



# Auditor's Report on Cemex Latam Holdings, S.A.

(Together with the annual accounts and  
directors' report of Cemex Latam Holdings, S.A.  
for the year ended December 31, 2021)

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



KPMG Auditores, S.L.  
Paseo 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**

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We have audited the annual accounts of Cemex Latam Holdings, S.A. (the "Company"), which comprise the balance sheet at December 31, 2021, 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, 2021, 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 accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

### **Basis for Opinion**

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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 pursuant to the legislation regulating the audit of accounts in Spain. 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.



## **Most Relevant Aspects of the Audit**

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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 1,672,269 thousand at December 31, 2021, represent practically all of the Company's assets and are therefore the most significant balance sheet item. The recoverable amount of investments in Group companies and associates is determined, for those companies in which there are events that could indicate objective evidence of impairment, by applying valuation techniques which often require the exercising of judgment by the Directors and management and the use of 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 investments in equity instruments of Group companies and associates, evaluating whether there are events that could indicate objective evidence of impairment of the amount of investments in equity instruments of Group companies and associates, and whether the conclusions drawn in this regard by the Directors and management are appropriate. We likewise evaluated the main assumptions, methodology and data considered in the impairment analysis of investments in equity instruments of Group companies and associates, with the involvement of our valuation specialists, and we analyzed the sensitivity of the estimated recoverable amount to changes in relevant assumptions and judgments, such as the discount rate, the long-term growth rate and cash flows from operating activities. Moreover, we assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company.

## **Other Information: Directors' Report**

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Other information solely comprises the 2021 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.



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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 2021 and the content and presentation of the report are in accordance with applicable legislation.

## **Directors' Responsibility for the Annual Accounts**

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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**

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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 the 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 judgement 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.
- 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



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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

May 10, 2022

**CEMEX LATAM HOLDINGS, S.A.**

Annual Accounts and Directors' Report  
December 31, 2021  
(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.

Balance Sheet at  
December 31, 2021  
(Thousands of Euros)

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

<b>Assets</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Non-current investments in Group companies and associates</b>			
Equity instruments .....	7 and 13 (a)	1,672,269	1,557,059
Other financial assets.....	8 and 13 (a)	<u>3</u>	<u>3</u>
<b>Non-current investments</b>			
Other financial assets.....	8	5	5
<b>Total non-current assets.....</b>		<b>1,672,277</b>	<b>1,557,067</b>
<b>Trade and other receivables</b>			
Trade receivables from Group companies and associates.....	8 and 13 (a)	97	117
Personnel .....	8	69	3
Public entities, other .....	12	8	1,154
<b>Current investments in Group companies and associates</b>			
Other financial assets.....	8 and 13 (a)	2,546	2,116
<b>Cash and cash equivalents</b>			
Cash.....		<u>97</u>	<u>84</u>
<b>Total current assets.....</b>		<b>2,817</b>	<b>3,474</b>
<b>Total assets .....</b>		<b>1,675,094</b>	<b>1,560,541</b>
<b>Equity and Liabilities</b>			
<b>Capital and reserves</b>			
Registered capital.....	9	578,278	578,278
Share premium .....		728,266	728,266
Treasury shares .....		(95,667)	(99,318)
Reserves .....		133,184	155,169
Loss for the year .....		(21,632)	(18,334)
Translation differences .....		<u>131,406</u>	<u>30,439</u>
<b>Total equity .....</b>		<b>1,453,835</b>	<b>1,374,500</b>
<b>Payables group companies and associates, non-current .....</b>	10, 11 and 13 (a)	<u>217,438</u>	<u>181,289</u>
<b>Total non-current liabilities .....</b>		<b>217,438</b>	<b>181,289</b>
<b>Trade and other payables</b>			
Other payables.....	10	473	631
Trade payables to Group companies and associates.....	10 and 13 (a)	1,484	3,012
Personnel .....	10	440	309
Current tax liabilities.....	12	1,012	525
Public entities, other .....	12	<u>412</u>	<u>275</u>
<b>Total current liabilities .....</b>		<b>3,821</b>	<b>4,752</b>
<b>Total equity and liabilities .....</b>		<b>1,675,094</b>	<b>1,560,541</b>

The accompanying notes form an integral part of the annual accounts for 2021.

CEMEX LATAM HOLDINGS, S.A.

Income Statement  
for the year ended  
December 31, 2021  
(Thousands of Euros)

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

	Note	2021	2020
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b> .....	13 (b) and 14 (a)	<b>38,731</b>	<b>36,002</b>
<b>Personnel expenses</b> .....	14 (b)	<u><b>(1,505)</b></u>	<u><b>(1,869)</b></u>
Salaries, wages and similar costs .....		(1,202)	(1,395)
Employee benefits expense.....		(303)	(474)
<b>Other operating expenses</b> .....	14 (c)	<u><b>(46,147)</b></u>	<u><b>(40,287)</b></u>
External services .....		(2,941)	(1,787)
Other operating expenses.....		(43,206)	(38,500)
<b>Results from operating activities</b> .....		<u><b>(8,921)</b></u>	<u><b>(6,154)</b></u>
<b>Financial expenses</b> .....	10	<u><b>(11,644)</b></u>	<u><b>(11,134)</b></u>
Group companies and associates .....	13 (b)	(11,636)	(11,128)
Other .....		(8)	(6)
<b>Exchange losses</b> .....		<b>(22)</b>	<b>(71)</b>
<b>Net finance cost</b> .....		<u><b>(11,666)</b></u>	<u><b>(11,205)</b></u>
<b>Loss for the year before tax</b> .....		<u><b>(20,587)</b></u>	<u><b>(17,359)</b></u>
Income tax.....	12	(1,045)	(975)
<b>Loss for the year</b> .....		<u><b>(21,632)</b></u>	<u><b>(18,334)</b></u>

The accompanying notes form an integral part of the annual accounts for 2021.



CEMEX LATAM HOLDINGS, S.A.

Statement of Changes in Equity  
for the year ended  
December 31, 2021

A) 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.)*

	<b>2021</b>	<b>2020</b>
<b>Loss for the year</b> .....	<b><u>(21,632)</u></b>	<b><u>(18,334)</u></b>
Income and expense recognized directly in equity		
Translation differences.....	<u>100,967</u>	<u>(123,649)</u>
Total income and expense recognized directly in equity .....	<u>100,967</u>	<u>(123,649)</u>
<b>Total recognized income and expense</b> .....	<b><u><u>79,335</u></u></b>	<b><u><u>(141,983)</u></u></b>

The accompanying notes form an integral part of the annual accounts for 2021.

CEMEX LATAM HOLDINGS, S.A.

Statement of Changes in Equity  
for the year ended  
December 31, 2021

B) 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	Treasury shares	Total
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							
Application of loss 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>
Recognized income and expense.....	-	-	-	(21,632)	100,967	-	79,335
Transactions with shareholders or owners							
Application of loss for 2020 .....	-	-	(18,334)	18,334	-	-	-
Other movements .....	-	-	(3,651)	-	-	3,651	-
Balances at December 31, 2021 .....	<u>578,278</u>	<u>728,266</u>	<u>133,184</u>	<u>(21,632)</u>	<u>131,406</u>	<u>(95,667)</u>	<u>1,453,835</u>

The accompanying notes form an integral part of the annual accounts for 2021.

CEMEX LATAM HOLDINGS, S.A.

Statement of Cash Flows  
for the year ended  
December 31, 2021  
(Thousands of Euros)

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

	Note	2021	2020
<b>Cash flows from (used in) operating activities .....</b>		<b>(9,238)</b>	<b>8,590</b>
Loss for the year before tax .....		(20,587)	(17,359)
Adjustments to loss: .....		11,666	11,205
Finance costs.....	10	11,644	11,134
Exchange losses.....		22	71
Changes in operating assets and liabilities .....		(748)	14,077
Trade and other receivables .....		1,100	20,796
Trade and other payables.....		(1,686)	(4,629)
Other current assets.....		(430)	(2,021)
Other current liabilities .....		268	(69)
Other cash flows from operating activities.....		431	667
Income tax received (paid).....		431	667
<b>Cash flows from (used in) investing activities .....</b>		<b>-</b>	<b>-</b>
Payments for investments .....		-	-
Other financial assets .....		-	-
<b>Cash flows from (used in) financing activities .....</b>		<b>10,582</b>	<b>(7,394)</b>
Proceeds from financial liability instruments .....		47,647	39,164
Issue			
Group companies and associates.....		47,647	39,164
Redemption and repayment of			
Group companies and associates.....		(37,391)	(46,558)
<b>Effect of exchange rate fluctuations .....</b>		<b>(1,005)</b>	<b>(1,361)</b>
<b>Net increase/(decrease) in cash and cash equivalents.....</b>		<b>13</b>	<b>(165)</b>
Cash and cash equivalents at beginning of year.....		84	249
Cash and cash equivalents at year end.....		97	84

The accompanying notes form an integral part of the annual accounts for 2021.

CEMEX LATAM HOLDINGS, S.A.

Notes to the Annual Accounts  
December 31, 2021

*(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 for 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, 2021 and 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.

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.

After the initial public share offering, the Company's shares began trading on the Colombian Stock Exchange ("BVC") on November 16, 2012 under the ticker "CLH". 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 securities issuers.

Lastly, the Company forms a part of an international cement and construction materials group (hereinafter "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, 2021

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

**Nature and Activities of the Company (continued)**

(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, 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Non-current assets .....	5	5
Current assets .....	225,398	220,890
Total assets .....	225,403	220,895
Current liabilities .....	2,835	3,869
Total liabilities .....	2,835	3,869
Reserves .....	222,920	230,148
Loss for the year .....	(10,153)	(7,228)
Translation differences .....	9,801	(5,894)
Total equity and liabilities .....	225,403	220,895

Total assets include the Branch's balances with its parent, amounting to Euros 225,190 thousand at December 31, 2021 (Euros 220,715 thousand at December 31, 2020), 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) Public Takeover Bid

November 9, 2020 marked the start of the acceptance period for the public takeover bid launched by the controlling shareholder 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 expired on December 10, 2020. As a result of the takeover bid, Cemex España acquired 108,337,613 shares of the Company 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 US Dollars 102.5 million). At December 31, 2021, Cemex España holds 92.26% of the outstanding shares of CLH, excluding treasury shares.

(c) Agreement for the sale of the operations in Costa Rica and El Salvador

On December 29, 2021, the Company, through its direct subsidiary Corporación Cementera Latinoamericana, S.L.U. ("CCL") and through its indirect subsidiary Cemex Colombia, S.A., entered into a share sale-purchase agreement with Cementos Progreso Holdings, S.L., through this company's affiliates, for the sale of its operations in Costa Rica and El Salvador, for a total amount of US Dollars 335 million (Euros 294 million), subject to final adjustments. The assets to be sold consist of a cement plant, a grinding station, seven concrete plants and an aggregates quarry, as well as one distribution center in Costa Rica and another in El Salvador. Completion of the transaction is subject to the fulfilment of certain conditions in Costa Rica and El Salvador, including the approval of the antitrust authorities. The Company expects to complete the transaction in the first half of 2022.

**(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 give a true and fair view of the equity and financial position at December 31, 2021 and results of operations, changes in equity, and cash flows for the year then ended.

CEMEX LATAM HOLDINGS, S.A.

Notes to the Annual Accounts  
December 31, 2021

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

**Basis of Presentation (continued)**

The Board of Directors of the Company considers that the annual accounts for 2021, authorized for issue on March 29, 2022, 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 March 9, 2022 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](http://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 2021 include comparative figures for 2020, which formed part of the annual accounts approved by the shareholders at the annual general meeting held on June 28, 2020.

*Transition to the new accounting standards*

The accounting principles and the main measurement standards used by the Company to prepare these annual accounts are the same as those applied in the previous year, except for the application of Royal Decree 1/2021 of January 12, 2021, amending the Spanish General Chart of Accounts approved under Royal Decree 1514/2007 of November 16, 2007, and the Spanish Accounting and Auditing Institute (ICAC) Resolution of February 10, 2021, setting out the standards with regard to recognition, measurement and the preparation of annual accounts for the purpose of recognizing revenue from the delivery of goods and rendering of services.

The main amendments essentially refer to the transposition to local accounting standards of a large part of the regulations included in the international accounting standards adopted by the European Union ("IFRS-EU"), mainly IFRS-EU 9, *Financial Instruments*; IFRS-EU 15, *Revenue from Contracts with Customers*; IFRS-EU 7, *Financial Instruments: Disclosures*; and IFRS-EU 13, *Fair Value Measurement*.

At January 1, 2021, the Company has not adjusted the carrying amount of financial assets and financial liabilities in reserves following the application of the new accounting regulations.

(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.

(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:

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

**Basis of Presentation (continued)**

The annual accounts of the Company for the years ended December 31, 2021 and 2020 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 a reasonably possible independent reduction of 10% in EBITDA (results from operating activities plus depreciation and amortization). 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, 2021, 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 1,004 thousand at December 31, 2021 (Euros 1,278 thousand in 2020), including net current receivables from Cemex Group companies of Euros 1,159 thousand (payables of Euros 779 thousand in 2020). In addition, at December 31, 2021, its losses amount to Euros 21,632 thousand (Euros 18,334 thousand in 2020). 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.

**(3) Application of Loss**

At their annual general meeting held on June 28, 2021, the shareholders approved the proposal made by the Board of Directors that the loss of Euros 18,334,268.74 for the year ended December 31, 2020 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, 2021 proposed by the Board of Directors and pending approval by the shareholders is to carry forward the Euros 21,631,946.17 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.

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

**(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.

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.



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**Significant Accounting Policies (continued)**

*(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.

*(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.

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**Significant Accounting Policies (continued)**

(f) Revenue 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 and there is no condition or uncertainty that could imply their reversal.

(g) Provisions and contingencies

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

(i) Provisions

Balances payable which cover present obligations arising from past events, the settlement of which is likely to result in an outflow of resources of uncertain timing or amount.

(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.

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 tax

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.

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**Significant Accounting Policies (continued)**

The Company files consolidated tax returns with Cemex España 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.U., Corporación Cementera Latinoamericana, S.L.U., CCL Business Holdings, S.L.U., Business Material Funding, S.L.U., Macoris Investments, S.L., Solvades, S.L.U., Cemex Ventures España, S.L.U., Cemex España Gestión y Servicios, S.L.U., Construcción Digital Keobra, S.L.U., Materiales Express España S.L.U., Linkx Connecting the Dots, S.L.U. and Neoris España, 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 applicable 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.

(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.

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**Significant Accounting Policies (continued)**

(I) 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 100m<sup>2</sup> 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 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 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.

Similarly, since November 2012 the Swiss Branch has leased 300m<sup>2</sup> 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.

On January 1, 2021, CRG, a subsidiary of Cemex España registered in Switzerland whose statutory activity includes the management of intellectual property, transferred all of its operating assets, contracts and liabilities to Cemex Innovation Holding Ltd. ("CIH"), a subsidiary of Cemex, S.A.B. de C.V. which has its registered office in Switzerland. During the current year, the contractual term of the lease agreement between the Company and CIH for their offices in Switzerland was extended until December 31, 2025.

Operating lease payments recognized as expenses amounted to Euros 114 thousand in 2021 and Euros 119 thousand in 2020.

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

	Thousands of Euros	
	2021	2020
Less than one year .....	68	59
One to five years.....	218	93
Over five years .....	55	65
	<u>341</u>	<u>217</u>

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

**(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 Administration ("Comptrollership, Internal Control and Internal Audit") departments 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, assess 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 financial 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) vis-à-vis Cemex Group companies. Fixed-rate loans are exposed to fair value interest rate risk, and are reviewed by the Cemex Group to confirm whether market interest rates are being used.

(c) Capital risk

At December 31, 2021 and 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.

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**(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 2021 and 2020 are as follows:

Investment (*)	Thousands of Euros				
	31/12/2020	Additions	Disposals	Translation differences	31/12/2021
Corporación Cementera Latinoamericana, S.L.U. ....	1,556,901	-	-	115,298	1,672,199
Cementos de Centroamérica, S.A. ....	92	-	(78)	(14)	-
Inversiones Secoya, S.A. ....	66	-	-	4	70
Total .....	<u>1,557,059</u>	<u>-</u>	<u>(78)</u>	<u>115,288</u>	<u>1,672,269</u>

  

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>

(\*) 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 2021 the disposal of the investment in Cementos de Centroamérica, S.A. amounting to Euros 78 thousand represents the portion of dividends received from the subsidiary for profits earned prior to the acquisition of that subsidiary which are recognized as a reduction in the amount of the investment. In addition, the Company received a dividend of Euros 67 thousand on its investments in Cementos de Centroamérica, S.A., which was recognized as revenues.

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 CCL the cash flows generated by this company's investees have been taken into consideration. In 2021, based on the discounted cash flow projection models, no impairment of the investment 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, 2021 and 2020, the discount rates used to determine the discounted cash flows of CCL's investees were between 8% and 12.5% (between 7.9% and 10.9% in 2020) and the estimated long-term growth rates used were between 1% and 5% (between 1.5% and 5% in 2020).

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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 reasonably possible independent decrease of 1% in the long-term growth rate, and a reasonably possible independent reduction of 10% in EBITDA. All of these variables were applied to the cash flows and the result was compared with the carrying amount. The discount rates used by Cemex Latam for its cash flow projections in most countries were modified slightly 2021 compared to 2020 by between -0.5% and 1.6%. This increase is primarily due to the significant effect of discount rate hikes due to the proportion of debt in the calculation of the discount rate, which dropped from 34.6% in 2020 to 26.9% in 2021, and the market risk premium, which went from 5.7% in 2020 to 5.8% in 2021. These increases were offset by the reduction in the risk-free rate associated with Cemex Latam, which fell from 2.2% in 2020 to 1.8% in 2021, and the decline in share volatility (beta) among comparable companies, which went from 1.19 in 2020 to 1.12 in 2021. At the 2021 reporting date, the cost of capital observed for the industry of 4.1% has remained unchanged since 2020, whilst specific country risk rates had a mixed performance, although in most of the countries the changes were not significant at the 2021 year end vis-à-vis 2020. In addition, as a preventive measure to continue considering the 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, 2021 compared to 2020. These long-term growth rates will be revised upwards or downwards in the future as new financial indicators are published. The sensitivity analyses of the aforementioned variables used by the Company do not reveal any impairment as a result of independent changes in each of the relevant variables.

**(8) Financial Assets**

At December 31, 2021 and 2020, the classification of financial assets by category and class, except for investments in equity instruments of Group companies and associates, is as follows:

	2021		2020	
	At amortized cost or cost		At amortized cost or cost	
	Non-current	Current	Non-current	Current
Loans and receivables				
Other financial assets				
Group companies and associates (note 13 (a)).....	3	2,546	3	2,116
Investments.....	5	-	5	-
Trade receivables from Group companies and associates (note 13 (a)).....	-	97	-	117
Personnel.....	-	69	-	3
Total financial assets.....	8	2,712	8	2,236

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

At December 31, 2021 and 2020, other current financial assets essentially reflect the balance of taxes receivable from Cemex España, the parent of the Spanish tax group (see note 12).

**(9) Equity**

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

(a) Capital

At December 31, 2021 and 2020, 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.

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(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 2021 and 2020, other reserves were reduced by Euros 3,651 thousand and Euros 7,075 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, 2021 and 2020, the Company holds 18,707,813 and 19,421,740 treasury shares, respectively. In 2021 and 2020, treasury shares were reduced by Euros 3,651 thousand and Euros 7,075 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)).

**(10) Financial Liabilities**

The classification of financial liabilities by category and class at December 31, 2021 and 2020 is as follows:

	Thousands of Euros					
	2021			2020		
	Non-current	Current	Total	Non-current	Current	Total
Payables to Group companies and associates (note 13 (a))						
Fixed-rate loans (note 11) .....	100,158	-	100,158	87,571	-	87,571
Fixed-rate credit facilities (note 11) .....	117,280	-	117,280	93,718	-	93,718
	217,438	-	217,438	181,289	-	181,289
Trade and other payables						
Other payables .....	-	473	473	-	631	631
Trade payables to Group companies and associates (note 13 (a)).....	-	1,484	1,484	-	3,012	3,012
Personnel.....	-	440	440	-	309	309
	-	2,397	2,397	-	3,952	3,952
Total financial liabilities .....	217,438	2,397	219,835	181,289	3,952	185,241

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, 2021 and 2020, trade payables to Group companies and associates essentially reflect the balance payable to CIH in respect of royalties for technical assistance agreements, the use of licenses and trademarks received by 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 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
	Finance costs at amortized cost.....	11,644
	11,644	11,134



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**(11) Payables and Trade Payables**

(a) Main characteristics of financial debt

The terms and conditions of loans and financial debt at December 31, 2021 and 2020 are as follows:

2021							
Type	Currency	% effective and nominal rate	Start	Maturity	Nominal amount in original currency (thousands)	Thousands of Euros Amortized cost	
						Current	Non-current
<b>Group companies and associates</b>							
Fixed-rate loans							
Cemex Innovation Holding Ltd. ....	USD	5.65%	2012	2023	229,507	-	100,158
Fixed-rate credit facilities							
Cemex Innovation Holding Ltd. ....	USD	5.65%	2012	2023	300,000	-	117,280
						-	217,438
2020							
Type	Currency	% effective and nominal rate	Start	Maturity	Nominal amount in original currency (thousands)	Thousands of Euros Amortized cost	
						Current	Non-current
<b>Group companies and associates</b>							
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
						-	181,289

On January 1, 2021, as a result of the Cemex Group corporate simplification process, Lomez International B.V., a Dutch company belonging to the Cemex Group, transferred all its intra-Group banking and lending activities to CIH.

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

At December 31, 2021 and 2020, 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	
	2021	2020
Two years.....	217,438	-
Three years .....	-	181,289
	217,438	181,289

(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 (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:

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	Days	
	2021	2020
Average supplier payment period .....	39	13
Transactions paid ratio .....	40	4
Transactions payable ratio .....	3	111
	Thousands of Euros	
	2021	2020
Total payments made .....	55,205	38,058
Total payments outstanding .....	1,365	3,291

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 purpose of providing the information envisaged in this Resolution, the trade payables recognized in "Other payables" and "Payables to Group companies and associates" under current liabilities in the balance sheet are deemed to be suppliers.

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 with public entities at December 31, 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
<b>Assets</b>		
Value added tax and similar taxes .....	8	1,154
	<u>8</u>	<u>1,154</u>
<b>Liabilities</b>		
Current tax liabilities .....	1,012	525
Withholdings .....	186	143
Social Security .....	226	132
	<u>1,424</u>	<u>800</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	
	2021	2020
<b>Current assets</b>		
Cemex España, S.A. ....	2,546	2,116
	<u>2,546</u>	<u>2,116</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, and the other Cemex Group entities that are resident in Spain for tax purposes. The standard rate of tax is 25%, which may be reduced by certain credits.

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**Taxation (continued)**

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 95% 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/loss for 2021 and 2020 with the taxable income/tax loss for income tax purposes is as follows:

	Thousands of Euros	
	2021	2020
Profit/(loss) before tax .....	(20,587)	(17,360)
Permanent differences		
Branch profit/(loss) before tax.....	6,554	3,990
Temporary differences		
Financial expenses for the year.....	3,848	11,131
Accounting loss for tax purposes .....	(10,185)	(2,239)
Tax loss of the Company .....	(10,185)	(2,239)

Permanent differences of the foreign Branch relate to income it obtained in Switzerland, which is exempt from taxation in Spain.

Temporary differences originating in Spain in 2021 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, 2021 or 2020.

The relationship between the income tax expense and the accounting loss for 2021 and 2020 is as follows:

	Thousands of Euros		
	2021		
	Company	Branch	Total
Profit/(loss) for the year before tax .....	(14,033)	(6,554)	(20,587)
Tax paid abroad .....	-	(3,598)	(3,598)
Temporary differences .....	3,848	-	3,848
	(10,185)	(10,152)	(20,337)
Tax at 25%/9.64% (*) .....	(2,546)	(979)	(3,525)
Tax credits not capitalized in the year .....	93	-	93
Tax paid abroad .....	-	3,598	3,598
Other (adjustment of tax for prior year) .....	(101)	979	878
	(2,554)	3,598	1,045

	Thousands of Euros		
	2020		
	Company	Branch	Total
Profit/(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 tax for prior year) .....	(1,941)	697	(1,244)
	(2,263)	3,238	975

(\*) 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.

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**Taxation (continued)**

At December 31, 2021, tax paid abroad, amounting to Euros 3,598 thousand (Euros 3,238 thousand at December 31, 2020) mainly reflects withholdings in countries where the Swiss Branch receives royalties from Company subsidiaries.

In 2021 and 2020, the Company generated individual tax losses which were utilized by other companies in the tax group. The Company thus recognized tax income of Euros 2,546 thousand and Euros 302 thousand, respectively, with a charge to other financial assets under current assets, vis-à-vis Cemex España, 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, vis-à-vis Cemex España, 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 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Current tax		
Present year .....	167	2,219
Other (adjustment of final tax for prior year) .....	878	(1,244)
	<u>1,045</u>	<u>975</u>

On March 26, 2021, the State Tax Agency's Central Office for Large Taxpayers notified Cemex España, the parent of the Spanish tax group, of a settlement agreement derived from the inspection of income tax for 2010 to 2014, for an aggregate amount of Euros 63 million (Euros 48 million of principal and Euros 15 million of interest), which Cemex España signed on a contested basis and against which it lodged an appeal with the Central Economic-Administrative Tribunal on April 26, 2021. Cemex España considers the probability of an ultimately adverse ruling to be low and has not booked any adjustment. However, in order to continue the defense it has taken out a surety bond.

In relation to this assessment decision, as part of the Spanish consolidated tax group the Company could be affected by an adverse ruling for Cemex España entailing a reduction of certain interest deductions booked from 2012 to 2014. This could result in an adjustment of approximately Euros 5 million, plus interest, to the tax losses which the Company transferred to Cemex España during tax consolidation.

In such a scenario, the Company would have to recognize income tax for the year in which settlement of the aforementioned amount fell due against a payable to Cemex España.

On December 3, 2021, the Technical Office of the State Tax Agency's Central Office for Large Taxpayers notified the Cemex España tax group of a penalty of Euros 68 million derived from the tax inspections of 2010 to 2014. On December 31, 2021, this penalty was appealed before the Central Economic-Administrative Tribunal, but no provision need be recognized until the appeal passes to the judicial stage once all possible administrative procedures have been rejected. This penalty does not affect the Company's financial statements as Cemex España is the entity liable for the possible payment.

**(13) Related Party Balances and Transactions**

Balances and transactions with the Parent reflect those carried out with the principal shareholder, Cemex España. Balances and transactions with Group companies and other related parties consist of those carried out with Cemex Latam Group companies and other Cemex Group companies, respectively.

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**Related Party Balances and Transactions (continued)**

(a) Related party balances

Details of balances with related parties at December 31, 2021 and 2020 are as follows:

	2021			
	Thousands of Euros			
	Parent	Group companies	Other related parties	Total
Non-current investments in Group companies and associates				
Equity instruments (note 7) .....	-	1,672,269	-	1,672,269
Other financial assets (note 8).....	3	-	-	3
Total non-current assets .....	3	1,672,269	-	1,672,272
Trade and other receivables				
Trade receivables from Group companies and associates (note 8) ..	-	78	19	97
Current investments in Group companies and associates				
Other financial assets (note 8).....	2,546	-	-	2,546
Total non-current assets .....	2,546	78	19	2,643
Total assets .....	2,549	1,672,347	19	1,674,915
Payables to Group companies and associates, non-current (note 10).	-	-	217,438	217,438
Total non-current liabilities .....	-	-	217,438	217,438
Trade and other payables				
Trade payables to Group companies and associates (note 10) .....	40	1,224	220	1,484
Total current liabilities.....	40	1,224	220	1,484
Total liabilities.....	40	1,224	217,658	218,922
	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				
Trade receivables from 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
Payables to Group companies and associates, non-current (note 10).	-	-	181,289	181,289
Total non-current liabilities .....	-	-	181,289	181,289
Trade and other payables				
Trade payables to 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

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**Related Party Balances and Transactions (continued)**

(b) Related party transactions

The amounts of transactions with related parties in 2021 and 2020 are as follows:

	2021				
	Thousands of Euros				
	Parent	Group companies	Directors	Other related parties	Total
<b>Income</b>					
Income from royalties or licenses .....	-	23,794	-	-	23,794
Use of trademark .....	-	3,242	-	-	3,242
Management services.....	-	11,614	-	-	11,614
Other services rendered .....	-	14	-	-	14
Dividends .....	-	67	-	-	67
<b>Total income.....</b>	<b>-</b>	<b>38,731</b>	<b>-</b>	<b>-</b>	<b>38,731</b>
<b>Expenses</b>					
Expenses for royalties or licenses .....	-	-	-	29,585	29,585
Use of trademark .....	-	-	-	3,060	3,060
Management services.....	30	4,198	-	6,231	10,459
Other services received .....	12	-	-	102	114
Personnel expenses .....	-	-	321	-	321
Finance costs .....	-	-	-	11,636	11,636
<b>Total expenses.....</b>	<b>42</b>	<b>4,198</b>	<b>321</b>	<b>50,614</b>	<b>55,175</b>
	2020				
	Thousands of Euros				
	Parent	Group companies	Directors	Other related parties	Total
<b>Income</b>					
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
<b>Total income.....</b>	<b>-</b>	<b>36,002</b>	<b>-</b>	<b>-</b>	<b>36,002</b>
<b>Expenses</b>					
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
<b>Total expenses.....</b>	<b>34</b>	<b>3,991</b>	<b>459</b>	<b>45,618</b>	<b>50,102</b>

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, 2021, Cemento Bayano, S.A. and Cemex Costa Rica, S.A. have drawn down US Dollars 5,905 thousand and US Dollars 2,002 thousand (US Dollars 4,011 thousand and US Dollars 751 thousand at December 31, 2020), respectively, from the aforementioned credit facilities.

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

During the years ended December 31, 2021 and 2020, 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 2021 and 2020 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 public 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.

In 2021 and 2020 the members of the Board of Directors accrued Euros 321 thousand and Euros 459 thousand, respectively, as remuneration for 2020 and 2019 and allowances for attendance at meetings of the Board and its Committee held during 2021 and 2020, respectively.

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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) Revenue

Revenue includes 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 revenue by category of activity are provided in note 13 (b). All revenue is generated in Latin America and is accrued in US Dollars.

All revenue is recognized at a specific point in time.

(b) Personnel expenses and employee information

Details of personnel expenses in 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Salaries, wages and similar costs		
Salaries and wages .....	826	1,077
Charges to defined contribution plans .....	4	9
Other remuneration .....	372	309
	<u>1,202</u>	<u>1,395</u>
Employee benefits expense		
Social Security payable by the Company .....	116	165
Other employee benefits expenses .....	187	309
	<u>303</u>	<u>474</u>
	<u>1,505</u>	<u>1,869</u>

The average number of employees and directors of the Company in 2021 and 2020, by professional category, is as follows:

	Number	
	2021	2020
Directors .....	6	9
Management .....	1	1
Middle management and supervisors .....	8	8
	<u>15</u>	<u>18</u>

The distribution of personnel by gender at December 31, 2021 and 2020 is as follows:

	Number			
	2021		2020	
	Female	Male	Female	Male
Directors .....	2	4	2	7
Management .....	-	1	-	1
Middle management and supervisors .....	4	4	2	6
	<u>6</u>	<u>9</u>	<u>4</u>	<u>14</u>

In 2021 and 2020 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 2021 and 2020 in respect of professional services rendered to the Company:

	Euros	
	2021	2020
Audit services .....	27,550	27,550
	<u>27,550</u>	<u>27,550</u>

Additionally, for purposes of Cemex Latam's BVC listing, KPMG Auditores, S.L. provided services to the Company amounting to Euros 327,125 in both 2021 and 2020. 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 2021 and 2020, irrespective of the date of invoice.

**(16) Commitments**

At December 31, 2021, 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 3,060 thousand at December 31, 2021 (Euros 2,749 thousand in 2020).
- 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. As mentioned in note 5, on January 1, 2021, CRG transferred all of its operating assets, contracts and liabilities to CIH, a subsidiary of Cemex, S.A.B. de C.V., which has its registered office in Switzerland. Since that time, CIH has performed the activities previously carried out by CRG, the former therefore being universal successor to CRG's rights acquired under the intellectual property license between CLH and CRG signed on November 15, 2012. The total royalty charge recognized in the income statement for use of intangible assets amounts to Euros 29,585 thousand at December 31, 2021 (Euros 24,552 thousand in 2020).
- 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 6,231 thousand at December 31, 2021 (Euros 7,084 thousand in 2020).

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



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**Commitments (continued)**

With respect to the IPO, 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 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 fulfill 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 such cash or assets) 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 entered into 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.

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

**(17) Other Significant Processes**

**Class action against the public takeover bid for the Company's shares**

In November 2020, the Company learned of a class action instituted by a citizen who stated that as a result of the takeover bid launched by Cemex España to acquire the Company's outstanding shares, some collective rights may have been infringed or threatened. The Company lodged an appeal for reconsideration of the admissibility of the class action on the grounds that it was not the issuer of the takeover bid, and motioned for it to be declared null and void in view of the irregular notification method. The competent court dismissed the aforementioned motions and the Company was formally notified of the class action on June 25, 2021. The Company will avail of the appropriate defense mechanisms aimed at securing the withdrawal of the lawsuit or obtaining a favorable outcome. The Company responded to the lawsuit on July 9, 2021 and is waiting for the administrative court to set a date for the hearing. At this stage, the Company is unable to determine what the effects of this class action could be in the event of an adverse ruling or whether such unfavorable ruling could be material to the results of the Company's operations, its liquidity or its financial position.

**(18) Subsequent events**

No significant events have occurred since December 31, 2021 up to the date of authorization for issue of these annual accounts.

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

Name	Registered office	Activity	Auditor
<b>Subsidiaries</b> .....			
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
Pavimentos Especializados, S.A. ....	Panama City (Republic of Panama)	Consultancy, advisory, study, design and consumer services	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 2021, in conjunction with which it should be read.

CEMEX LATAM HOLDINGS, S.A.

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
<b>Subsidiaries</b> .....			
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 consumer services	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 2021, in conjunction with which it should be read.

CEMEX LATAM HOLDINGS, S.A.

Other Information on Group Companies and Associates  
December 31, 2021  
(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 components	Operating activities	Net profit/(loss) for the year	Total equity	Carrying amount
<b>Subsidiaries</b> .....										
Apollo Re, Ltd. ....	-	100.00%	100.00%	110	13,083	358	9,410	9,409	22,960	-
Cemento Bayano, S.A. <sup>(3)</sup> .....	-	99.48%	99.48%	122,466	(11,125)	18	7,580	463	111,822	-
Cemex El Salvador, S.A de C.V. <sup>(2)</sup> .....	0.01%	99.99%	100.00%	2,192	520	85	3,465	2,228	5,025	-
Cemex Nicaragua, S.A. ....	-	99.74%	99.74%	7	25,462	(19,717)	14,985	9,625	15,377	-
Cemex Transportes de Colombia, S.A. <sup>(1) (2)</sup> .....	-	99.57%	99.57%	100	1,068	810	657	382	2,360	-
Central de Mezclas, S.A. <sup>(1) (2)</sup> .....	-	91.20%	91.20%	534	4,846	2,805	118	126	8,311	-
Corporación Cementera Latinoamericana, S.L.U. ....	100.00%	-	100.00%	1,314,761	(194,862)	218,357	(126,245)	(137,490)	1,200,766	1,672,199
Cementos de Centroamérica, S.A. ....	1.00%	99.00%	100.00%	1	854	150	93	(36)	969	-
Cemex Guatemala, S.A. <sup>(1) (2) (3)</sup> .....	-	100.00%	100.00%	14,502	44,163	2,171	43,324	33,816	94,652	-
Cemex Colombia, S.A. <sup>(3)</sup> .....	-	99.74%	99.74%	6,107	1,797,720	(885,896)	23,907	26,760	944,691	-
Cemex Costa Rica, S.A. <sup>(3)</sup> .....	-	99.74%	99.74%	114,534	146,443	(31,036)	20,234	52,400	282,341	-
Pavimentos Especializados, S.A. ....	-	99.74%	99.74%	132	(3,163)	13	578	354	(2,664)	-
Cemex Lan Trading Corporation .....	-	100.00%	100.00%	-	489	(1)	(14)	(18)	470	-
CCL Business Holdings, S.L.U. ....	-	100.00%	100.00%	4	60	9	-	240	313	-
Cemex Premezclados de Colombia, S.A. ....	-	100.00%	100.00%	42	547	(238)	356	96	447	-
Inversiones Secoya, S.A. ....	1.00%	99.00%	100.00%	6,675	5,461	(1,787)	1,852	1,085	11,434	70
Cemex Finance Latam B.V. ....	-	100.00%	100.00%	1,872	454	(2)	(72)	(58)	2,266	-
Superquímicos de Centroamérica, S.A. ....	-	100.00%	100.00%	9	3,465	6	217	185	3,665	-
Zona Franca Especial Cementera del Magdalena Medio S.A.S.	-	99.74%	99.74%	1,036	2,837	(4,329)	(2,073)	(10,922)	(11,378)	-
										<u>1,672,269</u>

This appendix forms an integral part of notes 1 and 7 to the annual accounts for 2021, 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) Aggregate figures

CEMEX LATAM HOLDINGS, S.A.

Other Information on Group Companies and Associates  
December 31, 2020  
(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			Capital	Reserves	Other equity components	Profit/(loss)		Total equity	Carrying amount
	Direct	Indirect	Total				Operating activities	Net profit/(loss) for the year		
<b>Subsidiaries</b> .....										
Apollo Re, Ltd. ....	-	100.00%	100.00%	102	11,050	(14,447)	14,629	14,923	11,628	-
Cemento Bayano, S.A. <sup>(3)</sup> .....	-	99.48%	99.48%	114,022	15,069	1,730	(21,849)	(27,340)	103,481	-
Cemex El Salvador, S.A de C.V. <sup>(2)</sup> .....	0.01%	99.99%	100.00%	2,041	484	(104)	2,595	1,656	4,077	-
Cemex Nicaragua, S.A. ....	-	98.85%	98.85%	7	76,849	(17,965)	12,099	7,117	66,008	-
Cemex Transportes de Colombia, S.A. <sup>(1)(2)</sup> .....	-	99.57%	99.57%	100	4,223	2,005	443	232	6,560	-
Central de Mezclas, S.A. <sup>(1)(2)</sup> .....	-	91.20%	91.20%	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	16,278	(38)	(13)	280	16,521	92
Cemex Guatemala, S.A. <sup>(1)(2)(3)</sup> .....	-	100.00%	100.00%	13,372	14,281	(1,447)	35,735	28,652	54,858	-
Cemex Colombia, S.A. <sup>(3)</sup> .....	-	99.74%	99.74%	5,690	1,597,830	(693,636)	34,793	575	910,459	-
Cemex Costa Rica, S.A. <sup>(3)</sup> .....	-	98.92%	98.92%	346	146,783	(20,451)	12,751	14,196	140,874	-
Lomas del Tempisque, S.R.L. ....	-	99.74%	99.74%	128,440	(13,364)	(20,622)	(31)	4,881	99,335	-
Pavimentos Especializados, S.A. ....	-	99.74%	99.74%	123	(2,019)	63	(1,199)	(989)	(2,822)	-
Cemex Lan Trading Corporation .....	-	100.00%	100.00%	-	(311)	(52)	676	818	455	-
CCL Business Holdings, S.L.U. ....	-	100.00%	100.00%	3	54	-	-	3	60	-
Cemex Premezclados de Colombia, S.A. ....	-	100.00%	100.00%	39	876	(121)	314	82	876	-
Inversiones Secoya, S.A. ....	1.00%	99.00%	100.00%	6,215	4,260	(1,557)	1,761	883	9,801	66
Cemex Finance Latam B.V. ....	-	100.00%	100.00%	1,743	516	7	(138)	(100)	2,166	-
Superquímicos de Centroamérica, S.A. ....	-	100.00%	100.00%	8	3,411	13	(149)	(198)	3,234	-
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 2021, 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) Aggregate figures

CEMEX LATAM HOLDINGS, S.A.

Details of Reserves  
December 31, 2021 and 2020  
(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, 2019 .....	<u>18,903</u>	<u>167,813</u>	<u>(15,071)</u>	<u>171,645</u>
Application of loss .....	-	(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>
Application of loss .....	-	(18,334)	-	(18,334)
Other changes in equity .....	-	-	(3,651)	(3,651)
Balance at December 31, 2021 .....	<u>18,903</u>	<u>140,078</u>	<u>(25,797)</u>	<u>133,184</u>

CEMEX LATAM HOLDINGS, S.A.  
Directors' Report  
2021

*(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 for 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, 2021, 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 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 for the public takeover bid launched by the controlling shareholder 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 expired on December 10, 2020. As a result of the takeover bid, Cemex España acquired 108,337,613 shares of the Company 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 US Dollars 102.5 million). At December 31, 2021, Cemex España holds 92.26% of the outstanding shares of CLH, excluding treasury shares.



CEMEX LATAM HOLDINGS, S.A.  
Directors' Report  
2021

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

**Nature and activities of the Company (continued)**

On December 29, 2021, the Company, through its direct subsidiary Corporación Cementera Latinoamericana, S.L.U. and through its indirect subsidiary Cemex Colombia, S.A., entered into a share sale-purchase agreement with Cementos Progreso Holdings, S.L., through this company's affiliates, for the sale of its operations in Costa Rica and El Salvador, for a total amount of US Dollars 335 million (Euros 294 million), subject to final adjustments. The assets to be sold consist of a fully integrated cement plant, a grinding station, seven concrete plants and an aggregates quarry, as well as one distribution center in Costa Rica and another in El Salvador. Completion of the transaction is subject to the fulfilment of certain conditions in Costa Rica and El Salvador, including the approval of the antitrust authorities. The Company expects to complete the transaction in the first half of 2022.

In the period from January 1, 2021 to December 31, 2021 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 38,731 thousand in 2021.

**(2) Business performance of the Cemex Latam Group**

Volumes of domestic gray cement, concrete and aggregates rose by 12%, 2% and 3%, respectively, in 2021 compared to the prior year. Our consolidated prices for domestic gray cement and concrete both climbed by 2%, whilst the prices of aggregates remained stable, in comparable terms adjusted for exchange rate fluctuations, compared to those of the previous year. Consolidated net sales expanded by 17% to US Dollars 921 million (Euros 780 million). Larger consolidated volumes of our three main products and higher prices of domestic gray cement and concrete in comparative terms were the main factors behind the rise in sales. Sales are up in all countries where the Cemex Latam Group has operations.

In 2021 the Group posted a consolidated net loss of US Dollars 23 million (Euros 20 million). The loss in the previous year amounted to US Dollars 121 million (Euros 105 million). Net debt fell by US Dollars 67 million (Euros 59 million), or 10%, during the year.

The top priority of the Cemex Latam Group is the health and safety of its collaborators and their families, as well as of all the people who interact with Group companies. In this regard, the frequency of incapacitating incidents in 2021 was kept low, resulting in a rate of 0.29 for employees and 0.33 for contractors. As for the overall rate of recordable incidents for employees, we have achieved a record level of 0.96. These results evidence our determination to protect our personnel and all the people who participate in our activities.

In respect of our commitment to improve the customer experience, in 2021 we achieved a record annual Net Promoter Score (NPS) of 69 points. Our customers' perception was the result of adopting value offerings such as "Connect Maestro", a program that offers construction supervisors benefits when buying their cement from Cemex, among many other initiatives.

Regarding our efforts to combat climate change, in 2021 we were able to reduce CO<sub>2</sub> emissions by 26% vis-à-vis 1990, the base year; we have also replaced traditional fossil fuels with more environmentally friendly alternative fuels that contribute to the circular economy, achieving a replacement rate of over 19%; and 69% of our electricity consumption came from renewable energy sources. Among the highlights of 2021 are the sales of "Vertua" cement, which accounted for 80% of total cement sales. Vertua is a low-carbon cement that reduces CO<sub>2</sub> by at least 15% compared to traditional cement.

Similarly, we continued to implement responsible business strategies that contribute to the social development of the communities where the Cemex Latam Group operates, and in order to reduce operating continuity risks. During 2021, investments were primarily focused on reactivating the economy of neighboring communities, helping to mitigate the effect of the pandemic on income and creating jobs. We also supported the vaccination campaigns in our areas of influence and managed the administration of vaccines for our employees with the support of the health authorities. The Cemex Latam Group's plans vis-à-vis the community are to continue building enduring relationships while reducing operating continuity risks.

Our positive results in 2021 were achieved thanks to our extraordinary people. Cemex Latam is firmly committed to prioritizing health and safety, providing the best work experience and maintaining high levels of satisfaction. In 2021, we obtained an employee Net Promoter Score of 69, a level that yet again surpasses the survey provider's global benchmark.

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

### **(3) Outlook for the Cemex Latam Group**

For 2022, volumes are expected to grow in cement (increase in the low to medium single digits) and concrete (increase in the low double digits) with respect to 2021, most notably with a climb of at least 30% in concrete in Panama. This volume growth is backed up by the recent start of construction of Line 3 of the Panama Metro project. In Colombia we foresee higher volumes of cement and concrete in response to growing market demand and our recent investments to increase our assets in this business, especially in the metropolitan areas of Bogotá and Cali. In addition, investments in property, plant and equipment for maintenance and strategic purposes are forecast to total US Dollars 35 million and US Dollars 75 million (Euros 30 million and Euros 64 million), respectively.

### **(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 Administration ("Comptroller, Internal Control and Internal Audit") departments 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, assess 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 financial 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) vis-à-vis Cemex Group companies. Fixed-rate loans are exposed to fair value interest rate risk, and are reviewed by the Cemex Group to confirm whether market interest rates are being used.

#### **(c) Capital risk**

At December 31, 2021, 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, Cemex Latam Holdings, S.A. Madrid, Swiss Branch Brügg (the "Branch"), the Company has developed Cemex Group industrial property aimed at and adapted for Latin American countries. As a result, the Branch adapts the Cemex Group's intangible assets to meet the specific needs of the Latin American markets in which the Cemex Latam Group operates.

The Branch has 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  
2021

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

**(6) Treasury shares**

At December 31, 2021, the Company held 18,707,813 treasury shares. These shares were initially bought back on December 12, 2012, when the underwriters for the aforementioned Initial Public Offering exercised their put option.

In 2021, a total of 1,294,848 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 2021, 713,927 shares were delivered to certain executives, corresponding to the portion accrued under the program for the prior year.

**(7) Average supplier payment period**

The average supplier payment period is 39 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) Subsequent events**

No significant events have occurred since December 31, 2021 up to the date of authorization for issue of these annual accounts.

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, as 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 2021, which were duly authorized for issue by the Board of Directors at their virtual meeting held on March 29, 2022, 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 28 to which Appendices numbered I to III are attached.
- The Directors' Report is transcribed on sheets 1 to 4.

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

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Mr. Antonio Iván Sánchez Ugarte

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, as Director and Secretary to the Board of Directors of Cemex Latam Holdings, S.A. (the "Company"), hereby certifies that this sheet bears the signature of the proprietary director and Chairman of the Board of Directors, **Mr. Jaime Muguero Domínguez**, and that it forms part of the Annual Accounts and Directors' Report for 2021 which, as such, constitute a single document.

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Mr. Jaime Muguero Domínguez

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, as Director and Secretary to the Board of Directors of Cemex Latam Holdings, S.A. (the "Company"), hereby certifies that this sheet bears the signature of the executive director and CEO, **Mr. Jesús Vicente González Herrera**, and that it forms part of the Annual Accounts and Directors' Report for 2021 which, as such, constitute a single document.

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Mr. Jesús Vicente González Herrera

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, as Director and Secretary to the Board of Directors of Cemex Latam Holdings, S.A. (the "Company"), hereby certifies that this sheet bears the signature of the independent director **Ms. Coloma Armero Montes**, and that it forms part of the Annual Accounts and Directors' Report for 2021 which, as such, constitute a single document.

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Ms. Coloma Armero Montes

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, as Director and Secretary to the Board of Directors of Cemex Latam Holdings, S.A. (the "Company"), hereby certifies that this sheet bears the signature of the independent director **Ms. Mónica Aparicio Smith**, and that it forms part of the Annual Accounts and Directors' Report for 2021 which, as such, constitute a single document.

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Ms. Mónica Aparicio Smith



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, as Director and Secretary to the Board of Directors of Cemex Latam Holdings, S.A. (the "Company"), hereby certifies that this sheet bears the signature of the proprietary director **Mr. Marcelo Catalá Espinosa**, and that it forms part of the Annual Accounts and Directors' Report for 2021 which, as such, constitute a single document.

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Mr. Marcelo Catalá Espinosa