



**Report that the Chairman of the Board of Directors of CEMEX, S.A.B. de C.V. ("CEMEX") presents to the Ordinary General Shareholders Meeting of March 23, 2023**

Ladies and Gentlemen:

On behalf of the Board of Directors, the management team and everyone at CEMEX, it is an honor to welcome you to this Ordinary General Shareholders Meeting to present the results obtained in 2022.

**INTERNATIONAL SCOPE**

Last year, many of our markets around the world, were still suffering some aftermath from the pandemic, with different effects on numerous industrial and commercial sectors, including of course ours.

This was coupled with other factors, such as a sustained rise in inflation; disruptions in supply chains that impacted several industries; and the resurgence of serious geopolitical tensions, particularly with the armed conflict in Eastern Europe.

The general increase in inflation in turn led to reactions by the major central banks, to try to contain it by raising interest rates; which also caused a marked increase in volatility in capital markets.

Finally, the intensity of natural phenomena such as prolonged droughts, large fires, atypical hurricanes and vast floods — made it clear that we need to address, with a greater sense of urgency and effectiveness, the primordial challenge that climate change poses for humanity.

**SUSTAINED STRATEGIC APPROACH**

This complex context led to significant increases in our costs, particularly those related to energy; and led, since the middle of last year, to the slowdown in economic growth registered worldwide, which is to a certain extent affecting demand for our products.

However, at CEMEX we kept a clearly defined strategic approach to achieve four priority objectives:

- First, advance our sustainability agenda through the Future in Action program, which foresees some of the most ambitious decarbonization goals within our industry by 2030, as well as achieving carbon neutrality by 2050;
- Second, increase our operating flow through higher margins, applying, among other measures, a pricing policy for our products that allows us to offset the significant inflationary increase in the cost of our inputs, as well as maintain strict cost control and discipline;
- Third, continue to decrease the amount of our debt and strengthen our capital structure to formally obtain an investment-grade credit rating;
- Fourth, optimize the portfolio to resume our track record of sustained growth, through divestments of non-strategic assets and profitable investments that are supplementary to our



cement, concrete, aggregates and Urbanization Solutions businesses, mainly in regions with high growth potential such as the United States, Mexico and Europe.

Thus, and considering the challenging global environment in which we had to operate, I am pleased to report that in 2022 we obtained good results.

## **CLIMATE ACTION**

As our CEO will detail later on, based on the sustainability efforts we have been carrying out through our Future in Action program, we have made remarkable progress; in particular, a reduction of 4.6% in our CO<sub>2</sub> emissions per ton of cement produced in 2022 alone, and a cumulative decrease of about 10% since 2020. Likewise, 33% of our electricity came from clean sources.

Last November, we updated our climate action goals for 2030, which include reducing our CO<sub>2</sub> emissions per ton of cementitious material by 47% compared to 1990, as well as increasing our consumption of clean electricity to 65%.

During CEMEX's active participation in the most recent United Nations Conference of the Parties on Climate Change —COP27—, Science Based Targets, an independent organization, validated our 2030 decarbonization goals within its scenario for global warming limited to 1.5 degrees, the most rigorous for our industry, with which our company reaffirmed its leadership in this vital issue.

Likewise, at the beginning of December, the same organization validated our goal of zero net CO<sub>2</sub> emissions by 2050, which implies a coordinated effort throughout our company's value chain to achieve a reduction in emissions resulting from our own production processes, which are known as Scope 1; emissions resulting from electricity consumption, or Scope 2; and those generated by both our suppliers and the end users of our products, or Scope 3.

## **CASH FLOW AND MARGINS**

This validation of our objectives towards decarbonization commits us to remain focused on this core aspect of the business, as being part of a comprehensive strategic approach, it contributes directly to our profitability.

In 2022, while cement volumes dropped in the face of the global economic slowdown — our net sales grew steadily, supported by price increases for all of our products and services.

Although we reacted promptly from the second quarter of 2021, due to the nature of the industry, the processes to counteract the inflationary impact on our main costs necessarily take time, which negatively impacted our operating flow.

I want to once again state we are fully dedicated to obtaining better margins, and we are optimistic about the conditions for achieving this in the coming years.



## **BALANCE FOR GROWTH**

Finally, I would like to highlight the fact that in 2022 we made significant progress in our purpose of rebalancing our assets to give an even greater boost to our growth.

On the one hand, we completed relevant divestments, including our operations in Costa Rica and El Salvador; and, on the other hand, we integrated an increasingly solid growth portfolio, strictly aligned with the achievement of our priority goals.

Growth is at the heart of CEMEX — and we are now in a much better position to deliver it with the right financial conditions.

## **PERSPECTIVES**

In recent years, we have gone through very challenging times faced with the return of high inflation, war in Eastern Europe, increases in interest rates, stock market volatility and the effects of climate change.

Faced with a rapidly evolving landscape, CEMEX has proven to be a resilient company, capable of building lasting value — thanks above all to the talent, dedication, and commitment of all the people who make it up.

Finally, I would like to inform you that we recently launched our renewed corporate brand, something we haven't done for several decades. This represents our commitment to continue evolving as an organization — being more sustainable, more digital, more focused on our customers and with a spirit of greater agility and closeness. All this, without forgetting our roots and our journey and everything we've learned along the way in our more than 116 years of existence.

Thank you once again for your trust.

Monterrey, N.L. as of March 23, 2023

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Rogelio Zambrano Lozano

Chairman of the Board of Directors