.5%
Nicaragua	11.8%	10.0%	11.3%	1.5%	1.5%	1.5%
Guatemala	9.9%	9.2%	9.4%	2.5%	2.5%	3.5%
El Salvador	11.3%	10.9%	10.8%	2.2%	2.2%	2.2%

The discount rates used by CEMEX Latam in its cash flows projections for its interim impairment analyzes as of September 30, 2020, except for Costa Rica, increased slightly in most of the countries as compared to the rates determined in 2019 in a range between 0.2% up to 0.5%, mainly 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 which compensated for the reduction in the risk-free rate. The debt weighting as of September 30, 2020 in the calculation of the discount rate remained practically unchanged at 32% as compared to 2019.

Goodwill and intangible assets – continued

The discount rates used by CEMEX Latam in its cash flows projections to determine the value in use of its operating segments as of December 31, 2020 decreased in all countries as compared to the discount rates determined as of September 30, 2020 in a range of 0.4% up to 1.8%, mainly as a result of a significant decrease in the funding cost observed in the industry that changed from 6.0% as of September 30, 2020 to 4.1% as of December 31, 2020. Moreover, the risk-free rate associated to CEMEX Latam decreased from 2.4% as of September 30, 2020 to 2.2% as of December 31, 2020. Nonetheless, this reduction was in the risk-free rate was offset by the increase in the country risk of each CGU, as well as the increase in the equity risk premium, which increased from 5.6% as of September 30, 2020 to 5.7% as of December 31, 2020. The reduction in discount rates was also partially a consequence of the increase in the weighting of debt in the calculation of the discount rates, which changed from 32% as of September 30, 2020 to 34.6% as of December 31, 2020.

In connection with the goodwill impairment analysis as of December 31, 2019, the discount rates used by CEMEX Latam in its cash flows projections to determine the value in use of its operating segments decreased in all countries as compared to the discount rates used in 2018, in a range of 0.6% up to 2.6%, mainly as a result of a decrease in 2019 in the funding cost observed in the industry that changed from 7.3% in 2018 to 5.4% in 2019. In addition, the risk-free rate associated to CEMEX Latam remained significantly flat in the level of 2.9%, while the country risk-specific rates decreased slightly in 2019 in most countries. These reductions were slightly offset as a result of the weighting of the debt in the calculation of the discount rate, which changed from 33.5% in 2018 to 31.7% in 2019.

CEMEX Latam verified the reasonableness of its discounted cash flows projections as of September 30, 2020 and as of December 31, 2020 through sensitivity analyses to changes in the relevant economic assumptions, affecting the value in use of its groups of CGUs. These sensitivity analyzes were: a) an independent reasonably possible increase of 1% in the pre-tax discount rates; b) an independent possible decrease of 1% in the long-term growth rate; as well a c) a reasonably possible independent reduction of 10% in the corresponding Operating EBITDA. After this assurance, the Company ratified its conclusions.

In relation to the sensitivity analyses described above, the additional impairment losses that would have result derived from independent changes in each of the relevant assumptions mentioned above, as well as the independent reduction of 10% in Operating EBITDA, in those operating segments that presented impairment charges as of September 30, 2020, as well as relative risk of impairment as of December 31, 2020 were as follows:

Operating segment (Millions)		**Impairment losses recognized**	**Additional impairment losses in the sensitivity analyzes as a result of changes in assumptions as of September 30, 2020**		
			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

Operating segment (Millions)		**Impairment losses recognized**	**Additional impairment losses in the sensitivity analyzes as a result of changes in assumptions as of December 31, 2020**		
			Discount rate **+1 Pt**	Long-term growth rate **–1 Pt**	Operating EBITDA **–10%**
Panama	$	81.3	53.0	38.2	–
Costa Rica		26.9	–	–	–

As of December 31, 2020 the factors considered by the Company's management that could cause the hypothetical scenarios of the previous sensitivity analyzes are the following: a) In connection with the discount rate in Panama, an independent increase of 300 bps in the industry funding cost observed as of December 31, 2020 of 4.1% or an increase in the risk-free rate of 190 bps over the rate of 3.1; b) In the case of the long-term growth rate in Panama, a reduction of 100 bps in the rate projected as of December 31, 2020 of 5.0% due to the further deterioration of the economic expectations for this country; and c) in the case of the 10% decrease in Operating EBITDA, the scenario could materialize in light of a reduction in volumes or in prices, an increase in operating costs, or a combination of these factors, due to the deterioration of the local economy or by market dynamics or imports. Nonetheless, as of December 31, 2020, these relative risks of additional impairment do not look probable.

CEMEX Latam monitors the evolution in particular of the countries that have presented impairment losses or relative risk of impairment in any of the periods reported and, in the event that the relevant economic variables and cash flow projections would become more negative, additional impairment losses could result in the future.

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.

(Thousands of U.S. Dollars)

16) DEBT AND OTHER FINANCIAL OBLIGATIONS

16A) CURRENT AND NON-CURRENT DEBT AND OTHER FINANCIAL OBLIGATIONS

As of December 31, 2020 and 2019, consolidated debt and other financial obligations by type of interest rate, currency and financial instrument are summarized as follows:

		2020				2019		
		Current	Non-current	Total		Current	Non-current	Total
Floating rate debt	$	2,154	36,708	38,862	$	4,703	–	4,703
Fixed rate debt		6,000	65,322	71,322		5,524	19,174	24,698
	$	8,154	102,030	110,184	$	10,227	19,174	29,401
Effective rate [1]								
Floating rate		6.82%	3.61%			9.40%	–	
Fixed rate		4.55%	5.34%			4.62%	5.46%	

		2020					2019			
Currency		Current	Non-current	Total	Effective rate [1]		Current	Non-current	Total	Effective rate [1]
Pesos	$	4,621	89,740	94,361	4.66%	$	6,820	4,222	11,042	6.98%
Dollars		1,089	3,099	4,188	5.28%		1,002	3,871	4,873	5.29%
Other currencies		2,444	9,191	11,635	5.32%		2,405	11,081	13,486	5.31%
	$	8,154	102,030	110,184		$	10,227	19,174	29,401	

Instruments		2020	2019
Bank Loan *Bancolombia* [2]	$	29,133	–
Bank Loan *Banco Davivienda* [2]		29,133	–
Bank Loan *Banco de Bogotá* [2]		20,393	–
Bank Loan *Banco de Occidente* [2]		7,576	–
Financial obligations related to lease contracts (notes 3A and 14B) [3]		21,795	24,698
Trust guarantee for the development of housing project [4]		2,154	4,703
Total debt and other financial obligations	$	110,184	29,401
Of which:			
Current	$	8,154	10,227
Non-current		102,030	19,174

1 In 2020 and 2019, represent the weighted average nominal interest rate of the financing agreements determined at the end of each period.

2 In December 2020, CEMEX Colombia negotiated debt with local banks, proceeds used for the partial repayment of its credit line with CEMEX España (note 10).

3 As of December 31, 2020 and 2019, the aggregate financial obligations for lease contracts of $21,795 and $24,698, respectively, include $227 in 2020 and $281 in 2019 related to lease contracts with CEMEX companies. As of December 31, 2020, the average discount rate is 5.22%.

4 Debt guaranteed by CEMEX Colombia (note 11A), which is being repaid by the Acquirer. The loan accrues interest at a rate of DTF plus 4.60%.

Changes in consolidated leases and total debt and other financial obligations for the years ended December 31, 2020 and 2019, were as follows:

		Leases			Debt and other financial obligations	
		2020	2019		2020	2019
Balance at beginning of year	$	24,698	22,320	$	29,401	29,455
Additions from new loans and/or leases		5,133	7,318		91,368	7,318
Payments		(5,256)	(5,856)		(7,678)	(8,806)
Cancellations and liability remeasurements		(1,894)	(15)		(1,894)	(15)
Foreign currency translation and amortized cost effects		(886)	931		(1,013)	1,449
Balance at end of year	$	21,795	24,698	$	110,184	29,401

The maturities of non-current debt and leases as of December 31, 2020 were as follows:

		Bank loans	Leases [1]	Total
2022	$	29,133	5,779	34,912
2023		57,102	4,911	62,013
2024		–	3,830	3,830
2025		–	1,275	1,275
	$	86,235	15,795	102,030

1 Future payments for lease contracts are included in note 23A.

16B) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities

CEMEX Latam carrying amounts of cash, trade accounts receivable, other accounts receivable, trade accounts payable, other accounts payable and accrued expenses, as well as short-term debt, approximate their corresponding estimated fair values due to the short-term maturity of these financial assets and liabilities. Temporary investments (cash equivalents) and certain long-term investments are recognized at fair value, considering to the extent available, quoted market prices for the same or similar instruments. The estimated fair value of CEMEX Latam long-term debt is level 2 and is either based on estimated market prices for such or similar instruments, considering interest rates currently available for CEMEX Latam to negotiate debt with the same maturities, or determined by discounting future cash flows using market-based interest rates currently available to CEMEX Latam. The carrying amounts of assets and liabilities and their fair value estimated on December 31, 2020 and 2019 were as follows:

Thousands of U.S. Dollars		2020 Carrying amount	2020 Fair value	2019 Carrying amount	2019 Fair value
Financial assets					
Other assets and non-current accounts receivable (note 11B)	$	3,882	3,882	4,107	4,107
Financial liabilities					
Non-current payables to related parties (note 10).........................	$	568,138	607,560	729,090	784,585
Non-current debt and other financial liabilities (note 16A)...........		102,030	114,924	19,174	25,790
Other non-current liabilities (note 17)..		55,531	55,531	64,358	18,187
	$	725,699	778,015	812,622	828,562

17) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES AND OTHER LIABILITIES

17A) CURRENT OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

		2020	2019
Other provisions and liabilities [1]	$	28,396	31,055
Accrued expenses payable [2]...		15,401	18,052
Contract liabilities with customers (note 4A) [3]..		10,491	11,273
Deferred revenues [4]..		3,857	3,517
Others..		726	385
	$	58,871	64,282

1 Includes, among others, provisions for: a) insurance and services of $18,720 in 2020 and $17,978 in 2019; b) employee' compensation of $4,972 in 2020 and $5,195 in 2019, as well as legal expenses and other commitments of $4,705 in 2020 and $3,815 in 2019.

2 The amounts of this item arise in the ordinary course of business, are revolving in nature and are expected to be settled and replaced by similar amounts, such as accrued costs and expenses not paid at the reporting date for personnel services, as well as fees and third-party services.

3 Includes advance payments from customers of $9,791 in 2020 and $11,008 in 2019.

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

For the years ended December 31, 2020 and 2019, the changes in the line-item other provisions and liabilities presented in the table above were as follows:

		2020	2019
Balance at beginning of period..	$	31,055	30,109
Additions of the period for new obligations or increase in estimates		68,115	60,948
Reductions of the period due to payments or decrease in estimates		(70,182)	(59,710)
Foreign currency translation adjustment...		(592)	(292)
Balance at end of period..	$	28,396	31,055

17B) NON-CURRENT OTHER LIABILITIES

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

		2020	2019
Deferred revenues [1]...	$	41,663	54,107
Provisions for asset retirement obligations [2]..		7,966	4,371
Other provisions and liabilities..		4,832	3,838
Other tax payables..		1,070	2,042
	$	55,531	64,358

Non-current other liabilities – continued

1 On November 15, 2019, through its subsidiary Balboa, CEMEX sold to a subsidiary of the Buyer its 25% equity interest of Cemento Interoceánico, S.A (currently Grupo Cementero Panameño, S.A.) 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 Buyer 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 23B). Cemento Bayano accepted these conditions in exchange of a compensation indemnity which includes an 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"). 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. The suspension of operations in Panama from March 24 to September 4, 2020 related to the COVID-19 Pandemic and the resulting negative conditions in cement demand, made impossible the measurement and effective accrual of the earn-out in 2020. Consequently, Cementos Progreso requested Balboa the renegotiation of the agreements arguing force majeure causes. As a result, on December 16, 2020, Cementos Progreso and Balboa signed an addendum to the original agreements and subsequently, on December 21, 2020, Balboa replied the modified terms with Bayano in connection with the earn-out. Among other changes, such as the extension of the clinker supply contracts in Panama and Guatemala, it was agreed to reduce the maximum amount of the earn-out from $20 million to $10 million, which will be measured at the end of a six-month period of normalized operations, so it is expected, if there are no new suspension of activities in the industry, that such earn-out could be measured at the end of June 2021 and settled during the third quarter of 2021 (note 17B). On December 24, 2020, the Buyer made an advance payment to Balboa and the latter in turn to Cementos Bayano of $2 million toward the new earn-out. The Company's statement of financial position includes deferred revenues within current other accounts payable and non-current other liabilities of $3,857 and $35,782 as of December 31, 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 $8,000 as of December 31, 2020 and $17,842 as of December 31, 2019 (note 10). In addition, the non-current deferred revenues line item included $5,881 in 2020 and $ 7,938 in 2019 from advance payments related to other transactions.

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) RISK MANAGEMENT

Enterprise risks may arise from any of the following situations: i) the potential change in the value of assets owned or reasonably anticipated to be owned, ii) the potential change in value of liabilities incurred or reasonably anticipated to be incurred, iii) the potential change in value of services provided, purchase or reasonably anticipated to be provided or purchased in the ordinary course of business, iv) the potential change in the value of assets, services, inputs, product or commodities owned, produced, manufactured, processed, merchandised, leased or sell or reasonably anticipated to be owned, produced, manufactured, processed, merchandising, leasing or selling in the ordinary course of business, or v) any potential change in the value arising from interest rate or foreign exchange rate exposures arising from current or anticipated assets or liabilities.

To manage some of these risks, such as credit risk, interest rate risk, foreign exchange risk, equity risk and liquidity risk, considering the guidelines set forth by CEMEX, SAB de C.V., the Company's management has determined the strategies against the aforementioned risks. Each particular risk segment is discussed as follows.

Risk management framework

The Company's management has overall responsibility for the development, implementation and monitoring of the conceptual framework and policies for an effective risk management. The Company's risk management policies are intended to: a) identify and analyze the risks faced by the Company; b) implement appropriate risk limits and controls; and c) monitor the risks and the compliance with the limits. Policies and risk management systems are regularly reviewed to reflect changes in market conditions and in the Company's activities. By means of its policies and procedures for risk management, the Company aims to develop a disciplined and constructive control environment where all employees understand their roles and obligations. As of December 31, 2020 and 2019, the Company has not entered into derivative financial instruments.

Credit risk

Credit risk is the risk of financial loss faced by the Company if a customer or counterpart to a financial instrument does not meet its contractual obligations and originates mainly from trade accounts receivable. As of December 31, 2020 and 2019, the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for the authorization of credit to customers. The exposure to credit risk is monitored constantly according to the behavior of payment of the debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behavior regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the Company's management requires guarantees from its customers and financial counterparties with regard to financial assets.

The Company's management has established a policy of low risk which analyzes the creditworthiness of each new client individually before offering the general conditions of payment terms and delivery, the review includes external ratings, when references are available, and in some cases bank references. Threshold of purchase limits are established for each client, which represent the maximum purchase amounts that require different levels of approval. Customers that do not meet the levels of solvency requirements imposed by CEMEX Latam can only carry out transactions by paying cash in advance. As of December 31, 2020 and 2019, considering the Company´s best estimate of potential losses based on an analysis of age and considering recovery efforts, the allowance for expected credit losses was $8,837 and $9,340, respectively.

(Thousands of U.S. Dollars)

Credit risk – continued

Trade accounts receivable by aging status as of December 31, 2020 and 2019 were as follows:

		2020	2019
Neither past due, nor impaired portfolio	$	39,776	52,463
Less than 90 days past due portfolio		12,737	12,902
More than 90 days past due portfolio		12,924	14,625
	$	65,437	79,990

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, which only affects results if the fixed-rate long-term debt is measured at fair value. Long-term debt is carried at amortized cost and therefore is not subject to interest rate risk. Exposure to the risk of changes in market interest rates relates primarily to its long-term debt obligations with floating interest rates. As of December 31, 2020 and 2019, CEMEX Latam was subject to the volatility of floating interest rates, which, if such rates were to increase, may adversely affect its financing cost and the results for the period. CEMEX Latam manages its interest rate risk by balancing its exposure to fixed and variable rates while attempting to reduce its interest costs.

Nonetheless, it is not economically efficient to concentrate in fixed rates in a high point when the interest rates market expects a downward trend, this is, there is an opportunity cost for remaining long periods paying a determined fixed interest rate when the market rates have decreased, and the entity may obtain improved interest rate conditions in a new loan or debt issuance. CEMEX Latam manages its interest rate risk by balancing its exposure to fixed and variable rates while attempting to reduce its interest costs. In addition, when the interest rate of a debt instrument has turned relatively high as compared to current market rates, CEMEX Latam intends to renegotiate the conditions or repurchase the debt, to the extent the net present value of the expected future benefits from the interest rate reduction would exceed the incentives that would have to be paid in such renegotiation or repurchase of debt.

Foreign currency risk

The Company has foreign currency exposures due to the relevant balances in each country in other currencies than their functional currency. The Company has not implemented any derivative financing instrument hedging strategy to address this foreign currency risk.

As of December 31, 2020 and 2019, excluding from the sensitivity analysis the impact of translating the net assets of foreign operations into the Company´s reporting currency, considering a hypothetic 10% strengthening of the U.S. Dollar against the Colombian Peso, with all other variables held constant, The Company´s net income for the years ended on December 31, 2020 and 2019 would have decreased by approximately $12,132 and $447, respectively, as a result of higher foreign exchange losses on the Company´s Dollar-denominated net monetary liabilities held in consolidated entities with other functional currencies. Conversely, a hypothetic 10% weakening of the U.S. Dollar against the Colombian Peso would have the opposite effect.

Equity risk

As of December 31, 2020 and 2019, the Company has no financial instruments or transactions related with the Parent Company shares, or of any subsidiary of CEMEX Latam or third parties, except by executive compensation programs (note 21D), whereby, there are not effects in the expected cash flows of the Company from changes in the price of such shares.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its short-term obligations. Although the Company has fulfilled its operational liquidity, debt service and capital expenditures needs mainly through resources generated by its operations. As of December 31, 2020, total current liabilities, which include accounts payable to CEMEX's companies of approximately $14,328 (note 10), exceeded total current assets in approximately $16,785. It should be noted that, as an administrative strategy, the Company's management operates with negative working capital. Moreover, in 2020, the Company's management applied cash surpluses and new non-current loans negotiated with commercial banks (note 10), to the reduction of non-current debt with related parties, which was reduced by $160,952. In case it is deemed necessary, CEMEX Latam considers that it would succeed in accessing non-current lines of credit and use the proceeds for the payment of current liabilities. For the years ended December 31, 2020 and 2019, net cash flows from operations after interest expense and income taxes amounted to $109,698 and $99,979, respectively.

(Thousands of U.S. Dollars)

19) PENSIONS AND OTHER POSTRETIREMENT EMPLOYEE BENEFITS

Defined contribution pension plans

The consolidated cost of defined contribution plans for the years ended December 31, 2020 and 2019 were approximately $12 and $12, respectively. The Company contributes periodically the amounts offered by the plan to the employee's individual accounts, not retaining any remaining liability as of the statement of financial position date.

Defined benefit pension plans

The Company sponsors a defined benefit pension plan in Colombia, which is closed to new participants and whose beneficiaries are all retirees. For the years ended December 31, 2020 and 2019, the net periodic cost was recognized as follows:

		2020	2019
Recognized in financial income and other items, net			
Financial cost	$	1,899	2,167
Recognized in other comprehensive income (loss)			
Actuarial losses		1,942	2,692
Net periodic cost	$	3,841	4,859

The reconciliation of the actuarial benefits obligation as of December 31, 2020 and 2019 is presented as follows:

		2020	2019
Change in benefits obligation			
Projected benefits obligation at beginning of period	$	37,855	36,661
Financial cost		1,899	2,167
Benefits paid		(3,252)	(3,358)
Actuarial losses		1,942	2,692
Foreign currency translation		(1,713)	(307)
Projected benefits obligation at end of period	$	36,731	37,855

As of December 31, 2020, estimated payments for postretirement benefits over the next ten years were as follows:

		Estimated payments
2021	$	3,290
2022		3,278
2023		3,253
2024		3,214
2025		3,161
2026 – 2030		14,575
	$	30,771

As of December 31, 2020 and 2019, the most significant assumptions used in the determination of the net periodic cost were as follows:

	2020	2019
Discount rate	5.5%	5.5%
Pension growth rate	3.0%	3.0%

Sensitivity analysis of pensions and other postretirement benefits

For the year ended December 31, 2020, CEMEX Latam performed sensitivity analyses on the most significant assumptions that affect the PBO, considering reasonable independent changes of plus or minus 50 basis points in each of these assumptions. The increase (decrease) that would have resulted in the projected benefits obligation as of December 31, 2020 is shown below:

Assumptions:	+50pbs	-50pbs
Discount rate	(1,484)	1,604
Pension growth rate	1,721	(1,604)

(Thousands of U.S. Dollars)

20) INCOME TAXES

20A) INCOME TAXES FOR THE PERIOD

For the years ended December 31, 2020 and 2019, income tax expense (revenue) recognized in the consolidated statements of operations were breakdown as follows:

		2020	2019
Current income taxes	$	41,615	37,002
Deferred income taxes		(7,065)	(7,559)
	$	34,550	29,443
Out of which:			
Colombia [1]	$	9,361	13,629
Panama		(5,987)	(2,159)
Costa Rica [2]		6,954	3,127
Guatemala		4,959	4,149
Rest of CLH and others [3]		19,263	10,697
	$	34,550	29,443

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 Current income taxes in the years 2020 and 2019 consider the tax effects of foreign exchange fluctuations accrued in the period. Pursuant to new guidance issued by the Costa Rican tax authority on January 8, 2021, which the Company is clarifying with such authority (note 25), the tax effects of foreign exchange fluctuations should be considered when they are realized. This guidance, if applied in 2020, would have represented a lower effect on the current income tax of approximately $2.5 million that would be reclassified against the deferred income tax without modifying the total of income tax in the statement of operations.

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

As of December 31, 2020, the Company has unamortized tax loss carryforwards and other tax credits of $246,442, which have not been subject to accounting recognition. considering that it is probable that the related countries do not generate enough taxable income to use them. As of the same date, tax losses to be amortized and deductions in installments can be offset against taxable income as follows. As of the same date, such tax loss carryforwards and other tax credits can be offset against taxable income in any future fiscal was as follows:

		Unamortized tax loss carryforwards
2021	$	5,279
2022		5,811
2023		5,568
2024		4,709
2025		3,626
2029		2,170
2030		6,634
2031		7,741
2032		6,555
With no expiration date		198,349
	$	246,442

20B) DEFERRED INCOME TAXES

As of December 31, 2020 and 2019, the main temporary differences that generated the consolidated deferred income tax assets and liabilities are presented below:

		2020	2019
Deferred tax assets:			
Tax loss carryforwards and other tax credits	$	107	90
Accounts payable and accrued expenses		19,492	21,299
Others		469	415
Total deferred tax assets		20,068	21,804
Deferred tax liabilities:			
Property, machinery and equipment		123,311	133,849
Goodwill		194,726	203,788
Others		1,495	1,411
Total deferred tax liabilities		319,532	339,048
Net deferred tax liabilities	$	299,464	317,244

(Thousands of U.S. Dollars)

Deferred income taxes - continued

The breakdown of changes in consolidated deferred income taxes during 2020 and 2019 were as follows:

		2020	2019
Deferred income tax benefit credited to the income statement	$	(7,065)	(7,559)
Deferred income tax benefit credited to stockholders' equity		(13,058)	(3,211)
Reclassifications [1]		2,343	–
Change in deferred income tax during the period	$	(17,780)	(10,770)

1 Deferred tax asset is decreased and reclassified to current tax asset.

The Parent Company has not recognized any deferred tax liability for the undistributed earnings generated by its subsidiaries accounted under the equity method, considering that such undistributed earnings are not expected to be distributed and generate income tax in the foreseeable future. Moreover, the Parent Company does not recognize a deferred income tax liability related to its investments in subsidiaries considering that the Company controls the reversal of the temporary differences arising from these investments.

20C) RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

Differences between the financial basis and the corresponding tax basis of assets and liabilities and the different income tax rates and laws applicable to the Company, among other factors, give rise to permanent differences between the average statutory income tax rate of the entities included in this consolidated financial statement, and the effective income tax rate presented in the consolidated statements of operations.

For the years ended December 31, 2020 and 2019 these differences were as follows:

	2020	2019
	%	%
Statutory income tax rate in Spain	25.0	25.0
Other non-taxable income	0.5	(0.1)
Expenses and other non-deductible items	(8.2)	11.2
Other taxable non-accounting benefits	–	(5.3)
Differences in income tax rates [1]	3.1	7.9
Others [2]	(60.2)	48.2
Effective consolidated income tax rate	(39.8)	86.9

1 Includes the effects of the different income tax rates applicable in the countries that are part of these consolidated financial statements

2 Refers to definitive withholdings and non-recoverable tax losses. For 2020, this concept includes losses due to impairment of goodwill, which affects earnings before income tax.

20D) 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 after considering the evidence at its disposal. Nonetheless, the Company cannot assure it will obtain a favorable resolution. As of December 31, 2020, the description of the most significant proceedings in progress was as follows:

Colombia

- In April 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 $36 million of income tax and $36 million of penalty. After appealing this special proceeding, 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, within the allowed term, CEMEX Colombia filed an action for annulment and restoration of rights before the Administrative Court of Cundinamarca. 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 determined in that year 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 December 31, 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.

Significant tax proceedings – Colombia - continued

- 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 $25 million of income tax and $25 million of penalty. After having appealed this proceeding, on May 15, 2019, the Tax Authority notified the official review settlement maintaining the claims of the special requirement, pursuant to which CEMEX Colombia filed an appeal for reconsideration 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. On October 22, 2020, CEMEX Colombia appealed the resolution before the Administrative Court of Cundinamarca within the allowed term. In the event of an unfavorable final resolution, the aforementioned amounts include in the taxes payable, the adjustment to reimburse the Tax Authority income tax receivable determined in that year 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 December 31, 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 $26 million of income tax and approximately $26 million of penalty, considering changes in the law that reduced the original sanction. After several appeals of CEMEX Colombia regarding 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*). On December 4, 2020, CEMEX Colombia was notified of the final favorable resolution issued by the Colombian State Council. This final resolution cannot be appealed, consequently, CEMEX Colombia will not have to pay additional taxes, penalties or interest with respect to the 2009 taxable year.

- The municipality of San Luis Tolima (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 $5 million of purported tax and $8 million of penalties. 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 $8 million of penalties. CEMEX Colombia appealed the resolution before the Administrative Court of Tolima on January 16, 2020 within the allowed 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 December 31, 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.

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 December 31, 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.

(Thousands of U.S. Dollars)

Significant tax proceedings – continued

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 allowed term, CEMEX Nicaragua appealed the proceeding before the Supreme Court of Justice, initiating the judiciary stage. On November 19, 2020, pursuant to the agreement between the Nicaraguan Tax Authority and CEMEX Nicaragua as a result of a joint working group, CEMEX Nicaragua made a total payment of $1.9 million that included tax payable, penalties, interests and the foreign exchange parity adjustment with relation to the Dollar. On November 26, 2020, CEMEX Nicaragua filed before the Supreme Court of Justice the withdrawal of its appeal, as part of the requirements to receive the cancellation settlement from the Nicaraguan Tax Authority. As of December 31, 2020, CEMEX Nicaragua was waiting to receive the resolution of withdraw of the proceeding, as well as the cancellation settlement act, which concludes this proceeding. See note 25 for Subsequent Events in relation to this proceeding.

21) STOCKHOLDERS' EQUITY

21A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of December 31, 2020 and 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	(131,095)	763,606	894,701	(140,434)	754,267
	$	1,612,825	(131,095)	1,481,730	1,612,825	(140,434)	1,472,391

During the years ended December 31, 2020 and 2019 the Parent Company carried out physical deliveries of shares to the executives subject to the benefits of the stock-based long-term compensation programs (note 21D), which increased additional paid-in capital for amounts of $9,339 and $2,659, respectively, as result of the decrease in treasury shares, which were delivered to these executives.

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

Shares	2020	2019
Owned by CEMEX España:		
Initial contribution by CEMEX España on April 17, 2012	60,000	60,000
CEMEX España capital increase on July 31, 2012	407,830,342	407,830,342
Incremento por recompra de acciones en diciembre de 2020 (nota 1)	108,337,613	–
	516,227,955	407,890,342
Owned by third-party investors	42,628,647	149,582,742
Total subscribed and paid shares	558,856,602	557,473,084

As of December 31, 2020 and 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 19,421,740 shares in 2020 and 20,805,258 shares in 2019 held in the Company's treasury (treasury shares).

As of December 31, 2020 and 2019, CEMEX España owned approximately 92.37% and 73.17%, respectively, of the Parent Company's common shares, excluding shares held in treasury. As mentioned in note 1, during 2020, CEMEX España launched the Tender Offer in order to repurchase all and each one of the outstanding shares of the Parent Company.

(Thousands of U.S. Dollars)

21B) OTHER EQUITY RESERVES

As of December 31, 2020 and 2019, the items within other equity reserves are summarized as follows:

		2020	2019
Reorganization of entities under common control and other effects[1]	$	(300,422)	(300,422)
Currency translation effects of foreign subsidiaries and other effects [2]		(709,529)	(617,525)
Share-based compensation [3]		23,571	14,232
	$	(986,380)	(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 cumulative currency translation effects of foreign subsidiaries generated during each period. The effects generated during the periods ended December 31, 2020 and 2019 are included in the statements of comprehensive income and includes the amount of deferred taxes recognized directly in capital that represented expenses of $ 13,058 in 2020 and $ 3,211 in 2019 (note 20B), as well as the effects of remeasurement of the pension liability that represented expenses of $1,942 in 2020 and $2,692 in 2019 (note 19).

3 The line item refers to the effects associated with the executive stock-based compensation programs (note 21D), and 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.

21C) 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 on a stand-alone basis, to a legal reserve until it reaches at least an amount equivalent to 20% of the common stock. As of December 31, 2020 and 2019, the balance of retained earnings includes the Parent Company's legal reserve for an amount in both years of $22,339.

21D) EXECUTIVE SHARE-BASED COMPENSATION

The Company sponsors a long-term incentive plan for certain executives, consisting of an annual compensation plan based on the delivery of shares of the Parent Company. The cost associated with the share-based instruments delivered to the Company's eligible executives is recognized in the operating results during the periods in which the executives subject to the benefits of the plan render services and vest the program's exercise rights. The underlying shares in the aforementioned long-term incentives plan, which are held in the Parent Company's treasury, are delivered fully vested over a four-year period under each annual program.

In addition, certain executives that join the Company coming from other CEMEX's operations participated until their transfer in CEMEX's share-based long-term incentives program. In any such case, eligible executives of the share-based long term compensation plan that join the Company from CEMEX stop receiving CEMEX, S.A.B. de C.V. shares and start receiving shares of the Parent Company in the following date of grant after joining the Company.

For the years ended December 31, 2020 and 2019, compensation expense related to the long-term incentive plans described above, which was recognized in the results of operations, amounted to $1,518 and $1,804, respectively.

Under the annual share-based long-term incentives plan, the Parent Company granted rights on its own shares to the executives subject to the plan's benefits for 2,694,640 shares in 2020 and 816,491 shares in 2019, in connection with 100% of the potential benefits to be vested within each annual program. During 2020 and 2019, the Parent Company carried out the physical delivery of 1,383,518 shares and 393,855 shares, respectively, corresponding to the vested portion of prior period grants. Based on the aforementioned, as of December 31, 2020, there are approximately 2,895,944 shares of the Parent Company, corresponding to the portion of shares still unvested under these annual programs, which are expected to be physically delivered over the following years as the executives render services. The weighted average prices of the Parent Company's shares granted during the periods were for amounts in Colombian Pesos equivalent to approximately 0.66 Dollars per share in 2020 and 1.31 Dollars per share in 2019.

As of December 31, 2020 and 2019, the Company has no commitments to make cash payments to executives based on changes in the market prices of CEMEX, S.A.B de C.V.'s or the Parent Company's shares.

21E) NON-CONTROLLING INTERESTS

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated entities. As of December 31, 2020, and 2019, non-controlling interest in stockholder's equity and the results for the period refer to third-party shareholders holding 0.3% of the shares of CEMEX Colombia, 0.8% of the shares of CEMEX Costa Rica and 0.5% of the shares of Cemento Bayano (note 26).

22) EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share are calculated by dividing net income attributable to ordinary shareholders of the Parent Company (the numerator) by the weighted average number of shares outstanding (the denominator) during the period. 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 years ended December 31, 2020 and 2019 were as follows:

Denominator (thousands of shares)		**2020**	**2019**
Weighted average number of shares outstanding – Basic EPS		557,761	557,212
Effect of dilutive instruments – share-based compensation		2,896	1,585
Weighted average number of shares outstanding – Diluted EPS		560,657	558,797
Numerator			
Consolidated net income (loss)	$	(121,328)	4,472
Less: non-controlling interest net income (loss)		718	(5)
Controlling interest net income (loss)	$	(120,610)	4,467
Controlling interest basic earnings (loss) per share ($ per share)		(0.22)	0.01
Controlling interest diluted earnings (loss) per share ($ per share)		(0.22)	0.01

23) COMMITMENTS

23A) CONTRACTUAL OBLIGATIONS

As of December 31, 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)	$	2,154	86,235	–	–	88,389
Non-current debt with related parties [1]		14,328	541,177	26,961	–	582,466
Interest payments on debt [2]		34,011	41,260	814	–	76,085
Leases [3]		7,411	10,770	6,845	307	25,333
Pension plans and other benefits [4]		3,290	6,531	6,375	14,575	30,771
Purchases of raw materials, fuel and energy		35,932	43,463	9,800	19,600	108,795
Investments in property, machinery and equipment		5,671	–	–	–	5,671
Total contractual obligations	$	102,797	729,436	50,795	34,482	917,510

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 December 31, 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 December 31, 2020, the summary of certain significant contracts for the purchase of raw materials, inputs and others presented in the table above, which are commonly negotiated in the local currency of each subsidiary, is 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
Primax 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. E.S.P.	Colombia	Energy	March 2020	2 years	16
AES Chivor & CIA S.C.A. E.S.P.	Colombia	Energy	September 2020	2 years	4
Genser Power S.A.S. E.S.P.	Colombia	Energía	October 2020	2 years	1
Teleperformance Colombia S.A.S.	Colombia	Administrative services	November 2020	1.5 years	3

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. The contract term was extended two years by virtue of the amendments with Cementos Progreso, S.A. of December 16, 2019 (note 17B).

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 period ended December 31, 2019 (note 6).

Hedge of fuel prices

As of December 31, 2020 and 2019, CEMEX Colombia maintains call option contracts negotiated with CEMEX to hedge the price of diesel fuel for an aggregate notional amount of $6,422 and $4,378, respectively, with an estimated fair value representing assets of $607 in 2020 and $132 in 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 diesel 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 and are recycled to operating costs when the related fuel volumes are consumed. During the years ended December 31, 2020 and 2019, changes in the fair value of these contracts recognized in comprehensive income represented gains of $476 and losses of $51, respectively.

23B) OTHER COMMITMENTS

In addition, as of December 31, 2019, the parent company had the following relevant contracts with CEMEX entities for several concepts, the amounts of which, except for the leasing of offices, are based on fixed percentages over the life of the contracts on consolidated revenues based on market conditions, which are summarized below:

		(U.S. Dollars millions)			
Counterpart	**Contractor**	**Concept**	**Start date**	**Term**	**Annual approximate amount**
CEMEX, S.A.B de C.V.	Parent Company	Trademarks use	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 28, 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 Buyer to Balboa for the sale of its 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 expired in 2025 and entered into a new 10-year Clinker 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. On December 16, 2020, as part of the amendments to the original agreements, Cemento Bayano and Grupo Cementero Panameño signed an addendum to extend the Clinker Supply Agreement for two more years. The indemnity received by the Company from Balboa is linked to the fulfillment of the agreements during the term of the Clinker Supply Contract.

In addition, Cemento Bayano, 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.

24) LEGAL PROCEEDINGS, CONTINGENCIES AND OTHER SIGNIFICANT PROCESSES

24A) LIABILITIES RESULTING FROM LEGAL PROCEEDINGS

CEMEX Latam is involved in various non-significant legal proceedings, different than those associated with taxes detailed in note 20D, 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 December 31, 2020, no proceeding is significant to be disclosed individually:

24B) CONTINGENCIES FROM LEGAL PROCEEDINGS

As of December 31, 2020, CEMEX Latam is involved in various legal proceedings, not related to tax matters (note 20D), 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 commit improper acts and is fully cooperating with the Panamanian Authority. On October 8, 2020, the Panamanian Authority issued its resolution requesting the closure and archive of the investigation. The resolution concludes that the entities did not engage in an absolute monopoly practice, consisting of an agreement and/or coordination of the sale price of cement or a production restriction. Moreover, it indicates that, regarding the relative monopolistic practice, the analysis performed and the evidence collected does not allow to conclude that the entities carried out predatory practices in their economic activity of production and commercialization of ready-mixed concrete.

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 seeking the payment of purported damages caused by breach of the contract for the supply of ready-mix concrete for the civil works named "Túnel de Crespo" located in the city of Cartagena, for an amount in Pesos equivalent to approximately $10 million. CEMEX Colombia presented the legal and technical arguments that prove full compliance with the supply contract and applied the corresponding defense actions. In October 2018, CEMEX Colombia filed a claim against the constructor for amounts owed to CEMEX Colombia for an amount in Pesos equivalent to approximately $6 million for repairs to the civil works paid by CEMEX Colombia during 2014 and 2015 by causes allegedly imputable to the constructor. On October 28, 2020, the arbitrage court concluded the process and issued its resolution ordering the constructor to reimburse CEMEX Colombia expenses for an amount in pesos equivalent to approximately $3.4 million, collection subject to an executory process initiated by CEMEX Colombia in December 2020. On December 15, 2020, the constructor filed an appeal for annulment of the resolution before the Superior Court of Bogotá, which does not prevent the enforceability of the resolution and the collection of the amount. See note 25 for Subsequent Events in relation to the annulment appeal.

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, CEMEX Colombia was ordered to make a publication in which it acknowledged responsibility in advising on a deficient product and promised not to incur similar situations again. The first instance ruling did not have financial implications for the Company. In June 2019, CEMEX Colombia and 13 of the defendants appealed the first instance ruling to the Administrative Court of Cundinamarca. As of December 31, 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 $10 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. In October 2020, the parties presented evidence and objections and the court is waiting to set a date for an evidence hearing. 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 December 31, 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 May 1999, several entities (the “Plaintiffs”) filed a claim against CEMEX Colombia for alleged damages caused to their farmland as a result of the emissions of the cement plant in Ibagué. In January 2004, a judge issued a resolution ordering CEMEX Colombia to indemnify the Plaintiffs for an amount then equivalent to approximately $12 million. As a result, in such year, CEMEX Colombia recognized a provision. In March 2004, CEMEX Colombia appealed this resolution before the Superior Court of Ibagué (the “Superior Court”). On September 10, 2010, the Superior Court fully revoked the resolution against CEMEX Colombia. Since then, the proceeding remained on appeal in the Supreme Court of Justice (the “Supreme Court”) until July 2018 when the Supreme Court issued a favorable resolution to CEMEX Colombia, whence, in 2018 CEMEX Colombia canceled the provision that it had recognized since 2004. The Plaintiffs filed a recourse against the Supreme Court ruling before the Constitutional Court. In this regard, on October 20, 2020, CEMEX Colombia had knowledge of a press release issued by the Constitutional Court, in which it ordered to return the proceeding to the Supreme Court so that, based on all the evidence collected it would issue a new resolution. As of the approval date of these financial statements, CEMEX Colombia has not been formally notified of the resolution issued by the Constitutional Court, so it does not know the terms that allow it to prepare its defense. As of the same date, CEMEX Latam considers the probability of an adverse result derived from the ruling of the Constitutional Court at the end of all defense instances to be low. Nonetheless, a negative resolution could have an adverse effect on CEMEX Latam's results of operations, liquidity and financial position.

In addition, as of December 31, 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.

24C) 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 December 31, 2020, the plant has not initiated commercial operations considering several significant processes for the profitability of the investment. The evolution and status of the main issues related to such plant are described as follows:

Maceo Plant – 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.

Maceo Plant – 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 December 31, 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 December 31, 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.

  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.

Maceo Plant – 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 aforementioned contract that replaced the Leasing Agreement and the Mandate was signed by CI Calizas and Zomam, with the authorization of the SAE as controller of these last two companies. In addition to certain initial one-time payments to the SAE for approximately COP $5,000 million, settled in 2019 and 2020, the Operation Contract considers the following remunerations:

  - 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 as updated as of December 31, 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 Trade Zone benefit, or 0.3% of the aforementioned net sales exclusively for the use of equipment, 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 December 31, 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.

Maceo Plant – Recourse against the equity contribution of Zomam

- On December 7, 2020, the Parent Company filed before the Business Superintendency of Colombia (*Superintendencia de Sociedades* or the "Business Superintendency"), a claim requesting that it be declared ineffective and, alternatively, the nullity and non-existence of the equity contribution in kind carried out carried out by CEMEX Colombia to Zomam on December 11, 2015. If a favorable ruling is obtained, the effects of the capitalization would be reversed, replacing in CEMEX Colombia's assets the shares issued by Zomam as a result of this contribution with the assets contributed to Zomam, which had an approximate value of $43 million. By virtue of the current consolidation of Zomam, such favorable ruling will not have effects on the consolidated financial statements of CEMEX Latam. As of December 31, 2020, the claim has not yet been admitted by the Business Superintendency.

Maceo Plant – Status in connection with the commissioning of the plant

- On September 3, 2019, CEMEX Colombia was notified of the affirmative resolution issued by Corantioquia's Directive Council, the regional environmental authority ("Corantioquia"), regarding the approval for the subtraction from the Integrated Management District ("IMD") of the Alicante River's Canyon. The commissioning of the Maceo Plant and the conclusion of the access road remain suspended until the modification of the environmental license to expand limestone production up to 990 thousand tons per year, which request was filed by CI Calizas before Corantioquia on June 17, 2020, admitted for processing on July 2, 2020 and which resolution remained pending. Regarding the permits to conclude the construction of several sections of the access road, on November 10, 2020, Maceo's municipality issued an authorization of Road Infrastructure Intervention and on December 11, 2020 issued a decree declaring the access road of public interest; required authorizations to both, build the access road and acquire the any required land. In respect to the modification of the permitted use of land where the project is located, there is a favorable opinion from Corantioquia regarding the change of the use of land considering the approval for the subtraction of the Maceo Plant from the IMD; which was endorsed by Maceo's municipality on August 29, 2020, which allows for an industrial and mining use compatible with the project. CEMEX Colombia continues to address these issues as soon as possible and limits its activities to those for which it has the relevant authorizations.

25) SUBSEQUENT EVENTS

- On January 7, 2021, in connection with the arbitrage process regarding the civil works mentioned in note 24B, CEMEX Colombia presented a claim against the annulment motion filed by the constructor opposing the resolution issued by the arbitrage court and which will be resolved by the Superior Court of Bogotá (the "Superior Court"). As of the date of the financial statements, CEMEX Colombia has not collected the debit and cannot predict the direction of the Superior Court's ruling or the time that the different recourses would take in the process.

- On January 8, 2021, in relation to CEMEX Nicaragua's income tax proceeding for the taxable year 2015 mentioned in note 20D, CEMEX Nicaragua was notified of the settlement act, in which the Nicaraguan Tax Authority confirms the agreement between the parties and the closing of this proceeding.

- On January 8, 2021, the Costa Rican Tax Department issued guidance that modifies the tax treatment of foreign exchange fluctuations so that these would be subject to tax effects when they are realized and not when they are accrued. On January 21, 2021, CEMEX Costa Rica made a binding consultation to clarify the position to be followed, as there is some inconsistency with the income tax law. For purposes of the income tax reported in note 20A, CEMEX Costa Rica determined its income tax for the year 2020 considering what the law establishes that is contrary to the new guidance. This guidance, if applied in 2020, would have represented a lower effect on the current income tax of approximately $2.5 million that would be reclassified against the deferred income tax without modifying the total income tax presented in the statement of operations.

- In connection with to the environmental license of the Maceo Plant mentioned above, during February 2021, CI Calizas was notified by Corantioquia of the modification of the environmental license by means of which it will be possible to extract up to 990 thousand tons of minerals (clay and limestone) and produce up to 1,500,000 metric tons of cement annually. After this modification to the environmental license, significant milestone toward the future commissioning of the Maceo Plant, the start-up remains subject mainly to the construction of the access road, nonetheless, as of the date of approval of these financial statements, the Company cannot accurately establish the exact date of conclusion of the access road.

(Thousands of U.S. Dollars)

26) MAIN SUBSIDIARIES

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

Subsidiary	Country	Activity	% of interest 2020	% of interest 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 (note 23B).

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Independent Auditor's Report in accordance with International Standards on Auditing

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Cemex Latam Holdings, S.A.

Opinion

We have audited the consolidated financial statements of Cemex Latam Holdings, S.A. (the "Company") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at December 31, 2020, and the consolidated income statement, consolidated statement of changes in stockholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the IESBA (International Ethics Standards Board for Accountants) Code of Ethics (including international standards on independence), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code of Ethics.

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

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

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

Recoverable amount of goodwill (See note 15B to the consolidated financial statements)	
Key audit matter	*How the matter was addressed in our audit*
The Group's statement of financial position at December 31, 2020 reflects goodwill amounting to US Dollars 1,352,586 thousand, which, in accordance with the applicable financial reporting framework, must be tested for impairment at least annually and whenever there are indications of possible impairment. As a result of the impairment testing performed by the Group in 2020, the Group has recognized impairment losses on goodwill in an amount of US Dollars 108,187 thousand, primarily due to the negative effects of the COVID-19 pandemic on the expected cash flows from the businesses. We consider this to be a key audit matter due to the significance of the amount and because the valuation of goodwill requires the Directors and management to make complex judgments and to apply a high level of subjectivity in relation to matters such as long-term sales growth, costs and operating margins projected in the different countries in which the Group operates, and the rates used to discount future cash flows, as well as for comparisons with fair value benchmark parameters, such as EBITDA multiples used in comparable recent transactions estimated on the basis of publicly available information.	Our audit procedures included the following: - Assessing the design and implementation of controls related to the valuation process carried out by the Group. - Assessing the reasonableness of the methodology used to calculate the recoverable amounts and the main assumptions considered, with the involvement of our valuation specialists. - Contrasting the consistency of the estimated growth in future cash flows forecast in the calculation of the corresponding recoverable amounts with the business plans of the cash-generating units (CGUs) approved by the pertinent governing bodies, and with the information obtained from external sources. We also contrasted the forecast cash flows from operating activities estimated in prior years with the actual cash flows obtained. - Assessing the sensitivity of certain assumptions to changes that are considered reasonable. - Evaluating whether the disclosures in the consolidated financial statements meet the requirements of the financial reporting framework applicable to the Group.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Legal and tax contingencies (See notes 20D and 24 to the consolidated financial statements)	
Key audit matter	*How the matter was addressed in our audit*
The Group is involved in certain significant tax and legal proceedings. Due to the different tax laws in the jurisdictions in which the Group operates and the complexity associated with their interpretation, this area requires the Group to use significant judgments and is therefore a key audit matter. Furthermore, in view of the diversity and complexity of the Group's operations, exposure to legal claims is a risk that needs to be addressed by the Directors. It could be several years before the tax and legal cases underway are resolved and the process could entail negotiations or further litigation. Therefore, making judgments as to the possible outcome is a complex matter for the Group. The Directors apply their judgment to estimate the probability of the future outcome in each case and recognize a provision to cover the tax and legal contingencies that they deem probable. We focused on this area due to its inherent complexity and judgment in estimating the amount and the probability for the purpose of recognizing the tax and legal provisions.	We reviewed the evaluation performed by the Directors and management of the Group of the risks associated with the different tax and legal proceedings in which the Group is involved, primarily with respect to cases in Colombia, Costa Rica, Nicaragua and Panama, as well as the provision to be recognized and disclosures to be included in the financial statements subject to our audit, where applicable. We analyzed the status of each significant process together with management and the entity's internal legal counsel, and critically assessed their responses. We also obtained written replies from the Group's external legal counsel where necessary, expressing their opinions on significant exposures and their assessment of the proceedings, disputes and/or litigation in question. With regard to tax matters, we met with the managers of the tax department to review their evaluation of significant cases, their standpoints and strategies, as well as the technical grounds for their positions, based on applicable tax laws, and we involved our tax specialists to assist us in concluding on the reasonableness of these aspects. We also assessed whether the disclosures in the consolidated financial statements meet the requirements of the financial reporting framework applicable to the Group.

Other Matter

As indicated in explanatory note 3A to the accompanying consolidated financial statements, these consolidated financial statements have not been prepared pursuant to a legal requirement in Spain, but for the purposes of compliance with reporting requirements vis-à-vis the stock market regulator in Colombia, inasmuch as the Company's shares are listed on the Colombian Stock Exchange. They have been audited applying International Standards on Auditing. Under no circumstances may this report be considered an auditor's report in the terms provided in legislation regulating the audit of accounts in Spain.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Directors' and Audit Committee's Responsibility for the Consolidated Financial Statements

The Company's Directors are responsible for the preparation of the consolidated financial statements in such a way that they give a true and fair view in accordance with IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Company's audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Directors.

– Conclude on the appropriateness of the Company's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Company's audit committee with a statement that we have complied with the applicable ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Company's audit committee, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(*Signed on original in Spanish*)

Miguel Ángel Faura Borruey
On the Spanish Official Register of Auditors ("ROAC") with No. 20,429

February 26, 2021