



# 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, 2022)**

*(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, 2022, 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, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

### **Basis for Opinion**

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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.



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## **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 non-current investments in Group companies and associates (see notes 2(d), 4(b) and 7)

Non-current investments in equity instruments of Group companies and associates, amounting to Euros 1,547,363 thousand at December 31, 2022, represent practically all of the Company's assets and are therefore the most significant balance sheet item. As required by the applicable financial reporting framework, the Company calculates the recoverable amount of investments in companies for which there are indications of impairment. The recoverable amount is calculated by applying valuation techniques that often require the exercising of judgment by the Directors and management, as well as the use of assumptions and estimates. Due to the uncertainty and judgment associated with these estimates, as well as the significance of the carrying amount of these investments, their valuation has been considered a relevant aspect of the audit.

Our audit procedures included evaluating the design and implementation of the key controls related to the process of valuing non-current investments in equity instruments of Group companies and associates, as well as assessing the criteria used by the Company's Directors and management to identify any indications that the non-current investments in equity instruments of Group companies and associates may be impaired. We also assessed the reasonableness of the methodology, assumptions and data considered by the Company in estimating the recoverable amount of investments in Group companies and associates, with the involvement of our valuation specialists. 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 2022 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

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

Based on the work carried out, as described in the preceding paragraph, the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2022 and the content and presentation of the report are in accordance with applicable legislation.



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

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

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

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

## **Auditor's Responsibilities for the Audit of the Annual Accounts**

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

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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- 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. 20429

April 17, 2023

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

Annual Accounts and Directors' Report  
December 31, 2022  
(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, 2022  
(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>2022</b>	<b>2021</b>
<b>Non-current investments in Group companies and associates</b>			
Equity instruments .....	7	1,547,363	1,672,269
Other financial assets.....	8 and 13 (a)	<u>3</u>	<u>3</u>
<b>Non-current investments</b>			
Other financial assets.....	8	—	5
<b>Total non-current assets.....</b>		<b>1,547,366</b>	<b>1,672,277</b>
<b>Trade and other receivables</b>			
Trade receivables from Group companies and associates .....	8 and 13 (a)	1,675	97
Personnel .....	8	88	69
Public entities, other .....	12	—	8
<b>Current investments in Group companies and associates</b>			
Other financial assets.....	8 and 13 (a)	264	2,546
<b>Cash and cash equivalents</b>			
Cash .....		<u>151</u>	<u>97</u>
<b>Total current assets.....</b>		<b>2,178</b>	<b>2,817</b>
<b>Total assets .....</b>		<b><u>1,549,544</u></b>	<b><u>1,675,094</u></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 .....		(91,504)	(95,667)
Reserves .....		107,389	133,184
Profit/(loss) for the year .....		1,847	(21,632)
Translation differences .....		<u>223,179</u>	<u>131,406</u>
<b>Total equity .....</b>		<b>1,547,455</b>	<b>1,453,835</b>
<b>Payables to Group companies and associates, non-current...</b>	10, 11 and 13 (a)	<u>524</u>	<u>217,438</u>
<b>Total non-current liabilities .....</b>		<b>524</b>	<b>217,438</b>
<b>Trade and other payables</b>			
Other payables.....	10	660	473
Trade payables to Group companies and associates .....	10 and 13 (a)	123	1,484
Personnel .....	10	378	440
Current tax liabilities.....	12	154	1,012
Public entities, other .....	12	<u>250</u>	<u>412</u>
<b>Total current liabilities .....</b>		<b>1,565</b>	<b>3,821</b>
<b>Total equity and liabilities .....</b>		<b><u>1,549,544</u></b>	<b><u>1,675,094</u></b>

The accompanying notes form an integral part of the annual accounts for 2022.

CEMEX LATAM HOLDINGS, S.A.

Income Statement  
for the year ended  
December 31, 2022  
(Thousands of Euros)

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

	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b> .....	13 (b) and 14 (a)	<b>59,827</b>	<b>38,731</b>
<b>Personnel expenses</b> .....	14 (b)	<u><b>(1,244)</b></u>	<u><b>(1,505)</b></u>
Salaries, wages and similar .....		(963)	(1,202)
Employee benefits expense .....		(281)	(303)
<b>Other operating expenses</b> .....	14 (c)	<u><b>(44,818)</b></u>	<u><b>(46,147)</b></u>
External services .....		(1,866)	(2,941)
Other operating expenses .....		(42,952)	(43,206)
<b>Results from operating activities</b> .....		<u><u><b>13,765</b></u></u>	<u><u><b>(8,921)</b></u></u>
<b>Finance costs</b> .....	10	<u><b>(9,844)</b></u>	<u><b>(11,644)</b></u>
Group companies and associates .....	13 (b)	(9,834)	(11,636)
Other .....		(10)	(8)
<b>Exchange losses</b> .....		<b>(271)</b>	<b>(22)</b>
<b>Net finance cost</b> .....		<u><u><b>(10,115)</b></u></u>	<u><u><b>(11,666)</b></u></u>
<b>Profit/(loss) before tax</b> .....		<u><u><b>3,650</b></u></u>	<u><u><b>(20,587)</b></u></u>
Income tax .....	12	(1,803)	(1,045)
<b>Profit/(loss) for the year</b> .....		<u><u><b>1,847</b></u></u>	<u><u><b>(21,632)</b></u></u>

The accompanying notes form an integral part of the annual accounts for 2022.



CEMEX LATAM HOLDINGS, S.A.

Statement of Changes in Equity  
for the year ended  
December 31, 2022

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>2022</b>	<b>2021</b>
<b>Profit/(loss) for the year .....</b>	<b><u>1,847</u></b>	<b><u>(21,632)</u></b>
Income and expense recognized directly in equity		
Translation differences.....	<u>91,773</u>	<u>100,967</u>
Total income and expense recognized directly in equity .....	<u>91,773</u>	<u>100,967</u>
<b>Total recognized income and expense.....</b>	<b><u>93,620</u></b>	<b><u>79,335</u></b>

The accompanying notes form an integral part of the annual accounts for 2022.

CEMEX LATAM HOLDINGS, S.A.

Statement of Changes in Equity  
for the year ended  
December 31, 2022

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	Profit/(loss) for the year	Translation differences	Treasury shares	Total
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 changes (note 9 (d)) .....	—	—	(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>
Recognized income and expense.....	—	—	—	1,847	91,773	—	93,620
Transactions with shareholders or owners							
Application of loss for 2021 .....	—	—	(21,632)	21,632	—	—	—
Other changes (note 9 (d)) .....	—	—	(4,163)	—	—	4,163	—
Balances at December 31, 2022 .....	<u>578,278</u>	<u>728,266</u>	<u>107,389</u>	<u>1,847</u>	<u>223,179</u>	<u>(91,504)</u>	<u>1,547,455</u>

The accompanying notes form an integral part of the annual accounts for 2022.

CEMEX LATAM HOLDINGS, S.A.

Statement of Cash Flows  
for the year ended  
December 31, 2022  
(Thousands of Euros)

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

	Note	2022	2021
<b>Cash flows from (used in) operating activities .....</b>		<b>29,790</b>	<b>(9,238)</b>
Profit/(loss) for the year before tax .....		3,650	(20,587)
Adjustments to profit/(loss) .....		10,115	11,666
Finance costs.....	10	9,844	11,644
Exchange losses.....		271	22
Changes in operating assets and liabilities .....		(705)	(748)
Trade and other receivables .....		(1,589)	1,100
Trade and other payables.....		(1,174)	(1,686)
Other current assets.....		2,282	(430)
Other current liabilities .....		(224)	268
Other cash flows from operating activities.....		16,730	431
Dividends received .....	13.b	18,051	—
Income tax received (paid).....		(1,321)	431
<b>Cash flows from (used in) investing activities .....</b>		<b>246,064</b>	<b>—</b>
Payments for investments			
Group companies and associates.....	7	(4,886)	—
Proceeds from sale of investments			
Group companies and associates.....	7	250,950	—
<b>Cash flows from (used in) financing activities .....</b>		<b>(244,872)</b>	<b>10,582</b>
Proceeds from financial liability instruments .....		3,640	47,647
Issue			
Group companies and associates.....		3,640	47,647
Redemption and repayment of			
Group companies and associates.....		(248,512)	(37,391)
<b>Effect of exchange rate fluctuations .....</b>		<b>(30,928)</b>	<b>(1,005)</b>
<b>Net increase in cash and cash equivalents.....</b>		<b>54</b>	<b>13</b>
Cash and cash equivalents at beginning of year.....		97	84
Cash and cash equivalents at year end .....		151	97

The accompanying notes form an integral part of the annual accounts for 2022.

CEMEX LATAM HOLDINGS, S.A.

Notes to the Annual Accounts  
December 31, 2022

(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, 2022 and 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.

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, Panamá, Nicaragua and Guatemala (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.

CEMEX LATAM HOLDINGS, S.A.

Notes to the Annual Accounts  
December 31, 2022

(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 November 8, 2022, at the request of its majority shareholder CEMEX España, the Company held an extraordinary general shareholders' meeting (the "Meeting") at which the shareholders resolved to approve the proposal submitted by CEMEX España to cancel the registration of the Company's ordinary shares at both the National Registry of Securities and Issuers ("RNVE") and the BVC. On December 22, 2022, CEMEX España requested authorization from the Financial Superintendency of Colombia ("SFC") to initiate the public takeover bid through the cancellation of ordinary shares ("Delisting Public Takeover Bid"). At December 31, 2022, the Delisting Public Takeover Bid process was underway, subject to the Colombian regulations applicable for these purposes (see note 19).

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).

(a) Incorporation of a branch in Switzerland

On August 1, 2012, the Company resolved 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. On October 24, 2022 the Company's Board of Directors resolved to close the Branch effective January 1, 2023.

Details of the Branch's assets and liabilities at December 31, 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Non-current assets.....	—	5
Current assets.....	230,922	225,398
Total assets.....	230,922	225,403
Current liabilities.....	(271)	(2,835)
Total liabilities.....	(271)	(2,835)

Total assets include the Branch's balances vis-à-vis its parent, amounting to Euros 230,673 thousand at December 31, 2022 (Euros 225,190 thousand at December 31, 2021), which are eliminated when drawing up the Company's annual accounts.

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

The Branch kept 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 were integrated into the accompanying accounts.

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

On August 31, 2022, through its subsidiary Corporación Cementera Latinoamericana, S.L. (Sociedad Unipersonal) ("CCL") and its indirect subsidiary CEMEX Colombia S.A. ("CEMEX Colombia"), the Company concluded the sale of its operations in Costa Rica and El Salvador with affiliates of Cementos Progreso Holdings, S.L., as agreed on December 29, 2021, for a total price of US Dollars 325 million (approximately Euros 310 million), after adjustments.

**(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, 2022 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, 2022

(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 2022, authorized for issue on March 27, 2023, will be approved with no changes by the shareholders at their annual general meeting.

In addition, as a foreign issuer of securities on the BVC and in accordance with Colombian securities exchange rules, the Company presents separate (individual) and consolidated financial statements under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). The financial statements were approved by the Company's Board of Directors on February 6, 2023 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 2022 include comparative figures for 2021, which formed part of the annual accounts approved by shareholders at the annual general meeting held on June 28, 2022.

(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:

The annual accounts of the Company for the years ended December 31, 2022 and 2021 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.

CEMEX LATAM HOLDINGS, S.A.

Notes to the Annual Accounts  
December 31, 2022

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

**Basis of Presentation (continued)**

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 used to calculate the 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, 2022, 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

The Company had positive working capital amounting to Euros 613 thousand at December 31, 2022 (negative working capital of Euros 1,004 thousand in 2021), including net current receivables from CEMEX Group companies of Euros 1,816 thousand (Euros 1,159 thousand in 2021). The Company used resources obtained from the aforementioned sale of the operations in Costa Rica and El Salvador to settle current payables to related parties amounting to Euros 235,572 thousand.

Notwithstanding the foregoing, the Board of Directors has prepared these annual accounts on a going concern basis, as it considers that the Company will generate sufficient cash flows to enable it to cover any liquidity risk in the short term. In addition, the Company has the US Dollars 14,157 thousand available portion (approximately Euros 13,480 thousand) of a credit facility with a limit of US Dollars 15,000 thousand (approximately Euros 14,283 thousand) that matures on October 25, 2025, arranged with CEMEX Innovation Holding AG, a subsidiary of CEMEX, which the Company could use to address any liquidity problems it might face in the short term. The ultimate parent of the CEMEX Group, CEMEX, S.A.B. de C.V., has expressed in writing its commitment to provide any necessary financial support until April 1, 2024.

**(3) Distribution of Profit**

The Board of Directors will propose to the shareholders at their annual general meeting that the Euros 1,847 thousand profit for the year ended December 31, 2022 be distributed as follows:

	(Thousands of Euros)
Basis of allocation	
Profit for the year .....	1,847
	<u>1,847</u>
Allocated to	
Legal reserve	184
Reserves .....	1,663
	<u>1,847</u>

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) Financial assets and financial liabilities at amortized cost

Financial assets and financial liabilities at amortized cost are initially recognized at fair value, plus or minus transaction costs, and are subsequently measured at amortized cost using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash flows through the expected life of a financial instrument to the carrying amount of that financial instrument based on the contractual terms of the instrument, and for financial assets, not considering expected credit losses, except for purchased or originated credit-impaired financial assets, for which the credit-adjusted effective interest rate is used, i.e. considering the credit losses incurred when purchased or originated.

Nevertheless, financial assets at amortized cost 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) Financial assets at cost: 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.

**Significant Accounting Policies (continued)**



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

(iii) Interest

The Company recognizes interest accrued on financial assets after their acquisition as income.

The Company accounts for interest on financial assets carried at amortized cost using the effective interest method.

Upon initial measurement of financial assets, the Company recognizes accrued explicit interest receivable at the measurement date separately, based on maturity.

(iv) Derecognition 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.

(v) 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.

- *Impairment of financial assets carried at amortized cost*

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The impairment loss is recognized in profit or loss and may be reversed in subsequent periods if the decrease can be objectively related to an event occurring after the impairment has been recognized. The loss can only be reversed up to the limit of the amortized cost of the assets had the impairment loss not been recognized.

- *Impairment of investments in Group companies and equity instruments carried at cost*

The amount of the impairment loss is measured as the difference between the carrying amount and the recoverable amount, the latter of which is understood as the higher of the fair value less costs to sell and the present value of estimated future cash flows from the investment.

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**Significant Accounting Policies (continued)**

The Company tests financial assets not carried at fair value for impairment. Objective evidence of impairment is considered to exist when the carrying amount of the financial asset exceeds the recoverable amount. Impairment is recognized in the income statement when it arises.

(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.

The exchange of debt instruments between the Company and the counterparty or substantial modifications of initially recognized liabilities are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different terms.

(c) Own equity instruments

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

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

(d) Cash and cash equivalents

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

(e) Contributions to defined contribution plans

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

(f) Revenue

In accordance with Resolution 79/2009 of the Spanish Accounting and Audit Institute ("ICAC"), Query 2, regarding the classification in the individual annual accounts of the income and expenses of a holding company, whose principal activity is the holding of investments and the financing of the operations carried out by its investees, the Company classifies dividend income and interest accrued on financing granted to its investees as revenue in the income statement.

Revenue includes CEMEX Latam's revenues representing 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.

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**Significant Accounting Policies (continued)**

(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 substantively enacted at the reporting date.

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

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

The Company files consolidated tax returns with CEMEX España 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. (Sociedad Unipersonal), Corporación Cementera Latinoamericana, S.L. (Sociedad Unipersonal), CCL Business Holdings, S.L. (Sociedad Unipersonal), Business Material Funding, S.L. (Sociedad Unipersonal), Sunbulk Shipping, S.L. (Sociedad Unipersonal), CEMEX Ventures España, S.L. (Sociedad Unipersonal), CEMEX España Gestión y Servicios, S.L. (Sociedad Unipersonal), Construcción Digital Keobra, S.L. (Sociedad Unipersonal), Materiales Express España S.L. (Sociedad Unipersonal), Linkx Connecting the Dots, S.L. (Sociedad Unipersonal), Roble Re, S.L. (Sociedad Unipersonal) 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.

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**Significant Accounting Policies (continued)**

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 substantively 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

Until December 31, 2021, the Company had a long-term incentive scheme for certain executives, consisting of annual remuneration through the delivery of treasury shares. Under this incentive scheme, CEMEX, S.A.B. de C.V. shares began to be delivered in 2022. The shares underlying the long-term incentive scheme are delivered fully paid-in over a period of four years under each annual program.

Executive payment programs based on the delivery of CEMEX Latam Holdings' shares are considered equity instruments as the services received from these executives are paid in shares. The cost of these equity instruments represents their estimated fair value at the delivery date and is recognized in the income statement of the subsidiaries for which these executives render their services, during the period in which the services are rendered and the exercise rights accrue to the executives.

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

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

(k) Transactions between Group companies

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

(l) Foreign currency transactions, balances and cash flows

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

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

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**Significant Accounting Policies (continued)**

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 contract between the two parties, the Company entered into a new sublease contract, as sub-lessee, with CEMEX España for the rental of that same space. The previous lease contract was therefore terminated. On June 12, 2017 the sublease contract 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 contract remained unchanged. The new sublease contract 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 Brügg, 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 contract 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 130 thousand in 2022 and Euros 114 thousand in 2021.

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

	Thousands of Euros	
	2022	2021
Less than one year .....	73	68
One to five years .....	180	218
More than five years .....	46	55
	<u>299</u>	<u>341</u>

**(6) Risk Management Policy**

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

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**Risk Management Policy (continued)**

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 the Company, based on the policies of CEMEX, S.A.B. de C.V. The main risks and uncertainties identified are:

(a) Credit risk

Credit risk is the risk of financial loss to which the Group is exposed in the event that a customer or counterparty to a financial instrument fails to discharge a contractual obligation, and mainly arises on receivables. At December 31, 2022 and 2021, financial assets have the greatest exposure to credit risk. The Board of Directors has developed policies for the authorization of loans to customers. Credit risk exposure is monitored continuously according to the payment behavior of debtors. Loans are assigned on a customer-by-customer basis and are subject to assessments of customers' ability to pay, as well as past behavior with respect to due dates, past-due and non-performing balances. Where deemed necessary, the Company's management requires collateral from its customers and financial counterparties in relation to financial assets.

In line with the risk policy, each new customer's creditworthiness is analyzed before offering them the general terms of payment and delivery. The review includes external ratings, when available, and in certain cases bank references. Purchase limits are set for each customer, representing the maximum purchase amounts at which different levels of approval are required. Customers that do not meet the solvency levels required by the Group can only carry out cash transactions.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, which only affect profit/loss if long-term fixed-rate debt is recognized at fair value. Long-term fixed-rate debt is recognized at amortized cost and, therefore, is not subject to interest rate risk. Exposure to changes in market interest rates refers basically to long-term debt at floating rates. At December 31, 2022, the Company was subject to the volatility of floating interest rates and, therefore, if rates increase, this may affect its interest expense and profit/loss for the year. The Company manages this risk by trying to reduce finance costs.

Notwithstanding the foregoing, it is not financially efficient to have a concentration of fixed rates at a high point in a market with an upward trend in rates, i.e. there is an opportunity cost to long periods spent paying a fixed rate when market rates have already declined and lower rates could be negotiated in a new loan or debt issuance. CEMEX Latam manages this risk by balancing its exposure to fixed and floating interest rates, while attempting to reduce finance costs. In addition, when the fixed rate of a debt has remained relatively high compared to current rates, CEMEX Latam attempts to renegotiate the terms or repurchase the debt if the net present value of the expected future benefits from the interest rate reduction is greater than the incentives that would have to be paid in the renegotiation or repurchase.

(c) Currency risk

The Company has significant foreign currency exposures in each country in currencies other than its functional currency. The Company has not arranged foreign currency hedges using derivative instruments.

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**Risk Management Policy (continued)**

(d) Capital risk

At December 31, 2022 and 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.

(e) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds available to meet its obligations. The Company has met its operating liquidity needs through its operations with its subsidiaries and expects to continue to do so in the short and long term. Cash flows from operating activities according to the statements of cash flows were positive in the amount of Euros 29,790 thousand in the year ended December 31, 2022 (negative in the amount of Euros 9,238 thousand in the year ended December 31, 2021). The maturities of the Company's contractual obligations are included in note 11. The ultimate parent of the Company, CEMEX, S.A.B. de C.V., has expressed in writing its commitment to provide any necessary financial support in the short term.

**(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 investments in equity instruments of Group companies and associates at December 31, 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Group companies		
Equity investments.....	1,547,363	1,672,269
Total .....	<u>1,547,363</u>	<u>1,672,269</u>

Details of and movement in investments in Group companies and associates in 2022 and 2021 are as follows:

Investment (*)	Thousands of Euros				
	12.31.2021	Additions	Disposals	Translation differences	12.31.2022
Corporación Cementera Latinoamericana, S.L.U. ....	1,672,199	4,886	(250,950)	121,153	1,547,288
Inversiones Secoya, S.A. ....	70	—	—	5	75
Total.....	<u>1,672,269</u>	<u>4,886</u>	<u>(250,950)</u>	<u>121,158</u>	<u>1,547,363</u>

(\*) The Company's equity investments in CEMEX Colombia, S.A. de C.V. are not shown in the above table because the amounts are less than one thousand Euros.

Investment (*)	Thousands of Euros				
	12.31.2020	Additions	Disposals	Translation differences	12.31.2021
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>

(\*) The Company's equity investments in CEMEX Colombia, S.A. de C.V. 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.

On August 31, 2022, Corporación Cementera Latinoamericana, S.L. (Sociedad Unipersonal) refunded a share premium of Euros 240,332 thousand. On September 15 and 29, 2022, the Company made monetary contributions amounting to Euros 3,508 thousand and Euros 1,378 thousand, respectively, to offset losses in Corporación Cementera Latinoamericana, S.L. (Sociedad Unipersonal). On December 21, 2022, Corporación Cementera Latinoamericana, S.L. (Sociedad Unipersonal) refunded shareholder contributions to offset losses amounting to Euros 10,618 thousand.

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**Investments in Equity Instruments of Group Companies and Associates (continued)**

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. 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.

The discount rates used by the Company to determine the value in use of the cash generating units (CGUs) at December 31, 2022 increased by 2.3% on a weighted average basis compared to 2021. This was mainly because of the growth in the risk-free rate, which increased from 1.82% in 2021 to 3.58% in 2022 due to the growth in country risk, which climbed by an average of 0.54% in 2022 compared to 2021, and to the increase in the cost of funding observed in the industry, which rose from 4.1% in 2021 to 6.7% in 2022. The other economic variables used to determine the discount rates remained relatively unchanged.

In relation to the variables used by the Company as described above, in the years ended December 31, 2022 and 2021 investments in Group companies were not considered to be impaired.

The Company verified the reasonableness of its discounted cash flow projections at December 31, 2022 through sensitivity analyses on the main variables affecting the value in use of its groups of CGUs. These sensitivities were: a) a reasonably possible independent increase of 1% in the pre-tax discount rate; b) a reasonably possible independent decrease of 1% in the long-term growth rate; and c) a reasonably possible independent reduction of 10% in the estimate of projected EBITDA. Following these validations the Company confirmed its conclusions.

**(8) Financial Assets**

At December 31, 2022 and 2021, the classification of financial assets by category and class, except for investments in equity instruments of Group companies and associates, is as follows:

	2022		2021	
	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	264	3	2,546
Investments	—	—	5	—
Trade receivables from Group companies and associates (note 13 (a))	—	1,675	—	97
Personnel	—	88	—	69
Total financial assets	3	2,027	8	2,712

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

At December 31, 2022 and 2021, other current financial assets essentially reflect the balance of taxes receivable from CEMEX España, the parent of the Spanish tax group (see note 12).



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**(9) Equity**

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

(a) Capital

At December 31, 2022 and 2021, the Company's share capital amounts to Euros 578,278,342, represented by 578,278,342 ordinary shares with a par value of Euros 1 each. All the shares are subscribed and fully paid in. The Company's shares are listed on the BVC under the ticker CLH.

(b) Share premium

The share premium includes contributions by shareholders where shares are issued above par.

The share premium is unrestricted, unless there are negative reserves or losses that reduce equity to below share capital.

(c) Reserves

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

(i) Legal reserve

Pursuant to article 274 of the Revised Spanish Companies Act, an amount equivalent to 10% of profit for the year must be appropriated to the legal reserve until this reserve reaches an amount equal to at least 20% of share capital.

The legal reserve can be used to increase capital provided that the balance left on the reserve is at least equal to 10% of the nominal value of total capital after the increase (article 299 of the Revised Spanish Companies Act). Except for this purpose, until the reserve exceeds 20% of share capital it may only be used to offset losses if no other reserves are available.

At December 31, 2022 and 2021 this reserve had not been appropriated in full.

(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 2022 and 2021, other reserves were reduced by Euros 4,163 thousand and Euros 3,651 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, 2022 and 2021, the Company holds 17,893,833 and 18,707,813 treasury shares, respectively. In 2022 and 2021, treasury shares were reduced by Euros 4,163 thousand and Euros 3,651 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 (i)).

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**(10) Financial Liabilities**

The classification of financial liabilities by category and class at December 31, 2022 and 2021 is as follows:

	Thousands of Euros					
	2022			2021		
	Non-current	Current	Total	Non-current	Current	Total
Payables to Group companies and associates (note 13 (a))						
Loans (note 11).....	—	—	—	100,158	—	100,158
Credit facilities (note 11) .....	524	—	524	117,280	—	117,280
	524	—	524	217,438	—	217,438
Trade and other payables						
Other payables .....	—	660	660	—	473	473
Trade payables to Group companies and associates (note 13 (a)) .....	—	123	123	—	1,484	1,484
Personnel.....	—	378	378	—	440	440
	—	1,161	1,161	—	2,397	2,397
Total financial liabilities .....	524	1,161	1,685	217,438	2,397	219,835

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, 2022 and 2021, 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 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
	Finance costs at amortized cost .....	9,844
	9,844	11,644

**(11) Payables and Trade Payables**

(a) Main characteristics of financial debt

The terms and conditions of loans and financial debt at December 31, 2022 and 2021 are as follows:

Type	2022					Thousands of Euros	
	Currenc y	% effective and nominal rate	Start	Maturity	Nominal amount in original currency (thousands)	Amortized cost	
						Current	Non- current
<b>Group companies and associates</b>							
Credit facilities							
Cemex Innovation Holding Ltd. ....	USD	6M SOFR + 613 bp (*)	2021	2025	15,000	—	524
						—	524

(\*) The SOFR (Secured Overnight Funding Rate) is the rate used by banks to price derivatives and loans denominated in US Dollars. At December 31, 2022 the 6-month SOFR was 4.79%. bp = basis points

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**Payables and Trade Payables (continued)**

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

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, 2022 and 2021, 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	
			2022	2021
Two years .....			—	217,438
Three years .....			524	—
			524	217,438

(c) Late payments to third parties. "Reporting requirement", additional provision three of Law 15/2010 of July 5, 2010, amended by Law 18/2022 of September 28, 2022

In accordance with the provisions of the aforementioned law, the following information is provided for the Company:

			Days	
			2022	2021
Average supplier payment period .....			26	39
Transactions paid ratio .....			26	40
Transactions payable ratio .....			7	3
			Thousands of Euros	
			2022	2021
Total payments made .....			44,903	55,205
Total payments outstanding .....			311	1,365

The additional information required by Law 18/2022, which amends additional provision three of Law 15/2010, is detailed below:

		2022
Monetary volume of invoices paid within the maximum period stipulated by legislation (thousands of Euros)		39,773
As a percentage of total payments made .....		89%
Number of invoices paid within the maximum period stipulated by legislation .....		259
As a percentage of total number of invoices paid .....		90%

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**(12) Taxation**

Details of current balances with public entities at December 31, 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Assets		
Value added tax and similar taxes .....	—	8
	<u>—</u>	<u>8</u>
Liabilities		
Current tax liabilities .....	154	1,012
Withholdings .....	63	186
Social Security .....	187	226
	<u>404</u>	<u>1,424</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	
	2022	2021
Current assets		
CEMEX España, S.A. ....	264	2,546
	<u>264</u>	<u>2,546</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.

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%.

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**Taxation (continued)**

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 2022 and 2021 with the tax loss for income tax purposes is as follows:

	Thousands of Euros	
	2022	2021
Profit/(loss) before tax .....	3,650	(20,587)
Permanent differences		
Branch profit before tax .....	3,710	6,554
Tax paid abroad.....	135	—
Dividends from Group companies .....	(17,148)	—
Temporary differences		
Finance costs for the year .....	—	3,848
Accounting loss for tax purposes.....	<u>(9,653)</u>	<u>(10,185)</u>
Tax loss of the Company .....	<u>(9,653)</u>	<u>(10,185)</u>

Permanent differences of the foreign Branch relate to income it obtained in Switzerland, which is exempt from taxation in Spain, as well as to the exemption regime for dividends (article 21.1 of the Spanish Income Tax Law). 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, 2022 or 2021.

The relationship between the income tax expense and profit/loss for 2022 and 2021 is as follows:

	Thousands of Euros		
	2022		
	Company	Branch	Total
Profit/(loss) for the year before tax .....	7,360	(3,710)	3,650
Permanent differences.....	<u>(17,013)</u>	<u>(3,692)</u>	<u>(20,705)</u>
	(9,653)	(7,402)	(17,055)
Applicable tax rate.....	25%	9.64% <sup>(*)</sup>	
Tax due .....	(2,413)	(714)	(3,127)
Tax credits not capitalized in the year.....	2,145	—	2,145
Tax paid abroad .....	135	3,692	3,827
Other (adjustment of tax for prior year).....	<u>(821)</u>	<u>(221)</u>	<u>(1,041)</u>
	(954)	2,757	1,803

<sup>(\*)</sup> 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.

	Thousands of Euros		
	2021		
	Company	Branch	Total
Loss for the year before tax .....	(14,033)	(6,554)	(20,587)
Permanent differences.....	—	(3,598)	(3,598)
Temporary differences.....	<u>3,848</u>	<u>—</u>	<u>3,848</u>
	(10,185)	(10,152)	(20,337)
Applicable tax rate.....	25%	9.64% <sup>(*)</sup>	
Tax due .....	(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).....	<u>(101)</u>	<u>979</u>	<u>878</u>
	(2,554)	3,598	1,045

<sup>(\*)</sup> 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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At December 31, 2022, tax paid abroad, amounting to Euros 3,827 thousand (Euros 3,598 thousand at December 31, 2021) mainly reflects withholdings in countries where the Swiss Branch receives royalties from Company subsidiaries, amounting to Euros 3,710 thousand (Euros 6,554 thousand at December 31, 2021).

**Taxation (continued)**

During 2022 the Company received dividends from its subsidiary CEMEX Colombia, S.A. in the amount of US Dollars 18,957 thousand (approximately Euros 18,051 thousand) charged to 2022, which have been recorded as income. They are exempt from taxation in Spain as they are income derived from business activity performed abroad and Colombia has a tax identical or similar to the Spanish tax. The taxes paid abroad on these dividends due to withholdings amounted to a total of US Dollars 142 thousand (approximately Euros 135 thousand).

In 2022 and 2021, the Company generated individual tax losses which were utilized by other companies in the tax group. The Company thus recognized tax income of Euros 2,413 thousand and Euros 2,546 thousand, respectively, with a charge to other financial assets under current assets, vis-à-vis CEMEX España, the parent of the Spanish tax group.

Details of the income tax expense in 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Current tax		
Present year .....	2,844	167
Other (adjustment of final tax for prior year) .....	(1,041)	878
	<u>1,803</u>	<u>1,045</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.

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**(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.

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

(a) Related party balances

Details of balances with related parties at December 31, 2022 and 2021 are as follows:

	2022			
	Thousands of Euros			
	Parent	Group companies	Other related parties	Total
Non-current investments in Group companies and associates				
Other financial assets (note 8) .....	3	—	—	3
Total non-current assets .....	3	—	—	3
Trade and other receivables				
Trade receivables from Group companies and associates (note 8)..	—	1,675		1,675
Current investments in Group companies and associates				
Other financial assets (note 8) .....	264	—	—	264
Total non-current assets .....	264	1,675	—	1,939
Total assets .....	267	1,675	—	1,942
Payables to Group companies and associates, non-current (note 10)	—	—	(524)	(524)
Total non-current liabilities.....	—	—	(524)	(524)
Trade and other payables				
Trade payables to Group companies and associates (note 10).....	(21)	(1)	(101)	(123)
Total current liabilities .....	(21)	(1)	(101)	(123)
Total liabilities.....	(21)	(1)	(625)	(647)
	2021			
	Thousands of Euros			
	Parent	Group companies	Other related parties	Total
Non-current investments in Group companies and associates				
Other financial assets (note 8) .....	3	—	—	3
Total non-current assets .....	3	—	—	3
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	78	19	2,646
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)

(b) Related party transactions

The amounts of transactions with related parties in 2022 and 2021 are as follows:

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	2022				
	Thousands of Euros				
	Parent	Group companies	Directors	Other related parties	Total
<b>Income</b>					
Income from royalties or licenses.....	—	24,945	—	—	24,945
Use of trademark.....	—	3,477	—	—	3,477
Management services.....	—	12,717	—	—	12,717
Other services rendered .....	—	637	—	—	637
<b>Total income .....</b>	<b>—</b>	<b>41,776</b>	<b>—</b>	<b>—</b>	<b>41,776</b>
<b>Expenses</b>					
Expenses for royalties or licenses.....	—	—	—	(28,898)	(28,898)
Use of trademark.....	—	—	—	(3,320)	(3,320)
Management services.....	(35)	(3,483)	—	(7,102)	(10,620)
Other services received .....	—	—	—	(115)	(115)
Personnel expenses .....	—	—	(293)	—	(293)
Finance costs .....	—	—	—	(9,834)	(9,834)
<b>Total expenses.....</b>	<b>(35)</b>	<b>(3,483)</b>	<b>(293)</b>	<b>(49,269)</b>	<b>(53,080)</b>

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

	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
<b>Total income .....</b>	<b>—</b>	<b>38,664</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>

At December 31, 2022, there are no off-balance sheet financial commitments, guarantees or contingencies.

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. had drawn down US Dollars 5,905 thousand and US Dollars 2,002 thousand, respectively (approximately Euros 5,189 thousand and Euros 1,760 thousand, respectively), from the aforementioned credit facilities.

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

During the years ended December 31, 2022 and 2021, 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 2022 and 2021 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 2022 and 2021 the members of the Board of Directors accrued Euros 293 thousand and Euros 321 thousand, respectively, as remuneration and allowances for attendance at meetings of the Board and its Committees.

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.



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(d) Share-based payments to executives

Until December 31, 2021, the Company had a long-term incentive scheme for certain executives, consisting of annual remuneration through the delivery of treasury shares. Under this incentive scheme, CEMEX, S.A.B. de C.V. shares began to be delivered in 2022. The shares underlying the long-term incentive scheme are delivered fully paid-in over a period of four years under each annual program.

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

Under this annual long-term incentive scheme, the Company granted rights over its shares to the executives entitled to the benefits of the scheme in the amount of 1,292,848 shares in 2021, in connection with 100% of the potential benefits to be accrued under each annual program. During 2022 and 2021, 813,980 and 713,927 shares, respectively, were delivered, corresponding to the accrued portion of the total granted in prior years. Based on the foregoing, at December 31, 2022 there are approximately 2,662,885 shares of the Company corresponding to the portion yet to accrue of the shares under these annual programs, which are expected to be physically delivered in the following years, as and when the executives render services. The average prices of the Company's shares granted in the period were amounts denominated in Colombian Pesos equivalent to approximately Euros 0.60 per share in 2022 and Euros 0.80 per share in 2021.

**(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.

Additionally, on December 19, CEMEX Colombia, S.A., in which the Company has a 5.82% interest, agreed to distribute a dividend for an amount of US Dollars 18,957 thousand (approximately Euros 18,051 thousand).

All revenue is recognized at a specific point in time.

(b) Personnel expenses and employee information

Details of personnel expenses in 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Salaries, wages and similar		
Salaries and wages .....	850	826
Charges to defined contribution plans .....	3	4
Other remuneration .....	110	372
	963	1,202
Employee benefits expense		
Social Security payable by the Company .....	111	116
Other employee benefits expenses .....	170	187
	281	303
	1,244	1,505

The average number of employees and directors of the Company in 2022 and 2021, by professional category, is as follows:

	Number	
	2022	2021
Directors .....	6	6
Management .....	2	1
Managers and supervisors .....	5	8
	13	15

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**Income and Expenses (continued)**

The distribution of personnel by gender at December 31, 2022 and 2021 is as follows:

	Number			
	2022		2021	
	Female	Male	Female	Male
Directors.....	2	4	2	4
Management.....	—	2	—	1
Managers and supervisors.....	2	3	4	4
	<u>4</u>	<u>9</u>	<u>6</u>	<u>9</u>

In 2022 and 2021 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.

**(15) Audit Fees**

The auditor of the Company's annual accounts, KPMG Auditores, S.L., accrued the following fees in 2022 and 2021 in respect of professional services rendered to the Company:

	Thousands of Euros	
	2022	2021
Audit services .....	32	28
	<u>32</u>	<u>28</u>

Additionally, for the purposes of CEMEX Latam's BVC listing, KPMG Auditores, S.L. provided services to the Company amounting to Euros 375 thousand and Euros 327 thousand in 2022 and 2021, respectively. These included the audit of the consolidated and individual annual financial statements and the review of the consolidated and individual interim financial statements under international standards.

The amounts shown in the above table reflect the fees for 2022 and 2021, irrespective of the date of invoice.

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**(16) Commitments**

At December 31, 2022, the Company has the following relevant commitments:

- 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. At their meeting on May 25, 2022, the Company's Board of Directors approved a reduction of the fee from 5% to 4.5% of the Company's consolidated revenues in accordance with market practices, with retroactive effect from January 1, 2022. In addition, the Board of Directors of the Company approved the renewal of the management and business support services and trademark license agreements until July 2027, as well as the assignment of the management and business support services agreement of CEMEX Operaciones México, S.A. de C.V. to CEMEX, S.A.B. de C.V. The agreement for the non-exclusive use, operation and license exploitation of intangible assets entered into with CIH is effective until January 2024. On October 24, 2022 the Company's Board of Directors agreed to close the Branch effective January 1, 2023, and to cancel the contracts between the Company and the CEMEX Latam Group companies. Therefore, the countries of the CEMEX Latam Group will receive directly from CEMEX, S.A.B. de C.V. and CEMEX International Holding Ltd. (and not through the CLH branch) the licenses and services required as of January 1, 2023. The total royalty charge recognized in the income statement for use of intangible assets amounts to Euros 28,898 thousand at December 31, 2022 (Euros 29,585 thousand in 2021).

The relationship between the Company and CEMEX, S.A.B de C.V., CEMEX España and the subsidiaries of both is governed by a Framework Agreement effective since November 2012 that includes certain limits and restrictions on the Company, requiring 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 the cash or asset) related to such distribution or interest are transferred to another person who does not belong to CEMEX S.A.B. de C.V. or its subsidiaries (other than the Company) and/or (ii) in proportion to non-controlling interests in the Company, provided that each shareholder receives their share of any dividend, distribution or payment of interest at the same time;
- (i) create, assume, grant or guarantee any type of debt on behalf of the Company, and (ii) pledge or encumber any assets for a total amount of more than US Dollars 25 million at any time (considering both (i) and (ii));
- grant loans or assume a creditor position in respect of any type of debt, except (i) with respect to trade loans granted to customers under normal trade terms and in the ordinary course of business, (ii) as deferred consideration in respect of any sale, lease, exchange or other arrangement which the Company or its subsidiaries are authorized to perform without the consent of CEMEX S.A.B. de C.V. and CEMEX España; and

CEMEX LATAM HOLDINGS, S.A.

Notes to the Annual Accounts  
December 31, 2022

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

**Commitments (continued)**

- 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.

**(17) Other Significant Proceedings**

**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 a percentage of the Company's outstanding shares, some collective rights to administrative ethics, defense of public assets, protection of the public interest and the rights of the users of the financial and stock exchange system may have been infringed or threatened. The Company, as the taxpayer and target of the takeover bid, 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 rejected the aforementioned appeals and the Company was formally notified of the class action on June 25, 2021. The Company responded to the lawsuit on July 9, 2021, emphasizing that it is a taxpayer in the takeover bid and therefore requesting its dissociation from the process. It is currently waiting for the administrative court to set a date for the hearing. At December 31, 2022, the Company considers that the likelihood of an unfavorable ruling is remote; however, it is unable to determine what the effects might be in the event of an unfavorable ruling against CEMEX España, and whether an unfavorable ruling could have negative consequences for the Company, or whether any such consequences might be material to the results of the Company's operations, its liquidity and its financial position.

**(18) Environmental Matters**

The results of Group has carried out different activities and projects in line with its environmental policy. The investments made in 2022 and 2021 to prevent or reduce future pollution are stated at the cost of acquisition of the related assets.

At the end of the reporting period the Company has no liabilities, expenses, assets, provisions or contingencies of an environmental nature that could have a significant effect on its equity, financial position and profit or loss. Climate change has been assessed in the estimates and judgments made in preparing the annual accounts and is not considered to have a material impact on them.

**(19) Events After the Reporting Period**

On February 3, 2023, the Company was informed by CEMEX España that the Financial Superintendency of Colombia (SFC) had authorized the Company to initiate the Delisting Public Takeover Bid (see note 1) to acquire up to 4.69% of the Company's subscribed, paid and outstanding capital at a price of Colombian Pesos 4,735 per share (approximately Euros 0.98).

On March 3, 2023, the Company announced the results of the public takeover bid launched for its shares on the Colombian Stock Exchange (BVC), which had a completion date of March 8, 2023. The report, published in the relevant information of the Financial Superintendency of Colombia, states that 88.40% of the shareholders agreed to the sale of shares for Colombian Pesos 4,735 each, with a total of 23,232,946 shares sold.

CEMEX LATAM HOLDINGS, S.A.

Information on Group Companies and Associates  
December 31, 2022

(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 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 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.

CEMEX LATAM HOLDINGS, S.A.

Information on Group Companies and Associates  
December 31, 2021

(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.

CEMEX LATAM HOLDINGS, S.A.

Other Information on Group Companies and Associates  
December 31, 2022  
(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%	117	24,463	(207)	10,503	11,082	35,455	—
Cemento Bayano, S.A. (3) .....	—	99.48%	99.48%	130,199	(11,082)	84	3,914	(4,512)	114,689	—
Cemex Nicaragua, S.A. ....	—	93.99%	93.99%	7	37,816	(22,026)	22,587	12,627	28,424	—
Cemex Transportes de Colombia, S.A. (1) (2) .....	—	93.76%	93.76%	100	940	940	654	380	2,360	—
Central de Mezclas, S.A. (1) (2) .....	—	85.98%	85.98%	534	4,265	3,386	117	126	8,311	—
Corporación Cementera Latinoamericana, S.L.U. ....	100.00%	—	100.00%	438,256	298,088	305,850	141,342	118,794	1,160,988	1,547,288
Cementos de Centroamérica, S.A. (2) .....	1.00%	99.00%	100.00%	1	869	139	122	109	1,118	—
CEMEX Guatemala, S.A. (1) (2) (3) .....	—	100.00%	100.00%	15,156	22,002	(1,316)	33,525	26,876	62,718	—
CEMEX Colombia, S.A. (2) (3) .....	5.82%	93.93%	99.75%	6,488	1,549,188	(1,131,278)	15,244	151,243	575,641	—
CEMEX Lan Trading Corporation.....	—	100.00%	100.00%	—	500	—	—	7	507	—
CCL Business Holdings, S.L. ....	—	100.00%	100.00%	4	263	—	—	(26)	241	—
CEMEX Premezclados de Colombia, S.A. ....	—	96.94%	96.94%	45	720	(352)	441	121	534	—
Inversiones Secoya, S.A. ....	1.00%	99.00%	100.00%	7,097	7,003	(2,198)	1,408	509	12,411	75
CEMEX Finance Latam B.V. ....	—	100.00%	100.00%	1,990	419	(2)	(29)	109	2,516	—
Superquímicos de Centroamérica, S.A. ....	—	100.00%	100.00%	9	3,887	(25)	1,368	1,351	5,222	—
Zona Franca Especial Cementera del Magdalena Medio S.A.S.	—	93.93%	93.93%	1,036	2,496	(4,046)	(2,063)	(10,864)	(11,378)	—
										<u>1,547,363</u>

This Appendix forms an integral part of notes 1 and 7 to the annual accounts for 2022, 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 Cementos de Centroamérica, S.A., CEMEX Guatemala, S.A., CEMEX Colombia, S.A., CEMEX Transportes de Colombia, 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, 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. ....	—	93.98%	93.98%	7	25,462	(19,717)	14,985	9,625	15,377	—
CEMEX Transportes de Colombia, S.A. <sup>(1) (2)</sup> .....	—	93.75%	93.75%	100	1,068	810	657	382	2,360	—
Central de Mezclas, S.A. <sup>(1) (2)</sup> .....	—	85.97%	85.97%	534	4,846	2,805	118	126	8,311	—
Corporación Cementera Latinoamericana, S.L.U. ....	100.00%	—	100.00%	438,256	681,643	218,357	(126,245)	(137,490)	1,200,766	1,672,199
Cementos de Centroamérica, S.A. <sup>(2)</sup> .....	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>(2) (3)</sup> .....	5.82%	93.93%	99.75%	6,107	1,797,720	(885,896)	23,907	26,760	944,691	—
CEMEX Costa Rica, S.A. <sup>(3)</sup> .....	—	93.92%	93.92%	114,534	146,443	(31,036)	20,234	52,400	282,341	—
Pavimentos Especializados, S.A. ....	—	93.92%	93.92%	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. ....	—	96.94%	96.94%	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. ....	—	93.92%	93.92%	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 2022, 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., Cementos de Centroamérica, S.A., CEMEX Guatemala, S.A., CEMEX Colombia, S.A., CEMEX Transportes de Colombia, 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, 2022 and 2021  
(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, 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>
Application of loss .....	—	(21,632)	—	(21,632)
Other changes in equity .....	—	—	(4,163)	(4,163)
Balance at December 31, 2022 .....	<u>18,903</u>	<u>118,446</u>	<u>(29,960)</u>	<u>107,389</u>

CEMEX LATAM HOLDINGS, S.A.  
Directors' Report  
2022

(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, 2022, 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).

CEMEX LATAM HOLDINGS, S.A.  
Directors' Report  
2022

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

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

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 registered at 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). On November 8, 2022, at the request of its majority shareholder CEMEX España, the Company held an extraordinary general shareholders' meeting (the "Meeting") at which the shareholders resolved to approve the proposal submitted by CEMEX España to cancel the registration of the Company's ordinary shares at both the National Registry of Securities and Issuers ("RNVE") and the BVC. On December 22, 2022, CEMEX España requested authorization from the Financial Superintendency of Colombia ("SFC") to initiate the public takeover bid through the cancellation of ordinary shares ("Delisting Public Takeover Bid"). At December 31, 2022, the Delisting Public Takeover Bid process was underway, subject to the Colombian regulations applicable for these purposes (see note 19). At December 31, 2022, CEMEX España holds 95.30% of the outstanding shares of CLH, excluding treasury shares.

On August 31, 2022, through its subsidiary Corporación Cementera Latinoamericana, S.L. (Sociedad Unipersonal) ("CCL") and its indirect subsidiary CEMEX Colombia S.A. ("CEMEX Colombia"), the Company concluded the sale of its operations in Costa Rica and El Salvador with affiliates of Cementos Progreso Holdings, S.L., as agreed on December 29, 2021, for a total price of US Dollars 325 million (approximately Euros 310 million), after adjustments.

In the period from January 1, 2022 to December 31, 2022 the Company's revenues mainly consisted of dividends from investments in Group companies, amounting to Euros 18,051 thousand at December 31, 2022, and 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. On October 24, 2022 the Company's Board of Directors agreed to close the Branch effective January 1, 2023 and to cancel the contracts between the Company and the CEMEX Latam Group companies. Therefore, the countries of the CEMEX Latam Group will receive directly from CEMEX, S.A.B. de C.V. and CEMEX International Holding Ltd. (and not through the CLH branch) the licenses and services required as of January 1, 2023. These revenues form part of its main business operations and amounted to Euros 41,776 thousand in 2022.

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

Volumes of domestic gray cement dropped by 1%, while our consolidated volumes of concrete and aggregates rose by 13% and 15%, respectively, in 2022 compared to the prior year. Our consolidated prices for domestic gray cement, concrete and aggregates increased by 6%, 1% and 8%, respectively, in comparable terms adjusted for exchange rate fluctuations, compared to those of the previous year.

Consolidated net sales climbed 11% on a like-for-like basis for current operations, adjusting for exchange rate fluctuations, to stand at US Dollars 811 million (approximately Euros 772 million).

Higher prices in the three main businesses and increased concrete and aggregates volumes were the main drivers of the growth in sales.

On a like-for-like basis for current operations and adjusting for exchange rate fluctuations, EBITDA decreased by 16% in 2022 compared with 2021. The decrease was mainly due to higher variable costs, especially in kiln fuel, despite higher sales.

The CEMEX Latam Group received total consideration of approximately US Dollars 325 million (approximately Euros 310 million) from the divestment of its aggregate majority interest in Costa Rica and El Salvador during the third quarter of 2022.

Net debt fell by 41% or US Dollars 238 million (approximately Euros 227 million) between December 2021 and December 2022. The proceeds from the Costa Rica and El Salvador divestment received during the third quarter of 2022 were used primarily to reduce debt.

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**Business performance of the CEMEX Latam Group (continued)**

In Colombia, volumes of domestic gray cement dropped by 1%, while our volumes of concrete and aggregates rose by 14% and 16%, respectively, compared to the prior year. Our prices for domestic gray cement, concrete and aggregates increased by 8%, 4% and 8%, respectively, in comparable terms adjusted for exchange rate fluctuations, compared to those of the previous year.

Our volume growth during the year was supported by increased market demand in the formal sector and recent investments to heighten our presence in the concrete business.

In Panama, volumes of domestic gray cement, concrete and aggregates rose by 7%, 44% and 20%, respectively, compared to the prior year. Our prices for domestic gray cement dropped by 4%, while our volumes of concrete and aggregates climbed 4% and 18%, respectively, compared to the prior year.

Volume growth was driven mainly by increased activity in the infrastructure sector, particularly work related to the third line of the Metro. Despite the improvement, the industry's domestic volumes in 2022 remained below those of 2019.

Our cement plant exported a record 248 thousand tons of cement and clinker in 2022, consolidating its position as a key component of our sales network.

In the remainder of the CLH region, volumes of domestic gray cement, concrete and aggregates fell by 2%, 35% and 24%, respectively, compared to the prior year. Our prices for domestic gray cement rose by 6%, while our prices for concrete and aggregates fell by 14% and 30%, respectively, in comparable terms adjusted for exchange rate fluctuations, compared to those of the previous year.

**(3) Outlook for the CEMEX Latam Group**

For 2023, consolidated volumes of domestic gray cement are expected to remain flat, while consolidated volumes of concrete are expected to increase in the medium double digits compared to 2022.

Furthermore, investments in maintenance and strategic CAPEX are forecast to total US Dollars 45 million and US Dollars 60 million, respectively. Tax payments in cash of approximately US Dollars 50 million are also expected.

**(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.

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**Risks and uncertainties (continued)**

The main risks and uncertainties identified are:

(d) 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.

(e) 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.

(f) Capital risk

At December 31, 2022, 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. On October 24, 2022 the Company's Board of Directors resolved to close the Branch effective January 1, 2023.

**(6) Treasury shares**

At December 31, 2022, the Company held 17,893,833 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 2022, a total of 2,662,885 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. Under this incentive scheme, CEMEX, S.A.B. de C.V. shares began to be delivered in 2022. The shares underlying the long-term incentive scheme are delivered fully paid-in over a period of four years under each annual program. In 2022, 813,980 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 26 days, which lies within the legal payment period.

**(8) Derivative financial instruments**

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

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**(9) Events after the reporting period**

On February 3, 2023, the Company was informed by CEMEX España that the Financial Superintendency of Colombia (SFC) had authorized the Company to initiate the Delisting Public Takeover Bid (see note 1) to acquire up to 4.69% of the Company's subscribed, paid and outstanding capital at a price of Colombian Pesos 4,735 per share (approximately Euros 0.98).

On March 3, 2023, the Company announced the results of the public takeover bid launched for its shares on the Colombian Stock Exchange (BVC), which had a completion date of March 8, 2023. The report, published in the relevant information of the Financial Superintendency of Colombia, states that 88.40% of the shareholders agreed to the sale of shares for Colombian Pesos 4,735 each, with a total of 23,232,946 shares sold.

CEMEX LATAM HOLDINGS, S.A.

Authorization for issue

(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 2022, which were duly authorized for issue by the Board of Directors at their virtual meeting held on March 27, 2023, 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 30, 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 for issue

(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 CEO and Chairman of the Board of Directors, **Mr. Jesús Vicente González Herrera**, and that it forms part of the Annual Accounts and Directors' Report for 2022 which, as such, constitute a single document.

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Mr. Jesús Vicente González Herrera



CEMEX LATAM HOLDINGS, S.A.

Authorization for issue

(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 2022 which, as such, constitute a single document.

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Mr. Marcelo Catalá Espinosa

CEMEX LATAM HOLDINGS, S.A.

Authorization for issue

(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 **Ms. Beatriz Eugenia Tumoine Muñoz**, and that it forms part of the Annual Accounts and Directors' Report for 2022 which, as such, constitute a single document.

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Ms. Beatriz Eugenia Tumoine Muñoz

CEMEX LATAM HOLDINGS, S.A.

Authorization for issue

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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 **Mr. Jorge Torrado Angarita**, and that it forms part of the Annual Accounts and Directors' Report for 2022 which, as such, constitute a single document.

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Mr. Jorge Torrado Angarita

CEMEX LATAM HOLDINGS, S.A.

Authorization for issue

(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. Angélica Rodríguez-López Domingo**, and that it forms part of the Annual Accounts and Directors' Report for 2022 which, as such, constitute a single document.

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Ms. Angélica Rodríguez-López Domingo