

# **Cemex Denmark ApS**

**Harbour House, Sundkrogsgade 21, 2100 Copenhagen,  
Denmark**

**CVR - No. 25 48 53 51**

**Annual Report for the period  
January 1 to December 31, 2019**

19<sup>th</sup> financial year

Chairman \_\_\_\_\_



The annual report has been presented and approved at the company's board of directors' meeting, Amsterdam, Netherlands, 11th June 2020.

**Signed reports**

Management's report 1

Auditors' report 2-4

**Management statement**

Company information..... 5

Statement ..... 6

**Annual Report**

Income statement..... 9

Balance sheet as at December 31 ..... 10-11

Statement of changes in equity..... 12

Notes to the annual report ..... 13-20

## MANAGEMENT'S REPORT

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The Executive Board has today discussed and approved the annual report for the financial year 1. January 2019 – 31 December 2019 for Cemex Denmark ApS.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1. January 2019 – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and its financial position.

We recommend that the annual report be approved at the annual shareholders' general meeting.

Amsterdam, Netherlands, 11th June 2020.

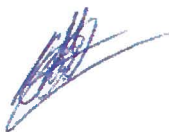
The management



Paola Andrea Hernández Chavez



Jesús Gumaro Cavazos Garza



Pablo Iván Treviño Galván

## THE INDEPENDENT AUDITOR'S REPORT

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### To the shareholders of Cemex Denmark ApS

#### **Opinion**

We have audited the financial statements of Cemex Denmark ApS for the financial year 1 January – 31 December 2019, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## THE INDEPENDENT AUDITOR'S REPORT

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### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

**THE INDEPENDENT AUDITOR'S REPORT**

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We communicate with those charged with governance 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.

**Statement on the Management's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

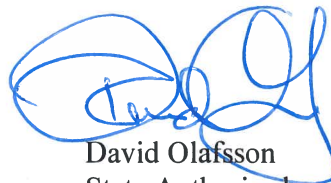
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 11th June 2020

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98



David Olafsson  
State Authorised  
Public Accountant

Mne19737

MANAGEMENT STATEMENT

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Company information:

Address	Harbour House, Sundkrogsgade 21, 2100 Copenhagen
Nature of Business	The objects of the company are to carry on business within trade and financial activities, including as a holding company, to acquire and posses shares in Danish and foreign companies and to perform other related activities according to decisions made by the management.
Management	Paola Andrea Hernández Chavez Jesús Gumaro Cavazos Garza Pablo Iván Treviño Galván
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 DK-2100 Copenhagen

## MANAGEMENT STATEMENT

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### Principal activities

The company acts as a holding company in the Mexican group CEMEX whose principal activity is production and sale of building materials. Cemex Denmark ApS has invested in companies which principal activities are sale and distribution of cement in the Caribbean area.

### Development in activities and financial position

The company's financial position and the result of the year will be shown in the following income statement of the year 2019 and the balance sheet as per December 31, 2019.

The result for the period is a profit of kDKK 45,587 after including a revaluation of kDKK 84,937 on the shares held in Caribbean Cement Co. Ltd., a company incorporated in Jamaica, where the company holds a 5% participation .

There has been a further investment of kUSD 524 (equivalent to kDKK 3,510) in Cemex Bahamas Ltd as a capital increase.

During 2019, the company received dividends for a total amount of kUSD 362 (equivalent to kDKK 2,436) from its associate company MAXCEM Bermuda Ltd. recognised in the income statement.

Both operations in Haiti and Bahamas experienced higher operating income in 2019 compared to 2018. In the case of Bahamas is in line with the consolidation of the new entity Bahamas Concrete Holding Ltd.

The Management of the company expects progress in the result and the cash flow in subsidiaries and associated companies, and the Management is of the opinion that the net realization value at least equals the value entered in the annual report.

Due mainly to restatement of the value of subsidiaries, included in previous years, the equity of the company is negative in an amount of kDKK 6,915. The company has therefore lost more than half of the subscribed share capital and is therefore subject to the capital loss requirements of the Danish Company's Act.

By December 2, 2019, the company moved its place of daily management as well as Board Meetings to WTC, Strawinskylaan 1637, Tower B, 16th. Floor, 1077 XX Amsterdam, The Netherlands.

The shareholders will during 2020 decide how to restore the capital. In connection with the issuance of the Financial Statements for 2019, the shareholder Cemex España, S.A. has issued a letter of support securing the liquidity of the company's operations at least until 19<sup>th</sup> May 2021.



### Subsequent events and future plans

On March 11, 2020, the World Health Organization declared a pandemic the outbreak of Coronavirus COVID-19, due to its rapid spread throughout the world, having affected more than 150 countries. Most governments are taking restrictive measures to contain the spread, which have resulted, or may result in the following implications for our business units: (i) temporary restrictions on, or suspended access to, or shutdown, or suspension or the halt of, our manufacturing facilities, staffing shortages, production slowdowns or stoppages and disruptions in our delivery systems; (ii) disruptions or delays in our supply chains, including shortages of materials, products and services on which we and our businesses depend; (iii) reduced availability of land and sea transport, including labor shortages, logistics constraints and increased border controls or closures; (iv) increased cost of materials, products and services on which we and our businesses depend; (v) reduced investor confidence and consumer spending in the regions where we operate, as well as globally; (vi) a general slowdown in economic activity, including construction, and a decrease in demand for our products and services and industry demand generally; (vii) constraints on the availability of financing in the financial markets, if available at all, including on access to credit lines and working capital facilities from financial institutions; (viii) our inability to, if required, refinance our existing indebtedness on desired terms, if at all; or (ix) our inability to comply with, or receive waivers with respect to, restrictions and covenants under the agreements governing our existing indebtedness, including maintenance covenants under our facilities agreement.

These measures have adversely affected and may further adversely affect our workforce and operations and the operations of our customers, distributors and suppliers, and may adversely affect our financial condition and results of operations. There is significant uncertainty regarding such measures and potential future measures, and restrictions on our access to our manufacturing facilities, on our operations or on our workforce, or similar limitations for our distributors and suppliers, which could limit customer demand and/or our capacity to meet customer demand, any of which could have a material adverse effect on our financial condition and results of operations. The degree to which COVID-19 affects our results and operations will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

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The consequences derived from COVID-19 are considered a subsequent event that does not require an adjustment in the annual accounts for the year 2019.

In the past few weeks, Cemex Group has applied strict hygiene protocols in all its operations and modified its manufacturing, sales, and delivery processes to implement physical distancing intended to considerably reduce the possibility of contagion of COVID-19. Cemex Group has also strengthened its liquidity position, mainly with funds from its committed revolving credit facility and with proceeds from asset sales.

As a further measure to enhancing Cemex Group's liquidity, Cemex Group is suspending its share repurchase program for the remainder of the year and, as previously informed, is not paying dividends during 2020.

In addition, Cemex Group shall undertake the following temporary measures that Cemex Group believes could save jobs, weather the crisis, and allow Cemex Group to recover as soon as possible. Starting May 1st, 2020 and for a 90-day period, in accordance with applicable laws and regulations:

- Cemex Group's Chairman of the Board of Directors, CEO and the members of Cemex Group's Executive Committee, along with Cemex Group's Board of Directors (starting the next Cemex Group Board of Directors and Board Committees Meetings), have agreed to forgo 25% of their salaries or fees, respectively;
- Cemex Group has asked its senior leadership team to voluntarily forgo 15% of their monthly salaries;
- Cemex is asking all other salaried employees to voluntarily defer 10% of their monthly salary. The deferred amount will be paid in full in December 2020; and
- For hourly employees, where applicable, Cemex Group will work to mitigate the impact on jobs derived from any operational shutdowns due to demand contraction or government mandates as a consequence of the current health and economic crisis.

Also, with immediate effect, and for the next 90-days, Cemex Group will suspend or reduce the following:

- Capital expenditures not related to managing the pandemic, with no exceptions;
- Budgeted operating expenses, in line with the evolution of demand per market in which Cemex Group operates;
- Production and inventory levels in all our markets, in line with lower demand conditions; and
- Corporate and global networks activities that detract from Cemex Group's business focus on managing the crisis and their respective operations.

In the short term, Cemex Group plans to focus all its efforts on managing the impact of the COVID-19 pandemic on its production, commercial, and financial activities. Cemex Group will continue to carefully monitor this overall situation and expects to take additional steps, as could be required.

At the date of issuance of the annual accounts, it is not possible to make a reliable estimate and, therefore, it is not able to quantify them. In this sense, the Company considers that there could be an effect on the valuation of investments in group companies as a consequence of the estimated future cash flows considered, though it is not in a position to quantify the extent to which it could do so

The Company will evaluate during the year 2020, the impact of these events on the equity and the financial situation as of December 31, 2020 and on the results of its operations and the cash flows corresponding to the year ended on that date.

## INCOME STATEMENT January 1 - December 31

DKK'000	<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Costs</b>			
Administrative costs		( 1 342)	( 970)
<b>Operating income</b>		( 1 342)	( 970)
Dividend received from subsidiaries and associated companies		2 436	0
Other interest income and similar income/expenses	2	( 8 251)	( 4 885)
Write-up(down) of financial fixed assets	5 & 7	84 937	23 718
Loss on sale of financial fixed assets		( 32 192)	0
<b>Income before tax</b>		45 587	17 863
Tax on the income for the year	3	0	0
<b>PROFIT FOR THE YEAR</b>		<b><u>45 587</u></b>	<b><u>17 863</u></b>

## BALANCE as at December 31

DKK'000	Note	2019	2018
<b>ASSETS</b>			
Financial fixed assets			
Investment in subsidiaries	5	87 670	115 398
Investment in associated companies	6	27 641	27 641
Other investments	7	176 879	91 942
<b>Total fixed assets</b>		<b>292 190</b>	<b>234 981</b>
Due from affiliated companies		52 405	51 900
Other receivables		2	9
<b>Total receivables</b>		<b>52 407</b>	<b>51 909</b>
Cash and bank		217	82
<b>Total current assets</b>		<b>52 624</b>	<b>51 992</b>
<b>TOTAL ASSETS</b>		<b>344 814</b>	<b>286 973</b>

## BALANCE as at December 31

DKK'000	<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital		128	128
Other reserves		( 7 043)	( 52 630)
<b>Total shareholders' equity</b>		<b>( 6 915)</b>	<b>( 52 502)</b>
Debt to affiliated companies		351 606	339 389
Trade accounts payable		123	86
<b>Total liabilities</b>		<b>351 729</b>	<b>339 475</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>344 814</b>	<b>286 973</b>

	<u>Note</u>
Accounting principles applied	1
Disposal of net result	4
Related parties and ownership	8
Staff	9

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**STATEMENT OF CHANGES IN EQUITY**


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DKK'000

	Share capital	Share premium account	Other reserves	Proposed dividend	Total
Equity January 1, 2016	128	0	420 173	69 500	489 801
Result of the year 2016			( 264 722)		( 264 722)
Equity January 1, 2017	128	0	155 451	0	155 579
Result of the year 2017			( 225 945)		( 225 945)
Equity January 1, 2018	128	0	( 70 494)	0	( 70 366)
Result of the year 2018			17 863		17 863
Equity January 1, 2019	128	0	( 52 630)	0	( 52 502)
Result of the year 2019			45 587		45 587
Equity January 1, 2020	128	0	( 7 043)	0	( 6 915)

The capital stock consists of 128 shares of nominal DKK 1,000 or multiple of this.

The shareholders Cemex España, SA will during 2020 decide how to recapitalize the equity at least to fulfilment of minimum capital requirements.

In order to safeguard the creditors of the company the shareholder Cemex España, S.A. has issued a letter of support which confirms the shareholders intention to support Cemex Denmark ApS financially at least until 19<sup>th</sup> May 2021.

NOTES TO THE ANNUAL REPORT

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**1 Accounting principles applied**

The annual report of the Company has been prepared in accordance with the Danish Financial Statements Act for Class B companies. As from 1 January 2018, the Company has implemented Act no. 738 of 1 June 2015. The Accounting principles were applied consistently with the principles of prior years financial reporting. The most significant of which are described below.

With reference to section 112, sub-section 2 of the Danish Company Accounts Act of June 7, 2001 no consolidated financial statements have been prepared. The company is included in the consolidated financial statements of Cemex España, S.A., Hernández de Tejada 1, Madrid, Spain, and Cemex S.A.B. de C.V., Av. Constitucion 444 Pte Monterrey, Nuevo León, México.

**General information on recognition and measurement**

Income is recognized in the income statement as earned. Furthermore, all cost, including amortisation/depreciation and write-downs, are recognized in the income statement.

Assets are recognized in the balance sheet when it is likely that the future financial benefits will accrue to the company and when the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is likely that the future financial benefits will be deducted from the company and when the value of the liability can be measured reliably.

The first recognition measures assets and liabilities at cost. Subsequently, assets and liabilities will be measured individually in respect of each accounting item as described below.

When recognizing and measuring, predictable losses and risk in connection with the presentation of the annual report are considered and which confirm or invalidate events which existed at balance sheet date.

**Translation of amounts in foreign currencies**

Transactions denominated in foreign currencies are translated at the exchange rates ruling at the transaction date. Exchange rate differences arising between the exchange rates ruling at the transaction date and the exchange rates ruling at the balance sheet date are recognized in the income statement as a financial item. If amounts in foreign currencies are considered as hedging of future cash flows, the value adjustments are recognized directly in the capital and reserves.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates ruling at balance sheet date. Differences between the exchange rates ruling at the balance sheet date and the exchange rate ruling at the time of the receivables/payables occurrence are recognized in the income statement under interest income and expense and similar items.

NOTES TO THE ANNUAL REPORT

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**1 Accounting principles applied (continued)**

Investments in subsidiaries and associates are measured based on the cost price. If the cost price exceeds the net realization value, write-down will be made at this lower value. Other investments are measured at market value.

**Income statement****Interest income and expense and similar items**

Interest income and expense and similar items are recognized in the income statement with the amounts relating to the financial year. The financial items comprise interest income and expense, realized and unrealized exchange rate gains and losses regarding securities, debt and transactions denominated in foreign currencies as well as additions and compensations under the on-account tax scheme etc.

Dividend from investments in subsidiaries and associates is booked as income in the financial year where the dividend is declared.

**Tax on profit for the year**

Tax on profit for the year which consists of current tax for the year and deviations in deferred tax is recognized in the income statement with the part which relates to the profit/loss for the year and directly in the capital and reserves with the part which relates to entries directly in the capital and reserves.

**Balance sheet****Financial fixed assets**

Investments in subsidiaries and associates are measured based on the cost price. If the cost price exceeds the net realization value, write-down will be made at this lower value. Other investments are measured at market value.

**Receivables**

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to cover anticipated losses.

**Dividend**

Suggested dividend is recognized as a liability at the time of its approval at the annual general meeting. Dividend, which is expected distributed for the year, is shown as a separate item under the capital and reserves.



NOTES TO THE ANNUAL REPORT

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**1 Accounting principles applied (continued)****Corporation tax**

Current tax liabilities and outstanding current tax are recognized in the balance sheet as computed tax on the taxable income for the year adjusted for tax on previous years' taxable income as well as for tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between accounting and tax values of assets and liabilities. In cases, e.g. regarding shares where computation of the tax value can be made according to alternative tax rules, deferred tax is measured either on basis of the planned use of the asset or on settlement of the liability.

Deferred tax assets, including the tax value of tax loss carry forwards, are measured at expected realizable value, either by payment of tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Deferred net tax assets, if any, are measured at net realizable value.

Deferred tax is measured on basis of the tax rules and tax rates ruling at balance sheet date, when the deferred tax is expected to become current tax. Changes in deferred tax because of changes in tax rates are recognized in the income statement. The current tax rate is 22%.

**Liabilities other than provisions**

Liabilities other than provisions are measured at the time of raising the loan to the received proceeds after deduction of transaction costs paid. In subsequent periods the liabilities other than provisions are measured at amortized cost.

## NOTES TO THE ANNUAL REPORT

DKK'000	2019	2018
<b>2 Other interest income and similar income</b>		
Interest income.	2	1
Interest expenses.	( 8 210)	( 4 176)
Exchange rate adjustments of accounts with affiliates	( 43)	( 709)
	<u>( 8 251)</u>	<u>( 4 885)</u>
<b>3 Tax on the income for the year</b>		
Tax on the income for the year	0	0
Change in deferred tax	0	0
	<u>0</u>	<u>0</u>
Unaccounted tax deferred assets amount to approx kDKK. 1,000 relating to tax losses.		
<b>4 Disposition of annual result</b>		
DKK'000	2019	2018
Result of the year	45 587	17 863
Retained earnings	( 52 630)	( 70 494)
<b>At disposal</b>	( 7 043)	( 52 630)
Which the management suggests to be disposed as follows		
Transferred to other reserves	( 7 043)	( 52 630)
	<u>( 7 043)</u>	<u>( 52 630)</u>

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NOTES TO THE ANNUAL REPORT

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DKK'000	<u>2 019</u>	<u>2 018</u>
<b>5 Investments in subsidiaries</b>		
Cost at January 1	800 426	798 482
Addition during the year	5 789	1 944
Disposals during the year	( 33 517)	0
Cost at December 31	<u>772 698</u>	<u>800 426</u>
Writedown at January 1.	( 685 028)	( 685 028)
Writeup (down) current year	0	0
Accumulated writedown	<u>( 685 028)</u>	<u>( 685 028)</u>
Carrying amount at December 31	<u>87.670</u>	<u>115.398</u>

## NOTES TO THE ANNUAL REPORT

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DKK'000	2019	2018
	<hr/>	<hr/>
<b>6 Investments in associates</b>		
Cost at January 1	27 641	27 641
Addition during the year	0	0
	<hr/>	<hr/>
Cost at December 31	27 641	27 641
	<hr/>	<hr/>
Value adjustment at December 31	0	0
	<hr/>	<hr/>
Carrying amount at December 31	27 641	27 641
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## NOTES TO THE ANNUAL REPORT

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	<u>2019</u>	<u>2018</u>
<b>7 Other investments</b>		
Cost at January 1	<u>15 045</u>	<u>15 045</u>
Revaluation at January 1.	76 897	53 179
Value adjustment during the year	84 937	23 718
	<u>161 834</u>	<u>76 897</u>
Accumulated revaluation at December 31.		
	<u>176 879</u>	<u>91 942</u>

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**NOTES TO THE ANNUAL REPORT**

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**8 Related parties**

Cemex Denmark ApS' related parties comprise the following:

Controlling interests:

Cemex España, S.A., Hernández de Tejada 1, Madrid, Spain, owns all shares

Cemex S.A.B. de C.V., Av. Constitución 444 Pte Monterrey, Nuevo León, Mexico is the group's ultimate parent company. This company is listed on the Mexican and New York Stock Exchange and annual reports can be obtained at [www.cemex.com](http://www.cemex.com).

There were no transactions with related parties during 2019.

**9 Staff costs**

There has been 1 employee in the Company during the period. Salaries amounted to kDKK 611 plus pensions and social charges of kDKK 41. The executive board has received kDKK 30.