



Consolidated Condensed Financial Statements

March 31, 2021

This is an unofficial translation into English of the condensed consolidated financial statements as of and for the three-month periods ended March 31, 2021 and 2020 issued in the Spanish language on April 28, 2021. This translation is provided solely for the convenience of English-speaking readers. For any and all purposes, the condensed consolidated financial statements as of and for the three-month periods ended March 31, 2021 and 2020 issued in the Spanish language on April 28, 2021 shall be considered the only official version of the document.

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CEMEX Latam Holdings S.A. and Subsidiaries

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

		(Unaudited)	
		For the three-month periods ended	
		March 31, 2021	March 31, 2020
Notes			
Revenues	4	\$ 228,011	214,225
Cost of sales.....	3E	(139,102)	(127,166)
Gross profit.....		88,909	87,059
Administrative and selling expenses.....		(32,833)	(35,355)
Distribution expenses		(25,517)	(25,173)
		(58,350)	(60,528)
Operating earnings before other expenses, net		30,559	26,531
Other expenses, net.....	4, 6	(945)	(1,711)
Operating earnings.....		29,614	24,820
Financial expense	4, 7	(10,857)	(13,280)
Financial income and other items, net	4, 7	(241)	(229)
Foreign exchange results		(7,218)	(38,489)
Earnings (loss) before income tax		11,298	(27,178)
Income tax	18A	7,457	3,309
CONSOLIDATED NET INCOME (LOSS)		3,841	(30,487)
Non-controlling interest net income (loss).....		19	(69)
CONTROLLING INTEREST NET INCOME (LOSS)		\$ 3,822	(30,418)
BASIC EARNINGS (LOSS) PER SHARE	20	\$ 0.01	(0.05)
DILUTED EARNINGS (LOSS) PER SHARE	20	\$ 0.01	(0.05)

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

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

	Notes	(Unaudited)	
		For the three-month periods ended	
		March 31, 2021	March 31, 2020
CONSOLIDATED NET INCOME (LOSS)		\$ 3,841	(30,487)
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Currency translation of foreign subsidiaries	3D	(20,353)	(70,566)
Total other items of comprehensive income (loss) for the period		(20,353)	(70,566)
CONSOLIDATED COMPREHENSIVE LOSS FOR THE PERIOD		(16,512)	(101,053)
Non-controlling interest comprehensive income (loss).....		19	(69)
CONTROLLING INTEREST COMPREHENSIVE LOSS FOR THE PERIOD		\$ (16,531)	(100,984)

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

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

		(Unaudited)	
		As of March 31,	As of December 31,
		2021	2020
		Notes	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	\$ 18,428	24,437
Trade accounts receivable.....	9	61,573	56,600
Accounts receivable from related parties.....	10	15,658	13,008
Other accounts receivable	11A	7,378	8,514
Prepaid taxes		21,939	22,866
Inventories.....	12	68,312	74,262
Other current assets	13	16,116	19,618
Total current assets		209,404	219,305
NON-CURRENT ASSETS			
Other investments and non-current accounts receivable	11B	3,839	3,882
Property, machinery and equipment, net and assets for the right-of-use, net	14	984,301	1,042,926
Goodwill and other intangible assets, net	15	1,367,598	1,381,320
Deferred income tax assets		19,558	20,068
Total non-current assets		2,375,296	2,448,196
TOTAL ASSETS		\$ 2,584,700	2,667,501
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Debt and other current financial liabilities	16	\$ 7,997	8,154
Trade payables.....		116,411	132,334
Accounts payable to related parties	10	33,531	14,328
Taxes payable		20,176	22,403
Other accounts payable and accrued expenses	17	58,361	58,871
Total current liabilities		236,476	236,090
NON-CURRENT LIABILITIES			
Debt and other non-current financial liabilities	16	93,736	102,030
Long-term accounts payable to related parties	10	535,289	568,138
Employee benefits		33,444	36,731
Deferred income tax liabilities.....		297,352	319,532
Other liabilities	17	54,366	55,531
Total non-current liabilities		1,014,187	1,081,962
TOTAL LIABILITIES		1,250,663	1,318,052
STOCKHOLDERS' EQUITY			
Controlling interest			
Common stock and additional paid-in capital	19A	1,481,730	1,481,730
Other equity reserves	19B	(1,006,409)	(986,380)
Retained earnings	19C	853,091	849,269
Total controlling interest		1,328,412	1,344,619
Non-controlling interest	19E	5,625	4,830
TOTAL STOCKHOLDERS' EQUITY		1,334,037	1,349,449
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 2,584,700	2,667,501

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

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

		(Unaudited)	
		For the three-month periods ended	
	Notes	March 31, 2021	March 31, 2020
OPERATING ACTIVITIES			
Consolidated net income (loss)		3,841	(30,487)
Non-cash items:			
Depreciation and amortization of assets	5	20,149	19,271
Provisions and other non-cash expenses (income)		(358)	(2,862)
Financial expense, other financial income and foreign exchange results, net		18,316	51,998
Income taxes	18	7,457	3,309
Loss on the sale of fixed assets		277	1,134
Changes in working capital, excluding income taxes		1,673	(27,051)
Cash flows provided by operating activities before interest and income taxes		51,355	15,312
Financial expense paid in cash		(605)	–
Income taxes paid in cash		(10,070)	(6,227)
Net cash flows provided by operating activities		40,680	9,085
ACTIVIDADES DE INVERSIÓN			
Property, machinery and equipment, net and assets for the right-of-use, net	14	(4,406)	(1,861)
Financial income	7	214	217
Intangible assets and other deferred charges		(350)	(62)
Long-term assets and others, net		(282)	463
Net cash flows used in investing activities		(4,824)	(1,243)
FINANCING ACTIVITIES			
Debt repayments to related parties	10	(58,688)	(51,889)
Loans from related parties		24,723	61,343
Debt increases from (repayments to) third parties, net		(1,390)	(3,047)
Non-current liabilities, net		(5,693)	(3,020)
Net cash flows used in financing activities		(41,048)	3,387
Increase (decrease) in cash and cash equivalents		(5,192)	11,229
Cash foreign currency translation effect		(817)	(1,684)
Cash and cash equivalents at beginning of period		24,437	22,606
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8	\$ 18,428	32,151
Changes in working capital, excluding income taxes:			
Trade accounts receivable		(4,649)	4,561
Other accounts receivable and other assets		636	6,752
Inventories		5,984	4,166
Trade accounts payable		(15,923)	(29,816)
Current related parties, net		19,086	783
Current related parties, net		(3,461)	(13,497)
Changes in working capital, excluding income taxes		1,673	(27,051)

The accompanying notes are part of these consolidated financial statements.

CEMEX Latam Holdings, S.A. and Subsidiaries
Consolidated Condensed Statements of Changes in Stockholders' Equity
For the three-month periods ended March 31, 2021 and 2020 (unaudited)
(Thousands of U.S. Dollars)

	Notes	Common stock	Additional paid-in capital	Other equity reserves	Retained earnings	Total controlling interest	Non- controlling interest	Total stockholders' equity
Balances as of December 31, 2019		\$ 718,124	754,267	(903,715)	969,879	1,538,555	5,251	1,543,806
Net loss for the period		–	–	–	(30,418)	(30,418)	(69)	(30,487)
Other items of comprehensive loss for the period.....		–	–	(70,566)	–	(70,566)	–	(70,566)
Total other items of comprehensive loss for the period.....		–	–	(70,566)	(30,418)	(100,984)	(69)	(101,053)
Changes in non-controlling interest	19E	–	–	–	–	–	(373)	(373)
Share-based compensation.....	19D	–	62	337	–	399	–	399
Balances as of March 31, 2020		\$ 718,124	754,329	(973,944)	939,461	1,437,970	4,809	1,442,779
Balances as of December 31, 2020		\$ 718,124	763,606	(986,380)	849,269	1,344,619	4,830	1,349,449
Net income for the period		–	–	–	3,822	3,822	19	3,841
Other items of comprehensive loss for the period.....		–	–	(20,353)	–	(20,353)	–	(20,353)
Total other items of comprehensive loss for the period.....		–	–	(20,353)	3,822	(16,531)	19	(16,512)
Changes in non-controlling interest	19E	–	–	–	–	–	776	776
Share-based compensation.....	19D	–	–	324	–	324	–	324
Balances as of March 31, 2021		\$ 718,124	763,606	(1,006,409)	853,091	1,328,412	5,625	1,334,037

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

CEMEX Latam Holdings, S.A. and Subsidiaries
Notes to the Consolidated Condensed Financial Statements
For the three-month periods ended March 31, 2021 and 2020
(Thousands of U.S. Dollars)

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 April 28, 2021.

During the fourth quarter of 2020, CEMEX España carried out a Public Tender Offer (the “Tender Offer”) 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. Through the Tender Offer, CEMEX España acquired 108,337,613 shares of CLH for a total of approximately 102.5 million Dollars. As of March 31, 2021, 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

As of March 31, 2021, the outbreak of the Coronavirus SARS-CoV-2 that causes the disease known as COVID-19 which was declared as a pandemic by the World Health Organization on March 11, 2020 (the “COVID-19 Pandemic”), was beginning its second year of affectations. Although during the first quarter of 2021 were not so significant the restrictive and confinement measures to contain the spread of the pandemic in the countries where the Company operates, in effect from the third week of March 2020, much of the second quarter of 2020, and in some cases such as in Panama effective also during the third quarter of 2020, the recovery of the economic activity in general and of the construction sector in particular in the countries where the Company operates during the first quarter of 2021 maintained a slow pace, mainly in Panama. To a lesser extent than in 2020, as of March 31, 2021, the Company continues to be mainly affected by: (i) the closing of its corporate offices and certain production slowdowns or stoppages and disruptions in the delivery systems; (ii) disruptions or delays in the supply chains, as well as (iii) slow recovery in demand for the Company’s products and services and general industry demand.

According to the quarantine measures implemented by the local authorities, in 2020, 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, 2020, 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 and maintained 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.

During the period ended March 31, 2021, the Company’s revenues increased approximately 6% compared to the same period of the previous year, considering certain economic recovery, as well as to a lesser extent, the reduction in sales volumes during the first quarter of 2020 resulting from the suspension of operations during the last week of March 2020. Moreover, considering the measures implemented by the Company for the rationing and control of its operating costs and expenses, during the first quarter of 2021, the operating earnings increased approximately 19% compared to the same period of the previous year. During the three-month period ended March 31, 2021, the Company’s Operating EBITDA (operating earnings before other expenses, net, plus depreciation and amortization) increased approximately 11% compared to the same period of the previous year.

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 normality with limited activities, which will only be fully 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.

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

COVID-19: International Pandemic – continued

Considering in 2020 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, during the third quarter of 2020, CEMEX Latam recognized non-cash impairment losses related to idle assets and goodwill for an aggregate amount of 121.8 million Dollars. 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); as well as (ii) impairment of long-lived assets including goodwill (note 14A and 15). The most relevant aspects regarding the potential negative effects mentioned above as of the date of approval of these consolidated financial statements as of March 31, 2021 are disclosed in the explanatory notes.

CEMEX Latam dealt with the liquidity risks during the deepest phase of the COVID-19 Pandemic's restrictions, maintaining sufficient cash to the extent possible, by means of obtaining financing with commercial banks. The short-term loans obtained during April and May 2020 for approximately 40 million Dollars were fully repaid in the same year. Other measures that contributed to ease liquidity risks applied beginning on April 8, for the rest of 2020 and that will be maintained in 2021 are 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.

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied to these consolidated condensed financial statements as of March 31, 2021, are the same as those applied in the consolidated financial statements as of December 31, 2020, considering as subsequently described in note 3A.

3A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated condensed financial statements and the accompanying notes were prepared in accordance with International Financial Reporting Standards ("IFRS") effective as of March 31, 2021, as issued by the International Accounting Standards Board ("IASB"), as well as with the International Accounting Standard 34, *Interim Financial Statements*. The consolidated condensed statements of financial position as of March 31, 2021 and as of December 31, 2020, as well as the consolidated condensed statements of operations, the consolidated condensed statements of comprehensive income (loss), the consolidated condensed statements of cash flows and the consolidated condensed statements of changes in stockholders' equity for the three-month periods ended March 31, 2021 and 2020 and their related disclosures included in the notes to the financial statements, have not been audited. These consolidated condensed financial statements under IFRS are presented quarterly to the securities and exchange authority in Colombia due to the trading of the Parent Company's shares on the BVC.

Presentation currency and definition of terms

The presentation currency of the consolidated condensed financial statements is the Dollar of the United States of America (the "United States"). The amounts in the financial statements and the accompanying notes are presented in thousands of Dollars of the United States, except when specific references are made to other currency, or different measuring unit like millions, earnings per share, prices per share and/or exchange rates. All amounts disclosed in these notes to the financial statements, mainly in connection with tax or legal proceedings (notes 18B and 22), which are originated in jurisdictions which currencies are different to the Dollar, are presented in Dollar equivalents as of March 31, 2021. Consequently, despite any change in the original currency, such Dollar amounts will fluctuate over time due to changes in exchange rates. These Dollar translations should not be construed as representations that the Dollar amounts were, could have been, or could be converted at the indicated exchange rates. See table of the main exchange rates included in note 3D.

When reference is made to "\$" or Dollar is to Dollars of the United States, when reference is made to "€" or Euros is to the currency in circulation in a significant number of European Union ("EU") countries. When reference is made to "₡" or 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 March 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.

CEMEX Latam Holdings, S.A. and Subsidiaries
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Statements of cash flows

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

Financing activities

- For the three-month periods ended March 31, 2021 and 2020, in connection with the executives' share-based compensation (note 19D), the net increase in other equity reserves of \$324 and \$337, respectively, and the increase in additional paid-in capital of \$62 in 2020. For the period ended March 31, 2021, no delivery of shares were made to executives.
- For the three-month periods ended March 31, 2021 and 2020, the increase in other financial obligations of \$621 and \$212 in 2020, respectively, in relation to the lease contracts negotiated during the periods (note 16).

Investing activities

- For the three-month periods ended March 31, 2021 and 2020, the increase in assets for the right-of-use of \$621 and \$212 in 2020, respectively, in relation to the lease contracts negotiated during the period (note 14B).

Going Concern

The Parent Company's Board of Directors approved these consolidated condensed financial statements as of March 31, 2021 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 March 31, 2021, total current liabilities, which include accounts payable to CEMEX's companies of approximately \$33,531 (note 10), exceeded total current assets in approximately \$27,072. It should be noted that, as an administrative strategy, the Company's management operates with negative working capital. Moreover, in case it is deemed necessary, the Company considers that it would succeed in renegotiating certain current maturities with CEMEX's entities and/or accessing non-current lines of credit for the payment of current liabilities. For the three-month period ended March 31, 2021 and the year ended December 31, 2020, net cash flows from operations after interest expense and income taxes amounted to \$40,680 and \$109,698, 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 adopted in the reported periods

In addition, beginning January 1, 2021, certain amendments to several standards became effective, which did not result in any material impact on CEMEX Latam's financial statements. The amendments are summarized as follows:

Standard	Main topic
Amendments to IFRS 9, IAS 39, IFRS 7 IFRS 4 and IFRS 16- <i>The Reform of the Reference Interest Rates – Phase2</i>	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 <i>quasi</i> risk-free rate (RFR).

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

CEMEX Latam Holdings, S.A. and Subsidiaries
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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 those resulting from the COVID-19 Pandemic.

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

The most significant closing exchange rates per U.S. Dollar as of March 31, 2021 and December 31, 2020 for purposes of the statement of financial position and the average exchange rates per U.S. Dollar for purposes of the statements of operations for three-month periods ended March 31, 2021 and 2020, are as follows:

Currencies	March 31, 2021		December 31, 2020	March 31, 2020
	Closing	Average	Closing	Average
Colombian Pesos	3,736.91	3,591.93	3,432.50	3,672.04
Costa Rican Colons	615.81	616.00	617.30	577.69
Nicaraguan Cordobas	34.99	34.91	34.82	34.00
Guatemalan Quetzals	7.72	7.75	7.79	7.68

The loss from exchange rate fluctuations of \$7,218 in the statement of operations refers mainly to the cash balances of each operation denominated in Dollars due to the devaluation of the relevant currencies for three-month periods ended March 31, 2021 versus 2020. The loss from the translation of subsidiaries of \$20,353 in the statement of comprehensive income (loss) in period ended March 31, 2021 mainly refers to the 8.9% devaluation of the Peso against the Dollar in 2021 in relation to the same period in 2020 and its effect on the translation of the Company's net assets in Colombia, recognized within equity for purposes of the statement of comprehensive income (loss).

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

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

3F) NEWLY ISSUED IFRS NOT YET ADOPTED

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

Standard ¹	Main topic	Effective date
Amendments to IAS 37, <i>Provisions, Contingent Liabilities and Contingent Assets</i> – 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, <i>Property, Plant and Equipment</i> – 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, <i>First-time Adoption of International Financial Reporting Standards</i> – 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, <i>Financial Instruments</i> – 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 IAS 1, <i>Presentation of financial statements</i>	Clarifies the requirements to be applied in classifying liabilities as current and non-current.	January 1, 2023

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Standard ¹	Main topic	Effective date
Amendments to IFRS 10, <i>Consolidated financial statements</i> 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 and IFRS <i>Practice Statement 2- Presentation of Financial Statements</i>	The amendment requires entities to disclose their material accounting policies rather than their significant accounting policies. To support this amendment, the IASB has developed guidance and examples to explain and demonstrate the application of IFRS Practice Statement 2 by helping entities apply their 'four-step materiality process' for accounting policy disclosures.	January 1, 2023
Amendments to IAS 8 - Definition of accounting estimates.....	The amendment makes a distinction between how an entity should present and disclose different types of accounting changes in its financial statements. Changes in accounting policies should be applied retrospectively, while changes in accounting estimates are accounted for prospectively.	January 1, 2023
IFRS 17, <i>Insurance contracts</i>	The standard replaces IFRS 4, <i>Insurance contracts</i> . The rule sets out a General Model, which is modified by insurance contracts with direct participation clauses, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage.	January 1, 2023

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

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

4A) REVENUES

CEMEX Latam's revenues are mainly originated from the sale and distribution of cement, ready-mix concrete, aggregates and other construction materials and services in the construction industry. CEMEX Latam grants credit to its customers for terms ranging from 15 to 45 days depending on the type of project and the credit risk of each customer. For the three-month periods ended March 31, 2021 and 2020, revenues, after eliminations between related parties, are detailed as follows:

	2021	2020
From the sale of cement	\$ 165,825	149,823
From the sale of ready-mix concrete	43,069	45,653
From the sale of aggregates.....	8,189	5,610
From the sale of other products and eliminations ¹	10,928	13,139
	\$ 228,011	214,225

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.

For the period ended March 31, 2021 and 2020, 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 SEGMENTS AND LINE OF BUSINESS

The financial policies applied to elaborate the condensed financial information by reportable segments are consistent with those used in the preparation of the consolidated condensed financial statements for the three-month periods ended March 31, 2021 and 2020. The segment "Rest of CLH" refers to the Company's operations in Nicaragua and El Salvador. In addition, the segment "Others" relates mainly to the Parent Company, including its corporate offices in Spain and its research and development offices in Switzerland, as well as adjustments and eliminations resulting from consolidation.

Selected consolidated condensed information of the statement of operations by reportable segment for the three-month periods ended March 31, 2021 and 2020 are as follow:

2021	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.....	\$ 109,952	-	109,952	21,886	(6,764)	15,122	(1,410)	(3,398)	(306)
Panama	29,016	(166)	28,850	8,517	(4,735)	3,782	195	(1,752)	27
Costa Rica.....	28,647	(6,750)	21,897	9,437	(1,261)	8,176	12	(14)	18
Guatemala.....	29,699	(1)	29,698	12,459	(501)	11,958	60	(37)	11
Rest of CLH.....	37,630	(16)	37,614	8,730	(1,197)	7,533	(1)	(226)	9
Others	-	-	-	(10,321)	(5,691)	(16,012)	199	(5,430)	-
Total.....	234,944	(6,933)	228,011	50,708	(20,149)	30,559	(945)	(10,857)	(241)

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

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	\$ 101,735	(31)	101,704	16,588	(6,418)	10,170	(273)	(4,485)	(296)
Panama	34,516	(1,461)	33,055	10,346	(3,852)	6,494	(355)	(2,317)	29
Costa Rica.....	25,350	(2,795)	22,555	7,845	(1,128)	6,717	(374)	(78)	3
Guatemala.....	26,109	(93)	26,016	8,782	(509)	8,273	(109)	(45)	12
Rest of CLH.....	31,150	(255)	30,895	8,664	(1,591)	7,073	21	(318)	23
Others	–	–	–	(6,423)	(5,773)	(12,196)	(621)	(6,037)	–
Total.....	218,860	(4,635)	214,225	45,802	(19,271)	26,531	(1,711)	(13,280)	(229)

Revenues by line of business and reportable segments for the three-month periods ended March 31, 2021 and 2020 are as follows:

2021	Cement	Concrete	Aggregates	Other products	Others	Revenues
Colombia	\$ 68,012	31,874	1,164	8,902	–	109,952
Panama	20,834	4,112	1,039	3,031	(166)	28,850
Costa Rica.....	19,374	2,310	5,437	1,526	(6,750)	21,897
Guatemala.....	25,222	1,906	–	2,571	(1)	29,698
Rest of CLH.....	32,383	2,867	549	1,831	(16)	37,614
Total.....	165,825	43,069	8,189	17,861	(6,933)	228,011

2020	Cement	Concrete	Aggregates	Other products	Others	Revenues
Colombia	\$ 62,057	31,766	1,040	6,872	(31)	101,704
Panama	21,179	7,643	624	5,070	(1,461)	33,055
Costa Rica.....	17,144	2,990	3,515	1,701	(2,795)	22,555
Guatemala.....	21,696	2,314	–	2,099	(93)	26,016
Rest of CLH.....	27,747	940	431	2,032	(255)	30,895
Total.....	149,823	45,653	5,610	17,774	(4,635)	214,225

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

2021	Total Assets	Total Liabilities	Net assets by segment	Capital expenditures
Colombia	\$ 1,078,207	482,739	595,468	3,103
Panama	627,475	188,129	439,346	665
Costa Rica.....	357,249	27,873	329,376	664
Guatemala.....	286,310	32,539	253,771	457
Rest of CLH.....	216,070	48,612	167,458	646
Others	19,389	470,771	(451,382)	–
Total.....	\$ 2,584,700	1,250,663	1,334,037	5,535

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

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5) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense by main activity for the three-month periods ended March 31, 2021 and 2020 is detailed as follows:

	2021	2020
Depreciation and amortization expense of assets used in the production process.....	\$ 14,159	13,237
Depreciation and amortization expense of assets used in administrative and selling activities	5,990	6,034
	<u>\$ 20,149</u>	<u>19,271</u>

6) OTHER EXPENSES, NET

The detail of other expenses, net for the three-month periods ended March 31, 2021 and 2020 is as follows:

	2021	2020
Severance payments and other personnel costs for reorganization	\$ (791)	(44)
Assumed taxes, fines and other penalties.....	(101)	(437)
Results from valuation and sale of assets, sale of scrap and other products and expenses, net.....	(53)	(1,099)
Incremental costs and expenses associated with the COVID-19 Pandemic ¹	-	(131)
	<u>\$ (945)</u>	<u>(1,711)</u>

¹ Mainly refers to expenses associated with the maintenance of sanitary, hygiene and lockdown measures that began in March 2020 as a result of the COVID-19 Pandemic, as well as certain incremental costs associated with operational disruptions related to such pandemic.

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

7A) FINANCIAL EXPENSE

Consolidated financial expense for the three-month periods ended March 31, 2021 and 2020 of \$10,857 and \$13,280, respectively, includes \$313 in 2021 and \$242 in 2020, of financial expense arising from financial liabilities related to lease agreements.

7B) FINANCIAL INCOME AND OTHER ITEMS, NET

The detail of financial income and other items, net for the three-month periods ended March 31, 2021 and 2020 is as follows:

	2021	2020
Interest cost on employee benefits.....	\$ (455)	(446)
Financial income, net.....	214	217
	<u>\$ (241)</u>	<u>(229)</u>

8) CASH AND CASH EQUIVALENTS

Consolidated cash and cash equivalents as of March 31, 2021 and December 31, 2020 are as follows:

	2021	2020
Cash and bank accounts.....	\$ 16,168	16,365
Fixed-income securities and other cash equivalents	2,260	8,072
	<u>\$ 18,428</u>	<u>24,437</u>

9) TRADE ACCOUNTS RECEIVABLE

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

	2021	2020
Trade accounts receivable.....	\$ 70,086	65,437
Allowances for expected credit losses	(8,513)	(8,837)
	<u>\$ 61,573</u>	<u>56,600</u>

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Trade accounts receivable – continued

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

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

As of March 31, 2021, and December 31, 2020, balances of trade accounts receivable and the allowances for ECL were as follows:

	As of March 31, 2021			As of December 31, 2020		
	Accounts receivable	ECL	ECL average rate	Accounts receivable	ECL	ECL average rate
Colombia	\$ 28,036	1,568	5.59%	28,794	2,181	7.57%
Panama	15,151	4,173	27.54%	14,800	3,873	26.17%
Costa Rica ¹	8,968	1,696	18.91%	7,440	1,657	22.27%
Guatemala.....	9,019	733	8.13%	7,909	812	10.27%
Rest of CLH.....	8,912	343	3.85%	6,494	314	4.84%
	\$ 70,086	8,513		65,437	8,837	

¹ As of March 31, 2021 and December 31, 2020, the balances of trade accounts receivable and the estimated ECL include approximately \$1.5 million and \$1.6 million, respectively, of fully provisioned trade accounts receivable in process of legal recovery.

As of March 31, 2021, in relation to the COVID-19 Pandemic (note 2) and the potential increase in expected credit losses on trade accounts receivable as a result of the negative economic effects associated with the pandemic, the Company maintains continuous communication with its customers as part of its collection management, in order to anticipate situations that could represent an extension in the portfolio’s recovery period or in some unfortunate cases the risk of non-recovery. As of this same date, the Company considers that these negative effects do not yet have a significant influence on the estimates of expected credit losses and will continue to monitor the development of relevant events that may eventually have effects as a result of a deepening or extension of the pandemic.

10) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances receivable from and payable to related parties as of March 31, 2021 and December 31, 2020 are detailed as follows:

	2021	2020
Current accounts receivable		
Balboa Investments B.V. ¹	8,000	8,000
CEMEX España, S.A. ²	2,671	2,737
CEMEX, S.A.B. de C.V.	1,921	327
CEMEX Corp and Subsidiaries	1,315	333
CEMEX Operaciones México, S.A. de C.V.	801	975
Trinidad Cement Limited	266	147
Solid Cement Corporation	230	230
CEMEX Research Group AG	176	176
CEMEX Dominicana, S.A.....	110	–
CEMEX Innovation Holding AG	105	–
Others	63	83
Total assets with related parties.....	\$ 15,658	13,008
Current accounts payable		
CEMEX Innovation Holding AG ^{3,6}	15,646	–
CEMEX España, S.A. ⁴	8,217	8,118
CEMEX Corp and Subsidiaries ⁵	5,633	4,878
CEMEX Operaciones México, S.A. de C.V. ⁶	2,061	60
CEMEX, S.A.B. de C.V. ⁶	799	–
CEMEX Internacional, S.A. de C.V.	404	665
Beijing Import & Export Co., Ltd.....	338	298
CEMEX Research Group AG	162	–
Macoris Investment and Subsidiaries	148	148
Others	123	161
	\$ 33,531	14,328

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Balances and transactions with related parties – continued

Non-current accounts payable	2021	2020
CEMEX Innovation Holding AG . ³	\$ 514,919	–
CEMEX España, S.A. . ⁷	20,370	26,961
Lomez International B.V.	–	541,177
	<u>535,289</u>	<u>568,138</u>
Total liabilities with related parties	\$ 568,820	582,466

- 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 March 31, 2021, the account receivable from Balboa is for an amount of \$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, as well as tax losses generated by the Company and transferred to CEMEX España.
- ³ On January 1, 2021, Lomez International B.V. (“Lomez”) assigned to CEMEX Innovation Holding AG (“CIH”), both companies belonging to CEMEX, the loans that had been granted by Lomez to the Holding Company, CCL and Cemento Bayano. The conditions of said credits and loans were not affected by the aforementioned assignment. Cemento Bayano renegotiated its revolving line of credit with CIH with a new maturity in December 2022 at a variable market rate plus 360 basis points which as of March 31, 2021 represented 3.85%. Balances as of March 31, 2021 include amounts payable to CIH and December 31, 2020 included accounts payable to Lomez, by: a) Corporación Cementera Latinoamericana, S.L.U. (“CCL”) of \$206,887 in 2021 and \$230,803 in 2020; b) the Parent Company of \$226,201 in 2021 and \$221,543 in 2020, and c) Cemento Bayano of \$81,831 in 2021 and \$88,831 in 2020.
- ⁴ 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 in fiscal year 2020, as well as tax losses.
- ⁵ Balances generated by imports of clinker and grey cement.
- ⁶ Balances related to royalties resulting from technical assistance agreements, use of licenses and brands, software and administrative processes.
- ⁷ 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 March 31, 2021 represented 3.02% 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.

The maturities of non-current accounts payable to related parties as of March 31, 2021 are 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%	–	226,201	–	226,201
Corporación Cementera Latinoamericana, S.L.U.	5.65%	–	206,887	–	206,887
CEMEX Colombia S.A.	6M Libor + 277 bps ¹	–	–	20,370	20,370
		<u>\$ 88,831</u>	<u>433,088</u>	<u>20,370</u>	<u>535,289</u>

- ¹ The *London Inter-Bank Offered Rate*, or LIBOR, is the variable rate used in international markets for debt denominated in Dollars. As of March 31, 2021, the three-month LIBOR rate was 0.21%. The contraction “bps” means basis points. One hundred bps equals 1%.

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Balances and transactions with related parties – continued

The Company's main transactions entered into with related parties for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021	2020
Indemnity revenue		
Balboa Investments B.V. ¹	1,719	1,710
Others	4	31
	1,723	1,741
Purchases of raw materials		
CEMEX Internacional, S.A. de C.V.	\$ 1,573	2,192
CEMEX Corp and Subsidiaries	1,232	2,889
Others	61	5
	\$ 2,866	5,086
Royalties and technical assistance		
CEMEX Innovation Holding AG ²	\$ 8,538	–
CEMEX Operaciones México, S.A. de C.V. ²	2,062	3,097
CEMEX, S.A.B. de C.V. ²	801	1,051
CEMEX Research Group, AG ²	–	6,563
	\$ 11,401	10,711
Financial expenses		
CEMEX Innovation Holding AG ³	\$ 7,767	–
Balboa Investments B.V. ¹	815	1,035
CEMEX España, S.A.	243	1,882
Lomez International B.V.	–	8,870
	\$ 8,825	11,787

1 The indemnity revenue of Cemento Bayano with Balboa is accrued from the date of the indemnity agreement and for a period of 10 years as the conditions set forth in the clinker supply agreement with Grupo Cementero Panameño S.A. are fulfilled (note 21B). For the three-month period ended March 31, 2021, of the balance of deferred revenues with related parties mentioned above, a total of \$904 was amortized during the year, through the recognition in the statement of operations of revenue of \$1,719 and financial expenses of \$815, considering the implicit interest rate of 8.4% (note 17B).

2 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 Innovation Holding 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.

3 As of January 1, 2021, the agreements in force with Lomez International B.V. were assigned to the legal entity called CEMEX Innovation Holding A.G. (CIH).

During the three-month periods ended March 31, 2021 and 2020, the independent directors and the chairman of the Parent Company's Board of Directors, in fulfillment of their functions, accrued compensation including remuneration and allowances, for a total of approximately \$119 and \$129, respectively. The Parent Company's independent directors have not received advances or loans and the Company has not provided guarantees or assumed any pension obligations on behalf of such independent directors and except for the civil liability insurance contracted by CEMEX, S.A.B. de C.V., the Company has not provided insurance for such independent directors. In addition, the Parent Company's proprietary directors, in their capacity as members of its Board of Directors do not receive compensation for their services. The Parent Company has no members of the Company's senior management among its employees.

In addition, for the three-month periods ended March 31, 2021 and 2020, the aggregate compensation amounts accrued by members of the top management, which was recognized in the Company's subsidiaries, were approximately \$1,104 and \$1,321, respectively, out of which, \$951 in 2021 and \$1,153 in 2020, corresponded to base remuneration plus performance bonuses including pensions and other postretirement benefits. In addition, approximately \$153 in 2021 and \$168 in 2020 out of the aggregate compensation corresponded to allocations of shares under the executive stock-based compensation programs.

In its cement operations in Panama, which represented approximately 9.1% and 9.9% of the consolidated revenues for the three-month periods ended March 31, 2021 and 2020, the Company carried out transactions with Grupo Cementero Panameño, S.A. (formerly Cemento Interoceánico, S.A.), customer, competitor and local producer of cement, which were incurred under the framework of the outstanding clinker supply agreements at such dates and for amounts not deemed significant. Until November 15, 2019, Balboa held a non-controlling interest of 25% in the common stock of the then named Cemento Interoceánico, S.A, which was sold to a subsidiary of Cementos Progreso S.A. on the aforementioned date (note 17B).

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11) OTHER ACCOUNTS RECEIVABLE

11A) OTHER CURRENT ACCOUNTS RECEIVABLE

Consolidated other accounts receivable as of March 31, 2021 and December 31, 2020 consisted of:

	2021	2020
From other diverse activities	\$ 3,022	3,671
Rights in trust ¹	1,979	2,154
From sales of assets and scrap	1,579	1,756
Loans to employees	798	933
	\$ 7,378	8,514

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 \$1,979 and \$2,154 as of March 31, 2021 and December 31, 2020, 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. As of March 31, 2021, the Acquirer has made amortizations to the loan for an aggregate amount in Pesos equivalent to approximately \$4.5 million, while an amount equivalent to approximately \$2.2 million which was expected to be settled by the Acquirer in November 2020, was renegotiated at the request of the Acquirer considering the effects of the COVID-19 Pandemic (note 2). On March 30, 2021, CEMEX Colombia and the Acquirer signed the renegotiation of the agreement and the pending balance is expected to be settled by the Acquirer by the end of June 2021.

11B) OTHER INVESTMENTS AND NON-CURRENT ACCOUNTS RECEIVABLE

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

	2021	2020
Loans and notes receivable ¹	\$ 3,525	3,516
Other non-current assets	314	366
	\$ 3,839	3,882

¹ As of March 31, 2021 and December 31, 2020 this line item mainly includes a fund of Cemento Bayano to secure seniority premium payments for \$2,908 and \$2,888, respectively.

12) INVENTORIES

Consolidated balances of inventories as of March 31, 2021 and December 31, 2020 are summarized as follows:

	2021	2020
Spare parts and supplies	\$ 24,799	25,295
Work-in-process	14,599	18,784
Raw materials	16,568	14,873
Finished goods	8,554	10,615
Inventory in transit	3,350	4,235
Other inventories	442	460
	\$ 68,312	74,262

13) OTHER CURRENT ASSETS

As of March 31, 2021, and December 31, 2020 consolidated other current assets consisted of:

	2021	2020
Advance payments ¹	\$ 11,726	14,970
Assets held for sale ²	4,040	4,269
Restricted cash ³	350	379
	\$ 16,116	19,618

¹ As of March 31, 2021 and December 31, 2020, advance payments include \$11,570 and \$14,970, respectively, associated with insurance premiums and cash advances to inventory suppliers.

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

³ Refers to cash of CEMEX Colombia temporarily restricted in relation to legal processes associated with commercial disputes and cash that was restricted by the Municipality of San Luis.

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

As of March 31, 2021 and December 31, 2020, the consolidated balances of this caption consisted of:

	2021	2020
Property, machinery and equipment, net	\$ 970,247	1,027,761
Assets for the right-of-use, net	14,054	15,165
	\$ 984,301	1,042,926

14A) PROPERTY, MACHINERY AND EQUIPMENT, NET

As of March 31, 2021 and December 31, 2020, the consolidated balances of property, machinery and equipment, net consisted of:

	2021				
	Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress	Total
Cost at end of the period	211,418	188,755	645,370	220,426	1,265,969
Accumulated depreciation and depletion	(42,214)	(54,654)	(198,854)	–	(295,722)
Net book value at end of the period	\$ 169,204 134,101 446,516 220,426 970,247				
	2020				
	Land and mineral reserves	Buildings	Machinery and equipment	Construction in progress	Total
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				

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 22C). As of March 31, 2021 and December 31, 2020, 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 \$249 million and \$270 million, respectively. The change in the plant's book value expressed in Dollars as of March 31, 2021 as compared to December 31, 2020 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 \$249 million, a portion equivalent to approximately \$69 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 \$69 million, approximately \$43 million correspond to equipment contributed to Zomam by CEMEX Colombia as equity contribution and the complement of \$26 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 March 31, 2021. As mentioned in note 22C, the shares of Zomam and Maceo's land are subject to an expiration of property process carried by the Colombian authorities. As part of 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.

During the three-month periods ended March 31, 2021 and 2020, the Company did not recognize impairment losses related to its property, machinery and equipment.

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

As of March 31, 2021 and December 31, 2020, the consolidated balances of the right-of-use assets associated with the recognition of lease contracts refer to the following underlying concepts:

	2021		
	Land and buildings	Machinery and equipment	Total
Assets for the right-of-use at end of the period.....	19,404	17,753	37,157
Accumulated depreciation	(10,986)	(12,117)	(23,103)
Net book value at end of the period..... \$	<u>8,418</u>	<u>5,636</u>	<u>14,054</u>
	2020		
	Land and buildings	Machinery and equipment	Total
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..... \$	<u>9,117</u>	<u>6,048</u>	<u>15,165</u>

For the three-month periods ended March 31, 2021 and 2020, rental expenses related to short-term lease contracts, low-value assets and variable lease payments were \$451 and \$399, respectively, recognized in cost of sales and operating expenses, as applicable.

15) GOODWILL AND INTANGIBLE ASSETS

As of March 31, 2021 and December 31, 2020, consolidated balances are summarized as follows:

	2021			2020		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Intangible assets of indefinite useful life						
Goodwill..... \$	1,343,031	-	1,343,031	1,352,586	-	1,352,586
Intangible assets of definite useful life						
Customer relations.....	191,635	(168,334)	23,301	190,596	(163,543)	27,053
Industrial property and trademarks.....	600	(600)	-	600	(600)	-
Mining projects.....	1,503	(284)	1,219	1,885	(309)	1,576
Other intangibles	47	-	47	105	-	105
\$	<u>1,536,816</u>	<u>(169,218)</u>	<u>1,367,598</u>	<u>1,545,772</u>	<u>(164,452)</u>	<u>1,381,320</u>

As of March 31, 2021 and December 31, 2020, goodwill balances allocated by reportable segment considering the impairment losses mentioned above are as follows:

	2021	2020
Costa Rica..... \$	371,239	370,343
Colombia.....	278,826	290,782
Panama.....	263,413	263,413
Guatemala.....	235,464	233,083
Nicaragua.....	179,001	179,877
El Salvador.....	15,088	15,088
\$	<u>1,343,031</u>	<u>1,352,586</u>

Goodwill is analyzed for impairment when impairment indicators exist or at least once a year. For these purposes, CEMEX Latam determines the value in use of its cash generating units to which goodwill balances have been allocated, represented by the discounted future cash flows projections attributable to such cash generating units, using risk adjusted discount rates. Significant judgment by management is necessary to reasonably select the significant and appropriate economic assumptions. The assumptions used in the determination of these cash flows projections are consistent with internal forecasts and industry practices.

Considering the negative effects on its operating results caused by the COVID-19 Pandemic (note 2), resulting from the periods of quarantine and suspension and reduction of operations according to the provisions issued by each government, in the third quarter of 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, 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.

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Goodwill and intangible assets – continued

For the three-month periods ended March 31, 2021 and 2020, management did not determine impairment indicators and, therefore, the need to perform interim impairment analysis of goodwill at those dates. The Company continues to monitor and closely analyze the negative effects on its operating results caused by the COVID-19 Pandemic (note 2). CEMEX Latam considers that, as events evolve throughout 2021 and there is greater visibility of the economic recovery, it will be able to determine whether there are new permanent impairment indicators and it will be in a better position to assess, quantify and recognize any possible impacts on its financial position, its results of operations and its cash flows, including any impairment loss of goodwill resulting from the fact that the net book value of any operating segment exceeds its net book value.

In relation to the sensitivity analysis performed by the Company as of December 31, 2020, the impairment losses that would have result from the sensitivity analyses derived from independent changes in each of the relevant assumptions, as well as the independent reduction of 10% in Operating EBITDA, in those operating segments that presented impairment charges in the third quarter 2020 were as follows:

Operating segment (Millions)	Impairment losses recognized	Additional effects of the sensitivity analyzes to the charges recognized from the aforementioned 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 in Panamá; 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.

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

16) DEBT AND OTHER FINANCIAL LIABILITIES

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

As of March 31, 2021 and December 31, 2020, consolidated debt and other financial obligations by type of interest rate, currency and financial instrument are summarized as follows:

	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Floating rate debt.....	\$ 1,979	33,719	35,698	\$ 2,154	36,708	38,862
Fixed rate debt.....	6,018	60,017	66,035	6,000	65,322	71,322
	\$ 7,997	93,736	101,733	\$ 8,154	102,030	110,184
Effective rate ¹						
Floating rate.....	7.60%	3.53%		6.82%	3.61%	
Fixed rate.....	4.37%	5.34%		4.55%	5.34%	

Currency	2021				2020			
	Current	Non-current	Total	Effective rate ¹	Current	Non-current	Total	Effective rate ¹
Pesos.....	\$ 4,354	82,094	86,448	4.63%	\$ 4,621	89,740	94,361	4.66%
Dollars.....	1,159	2,824	3,983	5.18%	1,089	3,099	4,188	5.28%
Other currencies.....	2,484	8,818	11,302	5.26%	2,444	9,191	11,635	5.32%
	\$ 7,997	93,736	101,733		\$ 8,154	102,030	110,184	

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Debt and other financial liabilities – continued

Instruments	2021	2020
Bank Loan <i>Bancolombia</i> ²	\$ 26,760	29,133
Bank Loan <i>Banco Davivienda</i> ²	26,760	29,133
Bank Loan <i>Banco de Bogotá</i> ²	18,731	20,393
Bank Loan <i>Banco de Occidente</i> ²	6,959	7,576
Financial obligations related to lease contracts (notes 3A and 14B) ³	20,544	21,795
Trust guarantee for the development of housing project ⁴	1,979	2,154
Total debt and other financial obligations.....	<u>\$ 101,733</u>	<u>110,184</u>
Of which:		
Current	\$ 7,997	8,154
Non-current.....	<u>93,736</u>	<u>102,030</u>

¹ As of March 31, 2021 and December 31, 2020, 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, with an interbank offer rate (IBR) of + 1.73%, resources used for the partial repayment of its credit line with CEMEX España (note 10). The interbank offer rate (IBR) as of March 2021 of + 1.63%.

³ As of March 31, 2021 and December 31, 2020, the aggregate financial obligations for lease contracts of \$20,544 and \$21,795, respectively, include \$212 in 2021 and \$227 in 2020 related to lease contracts with CEMEX companies. As of March 31, 2021, the average discount rate is 4.37%.

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 6.49%.

The maturities of non-current debt and leases as of March 31, 2021 were as follows:

	Bank loans	Leases ¹	Total
2022	\$ 26,760	5,835	32,595
2023	52,450	4,949	57,399
2024	–	3,742	3,442
2025	–	–	–
	<u>\$ 79,210</u>	<u>14,526</u>	<u>93,736</u>

¹ Future payments for lease contracts are included in note 21A.

17) OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES AND OTHER LIABILITIES

17A) CURRENT OTHER ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of March 31, 2021 and December 31, 2020 consolidated other current accounts payable and accrued expenses were as follows:

	2021	2020
Other provisions and liabilities ¹	\$ 29,703	28,396
Accrued expenses	13,925	15,401
Contract liabilities with customers ²	10,365	10,491
Deferred revenue ³	3,691	3,857
Others	677	726
	<u>\$ 58,361</u>	<u>58,871</u>

¹ Includes, among others, provisions for: a) insurance and services of \$16,851 in 2021 and \$18,720 in 2020; b) employee' compensation of \$7,715 in 2021 and \$4,972 in 2020, as well as legal expenses and other commitments of \$5,137 in 2021 and \$4,705 in 2020.

² Includes advance payments from customers of \$10,379 in 2021 and \$9,791 in 2020.

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

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

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17B) NON-CURRENT OTHER LIABILITIES

As of March 31, 2021 and December 31, 2020, consolidated other non-current liabilities were as follows:

	2021	2020
Deferred revenue ¹	\$ 41,210	41,663
Provision for asset retirement obligations ²	7,302	7,966
Other provisions and liabilities	4,871	4,832
Other taxes	983	1,070
	<u>\$ 54,366</u>	<u>55,531</u>

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 23). 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. 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 \$3,691 and \$35,045 as of March 31, 2021 respectively, and of \$3,857 and \$35,782 as of December 31, 2020, 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 March 31, 2021. (Note 10). In addition, the non-current deferred revenues line item included \$6,165 in 2021 and \$5,881 in 2020 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) INCOME TAXES

18A) INCOME TAXES FOR THE PERIOD

The recognition of income taxes during interim periods is based on the best estimate of the expected income tax rate for the entire year, applied to earnings before income taxes. For the three-month periods ended March 31, 2021 and 2020, income tax expense recognized in the condensed consolidated statements of operations was as follows:

	2021	2020
Current income taxes	\$ 9,811	8,915
Deferred income taxes	(2,354)	(5,606)
	<u>\$ 7,457</u>	<u>3,309</u>
Out of which:		
Colombia ¹	\$ 2,319	(7,468)
Costa Rica	1,595	1,716
Panama	(457)	(571)
Guatemala	1,340	1,061
Rest of CLH and others ²	2,660	8,571
	<u>\$ 7,457</u>	<u>3,309</u>

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.

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

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18B) SIGNIFICANT TAX PROCEEDINGS

CEMEX Latam is involved in several ongoing tax proceedings which have not required the recognition of accruals since the Company does not consider probable an adverse resolution considering the evidence at its disposal. Nonetheless, the Company cannot assure to obtain a favorable resolution. As of March 31, 2021, a summary of relevant facts of the most significant proceedings in progress, were 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 \$33 million of income tax and \$33 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 March 31, 2021, in this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures, however, it is difficult to assess with certainty the likelihood of an adverse resolution in the proceeding; but if adversely resolved, CEMEX Latam considers that this proceeding could have a material adverse impact on its operating results, liquidity or financial position.
- In September 2012, the Tax Authority requested CEMEX Colombia to amend its income tax return for the year 2011 in connection with several deductible expenses including the amortization of goodwill. CEMEX Colombia rejected the arguments of the ordinary request and filed a motion requesting the case to be closed. The tax return was under audit by the Tax Authority from August 2013 until September 2018, when CEMEX Colombia was notified of a special requirement in which the Tax Authority rejects certain deductions included in such income tax return of the year 2011 and determined an increase in the income tax payable and imposed a penalty for amounts in Pesos equivalent to approximately \$23 million of income tax and \$23 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 March 31, 2021, 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 \$24 million of income tax and approximately \$24 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 \$4 million of purported tax and \$7 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 March 31, 2021, 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.

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Significant tax proceedings – continued

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 March 31, 2021, at this stage of the proceeding, CEMEX Latam considers that it is not probable an adverse resolution in this proceeding after conclusion of all available defense procedures. Nonetheless, it is difficult to assess with certainty the likelihood of an adverse result in the proceeding; but if adversely resolved, CEMEX Latam considers this proceeding could not have a material adverse impact on its operating results, liquidity or financial position.

Nicaragua

- On July 26, 2019, the Nicaraguan Tax Authority notified CEMEX Nicaragua S.A. of an Act of Charges in connection with the review of the income tax of the taxable year 2015, in which mainly the deductibility of royalty payments and administrative services is rejected and determined an increase in the income tax payable and a penalty for amounts in Cordobas equivalent to approximately \$3.4 million of income tax plus \$0.8 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. On January 8, 2021, CEMEX Nicaragua was notified of the settlement certificate, in which the Tax Authority confirms the agreement between the parties and the conclusion of this procedure is documented. As of March 31, 2021, CEMEX Nicaragua was waiting to receive the resolution of withdraw of the proceeding, as well as the cancellation settlement act, which concludes this proceeding.

19) STOCKHOLDERS' EQUITY

19A) COMMON STOCK AND ADDITIONAL PAID-IN CAPITAL

As of March 31, 2021 and December 31, 2020, the line-item common stock and additional paid-in capital was detailed as follows:

	2021			2020		
	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	(131,095)	763,606
	\$ 1,612,825	(131,095)	1,481,730	1,612,825	(131,095)	1,481,730

During the three-month period ended March 31, 2020 the Parent Company made physical deliveries of its own shares to the executives subject to the stock-based long-term incentive plan benefits, which increased additional paid-in capital in the amount of \$62, as result of the decrease in treasury shares, which were delivered to these executives. During the first quarter of 2021 the Parent company did not make any physical deliveries of its own shares to executives.

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Stockholders' equity – continued

As of March 31, 2021 and December 31, 2020, the Parent Company's subscribed and paid shares by owner were as follows:

Shares	2021	2020
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
Increase from share repurchase (note 1).....	108,342,518	108,337,613
	516,232,860	516,227,955
Owned by third-party investors.....	42,623,742	42,628,647
Total subscribed and paid shares.....	558,856,602	558,856,602

As of March 31, 2021 and December 31, 2020, 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 in 2021 and 2020 held in the Company's treasury (treasury shares).

As of March 31, 2021 and December 31, 2020, CEMEX España owned approximately 92.37% 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.

19B) OTHER EQUITY RESERVES

As of March 31, 2021 and December 31, 2020, the balances of other equity reserves are summarized as follows:

	2021	2020
Reorganization of entities under common control and other effects ¹	\$ (300,422)	(300,422)
Translation effects of foreign subsidiaries ²	(729,558)	(709,529)
Share-based payments ³	23,571	23,571
	\$ (1,006,409)	(986,380)

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, and included in the statements of comprehensive income and includes the amount of deferred taxes recognized directly in capital that represented expenses of \$19,316 in 2021 and \$13,058 in 2020 (note 20B), as well as the effects of remeasurement of the pension liability that represented expenses of \$455 in 2021 and \$1,942 in 2020.

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

19C) RETAINED EARNINGS

In accordance with the provisions of the Corporations Law in Spain, the Parent Company must allocate 10% of its profit for the year, determined individually, to a legal reserve until it reaches at least an amount equivalent to 20% of the share capital. As of March 31, 2021 and December 31, 2020, the Parent Company's legal reserve amounted to \$22,339 in both periods.

19D) EXECUTIVE'S SHARE-BASED COMPENSATION

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

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

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Executive' share-based compensation – continued

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.

During the three-month periods ended March 31, 2021 and 2020, total compensation expense related to the share-based long-term incentive programs described above amounted to \$324 and \$337, respectively, which was recognized in the operating results of each subsidiary against other equity reserves.

19E) NON-CONTROLLING INTERESTS

Non-controlling interest represents the share of non-controlling stockholders in the results and equity of consolidated entities. As of March 31, 2021 and December 31, 2020, 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 23).

20) BASIC EARNINGS (LOSS) PER SHARE

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

The amounts considered for calculations of earnings (loss) per share ("EPS") for the three-month periods ended March 31, 2021 and 2020 are as follows:

Denominator (thousands of shares)	2021	2020
Weighted average number of shares outstanding – Basic EPS	558,857	557,479
Effect of dilutive instruments – share-based compensation.....	2,896	1,576
Weighted average number of shares outstanding – Diluted EPS	561,753	559,055
Numerator		
Consolidated net income (loss).....	\$ 3,841	(30,487)
Less: non-controlling interest net income (loss)	19	(69)
Controlling interest net income (loss).....	\$ 3,822	(30,418)
Controlling interest basic earnings (loss) per share (\$ per share)	0.01	(0.05)
Controlling interest diluted earnings (loss) per share (\$ per share).....	0.01	(0.05)

21) COMMITMENTS

21A) CONTRACTUAL OBLIGATIONS

As of March 31, 2021, the Company had the following contractual obligations:

(Thousands of Dollars)	2021				
	Less than 1 year	1–3 years	3–5 years	More than 5 years	Total
Bank loans (note 16).....	\$ 1,979	79,210	–	–	81,189
Long-term debt with related parties ¹	33,531	514,919	20,370	–	568,820
Interest payments on debt ²	31,884	30,857	439	–	63,180
Leases ³	7,392	10,344	5,801	268	23,805
Pension plans and other benefits ⁴	3,290	6,532	6,377	14,575	30,773
Purchases of raw materials, fuel and energy ⁵	34,481	47,001	37,050	41,300	159,833
Investments in property, machinery and equipment ⁶	15,232	5,388	–	–	20,619
Total contractual obligations	\$ 127,788	694,251	70,036	56,143	948,218

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Contractual obligations – continued

- 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 March 31, 2021.
- 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 Innovation Holding 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.
- 5 Includes the Company's commitments to purchase raw materials, fuel and electric power from Colombia, Panama and Guatemala.
- 6 Includes the contractual commitments that are part of the construction process of the access road to the Maceo Plant.

As of March 31, 2021, the summary of certain significant contracts related to commitments for the purchase of raw materials, supplies and other items presented in the table above, which are commonly traded in the local currency of each subsidiary and which disclosed annual amounts are maximum estimates, depend on actual consumption at the unit prices agreed in the contracts, as follows:

(U.S. Dollars millions)					
Counterpart	Country	Concept	Start date	Term	Estimated annual amount
General de Maquinaria y Excavación Colombia S.A.S.	Colombia	Quarry exploitation	July 2018	4 years	\$ 2
Turgas S.A. E.S.P.	Colombia	Natural gas	October 2017	4 years	10
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	17
AES Chivor & CIA S.C.A. E.S.P.	Colombia	Energy	September 2020	2 years	3
Genser Power S.A.S. E.S.P.	Colombia	Energy	October 2020	2 years	1
Teleperformance Colombia S.A.S.	Colombia	Administrative services	November 2020	1.5 years	2

In addition, on November 15, 2019, as part of the agreements entered into simultaneously in the transaction where Balboa sold 25% of Cemento Interocéánico (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. signed on December 16, 2020 (note 17B).

Hedge of fuel prices

As of March 31, 2021 and December 31, 2020, CEMEX Colombia maintains call option contracts negotiated with CEMEX to hedge the price of diesel fuel for an aggregate notional amount of \$5,466 and \$6,422, respectively, with an estimated fair value representing assets of \$1,591 in 2021 and \$607 in 2020. 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 period ended March 31, 2021 and 2020, changes in the fair value of these contracts recognized in comprehensive income represented gains of \$984 and losses of \$1,992, respectively.

21B) OTHER COMMITMENTS

As of March 31, 2021, the Parent Company had the following relevant contracts with entities of CEMEX for several concepts, the amounts of which are based on fixed percentages over the life of the contracts on consolidated net sales based on market conditions, which are summarized below:

(Millions of Dollars)						
Counterpart	Contractor	Concept	Start / renewal date	Term	Annual amount	
CEMEX, S.A.B de C.V.	Parent Company	Use of trademarks	July 2017	5 years	\$ 4	
CEMEX Innovation Holding AG. ¹	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	

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Other commitments – continued

1 On January 1, 2021, CEMEX Research Group AG (“CRG”), a subsidiary of CEMEX España established in Switzerland, which corporate purpose, among others, is the management of intellectual property, carried out a global assignment of its operating assets, contracts and liabilities to CEMEX Innovation Holding AG (“CIH”), a subsidiary of CEMEX S.A.B. de C.V. also established in Switzerland. Since that date, CIH has been carrying out the activities that CRG had been developing until then, therefore the first being the universal successor of the CRG rights created under the intellectual property license agreement signed between CLH and CRG of November 15, 2012.

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

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.

22) LEGAL PROCEEDINGS, CONTINGENCIES AND OTHER SIGNIFICANT PROCESSES

22A) LIABILITIES RESULTING FROM LEGAL PROCEEDINGS

CEMEX Latam is involved in various non-significant legal proceedings, different than those associated with taxes detailed in note 18B, that arise in the ordinary course of business, and that involve: 1) claims for product guarantees; 2) claims for environmental damage; and 3) other similar claims associated with the business, the resolutions of which are deemed probable and imply cash outflows or the delivery of other resources owned by CEMEX Latam. As a result, certain provisions or losses have been recorded in the financial statements, representing the best estimate of payments or impairment of assets thereof. As a result, CEMEX Latam considers that there will not be significant payments or additional losses in excess of the amounts already recognized. As of March 31, 2021, no proceeding is significant to be disclosed individually.

22B) CONTINGENCIES FROM LEGAL PROCEEDINGS

As of March 31, 2021, CEMEX Latam is involved in various legal proceedings, not related to tax matters (note 18B), which have not required the recognition of accruals considering the likelihood of an adverse resolution to be low based on the evidence at the Company’s disposal, although a favorable resolution cannot be assured. In addition, CEMEX Latam describes other significant processes. The summary of facts of the most significant proceedings with a quantification of the potential amount in dispute when such amount can be reasonably determined is as follows:

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.

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Contingencies due to commercial demands

- In September 2018, CEMEX Colombia received an arbitration 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 \$9 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 arbitration court concluded the process and issued its resolution ordering the constructor to reimburse CEMEX Colombia expenses for an amount in Pesos equivalent to approximately \$3.2 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, against the aforementioned award, which was resolved on March 4, 2021 favorably for CEMEX Colombia, in the sense of declaring the appeal unfounded, confirming the decision of the arbitration court’s resolution.
- As a result of the premature damages presented in the *Transmilenio* slabs - North Highway in 2005, 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 March 31, 2021, 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 March 31, 2021, 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 March 31, 2021, 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.

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22C) OTHER SIGNIFICANT PROCESSES

In connection with the cement plant located in the municipality of Maceo in Colombia (the “Maceo Plant”), as described in note 14A, as of March 31, 2021, the plant has not initiated commercial operations considering several significant processes for the return of the investment. The evolution and status of the main issues related to such plant are described as follows:

Memorandums of understanding

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

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 March 31, 2021, 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 March 31, 2021, 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:

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Maceo Plant – Lease contract, mandate agreement and operation contract – continued

- 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 March 31, 2021.
- 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 loses 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 March 31, 2021, 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 to declare ineffective and, alternatively, the nullity and non-existence of the equity contribution in-kind 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 would not have effects on the consolidated financial statements of CEMEX Latam. As of March 31, 2021, the claim has been admitted by the Business Superintendency, pending for approval of the cautionary measures.

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. Likewise, on February 16, 2021, Corantioquia notified CI Calizas of the modification of the environmental license by means of which up to 990 thousand tons of minerals (clay and limestone) may be extracted and produced up to 1,500,000 metric tons of cement per year, being conditioned to the modification of the Program of Works and Projects (PWP) of the mining title that is currently in progress in the Secretary of Mines of the Antioquias's Government. 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. With the obtention of the modification to the environmental license, which constitutes an important milestone to achieve the future operation of the Maceo Plant, the start-up remains subject mainly to the construction of the access road, however, as of the date of approval of the financial statements the Company cannot establish with exactitude the date of conclusion of said access road. CEMEX Colombia continues to work to address these issues as soon as possible and limits its activities to those for which it has the relevant authorizations.

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23) MAIN SUBSIDIARIES

The Parent Company's main direct and indirect subsidiaries as of March 31, 2021 and December 31, 2020 are as follows:

<u>Subsidiary</u>	<u>Country</u>	<u>Activity</u>	<u>% of interest</u>	
			<u>2021</u>	<u>2020</u>
Corporación Cementera Latinoamericana, S.L.U. ¹	Spain	Parent	100	100
CEMEX Colombia S.A.	Colombia	Operating	99.7	99.7
Zona Franca Especial Cementera del Magdalena Medio S.A.S. ²	Colombia	Operating	100	100
CEMEX (Costa Rica), S.A.	Costa Rica	Operating	99.2	99.2
CEMEX Nicaragua, S.A.	Nicaragua	Operating	100	100
Cemento Bayano, S.A.	Panama	Operating	99.5	99.5
CEMEX Guatemala, S.A.	Guatemala	Operating	100	100
Cementos de Centroamérica, S.A. ³	Guatemala	Operating	100	100
CEMEX Lan Trading Corporation	Barbados	Trading	100	100
CEMEX El Salvador, S.A.	El Salvador	Operating	100	100
Inversiones SECOYA, S.A.	Nicaragua	Operating	100	100
Apollo RE, Ltd.	Barbados	Reinsurance	100	100
CEMEX Finance Latam B.V.	Holland	Finance	100	100

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

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