



Cemex Latam Holdings, S.A.

Annual Accounts

December 31, 2020

Directors' Report

2020

(With Auditor's Report Thereon)

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



KPMG Auditores, S.L.
Pº de la Castellana, 259 C
28046 Madrid

Independent Auditor’s Report on the Annual Accounts

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

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

Opinion

We have audited the annual accounts of Cemex Latam Holdings, S.A. (the “Company”), which comprise the balance sheet at December 31, 2020, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Annual Accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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



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Most Relevant Aspects of the Audit

The most relevant aspects of the audit are those that, in our professional judgment, have been considered as the most significant risks of material misstatement in the audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Recoverable amount of investments in equity instruments of Group companies and associates (see notes 2(d), 4(b) and 7)

Non-current investments in equity instruments of Group companies and associates, which amount to Euros 1,557,059 thousand at December 31, 2020, make up practically all of the Company's assets, and are therefore the most significant balance sheet item. The recoverable amount of investments in Group companies, in the case of companies where there are events that could indicate impairment, is calculated by applying valuation techniques which often require the Directors to exercise judgment and use assumptions and estimates. Due to the significance of the amount and the uncertainty associated with these estimates, this matter has been considered a relevant aspect of the audit.

Our audit procedures included assessing the design and implementation of the key controls relating to the valuation process of the investments in equity instruments of Group companies and associates, and evaluating whether there are any events that could indicate impairment of the equity investments and whether the conclusions drawn by the Directors and management were appropriate. We evaluated the main assumptions considered in the impairment analysis of the investments in equity instruments of Group companies and associates, with the involvement of our valuation specialists. We also assessed whether the information disclosed in the annual accounts meets the requirements of the financial reporting framework applicable to the Company.

Other Information: Directors' Report

Other information solely comprises the 2020 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility for the directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. It is also our responsibility to assess and report on whether the content and presentation of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2020 and the content and presentation of the report are in accordance with applicable legislation.



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Directors' Responsibility for the Annual Accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



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- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

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

From the significant risks communicated to the Directors of Cemex Latam Holdings, S.A., we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Miguel Ángel Faura Borruey

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

April 16, 2021

CEMEX LATAM HOLDINGS, S.A.

Annual Accounts and Directors' Report
December 31, 2020

(With Independent Auditor's Report Thereon)

(Free translation from the original in Spanish.

In the event of discrepancy, the Spanish-language version prevails.)

CEMEX LATAM HOLDINGS, S.A.

Income Statement
for the year ended
December 31, 2020

(Thousands of Euros)

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

Assets	Note	2020	2019
Non-current investments in Group companies and associates			
Equity instruments	7 and 13 (a)	1,557,059	1,696,724
Other financial assets.....	8 and 13 (a)	<u>3</u>	<u>3</u>
Non-current investments			
Other financial assets.....	8	5	6
Total non-current assets.....		1,557,067	1,696,733
Trade and other receivables			
Group companies and associates	8 and 13 (a)	117	20,875
Personnel	8	3	26
Public entities, other	12	1,154	1,169
Current investments in Group companies and associates			
Other financial assets.....	8 and 13 (a)	2,116	95
Cash and cash equivalents			
Cash.....		<u>84</u>	<u>249</u>
Total current assets.....		3,474	22,414
Total assets		<u>1,560,541</u>	<u>1,719,147</u>
Equity and Liabilities			
Capital and reserves			
Registered capital.....	9	578,278	578,278
Share premium		728,266	728,266
Own shares		(99,318)	(106,393)
Reserves		155,169	171,645
Loss for the year		(18,334)	(9,401)
Translation differences		<u>30,439</u>	<u>154,088</u>
Total equity		1,374,500	1,516,483
Group companies and associates, non-current.....	10, 11 and 13 (a)	<u>181,289</u>	<u>193,739</u>
Total non-current liabilities		181,289	193,739
Trade and other payables			
Other payables.....	10	631	509
Group companies and associates	10 and 13 (a)	3,012	7,763
Personnel	10	309	359
Current tax liabilities.....	12	525	-
Public entities, other	12	<u>275</u>	<u>294</u>
Total current liabilities		4,752	8,925
Total equity and liabilities		<u>1,560,541</u>	<u>1,719,147</u>

The accompanying notes form an integral part of the annual accounts for 2020.

CEMEX LATAM HOLDINGS, S.A.

Income Statement
for the year ended
December 31, 2020

(Thousands of Euros)

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

	Note	2020	2019
CONTINUING OPERATIONS			
Revenue	13 (b) and 14 (a)	36,002	56,354
Personnel expenses	14 (b)	(1,869)	(2,075)
Salaries, wages and similar costs		(1,395)	(1,636)
Employee benefits expense.....		(474)	(439)
Other operating expenses	14 (c)	(40,287)	(49,522)
External services		(1,787)	(1,718)
Other operating expenses.....		(38,500)	(47,804)
Results from operating activities		<u>(6,154)</u>	<u>4,757</u>
Finance costs	10	(11,134)	(10,482)
Group companies and associates	13 (b)	(11,128)	(10,476)
Other		(6)	(6)
Exchange losses		(71)	(48)
Net finance cost		<u>(11,205)</u>	<u>(10,530)</u>
Loss for the year before tax		<u>(17,359)</u>	<u>(5,773)</u>
Income tax expense	12	(975)	(3,628)
Loss for the year		<u>(18,334)</u>	<u>(9,401)</u>

CEMEX LATAM HOLDINGS, S.A.

Statement of Changes in Equity
for the year ended
December 31, 2020A) Statement of Recognized Income and Expense
(Thousands of Euros)*(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

	2020	2019
Loss for the year	<u>(18,334)</u>	<u>(9,401)</u>
Income and expense recognized directly in equity		
Translation differences.....	<u>(123,649)</u>	<u>32,538</u>
Total income and expense recognized directly in equity	<u>(123,649)</u>	<u>32,538</u>
Total recognized income and expense	<u>(141,983)</u>	<u>23,137</u>

CEMEX LATAM HOLDINGS, S.A.

Statement of Changes in Equity
for the year ended
December 31, 2020B) Statement of Total Changes in Equity
(Thousands of Euros)*(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

	Registered capital	Share premium	Reserves	Loss for the year	Translation differences	Own shares	Total
Balances at December 31, 2018	<u>578,278</u>	<u>728,266</u>	<u>172,250</u>	<u>1,398</u>	<u>121,550</u>	<u>(108,407)</u>	<u>1,493,335</u>
Recognized income and expense.....	-	-	-	(9,401)	32,538	-	23,137
Transactions with shareholders or owners							
Distribution of profit for 2018	-	-	1,398	(1,398)	-	-	-
Other movements	-	-	(2,003)	-	-	2,014	11
Balances at December 31, 2019	<u>578,278</u>	<u>728,266</u>	<u>171,645</u>	<u>(9,401)</u>	<u>154,088</u>	<u>(106,393)</u>	<u>1,516,483</u>
Recognized income and expense.....	-	-	-	(18,334)	(123,649)	-	(141,983)
Transactions with shareholders or owners							
Distribution of profit for 2019	-	-	(9,401)	9,401	-	-	-
Other movements	-	-	(7,075)	-	-	7,075	-
Balances at December 31, 2020	<u>578,278</u>	<u>728,266</u>	<u>155,169</u>	<u>(18,334)</u>	<u>30,439</u>	<u>(99,318)</u>	<u>1,374,500</u>

The accompanying notes form an integral part of the annual accounts for 2020.

CEMEX LATAM HOLDINGS, S.A.

Statement of Cash Flows
for the year ended
December 31, 2020

(Thousands of Euros)

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

	Note	2020	2019
Cash flows from (used in) operating activities		<u>8,590</u>	<u>(30,013)</u>
Loss for the year before tax		(17,359)	(5,773)
Adjustments for:		11,205	10,530
Finance costs.....	10	11,134	10,482
Exchange losses.....		71	48
Changes in operating assets and liabilities		14,077	(32,026)
Trade and other receivables		20,796	(19,916)
Trade and other payables.....		(4,629)	(11,916)
Other current assets.....		(2,021)	(95)
Other current liabilities		(69)	(99)
Other cash flows from (used in) operating activities		667	(2,744)
Income tax received (paid).....		667	(2,744)
Cash flows from (used in) investing activities		<u>-</u>	<u>-</u>
Payments for investments		-	-
Other financial assets	8	-	-
Cash flows from (used in) financing activities		<u>(7,394)</u>	<u>34,659</u>
Proceeds from financial liability instruments		39,164	67,615
Issue			
Group companies and associates		39,164	67,615
Redemption and repayment of			
Group companies and associates		(46,558)	(32,956)
Effect of exchange rate fluctuations		<u>(1,361)</u>	<u>(4,764)</u>
Net decrease in cash and cash equivalents		<u>(165)</u>	<u>(118)</u>
Cash and cash equivalents at beginning of year.....		249	367
Cash and cash equivalents at year end.....		84	249

The accompanying notes form an integral part of the annual accounts for 2020.

CEMEX LATAM HOLDINGS, S.A.

Notes to the Annual Accounts
December 31, 2020

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

(1) Nature and Activities of the Company

Cemex Latam Holdings, S.A. (hereinafter the "Company" or "Cemex Latam") was incorporated on April 17, 2012, as a public limited liability company ("sociedad anónima"), for an unlimited period. Its registered office is located at Calle Hernández de Tejada, 1, Madrid.

The statutory and principal activities of the Company consist of the management and administration of equity securities, mainly of entities not resident in Spain, through the organization of material and human resources, as well as the subscription, buy-back, holding, use, management or disposal of securities and stakes in companies, except those subject to specific legislation.

Without prejudice to the foregoing, the Company's statutory activity also includes the following activities:

- Rendering technical assistance, business management and support services to other companies in its group;
- Research and development in the field of construction materials;
- The manufacture, production, purchase, sale, distribution, transportation, marketing, export and import of cement, aggregates, concrete, mortar and any other construction materials, as well as any other product or activity directly or indirectly related to the cement industry and construction materials, and the exploration and operation of mines; and
- Management of all types of by-products and/or waste, in the broadest sense, including collection, transportation by road, sorting, recovery, marketing, treatment, conversion into fuel or raw materials, and disposal.

At December 31, 2020 and 2019, the first two activities listed above are carried out directly by the Company, while the activities described in the last two points are conducted through its subsidiaries.

As detailed in note 13 (b), a significant part of the Company's transactions is with related parties.

As explained in note 7, the Company has investments in subsidiaries and associates, and is the parent of a group of companies with operations in Colombia, Panama, Costa Rica, Nicaragua, Guatemala and El Salvador (hereinafter "the Group" or "the Cemex Latam Group") engaged mainly in the manufacture of cement, concrete and mortar, the extraction of aggregates, and the sale and distribution of the products extracted and manufactured. For the purposes of clarification, (i) the definition provided in this document for the terms "Group" and "Cemex Latam Group" is not contained in the provisions of Title VII, Chapter VI of Income Tax Law 27/2014 of November 27, 2014 on consolidated tax groups, and (ii) although the Company is the parent of a group of companies as defined under legislation in force, and therefore obliged to file consolidated annual accounts, it does not prepare consolidated annual accounts in Spain because the group of which it is the parent forms part of a Spanish group headed by Cemex España, S.A. (hereinafter the "Cemex España Group" or "Cemex España"), which presents consolidated annual accounts pursuant to article 43.2 of the Spanish Code of Commerce. Cemex España's registered office is located at Calle Hernández de Tejada, 1, Madrid. Cemex España's consolidated annual accounts will be filed at the Madrid Mercantile Registry.

As stated in section b) below, the Company's shares were admitted to trading on the Colombian Stock Exchange ("BVC") on November 16, 2012. As a Spanish company, Cemex Latam is governed by the Spanish Companies Act, as well as its Bylaws, the Regulations of the General Shareholders Meeting, the Regulations of the Board of Directors and other rules approved by the Company's internal governing bodies. Since being admitted to trading, Cemex Latam, whose corporate governance system is subject to Spanish law, has voluntarily adopted the main recommendations for good governance applicable to Colombian listed companies.

Lastly, the Company forms a part of an international cement and construction materials group (hereinafter "the Cemex Group") of which Cemex, S.A.B. de C.V. (hereinafter "Cemex") is the parent. Cemex, S.A.B. de C.V. is registered in Monterrey (Mexico) and listed on the Mexican Stock Exchange (BMV) and the New York Stock Exchange (NYSE).

CEMEX LATAM HOLDINGS, S.A.

Notes to the Annual Accounts
December 31, 2020

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

(a) Incorporation of a branch in Switzerland

On August 1, 2012, the Company decided to set up a branch in Switzerland (hereinafter "the Branch"). The Branch operates under the name "Cemex Latam Holdings, S.A. Madrid, Swiss Branch Brügg" and its assets, liabilities, income and expenses form an integral part of the Company's annual accounts. Details of the Branch's assets and liabilities at December 31, 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Non-current assets.....	5	5
Current assets.....	220,890	251,769
Total assets.....	220,895	251,774
Current liabilities.....	3,869	7,925
Total liabilities.....	3,869	7,925
Reserves.....	230,148	227,349
Loss for the year.....	(7,228)	2,799
Translation differences.....	(5,894)	13,701
Total equity and liabilities.....	220,895	251,774

Total assets include the Branch's balances vis-à-vis its parent, amounting to Euros 220,715 thousand at December 31, 2020 (Euros 230,822 thousand at December 31, 2019), which are eliminated when drawing up the Company's annual accounts.

The Branch's principal activity is the licensing, use, development, maintenance and protection of the Cemex Latam Group's intellectual and industrial property rights. Its activity also includes the provision of technical assistance and management services.

The Branch keeps its own accounts, books and ledgers under Swiss accounting principles independently and separately from the Company's accounts. However, the legal person being one and the same, its results are integrated into the accompanying accounts.

(b) Initial public offering ("IPO")

On November 15, 2012, the Company completed its initial public offering ("IPO") on the Colombian Stock Exchange (BVC) of 170,388,000 new ordinary shares at a price of Colombian Pesos 12,250 (US Dollars 6.75) per share. The Company's shares are listed on the BVC under the ticker CLH.

CEMEX LATAM HOLDINGS, S.A.

Notes to the Annual Accounts
December 31, 2020

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

(c) Public Takeover Bid

November 9, 2020 marked the start of the acceptance period of Cemex España's takeover bid for all of the Company's outstanding shares listed in the National Registry of Securities and Issuers and the BVC (149,610,106 shares, excluding treasury shares). The takeover bid for CLH expired on December 10, 2020. As a result of the takeover bid, Cemex España acquired 108,337,613 shares of CLH at a price of Colombian Pesos 3,250 per share. The takeover bid was settled on December 18, 2020, for a total of Colombian Pesos 352.1 thousand million (approximately USD 102.5 million). At December 31, 2020, Cemex España holds 92.37% of the outstanding shares of CLH, excluding treasury shares.

(2) Basis of Presentation

(a) True and fair view

The accompanying annual accounts have been prepared on the basis of the accounting records of Cemex Latam and of its Branch in accordance with prevailing legislation and the Spanish General Chart of Accounts, to present fairly the equity and financial position at December 31, 2020 and results of operations, changes in equity, and cash flows for the year then ended.

The Board of Directors of the Company considers that the annual accounts for 2020, authorized for issue on March 26, 2021, will be approved with no changes by the shareholders at their annual general meeting. In addition, as a foreign issuer of securities on the BVC and in accordance with Colombian securities exchange rules, the Company presents separate (individual) and consolidated financial statements under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). The financial statements were approved by the Company's Board of Directors on February 8, 2021 and filed with the Financial Superintendency of Colombia ("SFC" – the Colombian securities market regulator). Those financial statements are not submitted to the shareholders for approval at the annual general meeting. However, they may be consulted on the Company's website (www.cemexlatam.com) in the Reports Archive section of the Investor Center tab.

(b) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2020 include comparative figures for 2019, which formed part of the annual accounts approved by the shareholders at the annual general meeting held on June 29, 2020.

(c) Functional and presentation currency

The figures disclosed in the annual accounts are expressed in Euros, rounded off to the nearest thousand. The Company's functional currency is the US Dollar, as this is the currency in which most of its transactions are carried out.

The obligation to present the annual accounts in Euros requires recognition of the effect of translating from the functional currency into Euros.

The following criteria were applied when translating the functional currency to Euros:

- Assets and liabilities are translated at the closing rate at the reporting date.
- Income and expenses are translated at the average exchange rate for the period.
- Exchange gains and losses arising from application of the above criteria are recognized as a separate item of equity under translation differences.

CEMEX LATAM HOLDINGS, S.A.

Notes to the Annual Accounts
December 31, 2020

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

(d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgments used when applying accounting principles

Relevant accounting estimates and judgments and other estimates and assumptions have to be made when applying the Company's accounting principles to prepare the annual accounts. A summary of the items requiring a greater degree of judgment or which are more complex, or where the assumptions and estimates made are significant to the preparation of the annual accounts, is as follows:

The annual accounts of the Company for the years ended December 31, 2020 and 2019 reflect the estimates approved by the Board of Directors to measure certain assets, liabilities and commitments disclosed therein. Estimates affecting the most significant items relate to impairment of investments in Group companies and associates, and the projections supporting recognition of tax credits for tax loss carryforwards.

(i) Impairment of investments in Group companies and associates

The Company tests investments in Group companies and associates for impairment on an annual basis when there are indications of impairment. Calculating the recoverable amount of these investments requires the Cemex Latam Group to use estimates. The recoverable amount is the higher of fair value less costs to sell and value in use. The Cemex Latam Group uses cash flow discounting methods to calculate these values, generally based on five-year projections in the budgets approved by the Cemex Latam Group.

The flows take into consideration past experience and represent management's best estimate of future market performance. From the final year cash flows are extrapolated using perpetual growth rates and, in certain cases, to calculate the residual value, cash flows are normalized. The key assumptions employed when determining fair value less costs to sell and value in use include growth rates, the weighted average cost of capital and tax rates. The estimates, including the methodology used, could have a significant impact on values and impairment.

(ii) Recognition of tax credits for tax loss carryforwards

Tax projections are determined based on the budgets approved by the Board of Directors and other estimates prepared by the Company's different departments. These projections, which encompass a maximum period of 10 years, take into consideration past experience and represent management's best estimate of future market performance.

Although the estimates made by the Company's Board of Directors were based on the best information available at December 31, 2020, future events may require changes to these estimates in future reporting periods. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognized prospectively.

(e) Going concern basis

The Company had negative working capital amounting to Euros 1,278 thousand at December 31, 2020, including current payables to Cemex Group companies of Euros 779 thousand. Nevertheless, the Board of Directors has prepared these annual accounts on a going concern basis inasmuch as the Group to which the Company belongs has expressed in writing its commitment to provide any necessary financial support in the short term to enable the Company to honor all of its commitments and maintain the financial equilibrium required for it to continue operating as a going concern.

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(3) Application of Loss

At their annual general meeting held on June 29, 2020, the shareholders approved the proposal made by the Board of Directors that the loss of Euros 9,400,614.53 for the year ended December 31, 2019 be carried forward as prior years' losses and subsequently offset with a charge to voluntary reserves.

The application of loss for the year ended December 31, 2020 proposed by the board of directors and pending approval by the shareholders is to carry forward the Euros 18,334,268.74 loss as prior years' losses and subsequently offset this amount with a charge to voluntary reserves.

The Company's freely distributable reserves are nonetheless subject to the legal limits. Dividends may not be distributed if equity would be less than share capital as a result. Moreover, the distribution of dividends by the Company with a charge to reserves is subject to the limits set out in the Framework Agreement, as explained in note 16.

(4) Significant Accounting Policies

(a) Leases

The Company has rights to use certain assets through lease contracts.

Leases in which, upon inception, the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases, otherwise they are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(b) Financial instruments

The Company recognizes financial instruments when it becomes party to the contract or legal transaction, in accordance with the terms set out therein.

Debt instruments are recognized from the date on which the legal right to receive or legal obligation to pay cash arises. Financial liabilities are recognized at the trade date.

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Company classifies financial instruments into different categories based on the nature of the instruments and the Company's intentions on initial recognition.

A financial asset and a financial liability are offset only when the Company currently has the legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(i) Loans and receivables

These assets mainly include receivables from Group companies and are initially recognized at fair value, including transaction costs, and subsequently measured at amortized cost using the effective interest method. Nevertheless, financial assets which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

(ii) Investments in Group companies and associates

Group companies are those over which the Company, either directly, or indirectly through subsidiaries, exercises control as defined in article 42 of the Spanish Code of Commerce, or when the companies are controlled by one or more individuals or entities acting jointly or under the same management through contractual agreements or statutory clauses.

CEMEX LATAM HOLDINGS, S.A.

Notes to the Annual Accounts
December 31, 2020

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

Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. In assessing control, potential voting rights held by the Company or other entities that are exercisable or convertible at the end of each reporting period are considered.

Investments in Group companies are initially recognized at cost, which is equivalent to the fair value of the consideration given net of transaction costs, and are subsequently measured at cost net of any accumulated impairment.

The Company assesses its investments in Group companies to determine whether there is any indication of impairment, recognizing an impairment loss where the carrying amount exceeds the recoverable amount.

Dividends from investments in equity instruments are recognized when the Company is entitled to receive them. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

(iii) Derecognition and modification of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new asset obtained less any new liability assumed and any cumulative gain or loss deferred in recognized income and expense, is recorded in profit or loss. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the consideration received is recognized in liabilities. Transaction costs are recognized in profit and loss using the effective interest method.

(iv) Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and the event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company recognizes impairment of loans and receivables and debt instruments when estimated future cash flows are reduced or delayed due to debtor insolvency.

For equity instruments, objective evidence of impairment exists when the carrying amount of an asset is uncollectible due to a significant or prolonged decline in its fair value.

(v) Financial liabilities

Financial liabilities mainly include payables to Group companies and trade payables and are recognized initially at fair value less any directly attributable transaction costs. After initial recognition, liabilities classified under this category are measured at amortized cost.

Nevertheless, financial liabilities which have no established interest rate, which mature or are expected to be settled in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

(vi) Derecognition and modification of financial liabilities

The Company derecognizes all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

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(c) Own equity instruments

Equity instruments acquired by the Company are shown separately at cost of acquisition as a reduction in capital and reserves in the balance sheet. Any gains or losses on transactions with own equity instruments are not recognized in profit or loss.

Transaction costs related to own equity instruments are accounted for as a reduction in reserves, net of any tax effect.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions.

(e) Contributions to defined contribution plans

The Company recognizes the contributions payable to a defined contribution plan in exchange for a service when an employee has rendered services. The contributions payable are recognized as an expense for the period, and as a liability after deducting any contribution already paid.

(f) Revenues from the rendering of services

Cemex Latam's revenues represent the pre-VAT value of royalties paid by its direct and indirect subsidiaries for the use of intangible assets, trademarks and management services of Cemex under licensing agreements arranged through the Branch in Switzerland. These revenues are measured at the fair value of the consideration received or receivable and are recognized once the corresponding service has been provided.

(g) Provisions and contingencies

When preparing the annual accounts, the Company's directors make a distinction between:

(i) Provisions

Balances payable which cover current obligations deriving from past events, the settlement of which is likely to result in an outflow of resources, but which cannot be quantified with respect to their amount and/or date of settlement.

(ii) Contingent liabilities

Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company.

Provisions are recognized when (i) the Company has a present obligation (legal, contractual, implicit or tacit) as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. For obligations derived from contingent processes, unless the probability of an outflow of resources is remote, the Company provides descriptive information on each contingency broken down by nature of the risk, foreseeable progression and factors on which it depends, a quantified estimate of its possible adverse effects on the financial statements and, if such an estimate cannot be made, information on the reasons for this inability, indicating maximum and minimum risks.

Provisions are measured at the present value of the best possible estimate of the amount necessary to settle or transfer the obligation, taking into account available information on the event and its consequences, and any adjustments arising from the discounting of these provisions are recognized as a finance cost as and when accrued.

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Reimbursements from third parties of the expenditure required to settle a provision are recognized as a separate asset provided that it is virtually certain that the reimbursement will be received, except in the case that a legal relationship exists through which part of the risk has been externalized, and in virtue of which the Company will not be obliged to respond; in this situation, the compensation will be taken into account to estimate the amount for which, where applicable, the corresponding provision should be recognized.

(h) Income taxes

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current and deferred tax are recognized as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different year, directly in equity, or from a business combination.

The Company has elected to file tax under the tax regime for entities holding foreign securities ("ETVEs" in the Spanish acronym), having sent the Spanish Ministry of Finance the pertinent notification on November 28, 2012. ETVEs are defined as entities whose corporate purpose consists of managing and administering equity securities of entities not resident in Spain through the organization of material and human resources. Such entities are regulated under Chapter XIII of Income Tax Law 27/2014 of November 27, 2014.

The Company files consolidated tax returns with Cemex España, S.A. and with the companies of the Cemex España Group resident in Spain for tax purposes (the "Tax Group"). These companies are Cemex España Operaciones, S.L.U., Cementos Andorra, S.A., Corporación Cementera Latinoamericana, S.L.U., CCL Business Holdings, S.L.U., Business Material Funding, S.L., Macoris Investments, Solvades, S.L.U., Cemex Ventures España, S.L.U., Cemex España Gestión y Servicios, S.L.U., Construcción Digital Keobra, S.L., Materiales Express España S.L., Links Connecting the dots, S.L. and Neoris, S.L. The Company recognizes income tax payable or recoverable with a debit or credit to receivables from or payables to Group companies, in accordance with the figures included in the consolidated income tax return.

The Company only recognizes deferred tax assets when it is probable that future taxable profit will be generated against which they may be offset within the period stipulated in applicable tax legislation, up to a maximum period of ten years, unless there is evidence that their recovery in a longer period of time is probable and tax legislation provides for their utilization in a longer period or stipulates no time limit for their utilization.

It is considered probable that the Company will generate sufficient taxable profit to recover deferred tax assets when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

In order to determine future taxable profit, the Company considers tax planning opportunities, provided it intends or is likely to adopt them.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognized in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

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(i) Share-based payment transactions

On January 16, 2013, having received a report from the Appointments and Remuneration Committee approving the initiative, the Company's Board of Directors approved a long-term incentive scheme for certain Cemex Latam Group executives in the form of annual remuneration programs with payment in Company shares, effective from January 1, 2013.

The cost associated with these long-term incentive schemes is the fair value of the shares at the delivery date and is recognized in the income statements of the Cemex Latam Group companies in which the executives adhering to the scheme render their services. The shares underlying the scheme, which are treasury shares of the Company, are delivered fully paid-in over a period of four years under each annual program. The Company recognizes a reduction in treasury shares with a charge to other capital reserves in the amount of the shares delivered to the executives at the delivery date thereof.

(j) Classification of assets and liabilities as current and non-current

The Company classifies assets and liabilities in the balance sheet as current and non-current. Assets and liabilities are classified as current when they are expected to be realized or settled within the 12 months after the reporting date. All other assets and liabilities are classified as non-current.

(k) Transactions between Group companies

Transactions between Group companies are recognized at the fair value of the consideration given or received. Any difference between this value and the amount agreed is recognized in line with the underlying economic substance of the transaction.

(l) Foreign currency transactions, balances and cash flows

Foreign currency transactions have been translated to US Dollars using the spot exchange rate applicable at the transaction date.

Monetary assets and liabilities denominated in foreign currencies have been translated to US Dollars at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate applicable at the transaction date.

In the statement of cash flows, cash flows from foreign currency transactions have been translated to US Dollars at the exchange rates at the dates the cash flows occur.

The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognized separately in the statement of cash flows as effect of exchange rate fluctuations.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation to US Dollars of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

(5) Operating Leases - Lessee

Since July 1, 2012 the Company has rented 100m² of space in a building located at Calle Hernández de Tejada, 1 (Madrid) from Cemex España, S.A. under an operating lease. On September 29, 2015, due to the sale by Cemex España, S.A. of the buildings in which the aforementioned space is located to Hermandad Nacional de Arquitectos Superiores y Químicos, Mutualidad de Previsión Social a Prima Fija, and the ensuing lease agreement between the two parties, the Company entered into a new sublease agreement, as sub-lessee, with Cemex España, S.A. for the rental of that same space. The previous lease agreement was therefore terminated. On June 12, 2017 the sublease agreement was amended to reduce the leased surface area and the associated rent, in line with the Company's needs. The remaining terms and conditions of the sublease agreement remained unchanged. The new sublease agreement has a term of 10 years and may be extended for two additional periods of two and three years, respectively.

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Similarly, since November 2012 the Swiss Branch has leased 300m² of office space from Cemex Research Group AG (CRG) in Brugg, Switzerland. On September 1, 2017, following the amendment of the aforementioned agreement with the consent of the parties, the lease was extended for a further five years, and is automatically renewable for additional one-year periods unless either of the parties gives written notice to the contrary one month in advance of the expiry date of the period in question.

Operating lease payments recognized as expenses amounted to Euros 119 thousand in 2020 and Euros 122 thousand in 2019.

Future minimum payments under non-cancellable operating leases are as follows:

	Thousands of Euros	
	2020	2019
Less than one year.....	59	64
One to five years	93	153
Over five years	65	89
	<u>217</u>	<u>306</u>

(6) **Risk Management Policy**

The Company's activities are exposed to various financial risks, primarily liquidity risk, cash flow interest rate risk and capital risk. The Company's global risk management program focuses on uncertainties in its sector of operations and in financial markets, and aims to minimize the potentially adverse effects on the Company's financial performance.

The Company's Finance and Management departments ("Comptroller, Internal Control and Internal Audit") work in coordination to jointly oversee the management of the Company's risks based on the policies, procedures and systems ("the Policies and Systems") in place and/or adopted specifically by the Company and other Cemex Latam Group companies. The strategic planning, tax and legal areas are also involved in the process. These departments identify, measure and manage the operating and financial risks to which the Company is exposed, in close collaboration with other Group areas and always under the supervision of the Company's senior management.

Until now the strategies to be adopted vis-à-vis some of these risks, for example cash flow interest rate risk, capital risk and liquidity risk, have been determined by the Board of Directors of the Company, based on the policies of Cemex, S.A.B. de C.V.

The main risks and uncertainties identified are:

(a) Liquidity risk

The Company applies a prudent policy to cover its liquidity risks based on having sufficient cash, as well as sufficient financing through credit facilities. One of the objectives of the Company's and the Cemex Group's Treasury department is to maintain flexible financing through drawdowns on credit facilities arranged with Cemex Group companies. Details of financial liabilities by contractual maturity date are provided in notes 10 and 11 (b). The parent of the Cemex Group to which the Company belongs has expressed in writing its commitment to provide any necessary support in the short term.

(b) Cash flow interest rate risk

The Company is exposed to interest rate risk from borrowings (loans and credit facilities) with Cemex Group companies. Fixed-rate loans are exposed to fair value interest rate risks and are reviewed by the Cemex Group to confirm that they are entered into on an arm's length basis at market rates of interest.

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At December 31, 2020 and 2019, the Company has no financial instruments or transactions involving treasury shares or shares of Cemex S.A.B. de C.V. or third parties, except the share-based payment plans granted to executives. As such, the Company does not expect any changes in forecast cash flows due to variations in share prices.

(7) Investments in Equity Instruments of Group Companies and Associates

Information on equity investments in Group companies and associates is provided in Appendices I and II.

Details of and movement in investments in Group companies and associates in 2020 and 2019 are as follows:

Investment (*)	Thousands of Euros				
	31/12/2019	Additions	Disposals	Translation differences	31/12/2020
Corporación Cementera Latinoamericana, S.L.U.	1,696,552	-	-	(139,651)	1,556,901
Cementos de Centroamérica, S.A.	101	-	-	(9)	92
Inversiones Secoya, S.A.	71	-	-	(5)	66
Total	<u>1,696,724</u>	<u>-</u>	<u>-</u>	<u>(139,665)</u>	<u>1,557,059</u>

Investment (*)	Thousands of Euros				
	31/12/2018	Additions	Disposals	Translation differences	31/12/2019
Corporación Cementera Latinoamericana, S.L.U.	1,660,403	-	-	36,149	1,696,552
Cementos de Centroamérica, S.A.	99	-	-	2	101
Inversiones Secoya, S.A.	69	-	-	2	71
Total	<u>1,660,571</u>	<u>-</u>	<u>-</u>	<u>36,153</u>	<u>1,696,724</u>

(*) The Company's equity investments in Cemex El Salvador, S.A. de C.V., Cemex Transportes de Colombia, S.A., Cemex Guatemala, S.A. and Central de Mezclas, S.A. are not shown in the above table because the amounts are less than one thousand Euros.

The functional currencies of foreign operations are the currencies of the countries in which they are domiciled.

In the last quarter of each year, the Company performs annual impairment tests to verify the recoverability of investments for which there are indications of impairment. In the analysis of impairment of the significant investment held in Corporación Cementera Latinoamericana, S.L.U. ("CCL") the cash flows generated by its investees have been taken into consideration. In 2020, based on the discounted cash flow projection models, no impairment of the investments was identified.

Impairment testing considers long-term economic variables. Discounted cash flow projections are appreciably affected by factors such as estimates of the future prices of products, increases and decreases in volumes, changes in operating expenses, local and international economic trends in the construction sector, long-term growth expectations in the different markets, as well as the discount and perpetual growth rates applied. The Company considers that its discounted cash flows and the discount rates used are a reasonable reflection of the economic conditions at the date of calculation.

At December 31, 2020 and 2019, the discount rates used to determine the discounted cash flows of CCL's investees were between 7.9% and 10.9% (between 8.4% and 11.3% in 2019) and the estimated long-term growth rates used were between 1.5% and 5% (between 1.5% and 5.5% in 2019).

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The Company verifies the reasonableness of its conclusions by performing sensitivity analyses of the variables, adjusting the value in use by applying a reasonable independent increase of 1% in the discount rate, a reasonable independent decrease of 1% in the long-term growth rate, and through cash flow multiples, for which the Company determined the average cash flow multiple based on recent M&A transactions in the industry. This multiple was applied to the cash flows and the result was compared to the carrying amount.

In 2020 the discount rates used by Cemex Latam for its cash flow projections in most countries were lowered by between 0.5% and 1.3% compared to 2019. This was mainly due to the observed decline in the cost of financing from 5.4% in 2019 to 4.1% in 2020, while the debt weightings used to calculate the discount rate rose from 31.7% in 2019 to 34.6% in 2020. The risk-free rate associated with Cemex Latam fell from 2.9% at December 31, 2019 to 2.2% at December 31, 2020. However, the total cost of capital remained relatively unchanged in most countries between the end of 2019 and 2020 due to increases in specific country risk rates and in the market risk premium, which edged up from 5.6% at December 31, 2019 to 5.7% at December 31, 2020. These declines were partially offset by a slight uptick in share volatility among comparables (beta) which went from 1.08 in 2019 to 1.19 in 2020. In addition, as a preventive measure for considering high uncertainty, volatility and low visibility associated with the negative effects of the COVID-19 pandemic, the Company significantly lowered the long-term growth rates it used in its cash flow projections at December 31, 2020 compared to 2019. These long-term growth rates will be revised upwards or downwards in the future as new financial indicators are published.

There is no indication of impairment based on sensitivity analyses of independent changes in each of the relevant variables used by the Company, or on a multiples-based analysis.

(8) Financial Assets

At December 31, 2020 and 2019, the classification of financial assets by category and class, except for investments in equity instruments of Group companies and associates, is as follows:

	2020		2019	
	Non-current At amortized cost or cost	Current At amortized cost or cost	Non-current At amortized cost or cost	Current At amortized cost or cost
Loans and receivables				
Other financial assets				
Group companies and associates (note 13 (a))	3	2,116	3	95
Investments.....	5	-	6	-
Group companies and associates (note 13 (a))	-	117	-	20,875
Personnel	-	3	-	26
Total financial assets	<u>8</u>	<u>2,236</u>	<u>9</u>	<u>20,996</u>

The carrying amount of trade and other receivables does not differ significantly from their fair value.

At December 31, 2020 and 2019, other current financial assets essentially reflect the balance of taxes receivable from Cemex España, S.A., the parent of the Spanish tax group (see note 12).

At December 31, 2019, Trade receivables from Group companies and associates essentially reflected the balance receivable from the Cemex Latam Group subsidiaries from which the Company collects royalties for the use of intangible assets, trademarks and Cemex management services provided through the Swiss Branch.

(9) Equity

Details of equity and movement during the year are shown in the statement of changes in equity.

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(a) Capital

At December 31, 2020 and 2019, the Company's share capital amounts to Euros 578,278,342, represented by 578,278,342 ordinary shares with a par value of Euros 1 each. All the shares are subscribed and fully paid in.

The Company's shares are listed on the BVC under the ticker CLH.

(b) Share premium

The share premium includes contributions by shareholders where shares are issued above par. The share premium is unrestricted, unless there are negative reserves or losses that reduce equity to below share capital.

(c) Reserves

Details of reserves and profit/loss and movement during the year are shown in Appendix III.

(i) Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the Spanish Companies Act, which requires companies to transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

(ii) Voluntary reserves

The Company's voluntary reserves are freely distributable, subject to the legal limits. Dividends may not be distributed if equity would be less than share capital as a result.

(iii) Other reserves

Other reserves include the cumulative effect of items and transactions recognized directly in equity. In 2020 and 2019, other reserves were reduced by Euros 7,075 thousand and Euros 2,003 thousand, respectively, primarily as a result of transactions involving own equity instruments in relation to the Company shares delivered to executives of the Cemex Latam Group under the share-based payment plans.

(d) Treasury shares

At December 31, 2020 and 2019, the Company holds 19,421,740 and 20,805,258 treasury shares, respectively.

In 2020 and 2019, treasury shares were reduced by Euros 7,075 thousand and Euros 2,014 thousand, respectively, as a result of the shares delivered to executives of the Cemex Latam Group under the aforementioned share-based payment plans (see note 4 (h)).

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The classification of financial liabilities by category and class at December 31, 2020 and 2019 is follows:

	Thousands of Euros					
	2020			2019		
	Non-current	Current	Total	Non-current	Current	Total
Group companies and associates (note 13 (a))						
Fixed-rate loans (note 11)	87,571	-	87,571	89,529	-	89,529
Fixed-rate credit facilities (note 11).....	93,718	-	93,718	104,210	-	104,210
	<u>181,289</u>	<u>-</u>	<u>181,289</u>	<u>193,739</u>	<u>-</u>	<u>193,739</u>
Trade and other payables						
Other payables	-	631	631	-	509	509
Group companies and associates (note 13 (a))	-	3,012	3,012	-	7,763	7,763
Personnel	-	309	309	-	359	359
	<u>-</u>	<u>3,952</u>	<u>3,952</u>	<u>-</u>	<u>8,631</u>	<u>8,631</u>
Total financial liabilities	<u>181,289</u>	<u>3,952</u>	<u>185,241</u>	<u>193,739</u>	<u>8,631</u>	<u>202,370</u>

Debts and payables, for both trade and non-trade transactions, are measured at amortized cost or cost, which is a reasonable approximation of fair value.

At December 31, 2020 and 2019, "Group companies and associates" essentially reflects the balance payable to CRG for royalties for technical assistance agreements, the use of licenses and trademarks paid to Cemex Latam Holdings through the Branch, and the amount payable to Cemex Colombia, S.A. for administrative services rendered to the Group.

Details of gains and losses on financial liabilities recognized in the income statement in 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Finance costs at amortized cost	<u>11,135</u>	<u>10,482</u>
	<u>11,135</u>	<u>10,482</u>

(11) Payables and Trade Payables(a) Main characteristics of financial debt

The terms and conditions of loans and financial debt at December 31, 2020 and 2019 are as follows:

2020							Thousands of Euros	
							Amortized cost	
Type	Currency	% effective and nominal rate	Start	Maturity	Nominal amount in original currency (thousands)	Current	Non-current	
Group companies and associates								
Fixed-rate loans								
Lomez International B.V.	USD	5.65%	2012	2023	229,507	-	87,571	
Fixed-rate credit facilities								
Lomez International B.V.	USD	5.65%	2012	2023	300,000	-	93,718	
						<u>-</u>	<u>181,289</u>	
2019								

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Type	Currency	% effective and nominal rate	Start	Maturity	Nominal amount in original currency (thousands)	Thousands of Euros	
						Amortized cost	
						Current	Non-current
Group companies and associates							
Fixed-rate loans							
Lomez International B.V.	USD	5.65%	2012	2023	229,507	-	89,529
Fixed-rate credit facilities							
Lomez International B.V.	USD	5.65%	2012	2023	300,000	-	104,210
						-	193,739

(b) Classification of non-current financial liabilities by maturity

At December 31, 2020 and 2019, the classification by maturity of non-current financial liabilities, all of which are payables to Group companies and associates, is as follows:

	Thousands of Euros	
	2020	2019
Three years	181,289	-
Four years	-	193,739
	181,289	193,739

(c) Average supplier payment period

Following is the information required by additional provision three of Law 15/2010 of July 5, 2010 (amended by final provision two of Law 31/2014 of December 3, 2014) prepared in accordance with the Spanish Accounting and Auditing Institute's (ICAC) resolution of January 29, 2016 on disclosures of the average supplier payment period in commercial transactions in the notes to the annual accounts.

Details of the average supplier payment period are as follows:

	Days	
	2020	2019
Average payment period for suppliers	13	41
Transactions paid ratio	4	44
Transactions payable ratio	111	28
	Thousands of Euros	
	2020	2019
Total payments made	38,058	44,890
Total payments outstanding	3,291	7,444

In accordance with the ICAC resolution, the average supplier payment period has been calculated on the basis of the commercial transactions involving the delivery of goods or provision of services that have accrued since the entry into force of Law 31/2014 of December 3, 2014.

For the sole purposes of providing the information envisaged in this resolution, suppliers are considered to be "Other payables" and "Payables to suppliers - Group companies and associates" under current liabilities in the balance sheet.

Average supplier payment period is understood as the period between the invoice receipt date and the actual payment date.

(12) Taxation

Details of current balances vis-à-vis public entities at December 31, 2020 and 2019 are as follows:

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	Thousands of Euros	
	2020	2019
Assets		
Value added tax and similar taxes	1,154	1,062
Current tax assets	-	107
	<u>1,154</u>	<u>1,169</u>
Liabilities		
Current tax liabilities	525	-
Withholdings	143	137
Social Security	132	157
	<u>800</u>	<u>294</u>

Details by company of intercompany receivables and payables resulting from the tax effect of filing consolidated tax returns are as follows:

	Thousands of Euros	
	2020	2019
Current assets		
Cemex España, S.A.	2,116	95
	<u>2,116</u>	<u>95</u>

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or before the four-year inspection period has elapsed. In accordance with Spanish corporate income tax legislation, losses declared may be carried forward to be offset against profits of future accounting periods, indefinitely. Losses are offset when the tax return is filed, without prejudice to the taxation authorities' power of inspection. However, on December 3, 2016 Royal Decree-Law 3/2016 of December 2, 2016, adopting tax-related measures aimed at consolidating public finances and other urgent welfare measures, was published. Pursuant to this legislation, among other tax matters, with effect from January 1, 2016 tax losses may be offset up to a limit of 25% of taxable income before application of the carryforward.

The Company files consolidated annual income tax returns with its main shareholder, Cemex España, S.A., and the other Cemex Group entities that are resident in Spain for tax purposes. In accordance with tax legislation, income is taxed at a rate of 25% of taxable income, which may be reduced by certain credits and deductions.

The Company is also subject to the tax regime applicable to entities holding foreign securities ("ETVEs"), in accordance with Title VII, Chapter XIII of Spanish Income Tax Law 27/2014 of November 27, 2014. Under this regime, dividends paid by the Company to shareholders not resident in Spain are not subject to taxation in Spain, unless the shareholder is a resident of a tax haven as defined in Spanish taxation terms, and provided that the dividends originate from tax-exempt income of the Company.

The Branch in Switzerland is a permanent establishment there for the purposes of the double taxation treaty between Switzerland and Spain, and is subject to Swiss tax legislation. It is liable for Swiss corporate income tax, which has a nominal rate of over 10%.

Income tax is calculated based on accounting profit or loss obtained by applying generally accepted accounting principles, which is not necessarily the same as the taxable income or tax loss. A provisional reconciliation of the accounting profit or loss for 2020 and 2019 with the taxable income or tax loss for income tax purposes is as follows:

	Thousands of Euros	
	2020	2019
Loss before tax	(17,360)	(5,773)
Permanent differences		
Profit / (loss) for the year before tax	3,990	(6,555)
Temporary differences		
Finance costs for the year	11,131	8,978
Accounting loss for tax purposes	<u>(2,239)</u>	<u>(3,350)</u>
Tax loss of the Company	<u>(2,239)</u>	<u>(3,350)</u>

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Permanent differences of the foreign Branch relate to income it obtained in Switzerland that is exempt from taxation in Spain. Temporary differences originating in Spain in 2020 relate to finance costs for the year that are not tax-deductible. These finance costs are available for deduction in future tax periods, subject to the limits set out in the income tax law.

The Company has not recognized any deferred tax assets or liabilities at December 31, 2020 or 2019.

The relationship between the tax expense and accounting loss for 2020 and 2019 is as follows:

	Thousands of Euros		
	2020		
	Company	Branch	Total
Loss for the year before tax	(13,370)	(3,990)	(17,360)
Tax paid abroad	-	(3,238)	(3,238)
Temporary differences	11,131	-	11,131
	(2,239)	(7,228)	(9,467)
Tax at 25%/9.64% (*)	(560)	(697)	(1,257)
Tax credits not capitalized in the year	238	-	238
Tax paid abroad	-	3,238	3,238
Other (adjustment of final tax for prior year)	(1,941)	697	(1,244)
	(2,263)	3,238	975

	Thousands of Euros		
	2019		
	Company	Branch	Total
Profit / (Loss) for the year before tax	(12,328)	6,555	(5,773)
Tax paid abroad	-	(4,470)	(4,470)
Temporary differences	8,978	-	8,978
	(3,350)	2,085	(1,265)
Tax at 25%/9.64% (*)	(838)	201	(637)
Tax credits not capitalized in the year	743	-	743
Tax paid abroad	-	4,470	4,470
Other (adjustment of final tax for prior year)	(33)	(914)	(948)
	(128)	3,756	3,628

(*) The Branch is subject to a dual tax regime entailing full taxation at federal level and partial exemption at cantonal and local level. The tax rate of 9.64% is the Branch's effective rate.

At December 31, 2020, tax paid abroad, amounting to Euros 3,238 thousand (Euros 4,470 thousand at December 31, 2019) mainly reflects withholdings in countries where the Swiss Branch receives royalties from Company subsidiaries.

In 2020 and 2019, the Company generated taxable individual losses which were utilized by other companies in the tax group, thus recognizing tax income of Euros 302 thousand and Euros 95 thousand, respectively, with a charge to "Other financial assets" under current assets of Cemex España, S.A., the parent of the Spanish tax group. Furthermore, in 2020, as a result of the inspections of the tax group carried out in 2012 and 2013, the Company recognized tax income of Euros 1,814 thousand with a charge to "Other financial assets" under current assets of Cemex España, S.A., the parent of the Spanish tax Group, which is entirely offset with a charge by the other Spanish tax companies, as it did not generate a tax liability in those years.

Details of the income tax expense (income) in 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Current tax		
Present year	2,219	4,576
Other (adjustment of final tax for prior year)	(1,244)	(948)
	975	3,628

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Notes to the Annual Accounts
December 31, 2020*(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)***(13) Related Party Balances and Transactions**

Balances and transactions with the Parent reflect those carried out with the principal shareholder, Cemex España, S.A. Balances and transactions with Group companies and other related parties are those conducted with Cemex Latam Group companies and other Cemex Group companies, respectively.

(a) Related party balances

Details of balances with related parties at December 31, 2020 and 2019 are as follows:

	2020			
	Thousands of Euros			
	Parent	Group companies	Other related parties	Total
Non-current investments in Group companies and associates				
Equity instruments (note 7)	-	1,557,059	-	1,557,059
Other financial assets (note 8)	3	-	-	3
Total non-current assets	3	1,557,059	-	1,557,062
Trade and other receivables				
Group companies and associates (note 8)	-	105	12	117
Current investments in Group companies and associates				
Other financial assets (note 8)	2,116	-	-	2,116
Total non-current assets	2,116	105	12	2,233
Total assets	2,119	1,557,164	12	1,559,295
Group companies and associates, non-current (note 10)	-	-	181,289	181,289
Total non-current liabilities	-	-	181,289	181,289
Trade and other payables				
Group companies and associates (note 10)	23	2,803	186	3,012
Total current liabilities	23	2,803	186	3,012
Total liabilities	23	2,803	181,475	184,301
	2019			
	Thousands of Euros			
	Parent	Group companies	Other related parties	Total
Non-current investments in Group companies and associates				
Equity instruments (note 7)	-	1,696,724	-	1,696,724
Other financial assets (note 8)	3	-	-	3
Total non-current assets	3	1,696,724	-	1,696,727
Trade and other receivables				
Group companies and associates (note 8)	-	20,863	12	20,875
Current investments in Group companies and associates				
Other financial assets (note 8)	95	-	-	95
Total non-current assets	95	20,863	12	20,970
Total assets	98	1,717,587	12	1,717,697
Group companies and associates, non-current (note 10)	-	-	193,739	193,739
Total non-current liabilities	-	-	193,739	193,739
Trade and other payables				
Group companies and associates (note 10)	26	1,125	6,612	7,763
Total current liabilities	26	1,125	6,612	7,763
Total liabilities	26	1,125	200,351	201,502

(b) Related party transactions

The amounts of transactions with related parties in 2020 and 2019 are as follows:

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	2020				
	Thousands of Euros				
	Parent	Group companies	Directors	Other related parties	Total
Income					
Income from royalties or licenses	-	21,299	-	-	21,299
Use of trademark	-	2,971	-	-	2,971
Management services.....	-	11,725	-	-	11,725
Other services rendered	-	7	-	-	7
Total income.....	-	36,002	-	-	36,002
Expenses					
Expenses for royalties or licenses	-	-	-	24,552	24,552
Use of trademark	-	-	-	2,749	2,749
Management services.....	20	3,991	-	7,084	11,095
Other services received	14	-	-	105	119
Personnel expenses	-	-	459	-	459
Finance costs	-	-	-	11,128	11,128
Total expense	34	3,991	459	45,618	50,102
2019					
Thousands of Euros					
	Parent	Group companies	Directors	Other related parties	Total
Income					
Income from royalties or licenses	-	36,931	-	-	36,931
Use of trademark	-	3,975	-	-	3,975
Management services.....	-	15,440	-	-	15,440
Other services rendered	-	8	-	-	8
Total income.....	-	56,354	-	-	56,354
Expenses					
Expenses for royalties or licenses	-	-	-	29,306	29,306
Use of trademark	-	-	-	3,749	3,749
Management services.....	21	3,576	-	11,153	14,750
Other services received	14	-	-	108	122
Personnel expenses	-	-	384	-	384
Finance costs	-	-	-	10,476	10,476
Total expense	35	3,576	384	54,792	58,787

On February 9, 2016 the Company signed a guarantee arrangement for the credit facility agreements entered into by its direct and indirect subsidiaries with Citigroup Inc. or any of the latter's subsidiaries, whereby the Company undertakes to act as guarantor in the event that any of its subsidiaries should fail to meet their payment obligations to Citigroup Inc. under those credit facilities. The Company would only be liable for an amount of up to US Dollars 30,000 thousand. At December 31, 2020, Cemento Bayano, S.A. and Cemex Costa Rica, S.A. have drawn down US Dollars 4,011 thousand and US Dollars 751 thousand (US Dollars 5,810 thousand and USD Dollars 2,165 thousand), respectively, from the aforementioned credit facilities.

(c) Information on the Company's directors and senior management personnel

During the years ended December 31, 2020 and 2019, the Company's directors did not carry out any transactions outside the ordinary course of business or that were not under market conditions.

The Company has no senior management personnel other than the members of the Board of Directors.

In 2020 and 2019 the members of the Board of Directors did not receive any loans or advances, nor did the Company extend any guarantees on their behalf or pay any civil liability insurance premiums for damage or loss caused by actions or omissions in the performance of their duties. The Company has no pension or life insurance obligations with its former or current directors.

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In 2020 and 2019 the members of the Board of Directors accrued Euros 459 thousand and Euros 384 thousand, respectively, as remuneration and allowances for attendance at meetings of the Board and its Committee. These amounts were paid during the years in question.

The directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Spanish Companies Act.

(14) Income and Expenses**(a) Revenues**

Revenues include royalties from the use of intangible assets and trademarks, and the services provided to direct and indirect subsidiaries through the human and material resources located in the Swiss Branch. Details of revenues by category of activity are provided in note 13 (b). All of these revenues are generated in Latin America and are accrued in US Dollars.

(b) Personnel expenses and employee information

Details of personnel expenses in 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Salaries, wages and similar costs		
Salaries and wages	1,077	1,380
Charges to defined contribution plans	9	9
Other remuneration	309	247
	<u>1,395</u>	<u>1,636</u>
Employee benefits expense		
Social Security payable by the Company	165	195
Other employee benefits expenses.....	309	244
	<u>474</u>	<u>439</u>
	<u>1,869</u>	<u>2,075</u>

The average number of employees and directors of the Company in 2020 and 2019, by professional category, is as follows:

	Number	
	2020	2019
Directors	9	9
Management	1	1
Middle management and foremen	8	12
	<u>18</u>	<u>22</u>

The distribution of personnel by gender at December 31, 2020 and 2019 is as follows:

	Number			
	2020		2019	
	Female	Male	Female	Male
Directors.....	2	7	2	7
Management	-	1	-	1
Middle management and foremen	2	6	6	6
	<u>4</u>	<u>14</u>	<u>8</u>	<u>14</u>

In 2020 and 2019 the Company had no employees with a disability rating of 33% or higher on its workforce.

(c) Other operating expenses

Other operating expenses mainly include royalty payments for use of intangible assets and trademarks recognized in the Swiss Branch, and management services provided by the Cemex Group.

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(15) Audit Fees

The auditor of the Company's annual accounts, KPMG Auditores, S.L., accrued the following fees in 2020 and 2019 in respect of professional services rendered to the Company:

	Euros	
	2020	2019
Audit services	27,550	27,550
	<u>27,550</u>	<u>27,550</u>

Additionally, for purposes of Cemex Latam Holdings, S.A.'s BVC listing, KPMG Auditores, S.L. provided services to the Company amounting to Euros 327,125 in both 2020 and 2019. These included the audit of the consolidated and individual annual financial statements and the interim review of the consolidated and individual financial statements under international standards.

The amounts shown in the above table reflect the fees for 2020 and 2019, irrespective of the date of invoice.

(16) Commitments

At December 31, 2020, the Company has the following relevant commitments:

- On November 15, 2012 Cemex Latam, through its Branch in Switzerland, entered into an agreement with Cemex, S.A.B. de C.V. for use of Cemex trademarks. This agreement has a term of five years and is automatically renewable for equal periods, unless it is terminated by either of the parties one month in advance of the expiry date in question. In 2017 the agreement was renewed for a five-year period until July 1, 2022. Cemex Latam Group companies must pay an annual amount for use of the trademarks. The royalty is calculated based on net annual sales of goods and services, and market prices. The total royalty charge recognized in the income statement for use of the trademark amounts to Euros 2,749 thousand at December 31, 2020 (Euros 3,749 thousand in 2019).
- On November 15, 2012 Cemex Latam, through its Branch in Switzerland, entered into an agreement with CRG for the use, operation and exploitation of intangible assets. This agreement was renewed on January 1, 2014. The agreement has a term of five years as of the novation date and is automatically renewable for equal periods, unless it is terminated by either of the parties one month in advance of the expiry date in question. Cemex Latam Group companies must pay an annual royalty calculated based on net annual sales of goods and services, and market prices. The total royalty charge recognized in the income statement for use of intangible assets amounts to Euros 24,552 thousand at December 31, 2020 (Euros 29,306 thousand in 2019).
- On November 15, 2012 Cemex Latam, through its Branch in Switzerland, entered into a technical assistance agreement with Cemex Operaciones México, S.A. de C.V., for the technical, financial, market analysis, legal, human resources and IT areas, and other technical assistance. This agreement has a term of five years and is automatically renewable for equal periods, unless it is terminated by either of the parties one month in advance of the expiry date in question. In 2017 the agreement was renewed for a five-year period until July 1, 2022. Cemex Latam Group companies must pay an annual amount for technical assistance based on actual costs incurred in the aforementioned areas, and market prices. The total expense recognized in the income statement for services received amounts to Euros 7,084 thousand at December 31, 2020 (Euros 11,153 thousand in 2019).

In respect of the aforementioned items (royalties, use of trademarks, technical assistance), Cemex Latam has agreed to pay Cemex a total amount equivalent to 5% of the Cemex Latam Group's annual consolidated revenues. The 5% rate agreed for these agreements cannot be increased without the consent of Cemex Latam's independent directors.

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With respect to the IPO (see note 1 (b)) and to prevent potential conflicts of interest, on October 5, 2012 the Company also entered into a framework agreement with Cemex, S.A.B. de C.V. and Cemex España (the "Framework Agreement"). Under the Framework Agreement, to help Cemex honor its debt obligations, the Cemex Latam Group will require the prior consent of Cemex S.A.B. de C.V. and Cemex España to:

- carry out any consolidation, merger or partnership arrangement (joint venture) with any natural or legal person other than Cemex S.A.B. de C.V. or its subsidiaries;
- carry out any sale, lease, exchange or other arrangement, or acquisition from any person other than Cemex S.A.B. de C.V. or its subsidiaries;
- issue or sell any shares or equity derivatives or to operate any share-based incentive plans, except (i) the issue of shares by the Company to Cemex S.A.B. de C.V. or its subsidiaries, (ii) the issue of shares to carry out the long-term incentive plan for executives, for an amount not exceeding US Dollars 1.75 million;
- declare, resolve or pay out dividends, or other distributions by the Company related to its shares, other than (i) through the issuance of ordinary shares of the Company or pre-emptive subscription rights to shareholders of the Company in proportion to their stakes, provided that no cash is paid and no other assets of Cemex S.A.B. de C.V. or its subsidiaries (or any interest in the cash or asset) related to such distribution or interest are transferred to another person who does not belong to Cemex S.A.B. de C.V. or its subsidiaries (other than the Company) and/or (ii) in proportion to non-controlling interests in the Company, provided that each shareholder receives their share of any dividend, distribution or payment of interest at the same time;
- (i) create, assume, grant or guarantee any type of debt on behalf of the Company, and (ii) pledge or encumber any assets for a total amount of more than US Dollars 25 million at any time (considering both (i) and (ii));
- grant loans or assume a creditor position in respect of any type of debt, except (i) with respect to trade loans granted to customers under normal trade terms and in the ordinary course of business, (ii) as deferred consideration in respect of any sale, lease, exchange or other arrangement which the Company or its subsidiaries are authorized to perform without the consent of Cemex S.A.B. de C.V. and Cemex España; and
- take any action that could reasonably cause Cemex S.A.B. de C.V. or its subsidiaries to breach any agreement or contract, including the debt agreement reached by Cemex S.A.B. de C.V. or its subsidiaries with a banking syndicate and any refinancing, substitution or amendment thereto, and comply with the notification requirements of Cemex S.A.B. de C.V. or its subsidiaries set out in the Framework Agreement for contracts or agreements other than (i) the debt agreement and any refinancing, substitution or amendment thereto, and (ii) the deeds of issuance of Cemex S.A.B. de C.V. or its subsidiaries and any substitution or amendment thereto.

The Framework Agreement may be amended or terminated if agreed in writing between Cemex, S.A.B. de C.V., Cemex España and Cemex Latam, subject to authorization by the independent directors. In addition, the Framework Agreement will be rendered null and void if the Company ceases to be subordinate to Cemex or if Cemex ceases to recognize its investment in Cemex Latam according to the full consolidation or equity method of accounting (or any other method applying similar principles). At its meeting held on March 28, 2017 the Board of Directors approved an amendment to the Framework Agreement to include a mutual interest principle between Cemex, S.A.B. de C.V., Cemex España and the Company in relation to the management of and response to legal proceedings, administrative matters and investigations conducted by governmental authorities or regulators.

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(17) Events after the Reporting Period

On January 30, 2021, Royal Decree 1/2021 of January 12, 2021 was published amending the following: the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 of November 16, 2007; the Spanish General Chart of Accounts for Small and Medium-sized Enterprises approved by Royal Decree 1515/2007 of November 16, 2007; the Standards for the Preparation of Consolidated Annual Accounts approved by Royal Decree 1159/2010 of September 17, 2010; and standards adapting the Spanish General Chart of Accounts for non-profit entities approved by Royal Decree 1491/2011 of October 24, 2011. Furthermore, on February 13, 2021, the Spanish Accounting and Auditing Institute (ICAC) published the Resolution of February 10, 2021, issuing standards for recognition, measurement and the preparation of annual accounts with respect to the recognition of revenue from the delivery of goods and services.

The changes to the standards are applicable to accounting periods beginning on or after January 1, 2021 and focus on the criteria for recognition, measurement and disclosure of revenue from the delivery of goods and services, financial instruments, hedge accounting, measurement of inventories of listed commodities traded by brokers, and the definition of fair value.

In this regard, the individual annual accounts for the first accounting period beginning on or after January 1, 2021 shall include comparative information but there is no obligation to restate the information from the prior accounting period. The comparative information shall be restated only where all the criteria approved by the Royal Decree can be applied without incurring a retrospective bias, and without prejudice to the exceptions established in the transitional provisions.

The standards are generally applied retroactively, albeit with alternative practical expedients. However, hedge accounting is applied prospectively, the criteria for classifying financial instruments can be applied prospectively and the criteria for revenue from sales and services rendered can be applied prospectively to contracts starting from January 1, 2021 onwards.

The directors of the Company are currently undertaking an assessment of the applicable transition options and the accounting impacts that these changes will have, although at the date of authorizing these individual annual accounts for issue they do not yet have sufficient information to conclude on the outcome of this analysis.

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Information on Group Companies and Associates
December 31, 2020*(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

Name	Registered office	Activity	Auditor
Subsidiaries			
Apollo Re, Ltd.	Bridgetown (Barbados)	Insurance company	KPMG
Cemento Bayano, S.A.	Panama City (Republic of Panama)	Manufacture and sale of cement and concrete	KPMG
Cemex El Salvador, S.A de C.V.	La Libertad (El Salvador)	Sale of cement	KPMG
Cemex Nicaragua, S.A.	Managua (Nicaragua)	Manufacture and sale of cement	KPMG
Cemex Transportes de Colombia, S.A.	Bogotá (Colombia)	Freight	KPMG
Central de Mezclas, S.A.	Bogotá (Colombia)	Mining permits	KPMG
Corporación Cementera Latinoamericana, S.L.U.	Madrid (Spain)	Holding company	KPMG
Cementos de Centroamérica, S.A.	Guatemala City (Guatemala)	Finance	KPMG
Cemex Guatemala, S.A.	Puerto Quetzal (Guatemala)	Manufacture and sale of cement and concrete	KPMG
Cemex Colombia, S.A.	Bogotá (Colombia)	Manufacture and sale of cement and concrete	KPMG
Cemex Costa Rica, S.A.	San José (Costa Rica)	Manufacture and sale of cement	KPMG
Lomas del Tempisque, S.R.L.	San José (Costa Rica)	Holding company	KPMG
Pavimentos Especializados, S.A.	Panama City (Republic of Panama)	Consultancy, advisory, study, design and consumption	KPMG
Cemex Lan Trading Corporation	Bridgetown (Barbados)	Sale of cement	-
Cemex Premezclados de Colombia, S.A.	Bogotá (Colombia)	Manufacture and sale of construction materials	KPMG
Inversiones Secoya, S.A.	Managua (Nicaragua)	Manufacture and sale of construction materials	KPMG
CCL Business Holdings, S.L.U.	Madrid (Spain)	Holding company	-
Cemex Finance Latam B.V.	Amsterdam (Netherlands)	Finance	-
Superquímicos de Centroamérica, S.A.	Panama City (Republic of Panama)	Manufacture of chemicals for industry	KPMG
Zona Franca Especial Cementera del Magdalena Medio S.A.S.	Maceo (Colombia)	Sale of construction materials and cement production	Carlos Alvarado Consultores Auditores S.A.S.

This appendix forms an integral part of note 7 to the annual accounts for 2020, in conjunction with which it should be read.

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Information on Group Companies and Associates
December 31, 2019*(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

Name	Registered office	Activity	Auditor
Subsidiaries			
Apollo Re, Ltd.	Bridgetown (Barbados)	Insurance company	KPMG
Cemento Bayano, S.A.	Panama City (Republic of Panama)	Manufacture and sale of cement and concrete	KPMG
Cemex El Salvador, S.A de C.V.	La Libertad (El Salvador)	Sale of cement	KPMG
Cemex Nicaragua, S.A.	Managua (Nicaragua)	Manufacture and sale of cement	KPMG
Cemex Transportes de Colombia, S.A.	Bogotá (Colombia)	Freight	KPMG
Central de Mezclas, S.A.	Bogotá (Colombia)	Mining permits	KPMG
Corporación Cementera Latinoamericana, S.L.U.	Madrid (Spain)	Holding company	KPMG
Cementos de Centroamérica, S.A.	Guatemala City (Guatemala)	Finance	KPMG
Cemex Guatemala, S.A.	Puerto Quetzal (Guatemala)	Manufacture and sale of cement and concrete	KPMG
Cemex Colombia, S.A.	Bogotá (Colombia)	Manufacture and sale of cement and concrete	KPMG
Cemex Costa Rica, S.A.	San José (Costa Rica)	Manufacture and sale of cement	KPMG
Lomas del Tempisque, S.R.L.	San José (Costa Rica)	Holding company	KPMG
Pavimentos Especializados, S.A.	Panama City (Republic of Panama)	Consultancy, advisory, study, design and consumption	KPMG
Cemex Lan Trading Corporation	Bridgetown (Barbados)	Sale of cement	-
Cemex Premezclados de Colombia, S.A.	Bogotá (Colombia)	Manufacture and sale of construction materials	KPMG
Inversiones Secoya, S.A.	Managua (Nicaragua)	Manufacture and sale of construction materials	KPMG
CCL Business Holdings, S.L.U.	Madrid (Spain)	Holding company	-
Cemex Finance Latam B.V.	Amsterdam (Netherlands)	Finance	-
Superquímicos de Centroamérica, S.A.	Panama City (Republic of Panama)	Manufacture of chemicals for industry	KPMG
Zona Franca Especial Cementera del Magdalena Medio S.A.S.	Maceo (Colombia)	Sale of construction materials and cement production	Carlos Alvarado Consultores Auditores S.A.S.

This appendix forms an integral part of note 7 to the annual accounts for 2020, in conjunction with which it should be read.

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Other Information on Group Companies and Associates
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(Thousands of Euros)

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

Name	Thousands of Euros									
	% ownership			Profit/(loss)						
	Direct	Indirect	Total	Capital	Reserves	Other equity items	Operating activities	Continuing operations	Total equity	Carrying amount
Subsidiaries										
Apollo Re, Ltd.	-	100.00%	100.00%	13,258	-	(16,644)	15,366	15,670	12,284	-
Cemento Bayano, S.A. ⁽³⁾	-	99.48%	99.48%	127,357	33,483	(11,546)	(23,546)	(28,780)	120,514	-
Cemex El Salvador, S.A de C.V. ⁽²⁾	0.01%	99.99%	100.00%	2,280	11,134	(918)	202	(423)	12,073	-
Cemex Nicaragua, S.A.	-	98.85%	98.85%	7	78,849	(19,433)	13,660	9,543	68,966	-
Cemex Transportes de Colombia, S.A. ^{(1) (2)}	-	100.00%	100.00%	100	4,223	2,005	443	232	6,560	-
Central de Mezclas, S.A. ^{(1) (2)}	-	100.00%	100.00%	534	6,033	2,678	(57)	(64)	9,181	-
Corporación Cementera Latinoamericana, S.L.U.	100.00%	-	100.00%	1,314,761	(122,263)	130,955	(46,259)	(72,599)	1,250,854	1,556,901
Cementos de Centroamérica, S.A.	1.00%	99.00%	100.00%	1	17,345	(1,104)	(12)	279	16,521	92
Cemex Guatemala, S.A. ^{(1) (2) (3)}	-	100.00%	100.00%	13,372	162,198	(11,192)	5,045	750	165,128	-
Cemex Colombia, S.A. ⁽³⁾	-	99.74%	99.74%	2,533	415,704	(105,900)	30,131	(4,461)	307,876	-
Cemex Costa Rica, S.A. ⁽³⁾	-	98.92%	98.92%	360	161,374	(24,486)	7,444	9,261	146,509	-
Lomas del Tempisque, S.R.L.	-	99.74%	99.74%	108,731	6,168	(27,504)	(30)	4,750	92,145	-
Pavimentos Especializados, S.A.	-	99.74%	99.74%	137	(2,180)	159	(1,136)	(938)	(2,822)	-
Cemex Lan Trading Corporation.....	-	100.00%	100.00%	-	2,163	(2,555)	701	847	455	-
CCL Business Holdings, S.L.U.	-	100.00%	100.00%	4	60	(7)	-	3	60	-
Cemex Premezclados de Colombia, S.A.	-	100.00%	100.00%	28	938	(173)	306	83	876	-
Inversiones Secoya, S.A.	1.00%	99.00%	100.00%	7,131	4,652	(2,857)	1,763	884	9,810	66
Cemex Finance Latam B.V.	-	100.00%	100.00%	2,025	538	(294)	(143)	(103)	2,166	-
Superquímicos de Centroamérica, S.A.	-	100.00%	100.00%	8	3,662	(241)	(137)	(145)	3,284	-
Zona Franca Especial Cementera del Magdalena Medio S.A.S.	-	99.74%	99.74%	1,036	9,795	1,257	(1,640)	(6,613)	5,475	-
										<u>1,557,059</u>

This appendix forms an integral part of notes 1 and 7 to the annual accounts for 2020, in conjunction with which it should be read.

- (1) One share is held by Cemex Latam Holdings, S.A.
- (2) The Company's equity investments in Cemex El Salvador, S.A. de C.V., Cemex Transportes de Colombia, S.A., Cemex Guatemala, S.A. and Central de Mezclas, S.A. are not shown in the above table because the amounts are less than one thousand Euros.
- (3) Consolidated figures

CEMEX LATAM HOLDINGS, S.A.

Other Information on Group Companies and Associates
December 31, 2019
(Thousands of Euros)

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

Name	Thousands of Euros									
	% ownership			Profit/(loss)						
	Direct	Indirect	Total	Capital	Reserves	Other equity items	Operating activities	Continuing operations	Total equity	Carrying amount
Subsidiaries										
Apollo Re, Ltd.	-	100.00%	100.00%	21,939	-	(17,419)	16,716	18,681	23,201	-
Cemento Bayano, S.A. ⁽³⁾	-	99.48%	99.48%	127,357	31,939	227	7,928	1,328	160,851	-
Cemex El Salvador, S.A de C.V. ⁽²⁾	0.01%	99.99%	100.00%	2,280	13,211	180	180	(322)	15,349	-
Cemex Nicaragua, S.A.	-	98.85%	98.85%	7	72,133	(11,263)	6,870	7,350	68,227	-
Cemex Transportes de Colombia, S.A. ^{(1) (2)}	-	100.00%	100.00%	100	3,809	1,302	1,545	1,006	6,217	-
Central de Mezclas, S.A. ^{(1) (2)}	-	100.00%	100.00%	534	6,948	1,854	(30)	(62)	9,274	-
Corporación Cementera Latinoamericana, S.L.U.	100.00%	-	100.00%	1,314,761	(31,229)	244,658	(63,216)	(91,034)	1,437,156	1,696,552
Cementos de Centroamérica, S.A.	1.00%	99.00%	100.00%	1	17,003	592	63	342	17,938	101
Cemex Guatemala, S.A. ^{(1) (2) (3)}	-	100.00%	100.00%	14,752	212,794	7,386	(4,468)	(6,315)	228,617	-
Cemex Colombia, S.A. ⁽³⁾	-	99.74%	99.74%	2,536	710,775	9,183	28,893	(1,353)	721,141	-
Cemex Costa Rica, S.A. ⁽³⁾	-	98.92%	98.92%	360	146,859	(2,212)	10,476	(814)	144,193	-
Lomas del Tempisque, S.R.L.	-	99.74%	99.74%	108,738	41,345	(43,212)	(11)	(4,132)	102,739	-
Pavimentos Especializados, S.A.	-	99.74%	99.74%	137	(1,693)	(23)	(338)	(487)	(2,066)	-
Cemex Lan Trading Corporation.....	-	100.00%	100.00%	-	24,289	(241)	2,604	3,078	27,126	-
CCL Business Holdings, S.L.U.	-	100.00%	100.00%	4	64	(2)	-	(4)	62	-
Cemex Premezclados de Colombia, S.A.	-	100.00%	100.00%	28	598	(64)	762	332	894	-
Inversiones Secoya, S.A.	1.00%	99.00%	100.00%	7,131	3,757	(1,697)	2,544	916	10,107	71
Cemex Finance Latam B.V.	-	100.00%	100.00%	2,025	351	(101)	(36)	187	2,462	-
Superquímicos de Centroamérica, S.A.	-	100.00%	100.00%	8	2,521	85	1,181	1,165	3,779	-
Zona Franca Especial Cementera del Magdalena Medio S.A.S.	-	99.74%	99.74%	1,036	18,537	2,979	(3,045)	(7,326)	15,226	-
										<u>1,696,724</u>

This appendix forms an integral part of notes 1 and 7 to the annual accounts for 2020, in conjunction with which it should be read.

- (1) One share is held by Cemex Latam Holdings, S.A.
- (2) The Company's equity investments in Cemex El Salvador, S.A. de C.V., Cemex Transportes de Colombia, S.A., Cemex Guatemala, S.A. and Central de Mezclas, S.A. are not shown in the above table because the amounts are less than one thousand Euros.
- (3) Consolidated figures

CEMEX LATAM HOLDINGS, S.A.

Details of Reserves
December 31, 2020 and 2019
(Thousands of Euros)

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

	<u>Legal reserve</u>	<u>Voluntary reserves</u>	<u>Other reserves</u>	<u>Total</u>
Balance at December 31, 2018	<u>18,763</u>	<u>166,555</u>	<u>(13,068)</u>	<u>172,250</u>
Distribution of profit	140	1,258	-	1,398
Other changes in equity	-	-	(2,003)	(2,003)
Balance at December 31, 2019	<u>18,903</u>	<u>167,813</u>	<u>(15,071)</u>	<u>171,645</u>
Application of losses	-	(9,401)	-	(9,401)
Other changes in equity	-	-	(7,075)	(7,075)
Balance at December 31, 2020	<u>18,903</u>	<u>158,412</u>	<u>(22,146)</u>	<u>155,169</u>

This appendix forms an integral part of note 9 to the annual accounts for 2020, in conjunction with which it should be read.

CEMEX LATAM HOLDINGS, S.A.

Directors' Report
2020

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

(1) Nature and activities of the Company

Cemex Latam Holdings, S.A. (hereinafter interchangeably referred to as "the Company" or "Cemex Latam") was incorporated on April 17, 2012, as a public limited liability company (*sociedad anónima*), for an unlimited period. Its registered office is located at Calle Hernández de Tejada, 1, Madrid.

The Company was incorporated to head a group of companies engaged in the cement business, the parent of which is Cemex S.A.B. de C.V. (hereinafter "Cemex" or the "Cemex Group"), in certain South and Central American countries, including Colombia, Panama, Costa Rica, Nicaragua, Guatemala and El Salvador (hereinafter the "Group" or the "Cemex Latam Group", interchangeably) for the purpose of carrying out an Initial Public Offering on the Colombian Stock Exchange (hereinafter interchangeably referred to as the "Initial Public Offering" or the "IPO"), which was completed on November 15, 2012. The Company's shares, all of the same class, have been traded on the Colombian Stock Exchange (hereinafter "BVC") since November 16, 2012.

The statutory and principal activities of the Company consist of the management and administration of equity securities mainly of entities not resident in Spain through the organization of material and human resources, as well as the subscription, buy-back, holding, use, management or disposal of securities and stakes in companies, except those subject to specific legislation.

Without prejudice to the foregoing, the Company's statutory activity also includes the following activities:

- Rendering technical assistance, business management and support services to other companies in its group;
- Research and development in the field of construction materials;
- The manufacture, production, purchase, sale, distribution, transportation, marketing, export and import of cement, aggregates, concrete, mortar and any other construction materials, as well as any other product or activity directly or indirectly related to the cement industry and construction materials, and the exploration and operation of mines; and
- Management of all types of by-products and/or waste, in the broadest sense, including collection, transportation by road, sorting, recovery, marketing, treatment, conversion into fuel or raw materials, and disposal.

At December 31, 2020, the first two activities listed above are carried out directly by the Company, while the activities described in the last two points are conducted through its subsidiaries.

The Company has investments in subsidiaries and associates, and is the parent of a group of companies engaged mainly in the manufacture of cement, concrete and mortar, the extraction of aggregates, and the sale and distribution of the products extracted and manufactured. For the purposes of clarification, (i) the definition provided in this document for the terms "Group" and "Cemex Latam Group" is not contained in the provisions of Title VII, Chapter VI of Income Tax Law 27/2014 of November 27, 2014 on consolidated tax groups, and (ii) although the Company is the parent of a group of companies as defined under legislation in force, and therefore obliged to file consolidated annual accounts, it does not prepare consolidated annual accounts in Spain because the group of which it is the parent forms part of a higher-level Spanish group headed by Cemex España, S.A. (hereinafter "the Cemex España Group" or "Cemex España"), which presents individual and consolidated annual accounts pursuant to article 43.2 of the Spanish Code of Commerce.

CEMEX LATAM HOLDINGS, S.A.

Directors' Report
2020

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

Cemex España's registered office is located at Calle Hernández de Tejada, 1, in Madrid. The consolidated annual accounts of Cemex España will be filed at the Madrid Mercantile Registry once they have been approved by the shareholders at the annual general meeting.

The Company is part of the Cemex Group, the ultimate parent of which is Cemex, S.A.B. de C.V., which is domiciled in Monterrey (Mexico) and listed on the Mexican Stock Exchange (BMV) and the New York Stock Exchange (NYSE).

November 9, 2020 marked the start of the acceptance period of Cemex España's takeover bid for all of the Company's outstanding shares listed in the National Registry of Securities and Issuers and the BVC (149,610,106 shares, excluding treasury shares). The takeover bid for CLH expired on December 10, 2020. As a result of the takeover bid, Cemex España acquired 108,337,613 shares of CLH at a price of Colombian Pesos 3,250 per share. The takeover bid was settled on December 18, 2020, for a total of Colombian Pesos 352.1 thousand million (approximately USD 102.5 million). At December 31, 2020, Cemex España holds 92.37% of the outstanding shares of CLH, excluding treasury shares.

In the period from January 1, 2020 to December 31, 2020, the Company's revenues mainly consisted of royalties paid by its direct and indirect subsidiaries for use of intangible assets, trademarks and Cemex management services under licensing agreements arranged through the Branch in Switzerland. These revenues form part of its main business operations and amounted to Euros 36,002 thousand in 2020.

(2) Business performance of the Cemex Latam Group

The highlights of 2020 are as follows:

- The consolidated volumes of domestic gray cement, concrete and aggregates decreased by 14%, 31% and 39%, respectively, compared to 2019, largely due to the impact of COVID-19.
- When adjusted for exchange rate fluctuations, the unit prices per ton of domestic gray cement, concrete and aggregates rose by 3% and fell by 3% and 1%, respectively, compared to the previous year.
- Consolidated net sales were down 20% on 2019, amounting to US Dollars 790 million (Euros 690 million).
- Consolidated EBITDA for 2020 likewise fell 20% with respect to the prior year, from US Dollars 199 million (Euros 174 million) to US Dollars 175 million (Euros 153 million).

The main performance trends of the Cemex Latam Group's businesses in the South and Central American markets in which it operates are summarized below:

Colombia

Volumes of domestic gray cement, concrete and aggregates decreased by 17%, 26% and 25%, respectively, in 2020 compared to 2019. Domestic gray cement and concrete prices in local currency rose by 8% and 2%, respectively, while prices of aggregates in local currency fell by 4%, compared to 2019. These trends reflect the impact of the strategy to raise prices and a new competitor.

Net sales totaled US Dollars 404 million (Euros 353 million) in 2020, a decrease of 20% on the prior year.

EBITDA in Colombia totaled US Dollars 87 million (Euros 76 million), a gain of 6% compared to 2019 on a like-for-like basis, adjusting for exchange rate fluctuations. This improvement was fueled by prices, lower selling and administration expenses and a reduction in costs, including maintenance expenses.

CEMEX LATAM HOLDINGS, S.A.

Directors' Report
2020

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

Republic of Panama

Our volumes of domestic gray cement, concrete and aggregates declined by 55%, 70% and 66%, respectively, in 2020 compared to 2019. These year-on-year falls reflect weak demand and the arrival in the market of a new cement producer in June 2020.

Net sales totaled US Dollars 80 million (Euros 70 million) in 2020, a decrease of 56% on the prior year. After several months of strict government-imposed restrictions due to COVID-19, our operations resumed their normal activities in mid-September.

EBITDA dropped 75% to US Dollars 12 million (Euros 10 million) in 2020 with respect to 2019. The government's announcement of a 30% tariff on imported cement in 2021 is expected to help protect employment in the construction industry.

Costa Rica

Volumes of domestic gray cement, concrete and aggregates decreased by 11%, 20% and 71%, respectively, in 2020 compared to 2019.

Net sales were down 13% on the previous year, to US Dollars 89 million (Euros 78 million). Domestic gray cement and concrete prices in local currency fell by 5% and 8%, respectively, while prices of aggregates in local currency rose by 109%, compared to 2019.

EBITDA remained stable in like-for-like terms, reaching US Dollars 30 million (Euros 26 million), helped by the cost-cutting program.

Other Cemex Latam Group countries

In the "Rest of CLH" region, which includes our operations in Nicaragua, Guatemala and El Salvador, volumes of domestic gray cement, concrete and aggregates climbed by 11% and fell by 15% and 34%, respectively, compared to the previous year.

In Guatemala, our cement volumes were fueled by accelerating growth in the self-building sector, a segment where we have a greater relative presence. Furthermore, our volumes were further helped by the implementation of stricter controls along the northern border due to COVID-19, which restricted cement imports.

In Nicaragua, we are encouraged by the upturn in construction activity observed during the year. Cement volumes have been buoyed up by the self-construction sector as well as government-sponsored projects. Cement consumption has been supported by the increase in remittances.

Net sales in 2020 totaled US Dollars 231 million (Euros 202 million), up 7% on 2019. EBITDA for the year amounted to US Dollars 75 million (Euros 66 million), 24% more than in the prior year.

(3) Outlook for the Cemex Latam Group

In 2021, volumes are expected to grow by between 6% and 8% in cement and by between 16% and 21% in concrete vis-à-vis 2020. Investments in property, plant and equipment for maintenance and strategic purposes are forecast to total US Dollars 45 million and US Dollars 5 million (Euros 39 million and Euros 4 million), respectively.

CEMEX LATAM HOLDINGS, S.A.

Directors' Report
2020

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

(4) Risks and uncertainties

The Company's activities are exposed to various financial risks, primarily liquidity risk, cash flow interest rate risk and capital risk. The Company's global risk management program focuses on uncertainties in its markets of operations and in financial markets, and aims to minimize the potentially adverse effects on the Company's financial performance.

The Company's Finance and Management departments ("Comptroller, Internal Control and Internal Audit") work in coordination to jointly oversee the management of the Company's risks based on the policies, procedures and systems ("the Policies and Systems") in place and/or adopted specifically by the Company and other Cemex Latam Group companies. The strategic planning, tax and legal areas are also involved in the process. These departments identify, measure and manage the operating and financial risks to which the Company is exposed in close collaboration with other Group areas and always under the supervision of the Company's senior management.

Until now the strategies to be adopted vis-à-vis some of these risks, for example cash flow interest rate risk, capital risk and liquidity risk, have been determined by the Board of Directors of Cemex Latam, based on the policies of Cemex, S.A.B. de C.V.

The main risks and uncertainties identified are:

(a) Liquidity risk

The Company applies a prudent policy to cover its liquidity risks based on having sufficient cash, as well as sufficient financing through credit facilities. One of the objectives of the Company's and the Cemex Group's Treasury department is to maintain flexible financing through drawdowns on credit facilities arranged with Cemex Group companies. The parent of the Cemex Group to which the Company belongs has expressed in writing its commitment to provide any necessary support in the short term.

(b) Cash flow interest rate risk

The Company is exposed to interest rate risk from borrowings (loans and credit facilities) with Cemex Group companies. Fixed-rate loans expose the Company to fair value interest rate risks and are reviewed by the Cemex Group to confirm that they are entered into on an arm's length basis at market rates of interest.

(c) Capital risk

At December 31, 2020, the Company has no financial instruments or transactions involving treasury shares or shares of Cemex S.A.B. de C.V. or third parties, except the share-based payment plans granted to executives. As such, the Company does not expect any changes in forecast cash flows due to variations in share prices.

(5) Research and development activities (R&D)

Through its Branch in Switzerland, the Company has developed Cemex Group industrial property aimed at and adapted for Latin American countries.

As a result, the Branch now adapts the Cemex Group's intangible assets to meet the specific needs of the Latin American markets in which the Cemex Latam Group operates.

Cemex Latam Holdings, S.A. (Swiss Branch) has therefore signed agreements to provide services and to manage and develop industrial property, sublicensing the use of this industrial property to the Latin American countries in question. It has also signed licensing agreements with the Cemex Group.

CEMEX LATAM HOLDINGS, S.A.

Directors' Report
2020

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

(6) Own shares

At December 31, 2020, the Company held 19,421,740 treasury shares. These shares were bought back on December 12, 2012, when the underwriters for the aforementioned Initial Public Offering exercised their put option.

In 2020, a total of 2,694,640 treasury shares were blocked off due to the implementation of the long-term incentive plan approved by the Board of Directors, with effect from January 1, 2013, at its meeting held on January 16, 2013, following receipt of a report from the Appointments and Remuneration Committee approving the initiative. This scheme is an annual remuneration program for certain Cemex Latam Group executives based on Company shares, which are delivered fully paid-in in four 25% blocks per year under each of the annual programs.

In 2020, 1,383,518 shares were delivered to certain executives, corresponding to the portion accrued under the program for the prior year.

(7) Average payment period for suppliers

The average supplier payment period is 13 days, which lies within the legal payment period.

(8) Derivative financial instruments

The Company does not carry out any transactions with derivative financial instruments.

(9) Events after the reporting period

On January 30, 2021, Royal Decree 1/2021 of January 12, 2021 was published amending the following: the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 of November 16, 2007; the Spanish General Chart of Accounts for Small and Medium-sized Enterprises approved by Royal Decree 1515/2007 of November 16, 2007; the Standards for the Preparation of Consolidated Annual Accounts approved by Royal Decree 1159/2010 of September 17, 2010; and standards adapting the Spanish General Chart of Accounts for non-profit entities approved by Royal Decree 1491/2011 of October 24, 2011. Furthermore, on February 13, 2021, the Spanish Accounting and Auditing Institute (ICAC) published the Resolution of February 10, 2021, issuing standards for recognition, measurement and the preparation of annual accounts with respect to the recognition of revenue from the delivery of goods and services.

The changes to the standards are applicable to accounting periods beginning on or after January 1, 2021 and focus on the criteria for recognition, measurement and disclosure of revenue from the delivery of goods and services, financial instruments, hedge accounting, measurement of inventories of listed commodities traded by brokers, and the definition of fair value.

In this regard, the individual annual accounts for the first accounting period beginning on or after January 1, 2021 shall include comparative information but there is no obligation to restate the information from the prior accounting period. The comparative information shall be restated only where all the criteria approved by the Royal Decree can be applied without incurring a retrospective bias, and without prejudice to the exceptions established in the transitional provisions.

The standards are generally applied retroactively, albeit with alternative practical expedients. However, hedge accounting is applied prospectively, the criteria for classifying financial instruments can be applied prospectively and the criteria for revenue from sales and services rendered can be applied prospectively to contracts starting from January 1, 2021 onwards.

CEMEX LATAM HOLDINGS, S.A.

Directors' Report
2020

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

The directors of the Company are currently undertaking an assessment of the applicable transition options and the accounting impacts that these changes will have, although at the date of authorizing these individual annual accounts for issue they do not yet have sufficient information to conclude on the outcome of this analysis.

CEMEX LATAM HOLDINGS, S.A.

Authorization of the annual accounts

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

Mr. Antonio Iván Sánchez Ugarte, Director and Secretary to the Board of Directors of Cemex Latam Holdings, S.A. (the "Company"), hereby certifies that the accompanying document comprises the Annual Accounts and Directors' Report for 2020, which were duly authorized for issue by the Board of Directors at their meeting held on March 26, 2021, pursuant to the requirements of article 253.2 of the Spanish Companies Act and article 37 of the Spanish Code of Commerce, and are printed on plain paper as follows:

- The Balance Sheet is transcribed on sheet 1.
- The Income Statement is transcribed on sheet 2.
- The Statement of Changes in Equity is transcribed on sheets 3 and 4.
- The Statement of Cash Flows is transcribed on sheet 5.
- The Notes to the Annual Accounts are transcribed on sheets 6 to 29, to which Appendices numbered I to III are attached.
- The Directors' Report is transcribed on sheets 1 to 6.

As the directors are all in different interconnected locations, they have signed separate sheets in ratification of the foregoing.

Mr. Antonio Iván Sánchez Ugarte