
2021
INTEGRATED
ANNUAL
REPORT
CORPORACIÓN
MOCTEZUMA
BUILDING A SUSTAINABLE
FUTURE

CONTENTS

102-1, 102-46, 102-49, 102-50, 102-54

ABOUT THIS REPORT

Corporación Moctezuma, S.A.B. de C.V. is pleased to present this first Integrated Annual Report, which contains the results of our performance in financial, economic, environmental, social and governance matters during the period from January 1 to December 31, 2021.

This report has been prepared in accordance with GRI Standards: Core option, complying with the principles on definition of content and reporting quality established by the Global Reporting Initiative (GRI).

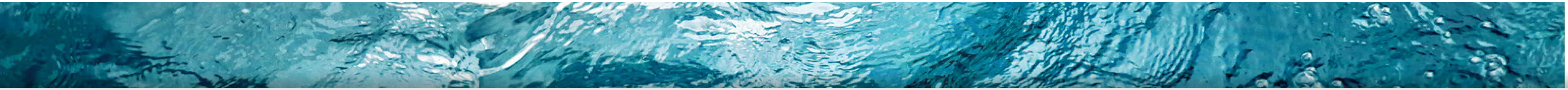
Furthermore, in order to provide our stakeholders with a precise, clear and reliable perspective, we are reporting based on the guidelines proposed by the Value Reporting Foundation (VRF) comprised of the International Integrated Reporting Framework ("the <IR> framework") and the directives of the Sustainability Accounting Standards Board (SASB) for the extractives & minerals processing industry and its specific standards for construction materials. At the start of each thematic section you will find nomenclatures in grey type, referring to the standards and methodologies on the basis of which this report was prepared. For more details on each content and indicator, see the "Annexes" section.

This report also describes our efforts regarding the recommendation of the Task Force on Climate-Related Financial Disclosures. We are committed to continuing with their implementation and aligning the processes required to comply with them in the medium term, to the extent possible.

We intend to cooperate in achieving the 2030 Agenda and the action plan made up of 17 Sustainable Development Goals (SDG) to benefit people, the planet and society, and to forge collaborative alliances to achieve peace and prosperity. Throughout our report, we refer to the SDG to which we are contributing through our initiatives and actions. The details appear on the left side of each page, where the applicable SDGs are highlighted.

Year-to-year changes in some indicators are due to the suspension of activities during the first months of the public health emergency in 2020, vs. the results of normal operations in 2021.

Amounts are expressed in Mexican pesos (MXN) unless otherwise indicate. The abbreviation "mn" means millions. All references to "tons" are to metric tons.



102-7, 102-8

2021 MILESTONES

15,886
million pesos in revenues

3,495
million pesos in payouts to shareholders in the form of dividends

Creation of the Department of Sustainability, Environment and Continuous Improvement

38,764
hours of training;
+12 million pesos invested

1,376 employees;
an 18% increase in our workforce

Water consumption

126 l/ton of cement produced

171 l/m^3 of concrete produced

Start of operations by the Sustainability Committee

Leaders in energy efficiency,
we consumed less than 80 kWh/ton of cement

+16
million pesos
donated to communities

102-14, 102-15, 102-23

MESSAGE FROM OUR LEADERS

TO OUR STAKEHOLDERS:

15,866
million pesos
in revenues
+24% vs. 2019[1]

This is our first Integrated Annual Report for Corporación Moctezuma. It provides an overview of our Company's priorities, practices and satisfactory performance in 2021.

It was a challenging year, a year of nuances. On one hand, the continuing COVID-19 pandemic showed its effects on the economy and industry. But the lessons it brought have enabled us to progressively advance in our control of the public health situation and measures to mitigate its impact.

Among the most obvious effects of the pandemic have been a rise in the cost of electricity and fossil fuels; supply chain and production disruptions due to the shutdown of various activities during part of 2020; the rise in demand for product an increase in their prices due to input scarcity. We are proud to say, however, that as a forward-thinking, proactive company, Corporación Moctezuma was able to take the necessary measures in advance to deal with the challenges, maintain our competitiveness, and weather the situation successfully.

From our beginnings, we have held the conviction **that sustainability is a social responsibility**, and that represents this Company's legacy for future generations

[1] We are showing the change over 2019 to provide a comparative base from before the pandemic.

At the end of 2021 we reported highly satisfactory results, with MXN15.87 billion in revenues, 13% more than in 2020 and 24% higher than in 2019, that is, on a pre-pandemic comparative basis.

Factors that differentiate us in the market:

- Financial solidity
- Efficient management of overhead
- Zero debt[2]

This has positioned us as one of the top EBITDA generators and highest-margin firms in our industry and on the Mexican Stock Exchange (BMV). Our mission of creating value for our stakeholders is reflected in continuous investment in assets, which keep us in good condition and allow for process optimization.

Continuing our habitual dividend policy, we paid out two cash dividends to our shareholders in 2021, which together totaled more than MXN 3.49 billion; each share received a dividend of four pesos.

In 2021 our priority was once again to safeguard the health of our employees and their families. We stayed in close touch with our team through the Medical Department, which provided information, advice and care. The pandemic is not over, and it requires an increasing effort on our part, so we will continue to align our protocols with the provisions of the authorities and with best practices; we call upon all of our stakeholders to exercise individual and collective resilience.

We are convinced that by encouraging diversity, equality and greater visibility for women in the workplace, in the construction industry and in our communities, we can contribute to sustainability for society at large. That is why in 2021, for the first time in this country's history, two women were appointed to senior management positions; this action is just one sign of Corporación Moctezuma's commitment to gender equality, talent development, the merits of our team and the empowerment of women in corporate leadership.

On the whole, personal and organizational safety, at home and on the job, remain a crucial priority for everyone who makes up Corporación Moctezuma. Our responsibility is to watch out for the safety of those around us, so we are actively involved in ensuring a Transformation of Safety Culture.

While sustainability and environmental care have both become increasingly important around the globe in recent decades, at Corporación Moctezuma they are inherent to our philosophy. High quality standards, innovation and state-of-the-art technology that

Corporación Moctezuma belongs to all of us, and our families depend on the efforts of each one of us

[2] Zero cost-bearing liabilities.

2 senior management positions are held by **women**

characterize us have positioned our Company as one of the most efficient and with a low environmental impact in the sector. Our commitment in this regard is such that in 2021 we buttressed our management by creating a Sustainability Committee and a Department of Sustainability, Environment and Continuous Improvement.

As a member of the *Global Cement and Concrete Association* (GCCA), we are committed to achieve carbon neutrality in the cement and concrete industry by 2050. To this end, we are working on process optimization and in 2021 achieved a significant reduction in the clinker/cement factor, which together with an increased use of alternative fuels and operating efficiency, reduced our CO_2 emissions. In 2022, we intend to continue seizing opportunities as they arise in order to adapt to change and maintain our operating excellence.

The strong results achieved by Corporación Moctezuma last year were the result of teamwork and continuous communication throughout the organization. We are deeply grateful to all of our employees for their dedication and extraordinary performance, and to our board members and management for their vital guidance in this complex situation. We would also like to thank our business partners, clients and shareholders, for the invaluable trust they have placed in our Company.

We have every certainty that in the coming years we will continue to meet the most exacting standards of service, retaining and developing the talent of our Moctezuma family, growing stronger as a profitable, highly competitive and successfully company that is helping to build a better society and a greater Mexico.

Enrico Buzzi
Chairman of the Board of Directors

José María Barroso Ramírez
Chief Executive Officer

102-1, 102-2, 102-5, 102-7, 102-45

BUSINESS MODEL

We are Corporación Moctezuma, S.A.B. de C.V., a Mexican Company that produces, distributes and sells cement, concrete and aggregates, under the registered brands Cementos Moctezuma and Concretos Moctezuma.

Total installed capacity of 8 million tons of cement a year

Distribution throughout 95% of the national territory

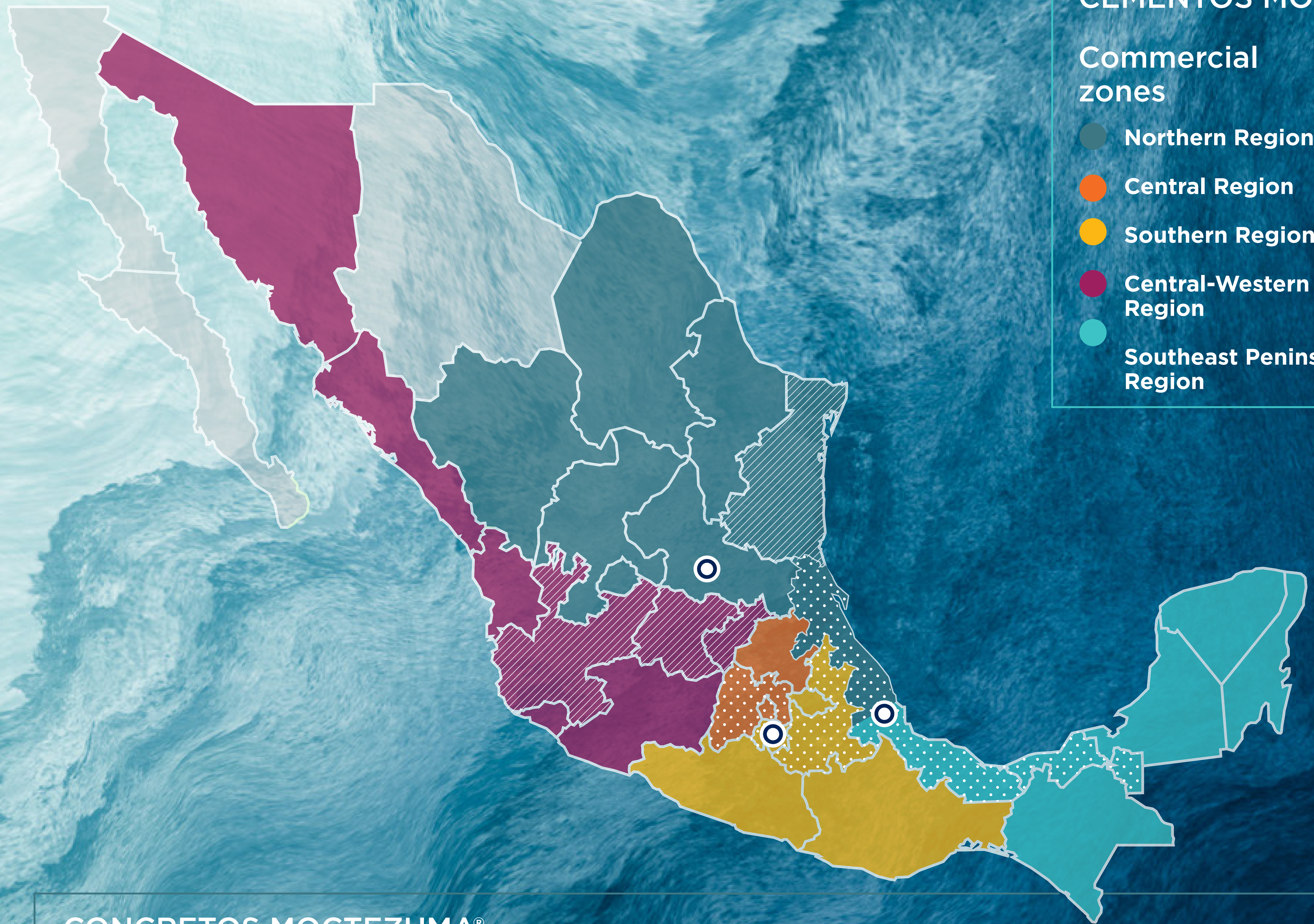
3 advanced-technology cement plants with 2 production lines each

32 concrete plants in 10 states of Mexico

27 distribution centers

102-4, 102-6

Geographic diversification



CEMENTOS MOCTEZUMA®

Commercial zones

- Northern Region
- Central Region
- Southern Region
- Central-Western Region
- Southeast Peninsula Region

Our plants

Tepetzingo Plant
- **Location:** Tepetzingo, Morelos
- **Installed capacity:** +2.50 million tons per year
- **Reserves:** +100 years
- **Products:** CPC 30 R RS, CPC 40 RS and Mortar

Cerritos Plant
- **Location:** Cerritos, San Luis Potosí
- **Installed capacity:** +2.75 million tons per year
- **Reserves:** +40 years
- **Products:** CPC 30 R, CPC 40 and Mortar

Apazapan Plant
- **Location:** Apazapan, Veracruz
- **Installed capacity:** +2.75 million tons per year
- **Reserves:** +50 years
- **Products:** CPC 30 R RS, CPC 40 RS and Mortar

CONCRETOS MOCTEZUMA®

- Central-Southern Region
- Western Central-Pacific Region

32 concrete plants

Present in 10 states of Mexico

Makes +500 different kinds of concrete, including conventional, reinforced, marine, durable, refrigerated and antibacterial

102-16

OUR FOUNDATIONS

MISSION

To produce cement and concrete and the lowest cost and competitive prices, which meet the needs of our clients while ensuring a safe workplace and professional advancement for our personnel, in harmony with the environment, in healthy coexistence with communities around us, paying a fair wage and adding value to the investment made by shareholders and clients.

VISION

To remain a leader in efficiency and profitability, expanding our cement and concrete operations across the nation, positioning our brand according to the product quality.

The success of Corporación Moctezuma
is grounded in our institutional values

VALUES

These are the foundations of our business identity, as well as the shared convictions that are part of our strategy and the services we offer the market.

Commitment

We know products are important for building equity. Our clients are our driving force, and we maintain a solid social commitment with each of them.

Teamwork

We try to make decisions swiftly and efficiently at all levels of the organization, and to ensure harmony and continuity in all areas of the Company.

Responsibility

We are responsible for maintaining and improving the Company's processes and internal structures to ensure quality and sustainability.

Quality

We guarantee the quality of our products and services, and we continuously improve them.

Safety

We encourage a culture of prevention to mitigate risks and protect the health and safety of our team.

Environmental Care

We are committed to caring for our natural resources, preserving ecosystems and minimizing our environmental footprint.

COMPETITIVE ADVANTAGES

Financial discipline and solidity with efficient management of overhead

Positive EBITDA

Reinvestment in assets for improvement and efficiency

Superior margins in the industry and on the BMV

Strong customer relationships

A prudent, conservative financial approach

Zero debt[3]

Shareholder retribution through cash dividends

[3] Zero cost-bearing liabilities.

Strategic location of 3 cement plants, 27 distribution centers and 32 concrete plants

Anticipation and capacity to respond to market demand

Market strategy

Specialized, customer service

Technical assistance

These differentiating features enable us **to generate long-term value** and fulfill our commitments to stakeholders.

Products made with the highest quality

Innovation

State-of-the-art Technology

Continuous improvement

Accreditations and Certifications based on a comprehensive management system

Leaders in energy efficiency

Clean production with the lowest environmental impact

Operating efficiency

SUSTAINABILITY AND RESILIENCE

102-20, 102-21, 102-27, 102-32

SUSTAINABILITY COMMITTEE

By resolution of the Board of Directors and in order to fulfill the goals of the company's strategy, in 2021 we created the Sustainability Committee of Corporación Moctezuma.

The purpose of this committee is to establish long-term goals in various sustainability aspects, as well as action plans by which Moctezuma can achieve them.

The scope of Corporación Moctezuma's sustainability strategy, which we applied in 2021, is as follows:

- Defining long-term goals and targets (2025 and 2030) in the various areas of sustainability to strengthen our roadmap.
- Benchmarking the main indicators for emission, safety and energy, as well as social aspects.
- Plan to develop our first integrated annual report.
- Updating our materiality study.
- Monitoring the Mexican emission trading system, which is in its pilot phase.

We incorporate sustainability management into the governance structure of Corporación Moctezuma. To this end, to keep close track of environmental, social and governance (ESG) issues within the company, in late 2021 we also announced the creation of the Department of Sustainability, Environment and Continuous Improvement

CORPORACIÓN MOCTEZUMA SUSTAINABILITY COMMITTEE

Chief Executive Officer	Chief Commercial Officer, Cement	Corporate Marketing Manager
Chief Sustainability, Environment and Continuous Improvement Officer	Chief Concrete Officer	Corporate Industrial Safety Manager
CFO	Chief Logistics Officer	Corporate Compliance Officer
Chief Operating Officer	Chief Legal Officer	Corporate Process Manager
Chief Human Resources and Industrial Relations Officer	Chief Engineering and Project Officer	Corporate Manager of Sustainability and Environment
	Chief Procurement Officer	Corporate Quality Manager

102-21, 102-42, 102-43, 102-44, 102-46, 102-47

MATERIALITY

Based on the continuous improvement our organization is known for, and for the purpose of providing an optimum, focused response on the issues most relevant to the organization, in 2021 we took on the task of prioritizing stakeholders and updating the materiality study together with an independent consultant. This study consists of two phases:

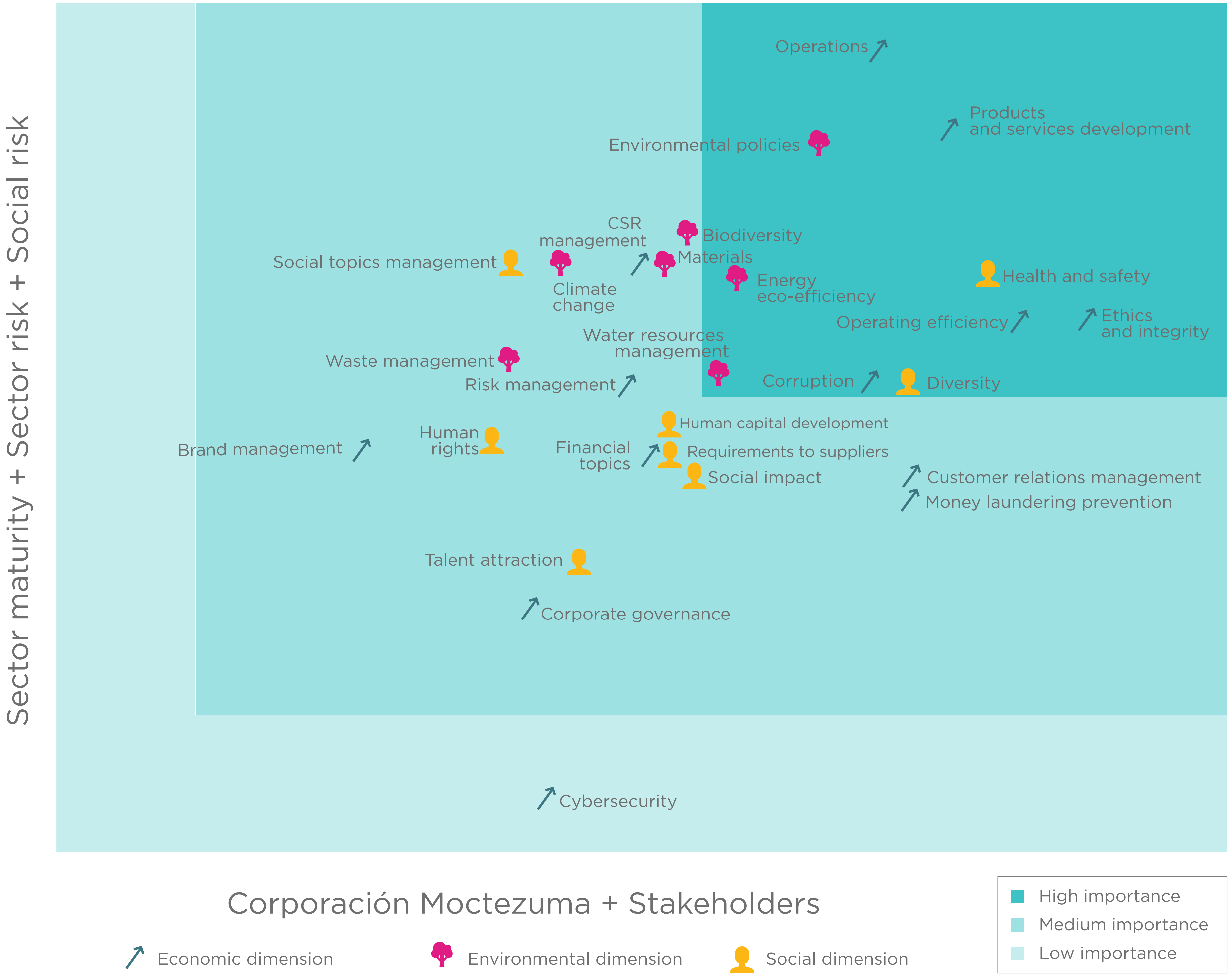
1. Analysis of three risk factors: industry maturity, industry risk and social risk.
2. Dialogue with the five priority stakeholder groups: logistics suppliers, cement clients, concrete clients, employees, and shareholders/investors.

In addition to the issues contained in the high-importance quadrant, we decided to include among our material aspects those that were considered high-impact by our stakeholders—all of those located in the medium-importance section:

- Management of Corporate Social Responsibility/ Sustainability/ESG aspects
- Climate change and atmospheric emissions
- Waste management
- Human rights

We intend to maintain an open dialogue with our stakeholders in 2022, which should give us up-to-date information by which we can align our plans and programs toward the medium and long term.

MATERIAL ASPECTS



102-40, 102-42

VALUE CREATION MODEL

One of the goals of Corporación Moctezuma is to help build a world with a sustainable future. We intend to do so by continually creating value in response to the external environment and understanding the resources we have at hand, as well as the risks and opportunities that arise.

How to read this information
View the information from left to right.

Trends

Regulatory changes

Industry-wide ESG requirements

ESG criteria (investment funds and shareholders)

Economic recovery and employment levels

Increase in cost of raw materials and effects on global supply chain

Inflation; modest growth in private consumption

Health as a priority issue

Digital transformation and more cybersecurity controls

Climate change; carbon neutrality by 2050

Entries

Financial Capital
884,887,296 shares issued

Industrial Capital
- 3 cement plants
- 32 concrete plants
- 27 distribution centers
- 245 mixer trucks

Human Capital
1,376 employees

Intellectual Capital
- 8 types of cement
- +500 types of concrete
- Quality Control labs

Social and Relational Capital
- 645 active suppliers
- Clients:
  - Cement: +1,000
  - Concrete: +500
- 8 chambers and industry associations

Environmental Capital
- Culture of environmental awareness
- +1 million m³ of water consumed/year
- +17 million GJ consumed/year

Structural Capital
- Know-how and experience of Board of Directors and management
- Internal and external audit team
- Mission, vision and values
- Code of Ethical Conduct
- Code of Best Corporate Governance Practices

Key processes

Output

Financial Capital
- Dividend payment policy
- Reinvesting our cash flow in the business

Industrial Capital
- Production of:
  - +7 million tons of cement
  - +1 million m³ of concrete
- +MXN400mn invested in technology and innovation

Human Capital
- Diversity and inclusion: Pink Helmets
- +MXN 10mn invested in safety culture and prevention

Intellectual Capital
- +MXN12mn in training

Social and Relational Capital
- +MXN2.10bn paid to suppliers
- Support program for neighboring communities
- +MXN2.5mn paid to industry chambers and associations

Environmental Capital
- 126 liters of water/ton of cement produced
- 171 liters of water/m³ of concrete
- Less than 80 kWh/ton of cement produced
- 0.598 tCO_2e from cementing products
- 284 g of waste generated/ton of cement produced
- +MXN8mn in environmental improvements

Structural Capital
- Signing of Code of Ethical Conduct
- "Raise your Voice" hotline
- Integrity Policy
- ESG Strategic planning

Results

Financial Capital
- Dividend payments totaling MXN3.49bn
- Increased investor confidence

Industrial Capital
- Operating efficiency
- Clean Production
- ISO 14001:2018 certification

Human Capital
- 88% men/12% women
- -0.84 points in the occupational accident frequency index

Intellectual Capital
- 38,764 hours of training
- 660 employees evaluated

Social and Relational Capital
- 86% of purchase volume acquired from local suppliers
- +MXN16mn in donations to communities
- Sharing of best industry practices

Environmental Capital
- -1% kWh/ton of cement produced
- -9% liters of water/m³ of concrete
- -4% in emissions intensity from cementing products
- -10% g of waste generated/ton of cement produced

Structural Capital
- Regulatory compliance
- Knowledge of Code of Ethical Conduct and Policies:
  - 100% employees
  - 100% suppliers
- 23 grievances received and addressed

- mn = million pesos.
- bn = billion pesos.

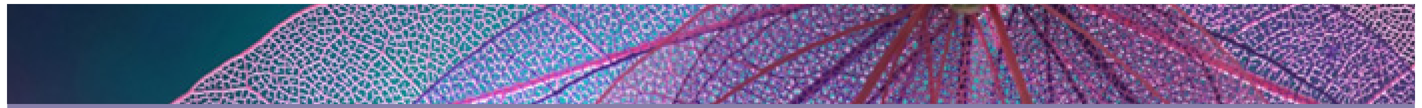
1 OUR RESULTS

Financial Capital
We are convinced that financial performance gives stakeholders an effective perspective on the way that we create value over time for each one of them, through the work we do.

2021 PERFORMANCE

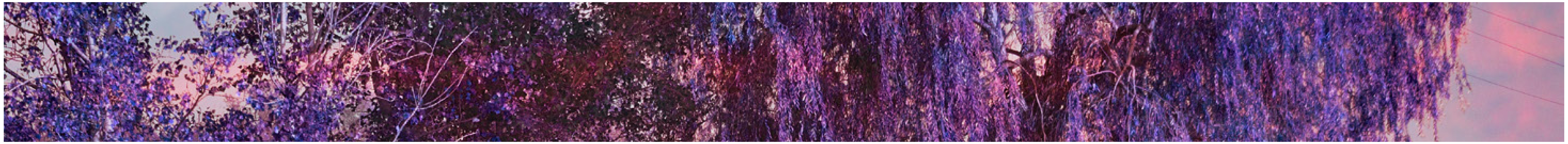
Indicator	2021	2020	Var.
Total Assets	$13,055	$12,374	5.5%
Total Liabilities	$2,360	$2,656	(11.1%)
Total Net Worth	$10,695	$9,719	10.0%
Net Sales	$15,866	$14,069	12.8%
Gross Income	$9,452	$8,818	7.2%
Gross Margin	59.6%	62.7%	
Operating Income	$6,113	$5,860	4.3%
Operating Margin	38.5%	41.7%	
EBITDA*	$6,778	$6,497	4.3%
EBITDA Margin	42.7%	46.2%	
Consolidated Net Income	$4,536	$4,220	7.5%
Consolidated NET Margin	28.6%	30.0%	
Consolidated Comprehensive Income	$4,534	$4,217	7.5%
Consolidated Comprehensive Margin	28.6%	30.0%	
Dividend per share	$4.00	$4.00	-

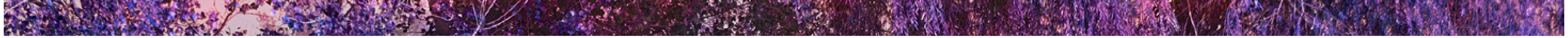
*EBITDA: Earnings before interest, taxes, depreciation, amortization and depreciation.
Figures in millions of pesos (MXNmn).



We continued our habitual dividend policy because we are able to compensate our shareholders without compromising our financial position.

Our company's optimum performance means we can fulfill the responsibilities and commitments we have toward all our stakeholders—shareholders, employees, suppliers, communities and authorities—ensuring the generation of sustainable value over time.





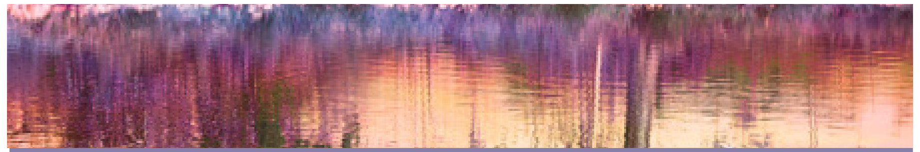
STRATEGIES

Corporación Moctezuma belongs to all of us who are part of the Company, and our families depend on the effort each of us makes. Our responsibility is to continue working to remain a profitable, competitive, world-class company.

We have earned a reputation as having a solid, conservative financial strategy, based on forward planning and discipline in expense control, remaining free of cost-bearing liabilities and avoiding speculative practices that might compromise our equity. For that reason, we have taken on the task of renewing and fortifying various actions that will improve our efficiency in financial, commercial and operating terms, and this has enabled us to keep overhead down and optimize productive and operating processes, thus mitigating the impact of macroeconomic fluctuations.

We have a variety of tools for expense control, which apply to all areas. This has helped us weather the steep increases in our main productive inputs and operating expenses.

In 2021, we succeeded in increasing sales volume over the year before, but the effects of the suspension of economic activity because of the pandemic and the impact on the global supply chain were evident, because variable costs also rose sharply.



Our satisfactory results last year were due to **our financial solidity, optimum cost management, commercial strategy**, reinvestment of assets in efficiency improvements, and **exceptional human capital**

We monitored the global situation constantly in order to take measures in advance—like building up our inventories—facing the challenges that might emerge to our **value chain**, and keeping our operations as free of impacts as possible.

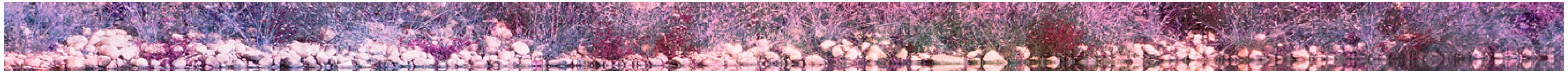
One feature of this Company is its high level of service. We try to keep the product close to the market, providing personalized attention and an expeditious response to our clients' needs. We are committed to continually optimizing our **customer service** processes, to being increasingly creative and innovative to remain at the forefront of our industry while guaranteeing product quality at all times, and to developing strategies for anticipating change and defending our position in the market, which will buttress our profitability and our clients' competitiveness.

All of this is underpinned by two key actions:

- Guaranteeing the recruitment and retention of the best **human capital**: our employees are the driving force of this organization and are what makes it possible to achieve the levels of efficiency and competitiveness we are known for.
- A solid infrastructure comprised of three cement plants, with two cement production lines each: through maximum use of capacity, this infrastructure can withstand the commercial strategies we will be developing in the short term.

Corporación Moctezuma's business strategy also includes the reinvestment of profits as a key factor in the **growth and modernization of our infrastructure**. With this we can increase production capacity, bring in more innovative technology, maintain and optimize equipment to ensure efficiency, and comply with applicable laws and regulations.

For more information about our complementary strategies and initiatives, see the individual sections of this report.



2 OUR ALLIANCES

Social and Relational Capital

We are deeply committed to social responsibility, sustainability and economic development in Mexico, so we forge productive, mutually beneficial, long-term ties with our stakeholders. These alliances and synergies enable us to stay on track toward our goals.

VALUE CHAIN

Moctezuma's value offering is characterized by unparalleled product quality that exceeds our clients' expectations, technological innovation and high safety standards.

102-9, 102-10, 412-3

SOURCING

Our supply process is based on the Strategic Sourcing model. In selecting our suppliers:

- We evaluate the total cost of ownership (TCO)
  - Price (lower annual cost)
  - Value-added (delivery time)
  - Commercial conditions (payment terms, consignment)
- Good ESG practices by suppliers and contractors

One of the indispensable requirements for a new supplier to begin working with us is their signature witnessing that they have read, agreed to and understand our Code of Ethical Conduct.

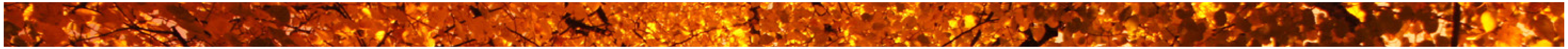
We have a clear picture of the risks we face in terms of sourcing and supply, because we remain alert to any change that may affect our operations. In 2021, we monitored the changing implications of the COVID-19 pandemic, which included:

- A shutdown or restructuring of the businesses of various of our suppliers, which caused disruptions in the supply of various materials.
- The energy crisis and scarcity of raw materials for producing electricity, and a rise in prices in the Chinese and European markets.
- A sharp rise in demand for products around the world, which has overwhelmed supply and brought about a widespread shortage of materials in addition to a sharp rise in inflation.
- Delayed deliveries, primarily in imported products and those shipped by sea.

Some of the specific challenges we faced this year were the activation of market segments outside of our usual ones. The market demanded more bagged cement volumes, so we were forced to buy 30% more bags. There were also opportunities to find new suppliers whose strategies and goals aligned with our own. The way to deal with these risks is by planning in advance: identifying the company's needs and keeping an eye out for the best time to stock up.

2021 Achievements

- Search, development and use of new alternative energy sources.
- Review and improvement of supplier processes in the area of sustainability, safety and environmental protection, as well as audits and certifications.
- Improved expense control through negotiation and quick response to market fluctuations.
- Consolidation of the Ariba system to automate supplier registry and purchasing, encouraging greater transparency.
- Incorporation of a spare parts warehouse to improve supply chain control and manage inventories more efficiently.



92%
of our suppliers are local

100%
of our suppliers signed our Code of Ethical Conduct in 2021

In 2021 we participated in the Global Cement and Concrete Association —Green Procurement Task Group, in which best sustainability practices are discussed

Some government agencies have begun to turn more toward sustainability and have begun demanding that companies who tender bids for infrastructure projects use recycled materials in various types of concrete and manage waste better.

Recovering and reusing materials is a challenge for us, so we are seeking out suppliers who use recycled materials or incorporate some other environmental benefit, as well as options to help replace fossil fuels with others made form industrial or urban waste.

102-15
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PRODUCTION

Our operating performance was optimal. With stable financial indicators, we achieved a good level of volume and come increasingly close to our environmental targets.

10%
increase in the capacity of our kilns

The progress made in optimizing production processes and efficiently using materials and fuels have allowed for a 4% reduction in emissions of CO_2 per ton of cement

Clearly, dealing with the COVID-19 pandemic remains a tremendous challenge. At all of our cement and concrete production plants, distribution centers, and quarries, we continuously monitor compliance with sanitary measures, because the health of all our employees is our priority. Despite the challenges, we have adjusted to a new working environment, we have grown stronger and shown our agility in adapting to change, proving that we can handle surges in demand from our clients while maintaining the same levels of quality and service.

+7 million tons of cement produced +8% vs. 2020

+1 million m³ of concrete produced +8% vs. 2020

Among our main investments in 2021 were the on-going project to use alternative fuels and the installation of new railway tracks at Cerritos, along with expansion of the dispatch bay and a Big Bag station in Apazapan.

Responding to the safety and health improvement established in Mexican standard NOM-036-1-STPS-2018, which limits maximum loads in order to prevent worker injury, Moctezuma began a program before that standard took effect, which involved a significant investment in sacking equipment in order to maintain our production capacity and be able to offer the market cement in 25-kilo sacks starting in 2022.

We also invested in other major projects, like construction of a new distribution warehouse in Guadalajara and infrastructure for supplying alternative fuels. We will continue to take action to reduce our carbon footprint.

GRI 416, 417: 103-1, 103-2, 103-3
416-1, 417-1, 417-2

Quality Management

Our track record, history, solidity and experience are reflected in the quality of our product offering and the trust our clients have in us. We have numerous certifications that guarantee our product quality, and we comply with and exceed legal and regulatory requirements.

Our cement and concrete plants have **ISO 9001:2015 certification**

In order to meet our commitments to distributors and clients in the concrete business, we have optimized various processes and tools, including our information systems, to identify accidents and causes and take prompt measures to meet programmed dates and times for product delivery.

External audits were performed on the ISO 9001 management compliance system for the workplaces who have certified processes.

31 certificates in effect for cement and concrete production plants

We have been externally audited by the Mexican Accreditation Entity (EMA).

7 testing labs and 1 calibration lab accredited

We remodeled the central laboratory to improve control and monitoring of concretes, in order to increase safety for our clients, expand our range of testing and continue to guarantee high-quality, durable concrete.

Fully met our target of reaching 75% of optimum resistance in normal concretes at 7 days in 95% of concrete samples analyzed nationwide

LOGISTICS

For logistics processes, 2021 was a year of considerable pressure and great challenges, defined mainly by:

- Inflation, which had an impact across all industries, particularly in the distribution process, where the primary impact was a rise in the cost of diesel fuel needed for any product transport operation.
- A shortage of truck drivers and increased insecurity on the routes obligated us to find specific solutions with our transporters.

Faced with these situations, we have increased our use of more efficient road of transport and reconfigured our transportation network. We also introduced a new highway safety model base on redefined standards for truckers and verification that they are being followed.

Some of the competitive advantages of Corporación Moctezuma's logistical process are:

- Efficient capacity to respond to market needs.
- Wide network of distribution centers in all the states where we are present.
- Variety of modes of transport so we can select the most appropriate for each situation.

We are working on a project to expand railway tracks at the Cerritos plant, which should enable us to meet increasingly exacting standards of services and fulfill our commitment to strategic partners. At the same time, we sought out return trucking operations, meaning on return trips transporters could come back with another kind of cargo to avoid traveling empty.

In concrete distribution and delivery, we continued our implementation of telemetry systems in our mixer trucks, which allow us to monitor driving habits and control operating indicators such as diesel consumption. This results in savings and efficiency, and of course improved customer service. We intend to compile a body of statistics on the performance and yield of each driver and truck.

200 active mixing trucks equipped with telemetry system

2021 Achievements

- Over 40% reduction in road accidents during the process of distributing cement and raw materials in the second half of the year. This meant less impact on our transporters' employees and others.
- Investment in expanding our load capacity and receipts by railway.
- Reconfiguration of the cement distribution center in Merida.
- Greater order and structure as a result of work on safety issues.

In 2022 we will continue our work on improving highway safety by:

- Strengthening definitions to help truckers optimize their work.
- Drafting standards to turn these desirable behaviors into day-to-day modes of action.
- Ongoing work on avoiding injuries in loading, reception and transit.
- Use of technology.

403-1

LOGISTICAL SERVICE CENTER

Through this center, we provide better service and personalized attention to our clients, and we are also able to remain in constant communication with truckers and preventively monitor highway safety aspects.

Currently, all of our transport—more than a thousand trucks—are covered by a tracking, speed control and route control platform. In 2021, we concentrated on creating the platform to monitor activities for safety; in 2022 we intend to use this tool for preventive control and better service levels.

We optimized the logistics process with the following results:

- A closer focus on operating safety.
- A new methodology for evaluating transporters' safety standards and require specific action to improve them.
- Expense control, responding efficiently to the increase in sales, and keeping this within the rate of inflation.
- We brought the product closer for better distribution in the first half of the year, in order to serve fast-growing markets we have identified even when they are remotely situated from the natural areas serviced by the plants.
- Strengthening of processes to identify risks and react effectively to meet market demand, by seeking out alternative routes and different forms of distribution to deal with problems of crime and road safety or blocked routes.

GRI 416, 417, 419: 103-1, 103-2, 103-3

CLIENTS

+1,000 clients in the cement business

+500 clients in the concrete business

Our core focus is on the client, and our goal is to maintain optimum operating efficiency and productivity. We are a solid company, a leader in our industry, with a tangible competitive edge that has earned us the trust of clients in 30 states of Mexico.

We carry out detailed internal analysis to learn about each client's expectations, needs and concerns, in order to guarantee better customer service and identify areas of opportunity, address them and follow up on them.

We maintained the level of customer service that has distinguished us for cades, through close collaboration with our network of cement distributors and the use of technological platforms—like Salesforce—by which we incorporate agile management systems to offer prompt response and service, in line with our policies.

The personalized service provided by our sales team was sustained last year in remote form, with minimal COVID-19 contagions. Once mobility began to normalize, we cautiously resumed face-to-face contact with clients, while closely following the sanitary recommendations of the authorities.

To improve service for our concrete customers, we continued make greater use of the Salesforce platform, together with indicators from the telemetry system, so that we can monitor scheduled deliveries in real time and thus increase our level of service.

OUR NEIGHBORS

We assume our responsibility to generate value and opportunities and to help build a resilient society in communities neighboring our operations and elsewhere in the country.

GRI 405, 406, 408, 409, 411, 412: 102-1, 102-2, 102-3
102-16, 102-17, 405-1

HUMAN RIGHTS

We are convinced that respect for human rights and support for diversity and inclusion are fundamental elements that enrich our organization and ensure that it runs smoothly. Accordingly, as established in on our Code of Ethical Conduct, we reject any practice or action that violates human rights and we have a zero-tolerance policy toward acts of discrimination, throughout the Company and in our relations with stakeholders.

Management of these issues has been a part of this Company since the start. We conduct a process of due diligence in human rights, and all of our processes reflect the ethics and integrity that have distinguished us for years. Our employee recruitment and supplier engagement processes follow anti-discrimination protocols. We pay attention to the language we use, and we offer a courteous, professional treatment to every member of our team. We also ensure that every interaction with our stakeholders takes place in an upright and respectful manner consistent with our philosophy.

GRI 203, 413, 415: 103-1, 103-2, 103-3
203-1, 203-2, 413-1, 413-2

RELATIONS WITH AUTHORITIES AND COMMUNITIES

Our commitment to and communication with authorities and communities where we operate are vitally important to Cementos Moctezuma. Our operations create job opportunities and economic vitality. We value the ties we form with them and we address their requests, needs and concerns by adjusting our processes to avoid negatively impacting the environment—noise, dust emission, visual contamination, etc.

We comply promptly with all laws and regulations and address claims and grievances from our neighboring communities. We conduct all the necessary studies to prove that our operations are safe for them and the environment, and we invite them to engage in constructive dialog.

We work primarily on two axes:

- Actions to obtain and maintain our social license to operate through close, continuous and harmonious communication, based on regulatory compliance and respect for the social and contractual commitments we have assumed.
- Responding to requests for donations to support specific work in the communities neighboring our cement plants; these requests are managed by the Corporación Moctezuma Donations Committee.

Furthermore, we have various programs to fulfill our social responsibility, including our program of scholarships and specific support, like the distribution of school supplies.

+16 million pesos devoted to local communities

As a result of the pandemic, for the second year in a row we did not hold our “Open Doors” days—when members of the community and authorities are invited to visit our cement plants to learn about our processes and spark dialogue. The main challenge in the short term is evolving this exercise into more targeted, specific activities aimed at maintaining a safe, open and cordial ambience with our communities, always bearing in mind the sanitary measures necessary to preserve the health and safety of everyone present.

Our goal for 2022 is to **further strengthen ties with our communities**


3
OUR
FAMILY

Human Capital and Intellectual Capital

Our **Moctezuma family** is this organization's **reason for being**

#TodosSomosMoctezuma

We strive to create workplace that guarantees physical and emotional safety and equal opportunity, to build a team with a sense of pride and belonging that shares a single culture.

Our human capital is underpinned by our intellectual capital, because it is by acquiring knowledge and developing skills and abilities that our people gain the necessary tools to help make us a competitive, world-class company.

GRI 407: 103-1, 103-2, 103-3
102-8, 102-41, 407-1, 412-1, 412-3

TALENT ATTRACTION

In 2021 a series of changes were made to labor and union laws and regulations. Among the most important of these were regulations on outsourcing and insourcing, and on the legitimation of collective bargaining agreements.

Anticipating these changes, in 2020 and 2021 we developed a program of bringing direct employees onto company payrolls, which resulted in the creation of more than 300 additional direct jobs; these employees took part in our onboarding, training and know-your-company program.

We created **+300 additional job offerings** that were previously subcontracted

1,376 employees with permanent contracts in 2021

This situation improved the Company's working climate and results, because we provided added job stability to the new employees, which represented a recognition of their experience, and gave them more motivation for their day-to-day work.

We were recognized by the National Cement Workers' Union during its Annual Convention for being at the forefront in incorporating labor reforms

Workforce by type of job

Senior management		Managers		Operating staff		Administrative staff	
12	2	43	11	920	26	230	132

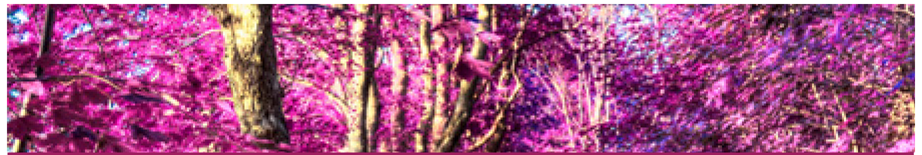
1,338 full-time employees

1,168 | 170

We respect the right to freedom of association and collective bargaining, so we work together with our union representatives to improve employees' well-being in the workplace. In 2021, we were able to review all of the company's collective bargaining contracts according to the new legal provisions and in close cooperation between employees, unions and the company.

We try to attract and retain the most competent employees, with the exact set of skills and abilities for their jobs, which gives us the best work team and optimum profitability.

Additionally, we redesigned our recruitment and hiring processes starting in 2020. To ensure we have the right people in the right jobs with no discrimination whatsoever, we have an in-depth hiring process involving interviews, psychometric testing, technical skill evaluation and evaluation o the person's fit with our organizational culture.



New hires for permanent positions in 2021

328 employees

289 | 39

	<30 years		31-50 years		>50 years	
	Women	Men	Women	Men	Women	Men
Hires	16	133	23	134	0	22
Departures	5	31	11	82	0	33

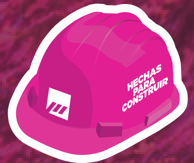
GRI 405, 406: 103-1, 103-2, 103-3

DIVERSITY AND INCLUSION

We know that inclusion and diversity in the cement and concrete industry are key factors for the industry's recovery and sustainable development. That is why we continually adopt initiatives and try to favor equal opportunity and non-discrimination, encouraging inclusive, violence-free workplace, where the personal and professional development of every employee is ensured.

We have a group of empowered and highly skilled professional women participating in the company's operating and administrative structures, holding positions throughout the company and at all levels. Also, as a sign of our support for equality, professional development and equal opportunity, in 2021 two of our senior management positions were held by women.

2 senior management positions held by women



CASCO ROSA

Through our Casco Rosa (Pink Helmet) program, we continued recognizing the work of women in the construction industry, highlighting the valuable role they play in the industry with some of their success stories and statistics on the role they play in Mexican construction.

Our business partners also helped shed more light on the work women do. We have shared this initiative with the National Cement Congress, in which the Union's General Secretary gave a presentation about the role of women in the industry.

To publicize our achievements under this initiative and to expand its scope we took a number of actions to place ourselves in the communications media, like television and radio interviews, newspaper articles, advertisements and social media posts.

One of the strategies we introduced to further this campaign was to give out Pink Helmets to anyone who responded to our social media campaign and who works in the construction industry. We distributed a total of 3,190 helmets throughout Mexico.

We will continue to work toward achieving a more egalitarian, attractive and socially responsible construction industry.

+170 women employees

+120 women in our distributor network

+15 women operating our mixer trucks

1 woman operating a crawler-loader

+96,000 women in works relating to construction in Mexico

TALENT DEVELOPMENT

TRAINING

We bet on the growth of our people within the company, so we invest financial and human resources, time and effort to reinforce our program of development to ensure that knowledge and skill within the company leads employees to advance and stay with the Company.

In 2021 we carried out our annual training plan, based on safe sanitary protocols and taking advantage of technology to migrate to new skill development methods.

We are in the process of developing and launching a program called Moctezuma University, whose goal will be to manage and promote knowledge, skills and abilities among our employees.

We are also working on a new cultural project called Vida Moctezuma, where we will encourage employees to embody our values, stressing values for living. We plan to implement this program in 2022.

38,764 hours of training
28.2 average hours per employee

+12 million pesos
invested in training during the year

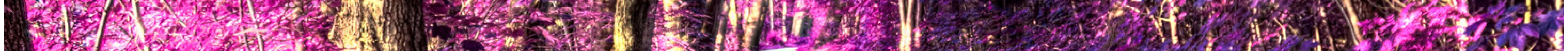
Hours of training per employee

Senior Management and Managers		Operating staff		Administrative staff	
28	23	37	28	29	31

PERFORMANCE EVALUATIONS

Last year we continued a program called My Goals, which we started in 2019. In this program, employees define their goals, meet for follow-up and feedback and complete their annual performance evaluation.

100% of non-union employees participated in My Goals program, which evaluates individual and corporate performance



GRI 403: 103-1, 103-2, 103-3
403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-8, 403-9, 403-10

HEALTH AND SAFETY

The year 2021 was marked by several waves of COVID-19 contagion and their spread throughout the country. In response, we focused on strengthening health and safety programs and in furthering our transition toward a model of prevention.

We maintained our focus on caring for our people and in continuing productive activity in our plants so that we could contribute to the economic reactivation of communities neighboring our cement plants, where most of our employees reside. Regardless of the epidemiological "stoplight" signal, we did not let down our guard, continuing our preventive measures through a program of active monitoring and oversight, and gave highest priority to following checkpoint protocols.

We bolstered our medical area by hiring specialized medical personnel, improving our sourcing management for health care materials and strengthening protocols for legal compliance.

Also, as part of our initiative "Taking care of yourself means taking care of everyone" we sponsored a flu vaccination campaign and actively encouraged employees to get the COVID-19 vaccine.

In 2021, Cementos Moctezuma earned ISO 45001:2018 certification, based on a system of occupational safety and health management that appropriately controls risks, prevents injury and maintains a safe workspace where all employees can enjoy physical and mental wellness.

2,572 employees and contractors covered by the occupational health and safety system and the Safety and Hygiene Commission
51% direct employees
49% contractors

In order to identify, evaluate and implement the most appropriate management system, we ensure that employees are represented in various committees, and we also keep our human capital abreast of any change that might affect their jobs or the area where they work.[4] We also constantly monitor occupational risk factors like noise, dust and respirable silica dust, as well as the health of workers exposed to them.

We continued to monitor all operations and workplaces in order to fortify prompt measures to avoid all possible incidents and accidents. During this past year, taking into account all on-site operations by employees and contractors in our cement and concrete plants, as well as work in our corporate offices, we reduced the frequency rate from 2.53 in 2020 to 1.69 in 2021. The accident gravity rate rose, however, because there was a tragic fatality in our cement business operations. We firmly believe that through a solid culture of prevention we can achieve improvements in our safety performance by involving all of our employees in the effort to identify and mitigate risk.

We reinforced procedures especially for dealing with emergencies, working at heights and in confined spaces. We provided training on occupational health and industrial safety. The topics included training actions for employees whose work exposes them to a risk or hazard or who work in safety roles, like members of the:

- Safety Commission
- Brigades of:
  - First-Aid
  - Evacuation
  - Firefighting

With this we fortified our safety practices at every stage from the time an employee joins the company.

26,604 hours of health and safety training;
937 employees trained

[4] Minimum notification terms are two weeks, by law.

In strict compliance with Ministry of Labor standard NOM-035-STPS-2018, Psychosocial Risk Factors at Work: Identification, Analysis and Prevention, we conducted various surveys required by law, analyzed the results, and starting in 2019 we introduced a policy on psychosocial risk factors. We have a whistleblower's hotline called Alza la Voz (Raise Your Voice), which creates a stronger mechanism for victims of abuse, stress or any situation that might pose a risk.

+17 million pesos invested in safety and health improvement and training programs

ROAD SAFETY

Around the world, highway accidents are a matter of pressing concern. They have significant consequences, jeopardizing the lives of both drivers and others, including bicyclists, pedestrians and motorcyclists.

With this in mind, this year we launched ambitious road safety programs, beginning with the development of a road safety system for our shippers of cement and raw materials in Mexico. One of the outstanding activities of this program has been monitoring the entire fleet through a link with our suppliers' GPS systems. This enables us to monitor driving habits in real time and take prompt action to mitigate and prevent traffic and highway accidents.

+40% reduction in road accidents in the second half of 2021 than in the first half of the year as a result of these initiatives

In the concrete business, we have our own fleet of mixer trucks, and we have installed a telemetry system in 200 trucks, which also supplies us with real-time information on driving habits. We created a road safety evaluation system and in 2021 we provided training in defensive driving in order to improve our drivers' skills. We also have programs for recognizing drivers who have shown outstanding driving habits.

SAFETY CULTURE TRANSFORMATION

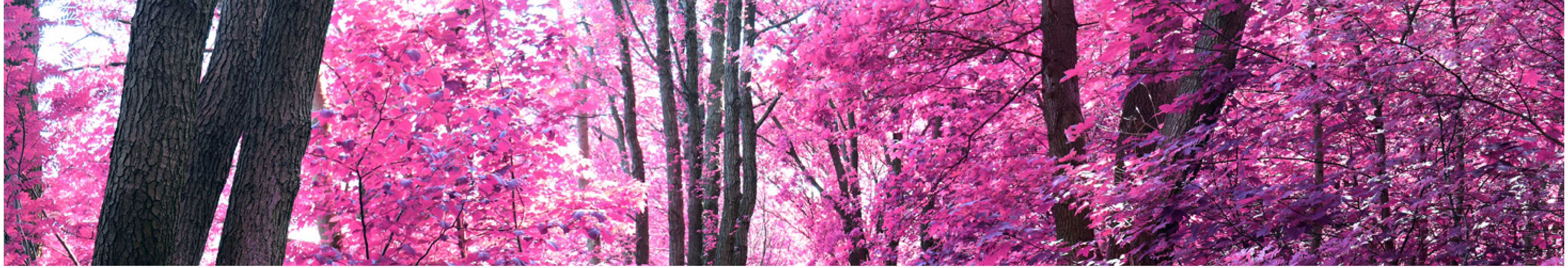
In 2021, we worked with various experts to apply best industrial safety management practices

Since 2020, we have been working on a safety culture transformation program, a corporation-wide initiative whose goal is to develop our employees' leadership and skills, build awareness and involve them as participants in our safety culture.

We designed the program by stages: we carried out the first stage in 2020 and 2021, and in the second half of 2021, we began stage 2.

This project is important because it gives us an opportunity to apply safety and health risk management and prevention tools, and to create a series of proactive indicators that enable all of our senior management to take prompt action to avoid accidents.

+10 million pesos invested in safety culture and prevention



QUALITY OF LIFE

EMPLOYEE BENEFITS

We work to generate a productive, proactive culture of teamwork, in which we all work together to achieve the company's goals, with the values and skills we require to face the future.

We believe that our entire team should receive a compensation that enables them to attain a better quality of life and to assure their own wellbeing and that of their families. Our salary guides are developed in accordance with market practices, and we offer competitive salaries for each position, without regard to gender distinction.

The benefits provided in our compensation package exceed the requirements of labor law, which ensures that our job offering remains competitive and our workplace environment supportive.

We have a policy called "Life Moments," which encourages an appropriate balance between work and personal life by granting leave for the birth or adoption of children, the death of family members, marriage and other events.

In 2021 we launched a workplace environment survey which covered various dimensions of commitment within the organization, effective management, respect, diversity and inclusion. The survey obtained a 98% response rate and found a level of employee commitment above market standards. We are working actively to continue encouraging a stronger workplace culture that supports our employees' commitment.

OUR ENVIRONMENT

For us, industrial and environmental capital are closely related, because we obtain our raw materials from the environment, and it is through our industrial plants that we transform them into high-quality products.

ENVIRONMENTAL MANAGEMENT

Anticipation and continuous improvement are key factors in our performance, especially in environmental management, which is grounded in our environmental culture, compliance with the law, and wellbeing. It rests on two approaches:

- **Industrial**
  This refers to our cement or concrete plants, where there is an interaction with the environment regarding the consumption of inputs like water and electricity for making our product, and the generation of emission and waste.

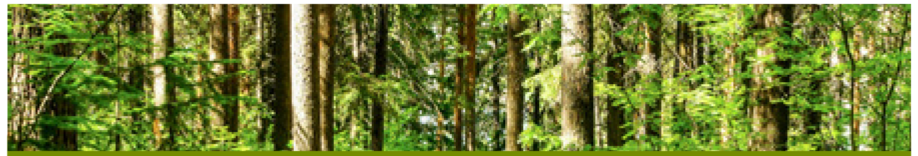
  This approach works to control and improve our environmental performance through actions such as:

  - Efficient processes
  - Dust filters and collectors
  - Separation, recycling and composting the waste generated
  - Plants to treat wastewater for us in watering green areas
  - Equipment maintenance

- **Raw materials bank**
  Although operation at these sites means emissions, waste and water use, there is more environmental control over natural resources, due to the changes in the use of land and biodiversity existing in the quarries.

  To optimally manage our biodiversity impacts, we have plans for assessing environmental conditions and their interaction with our projects, and for establishing the pertinent measures for mitigation, compensation and follow-up.

Our cement plants have **ISO 14001:2015 certification**, guaranteeing control over significant environmental aspects and improved operating performance



+8 million pesos in environmental improvement actions

We continued gathering the necessary documentation to obtain "Green Seal" recertification for two of our concrete plants. This accreditation is awarded by the Mexico City Secretary of the Environment to facilities whose environmental performance exceeds the regulatory minimum. Our goal is to receive this certification in 2022.

To view the certifications that attest to the excellence of all our processes, visit: https://www.cmoctezuma.com.mx/desarrollo-sostenible/certificaciones-y-reconocimientos.htm

OPERATING EFFICIENCY: 103-1, 103-2, 103-3

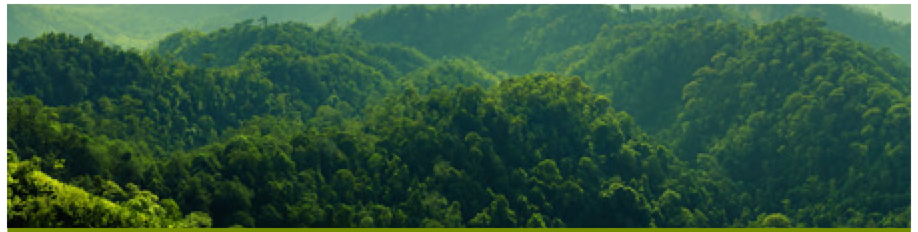
INNOVATION AND TECHNOLOGY

Today we are at a crucial juncture for taking advantage of technological development and amassing the tools we need to boost our operating efficiency, minimize the environmental footprint of our industry, and fulfill our pledge to help build a more sustainable and equitable society.

At Corporación Moctezuma, innovation and technology are one of our main distinguishing features. We reinvest our profits in growing and modernizing our productive facilities. This, combined with the vision and long-term commitment of our shareholders and the contribution of new ideas for process improvement from our employees, are what enables this company to keep up with the latest technological trends and advances.

Our cement plants run with state-of-the-art technology, highly qualified teams and unique processes for making top-quality cement, ensuring operating continuity and maintaining the most modern plants in the country.

We are continually seeking out new opportunities to adapt our productive process rapidly to change, emphasizing the efficiency and optimum yield of our equipment.



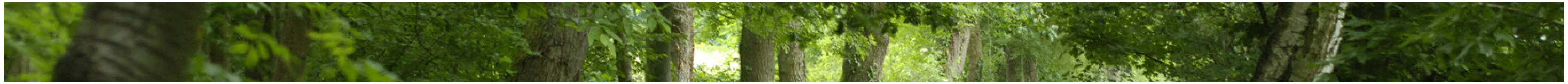
Reinvestment of our profits in growing and upgrading our infrastructure to make it more efficient is one of our distinguishing features

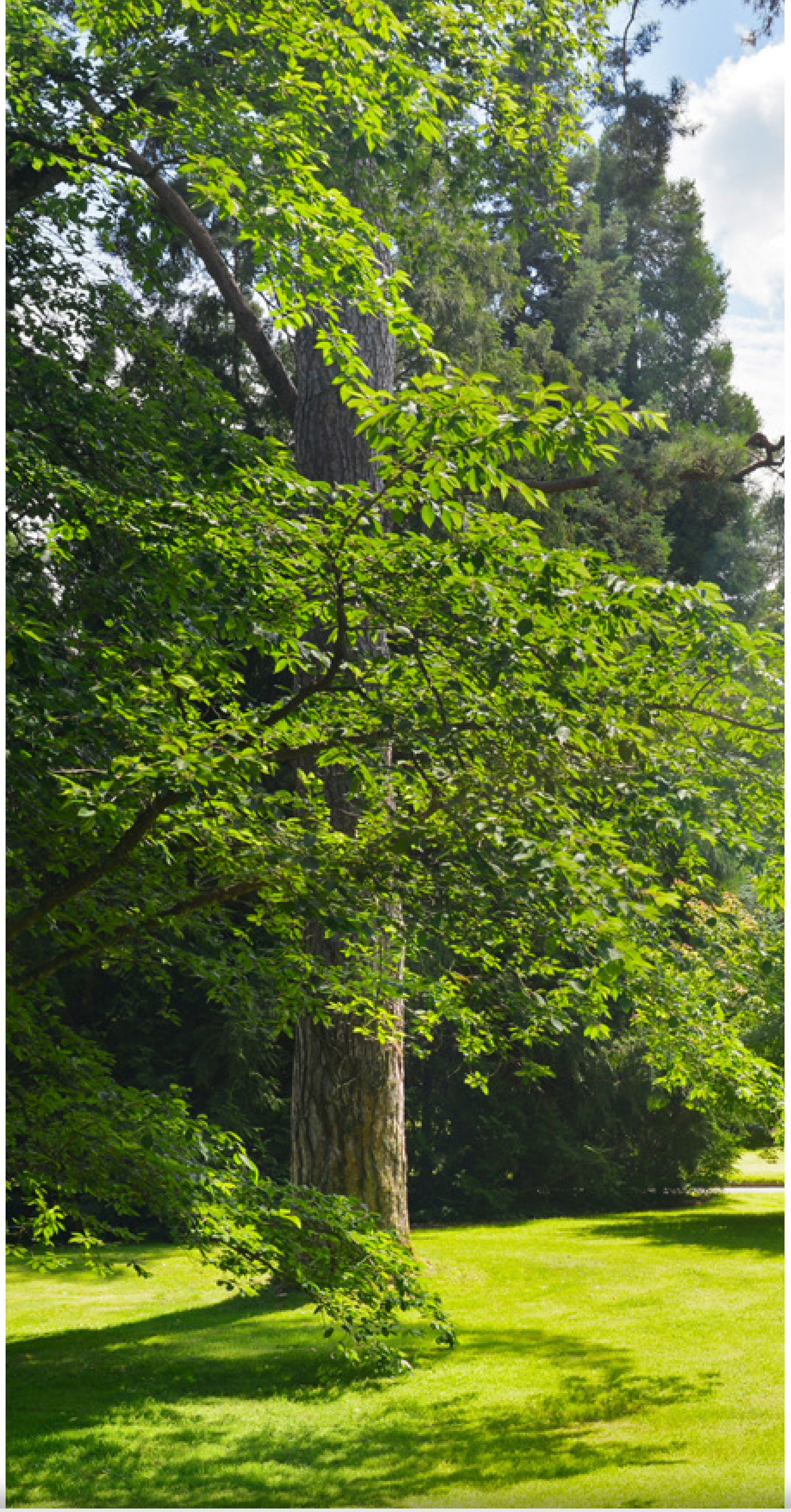
+400 million pesos invested in growing and modernizing our facilities in 2021

Innovation and optimization projects 2021:

- Startup of the alternative fuels project at the Cerritos Plant.
- Capacity expansions in our kilns and improved clinker/cement ratio.
- Improvements in the cement mills.
- Taking advantage of the properties of zeolite and fluorite, raw materials that make clinker more reactive and improve its yield.
- Use of coke additive for fuel consumption efficiency.
- Replacement of the sprinkler network.
- Improvements in furnace safety.
- Equipment adjustments to meet technical and operating requirements of the Network Code.

We aim to continue developing additives to improve the resistance of cements or improve milling. We are in the evaluation process to start laboratory and industrial testing during 2022.





CLIMATE CHANGE

According to the progress reported at the United Nations Conference on Climate Change (COP26) which took place in Glasgow in November 2021, adaptation to the impact of climate change and effective attention to the loss and damages it causes, have become increasingly important for ensuring resilience.

Cement and concrete are vital construction materials that have helped shape the modern world. To build sustainable communities and prosperity, the transition toward carbon-neutral concrete is crucial. Thus, the first opportunity we detect regarding climate change is promoting sustainability and innovation as critical issues for remaining at the forefront of our industry, being resilient and meeting our goals, while contributing to collective commitments.

We are aware of this situation, and our risk management processes incorporate ESG aspects that may have an impact on this organization's finances, capital or reputation.

From a general perspective, the following are the risks to which our organization is exposed:

- **Physical risk**
  - Supply chain disruptions for any reason, including the consequences of climate change.

- **Transition risk**
  - Political and legal risk:
    - Regulatory changes
    - Start of the transition phase of the Emissions Trading System testing program in Mexico
  - Industry risk relating to commitments assumed by the industry to promote sustainable practices.
  - Technological risk, relating to technological improvements and innovation to support a low-carbon, energy-efficient economy.

As members of the GCCA, we have joined in the commitment to achieve concrete neutrality by 2050, aligning our actions with this association's Work Plan, which establishes that we are in the critical decade (2020-2030) to accelerate CO_2 reduction and achieve the goal.

We are also participating the Mexican Emissions Trading System testing program, which is about to start its transition toward the operating phase. We have complied with existing guidelines and have the corresponding assignment of rights.

GRI 302: 103-1, 103-2, 103-3
302-1, 302-3, 302-4, 302-5
EM-CM-130A.1

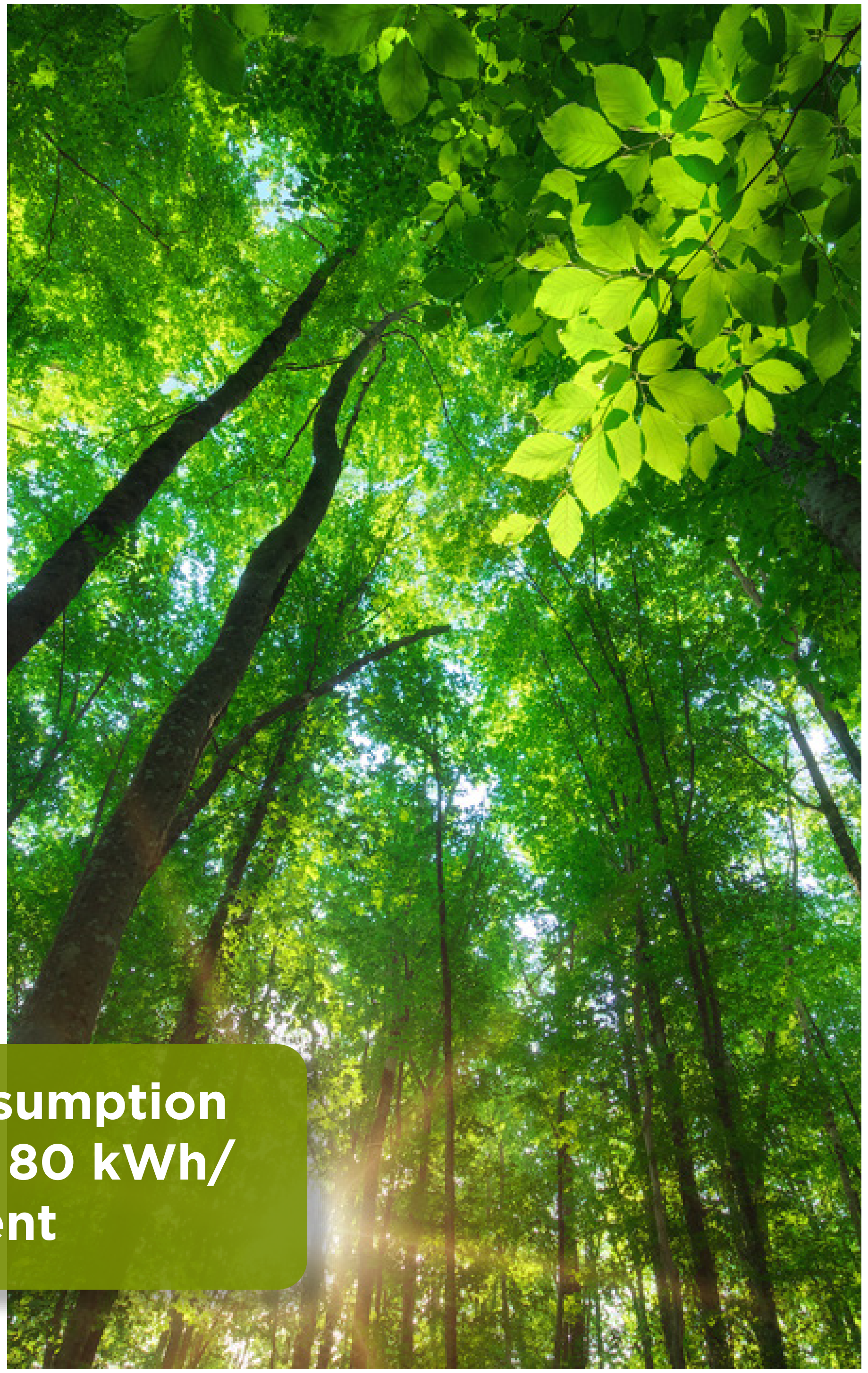
ENERGY

The technology used in our plants is a guarantee of our efficiency and commitment to environmental protection.

Although our consumption is already at optimum levels and we are proud of these good results, in coming years we will take action to continue reducing our energy consumption. We also have authorized investment in renewable energy. Our first project will be construction of a solar farm in San Luis Potosí.

In 2021 a modern alternative fuel facility started up at the Cerritos Plant. In its first year we were able to co-process more than 2,100 tons of waste. This is one of the biggest contributions we can make as part of the cement industry to mitigate environmental impact, because it enables us to avoid some of the waste that normally ends up in landfills.

+2,100 tons of waste co-processed at 3 cement plants



Energy consumption of less than 80 kWh/ton of cement

In the last two years, we reduced our electricity consumption by 3% and our thermal consumption by 2%.

We monitor our consumption of fossil fuels to identify areas where there are opportunities for improvement. For 2022, we intend to evaluate options for reducing clinker in our CPC 30 and CPC 40 products. To do this, we require a solid supply chain to provide all the products that will replace this material and we need to use more alternative fuels.

+300,000 liters of gasoil[5] consumed
-7% vs. 2020

+4 million liters of gasoil used in concrete transportation activities
-5% vs. 2020

[5] Not including transportation

GRI 305, 307: 103-1, 103-2, 103-3
305-1, 305-4, 305-5, 305-7
EM-CM-110A.2, EM-CM-120A.1

EMISSIONS

Our cement plants comply with NOM-040-SEMARNAT-2002 standard: Environmental protection in manufacture of hydraulic cement-Maximum level of atmospheric emissions. This is because of their use cutting-edge technology designed for optimum environmental performance. Additionally, under the preventive, proactive approach we are known for, we ensure our equipment remains in peak operating conditions through monitoring, measurement and intervention.

We are continually searching for ways to reduce our consumption of thermal energy, and to optimize our electricity consumption, tracking the operating efficiency of the main equipment at our plants, like kilns, mills and crushers.

To reduce direct CO_2 emissions per ton of cement produced, we have obtained a better clinker/cement ratio, and are steadily reducing this indicator through work on cement reactivity.

-4% tCO_2e/ton
of cementing product vs. 2020

Emissions intensity 2021

Indicator	Result
tCO_2e/ton of cementing product	0.598
kg NO_x/ton of clinker	2.218
kg SO_2/ ton of clinker	0.195
kg dust / ton of clinker	0.146

Additionally, to meet market requirements, we are promoting the use of railway transportation. We will shortly be completing the expansion of tracks at the Cerritos Plant, which should help reduce indirect atmospheric emissions.

Cementos Moctezuma and Concretos Moctezuma reiterate their commitment to the environment and communities. During the year, we continued to work on process efficiency, focusing on noise indicators, dust emissions, order and cleanliness, among others.

33 noise measurements in our concrete business, in keeping with studies to comply with current NOM-081-SEMARNAT and NADF-005 standards
+14% vs. 2020

ROBBINS SHAFT

The cutting-edge technology in use at our three cement plants includes the use of the Robbins shaft, a quarrying system in which most of the process of grinding the limestone takes place underground, mitigating dust and noise pollution, preserving the natural environment and the community, and reducing visual impact.

This shaft is at the foot of the quarrying area, where the material is deposited directly from the trucks, ground and transported to the storehouse via conveyor belts.

To learn more about the Robbins shaft, see the following video: https://www.youtube.com/watch?v=iih4FahcM2A.

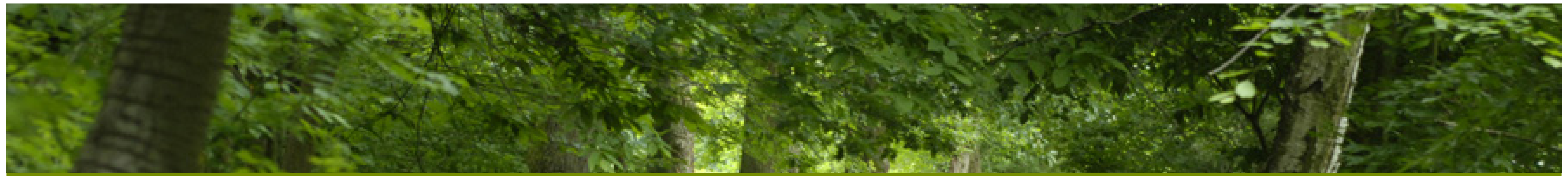
GRI 303: 103-1, 103-2, 103-3
303-1, 303-2, 303-3, 303-4, 303-5

WATER

Water management is one of the main challenges for sustainability around the globe, because water scarcity affects more than 40% of the world's population, according to estimates by the United Nations. For this reason, all companies, governments and society at large must join efforts to guarantee the availability of clean water and its sustainable management.

At Corporación Moctezuma, we adopt processes to guarantee efficient management and use of this resource, because the volume we use goes for two purposes: industrial, including the cooling of closed-cycle equipment, and services, including cafeteria and washroom. The wastewater from these activities is treated and reused for watering green areas.

In our concrete business, we promote sustainable water management, including comprehensive industrial wastewater recovery systems and wastewater treatment, in order to increase the volume of water reused.



WATER CONSUMPTION

Cementos Moctezuma

126 liters of water/ton
of cement produced
+7% vs. 2020

+100,000 m³
of water reused[6]
+11% vs. 2020

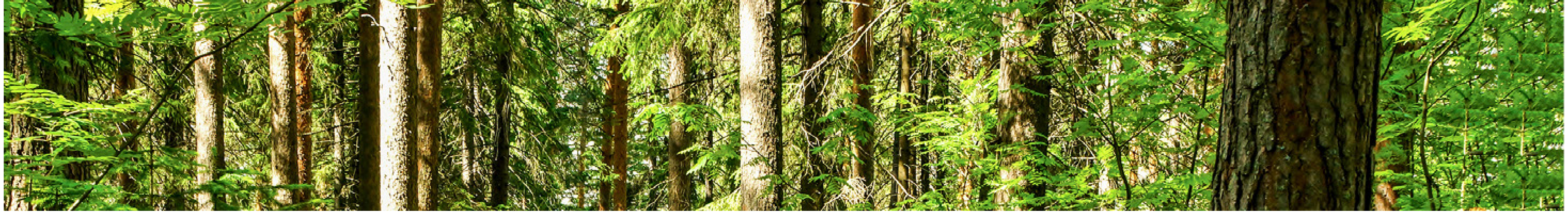
Concretos Moctezuma

171 liters/m³
of concrete produced
-9% vs. 2020

+10,000 m³
of water reused
+15% vs. 2020

22 plants with comprehensive industrial wastewater recovery systems and rainwater treatment

[6] Volume of water discharged.



GRI 306: 103-1, 103-2, 103-3
306-1, 306-2, 306-3, 306-4, 306-5

WASTE

The cement-concrete industry contributes significantly to the circular economy model, due to the durability and resistance of the goods that are built with the products we make. However, through the recovery of waste and the energy it produces, we can take this process one step further, turning waste into a resource, generating savings and contributing to operating efficiency.

We have procedures for proper management of waste from our operations, which include everything from separation to monetization.

In order to reinforce these instruments, we have established a number of initiatives, among them:

- Separation of waste in our facilities for monetization in external processes.
- Co-processing of waste that cannot be used in other processes, avoiding sending it to a landfill.
- Training our network of distributors on the value of products, materials and resources, and on the importance of minimizing waste generation and cooperating toward its recovery.
- Improving strategies for reducing concrete rubble.

284 grams of waste
generated/ton of cement produced
-10% vs. 2020

BIODIVERSITY

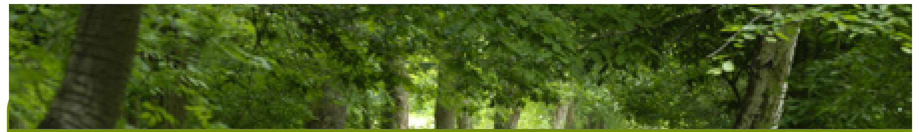
The process of making our product begins in the quarries, with the extraction of the raw material, and these locations are generally surrounded by woodlands or grasslands that support certain types of fauna.

For this reason, Moctezuma is well aware of the environmental impact our operations have, and to optimally manage the effects on biodiversity, we have plans reviewed and approved by the environmental authorities, which are organized into phases as follows:

1. Site diagnostics to learn about the environmental conditions and determine the ecological value of certain resources
2. Studies to identify the interaction of environmental variables with our projects
3. Identification of the impacts
4. Definition of mitigation and compensation measures
5. Execution of the measures and follow-up

The initial diagnostics are used to identify local flora and fauna and determine if there are any priority species present that are protected by national standards like the NOM-059-SEMARNAT-2010 or international regulations like the Convention on international Trade in Endangered Species of Wildlife and the International Union for Nature Conservation.

We have identified the following protected species where our three cement plants are located:



Fauna

Various groups of:

- Birds
- Reptiles
- Mammals

Flora

- Capire tree at the Tepetzingo Plant
- Cactuses, at the Cerritos Plant
- Cycads, orchids and golden trumpet tree at the Apazapan plant

Our plans include various actions to protect and conserve species, such as:

- Program to drive away fauna and encourage them to migrate before carrying out the exploitation process in the area.
- Plant rescue programs:
  - Recovery of examples, stems or cuttings from most species or individuals in order to ensure genetic variability.
  - Creation of greenhouses to store the rescued species and ensure the propagation of native species for restoration, and donation of plants to parties interested in reforestation activities.
  - Implementation of Environmental Management Units to manage protected species.
  - Recovery and safeguarding of soil layers for restoration activities in zones where the exploitation has concluded.
- Monitoring of buffer zones—perimeter areas that serve as conservation areas for fauna to settle safely:
  - Verification of maintenance and functionality for conservation of flora and fauna that will later be returned to restored areas.
  - Assignment of zones for environmental compensation.
  - Restoration in quarry banks where exploitation has concluded and remediation at sites outside of land owned by the company.

- Studies to complement the initial diagnostics to improve knowledge and verify the condition of local fauna in relation to execution of the project or operation, and application of the necessary measures.

We have:

3 plant nurseries, each with the capacity to handle +20,000 plants a year

3 Environmental Management Units

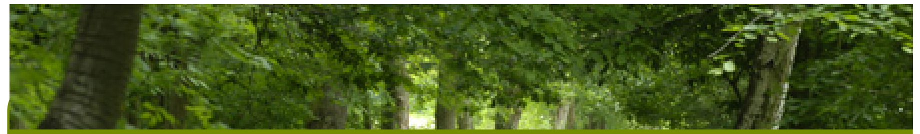
We carry out a quarry restoration plan by reforesting with examples of flora that had been stored in our plant nurseries.

The quarries where we operate are relatively young, so each year we recognize the environmental liability of conducting restoration activities in the future where they cannot be done during the current phase of operations.

We have the **Cementos Moctezuma Environmental Conservation Trust**, to which we have made contributions of +8 million pesos

Nevertheless, in keeping with our commitment to reduce our environmental impact and fulfill our responsibilities, we have begun replacing vegetation in some areas where operate simultaneously with the exploitation phase.

We also comply with the restoration rule in zones neighboring the cement plant. This contributes to the region's development not just in environmental terms but in social terms as well, because we create jobs for members of the community, who support us in following up, watering and maintenance of the trees planted.



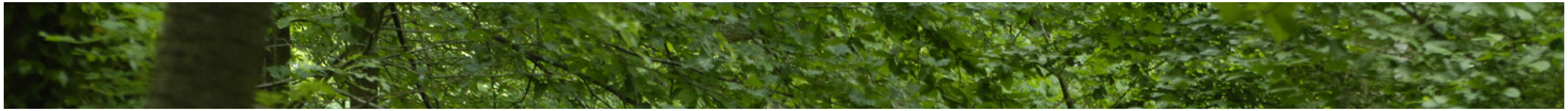
Restoration of 40 hectares in surrounding zones

We have internal resources for carrying out our biodiversity management plans, as well as the support of external consultants. We follow policies, procedures and regulations before going into a quarry; we make sure we know the risks, restrictions and conditions of our locations to guarantee the safety of the fauna as well as our employees; we provide training for those in charge of the cement plants to act correctly to rescue fauna—capture, recording and release—and monitor our activities through log systems.

We have established collaboration agreements for several projects related to the research and conservation of natural resources

In addition, we have collaboration agreements with three local universities—the Universidad Autónoma del Estado de Morelos, la Universidad Veracruzana and the Universidad Nacional Autónoma de México—who support us in:

- Verifying compliance with the environmental impact authorization.
- Advice on protection and conservation initiatives.
- On-going support for decision-making.
- Verification of actions taken.
- Supervision of movement and arrival of new species.



OUR 5 FOUNDATIONS

Structural Capital

Our capacity for resilience, the leadership of our team, the combined work of the entire organization, our strategies, vision and culture, make up the structural capital that supports Corporación Moctezuma; it is the set of factors that distinguish us and enables us to create long-term value.

102-24

LEADERSHIP AND CORPORATE GOVERNANCE

Our system of corporate governance is the guiding axis of company management. This system is devised by our Board of Directors, whose members are highly trained and well informed of best practices around the world, as well the benefits of good governance on the economy, society and the environment.

Appropriate and transparent management of the Company and its internal controls fosters credibility, stability, and sustainable growth and creates value for society at large.

102-18, 102-22, 102-23

BOARD OF DIRECTORS

The Company's highest governance body is its Board of Directors. It is made up of eight members, four of them independent (50%).

RELATED BOARD MEMBERS

Regular Members	Alternate Board Members
Enrico Buzzi (Presidente)	Luigi Buzzi
Julio Rodríguez Izquierdo	Ignacio Manuel Machimbarrena Gutiérrez
Pietro Buzzi	Benedetta Buzzi
Salvador Fernández Capo	Jorge Bonnin Bioslada

INDEPENDENT BOARD MEMBERS

Regular Members	Alternate Board Members
Roberto Cannizzo Consiglio	Adrián Enrique García Huerta
Antonio Cosío Ariño	Antonio Cosío Pando
Guillermo Simón Miguel	
Carlo Bartolomeo Cannizzo Reniú	Stefano Amato Cannizzo
Marco Cannizzo Saetta (*) (Secretary)	

(*) Non-member

102-19, 102-22, 102-28, 405-1

COMMITTEES

The Board of Directors is supported by the Corporate Practices and Audit Committee, which meets at least four times a year. It is made up exclusively of independent board members and reports directly to the Board of Directors.

CORPORATE PRACTICES AND AUDIT COMMITTEE	
Roberto Cannizzo Consiglio	Chairman
Guillermo Simón Miguel	Member
Carlo B. Cannizzo Reniú	Member

We also have an Executive Committee made up of board members and the Chief Executive Officer, which meets every quarter before the Board meeting. The Executive Committee oversees company operations and ensures that the strategic guidelines laid out by the Board of Directors are followed.

EXECUTIVE COMMITTEE		
Enrico Buzzi	Regular Member	Chairman of the Board
Salvador Fernández Capo	Regular Member	Member
Pietro Buzzi	Regular Member	Member
Julio Rodríguez Izquierdo	Regular Member	Member
Jorge Bonnin Bioslada	Alternate Member	Member
Luigi Buzzi	Alternate Member	Member
Benedetta Buzzi	Alternate Member	Member
Ignacio Manuel Machimbarrena Gutiérrez	Alternate Member	Member
José María Barroso Ramírez	Chief Executive Officer	Officer

The Company's Internal Audit Department supports the Board of Directors in establishing the necessary internal controls.

102-19, 102-20, 405-1

SENIOR MANAGEMENT

The Company's senior management is in charge of managing operational, commercial, economic, social and environmental matters.

José María Barroso	Chief Executive Officer
Luis Rauch	Chief Financial and Administrative Officer
Manuel Rivera	Chief Concrete Officer
Frank Brouwers	Chief Operating Officer
Miguel Ángel Gómez	Chief Sales Officer, Cement
Gerardo Gabriel González	Chief Human Resources and Industrial Relations Officer
Belén Molins	Chief Legal and Governance Officer
Juan Carlos Gutiérrez	Chief Logistics officer
José Alejandro Salinas	Chief Procurement Officer
Luis María Ovando	Chief Internal Auditor
Juan Mozo*	Chief Process and Continuous Improvement Officer
Maribel Leyte	Chief Sustainability, Environment and Continuous Improvement Officer **
Octavio Adolfo Senties	Apazapan Plant Director
Rocco De Canio	Tepetzingo Plant Director
Miguel Ángel Medina	Cerritos Plant Director

* From January 1, 2022, he assumed the position of Chief Financial and Administrative Officer, replacing Luis Rauch.
** At the end of 2021, we announced the creation of this Department, effective since January 1, 2022.

102-35, 102-36, 102-37

COMPENSATION POLICIES

The Board of Directors has a Compensation Committee made up of board members and the Chief Executive officer. Its job is to analyze and define compensation for the Company's senior management and to review polices on the appointment and compensation of other key executives.

ETHICS AND INTEGRITY

102-16, 102-26

CODE OF ETHICAL CONDUCT

Our Code establishes standards of conduct for all of us who make up the Moctezuma Family. It describes the Company's values and the rights and obligations of all its stakeholders.

It is continually updated and presented to each employee at the time they are hired, and also to our suppliers and clients, so they can learn about the guidelines for conduct that they should follow inside and outside of the Company, in addition to the channels of communication available for expressing grievances and suggestions.

To learn more about our Code of Ethics, visit the page: https://www.cmoctezuma.com.mx/corporacion/inversionistas/gobierno-corporativo.htm

GRI 205, 206: 103-1, 103-2, 103-3
102-25, 205-2, 412-2

Corporate policies

In addition to our Code of Ethical Conduct, we have a set of corporate policies aimed at guaranteeing compliance with the laws that apply to our operations, to ethical standards and best corporate governance practices. These include:

- Bylaw on Integrity Policies
- Anti-Corruption Policy and other related integrity policies
- Grievance Management Policy
- Manual on Prevention of Transactions with Illegal Proceeds
- Policy on Economic Competition Compliance
- Policy on Personal Data Protection
- Policy for Related Party Transactions

1,536 hours of training in ethics, human rights and corruption prevention

100% of employees and suppliers are familiar with the Code of Ethical Conduct and corporate policies

To learn more about each of these policies, visit our page: https://www.cmoctezuma.com.mx/corporacion/inversionistas/gobierno-corporativo.htm

102-17, 102-33, 102-34

RAISE YOUR VOICE

The company communicates its ethical concerns through our anonymous Alza la Voz (Raise your Voice) hotline, available to all internal and external Corporación Moctezuma stakeholders: employees, clients and suppliers.

Through this channel they are able to report practices that violate the Code of Ethical Conduct or any of our Integrity Policies. This channel is operated by an independent firm in charge of managing grievances and reports.

23 claims received and addressed through our *Alza la Voz* hotline

30% more than in 2020, which signals a wider awareness of the channel among our stakeholders

Webpage: **www.alzalavozmoctezuma.com**
E-mail: **tuvoz@alzalavozmoctezuma.com**
Phone: **800-10-TU VOZ (88-869)**

In 2021 we supported the work of our Ethics and Compliance Committee, which is made up of the Chief Internal Auditor (who chairs it), and the Chief Human Resources and Legal Officers. This committee immediately addressed all reports received through the hotline that pointed to some ethical violation. The Committee is also in charge of supervising compliance with the Company's Integrity Policies and reporting to the Audit and Corporate Practices Committee on the work and key matters being handled by the Ethics Committee.

GRI 307, 415, 419: 103-1, 103-2, 103-3
102-11, 102-13

REGULATORY COMPLIANCE

We are a solid company, committed to our country. We strive to give the best of ourselves to our clients and other stakeholders, while at the same time respecting the environment, exceeding minimum standards required by law, as well as voluntary codes in our industry. All of this has enabled us to perform efficiently in every sense of the word.

Our preventive approach was invaluable to us in facing a fast-changing environment in 2021, marked by legislative reforms in environmental, energy, legal, tax and civil matters, as well as changes in state, municipal and local governments.

We made significant progress in our strategy of simplifying the company; we introduced digital tools for contracts and met our training goals on topics like economic competition, anti-corruption and Code of Ethical Conduct.

We maintain strict controls to guarantee regulatory, social and environmental compliance, particularly regarding greenhouse gas (GHG) emissions. We are also permanently planning for the possibility of legislative changes, so we are able to respond swiftly to any modification in our legal framework.

Furthermore, in keeping with our commitment to being a competitive, transparent and collaborative company, to support public policy that benefits our stakeholders we participate in various domestic and international associations:

Bolsa Mexicana de Valores (BMV)

Cámara Nacional del Cemento (CANACEM)

Instituto Mexicano del Cemento y Concreto (IMCYC)

Global Cement and Concrete Association (GCCA)

Asociación Mexicana de la Industria del Concreto Premezclado (AMICP)

Asociación Mexicana de Concreteros Independientes A.C. (AMCI)

Fideicomiso para el Ahorro de Energía Eléctrica (FIDE)

Cámara Nacional de la Industria de Desarrollo y Promoción de Vivienda (CANADEVI)

For more information on each of these organizations, visit our website at:
https://www.cmoctezuma.com.mx/corporacion/la-compania/afiliaciones.htm

102-15, 102-29, 102-30, 102-31

RISK MANAGEMENT

Corporación Moctezuma has a methodology of managing risks by which we identify, evaluate impact and establish actions to mitigate them.

The Internal Audit area is responsible for assisting in the organization's growth by reviewing and ensuring the internal control system works properly. To this end, it takes a business and operational risk approach, stressing all those aspects that, were they to materialize, would have an economic or financial impact on the Company's equity or reputation.

Every year we carry out an audit plan, which entails a regular review of various key business processes in order to check relevant issues detected in the risk assessment process and establish plans to remediate any observations that arise.

In order to improve the degree of maturity of the Company's internal control system while optimizing internal audit activities, we are supporting the organization by ordering and structuring a model of basic policies and key business cycles, to guarantee that these are well regulated according to established internal controls and are known throughout the organization. These are designed with the input of the Internal Audit area, on the understanding that the more internal controls over operating procedures are clearly defined and well-known by the people who manage them, the more efficient these procedures will be.

The audit area adds value to our organization, acting as a support for the success of Corporación Moctezuma and contributing its view on optimum risk management. We will continue to work on transforming this area, with the goal in coming years to optimize the internal audit service to conform to best practices in this field, including systematized data access and analysis and a more collaborative approach to design and prevention.

100% completion
of the Annual Audit Plan

EMERGING RISKS

Corporación Moctezuma remains on the alert for any risks that might arise in order to introduce the necessary controls to avoid damage to our property or reputation. Some of the main risks we have identified as emerging risks in the recent past are:

- COVID-19, for which we must closely monitor changing official regulations and best practices to ensure compliance, protect the health of our employees, avoid contagion and mitigate possible impacts on our operation.
- Cybersecurity, a risk identified through our materiality study and which has clearly become more prominent in the past two years. Previously we had outsourced management of this issue, but now we have incorporated into the company and have an Information Technology Department responsible for continuous improvement in our systems so that for sales, communication, and re mote work channels and tools perform securely, optimally and efficiently.

To maintain our data integrity, we invested in equipment and consultancy by eternal specialists. We also deployed internal campaigns to raise our employees' awareness of the hazards of phishing attacks and computer viruses, and the importance of protecting information and personal data.

We obtained certification of compliance with the PCI Data Security Standard (PCI DSS), having completed the certifying authority's evaluation in PCI DSS: GM Security Technologies, because we have the policies, procedures and prevention and reaction measures that enable us to guarantee information security, data protection and fraud prevention.

Additionally, we have a PCI DSS Compliance Oversight Program for Suppliers of Online Collection Services.

- Regulatory changes in various areas, through tools for monitoring the environment, staying informed and anticipating modifications. Every month we report findings and possible impacts to the Steering Committee, in order to implement action lines that guarantee compliance and multi-disciplinary work, while ensuring sustainable value creation for our stakeholders.

ANNEXES

102-55

GRI CONTENT INDEX

GRI Standard		Disclosure	Page / URL / Direct Response
GRI 101: FOUNDATION			
GRI 102: GENERAL DISCLOSURES			
	Organizational profile		
GRI 102: General Disclosures 2016	102-1	Name of the organization	03, 08
	102-2	Activities, brands, products, and services	08
	102-3	Location of headquarters	127
	102-4	Location of operations	09
	102-5	Ownership and legal form	08
	102-6	Markets served	09
	102-7	Scale of the organization	04, 08
	102-8	Information on employees and other workers	04, 27
	102-9	Supply chain	20
	102-10	Significant changes to the organization and its supply chain	20
	102-11	Precautionary Principle or approach	49
	102-12	External initiatives	37
	102-13	Membership of associations	49
	Strategy		
	102-14	Statement from senior decision-maker	05
	102-15	Key impacts, risks, and opportunities	05, 21, 50

GRI Standard	Disclosure		Page / URL / Direct Response
	Ethics and integrity		
	102-16	Values, principles, standards, and norms of behavior	10, 25, 48
	102-17	Mechanisms for advice and concerns about ethics	25, 48
	Governance		
	102-18	Governance structure	46
	102-19	Delegating authority	47
	102-20	Executive-level responsibility for economic, environmental, and social topics	13
	102-21	Consulting stakeholders on economic, environmental, and social topics	13, 14, 42
	102-22	Composition of the highest governance body and its committees	46, 47
	102-23	Chair of the highest governance body	05, 46
	102-24	Nominating and selecting the highest governance body	46
	102-25	Conflicts of interest	48. Consult our Code of Ethical Conduct.
	102-26	Role of highest governance body in setting purpose, values, and strategy	48
	102-27	Collective knowledge of highest governance body	13
GRI 102: General Disclosures 2016	102-28	Evaluating the highest governance body's performance	47. Consult our 2021 Annual Report.
	102-29	Identifying and managing economic, environmental, and social impacts	37, 50
	102-30	Effectiveness of risk management processes	50
	102-31	Review of economic, environmental, and social topics	37, 50
	102-32	Highest governance body's role in sustainability reporting	13
	102-33	Communicating critical concerns	48
	102-34	Nature and total number of critical concerns	48
	102-35	Remuneration policies	47
	102-36	Process for determining remuneration	47
	102-37	Stakeholders' involvement in remuneration	47. Consult our Audited Financial Statements.
	Stakeholder engagement		
	102-40	List of stakeholder groups	15
	102-41	Collective bargaining agreements	27
	102-42	Identifying and selecting stakeholders	14, 15
	102-43	Approach to stakeholder engagement	14
	102-44	Key topics and concerns raised	14

GRI Standard	Disclosure		Page / URL / Direct Response
	Reporting practice		
GRI 102: Contenidos Generales 2016	102-45	Entities included in the consolidated financial statements	Consult our Audited Financial Statements.
	102-46	Defining report content and topic Boundaries	03, 14
	102-47	List of material topics	14
	102-48	Restatements of information	There is no restatement of information in this report.
	102-49	Changes in reporting	03
	102-50	Reporting period	03
	102-51	Date of most recent report	2020
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	127
	102-54	Claims of reporting in accordance with the GRI Standards	03
	102-55	GRI content index	51
	102-56	External assurance	The data contained in this report are reviewed internally, without external verification.
Material topics			
CSR / Sustainability / ESG Topics Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25
	103-2	The management approach and its components	25
	103-3	Evaluation of the management approach	25
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	25
	203-2	Significant indirect economic impacts	25
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	25
	413-2	Operations with significant actual and potential negative impacts on local communities	25

Please refer to general disclosures 102-12 and 102-13.

GRI Standard		Disclosure	Page / URL / Direct Response
Material topics			
Ethics and integrity | Corruption, Bribery and Transparency			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25, 48, 49
	103-2	The management approach and its components	25, 48, 49
	103-3	Evaluation of the management approach	25, 48, 49
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	48
	205-3	Confirmed incidents of corruption and actions taken	During the reporting period there were no cases of corruption.
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During the reporting period there were no incidents relating to unfair competition or monopolistic practices.
GRI 415: Public Policy 2016	415-1	Political contributions	In Corporación Moctezuma we do not provide any contributions to political parties or representatives.
Please refer to general disclosures 102-16 and 102-17.			
Operations | Operational efficiency			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	36
	103-2	The management approach and its components	36
	103-3	Evaluation of the management approach	36
Please refer to general disclosures 102-2, 102-4, 102-6 and 102-7.			
Products and Services Development / Product Responsibility			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	22, 24, 49
	103-2	The management approach and its components	22, 24, 49
	103-3	Evaluation of the management approach	22, 24, 49
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	22
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During the reporting period there were no cases of regulatory non-compliance concerning the health and safety impacts of products and services.

GRI Standard	Disclosure		Page / URL / Direct Response
Material topics			
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	22. For more information about our product labeling requirements, visit: https://en.cmoctezuma.com.mx/cement.htm.
	417-2	Incidents of non-compliance concerning product and service information and labeling	22. During the reporting period there were no cases of regulatory non-compliance concerning product and service information and labeling.
	417-3	Incidents of non-compliance concerning marketing communications	During the reporting period there were no cases of regulatory non-compliance concerning marketing communications.
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	During the reporting period there were no cases of non-compliance with laws and regulations in the social and economic area.
Environmental Policies / Environmental Management System			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	39, 49
	103-2	The management approach and its components	39, 49
	103-3	Evaluation of the management approach	39, 49
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	During the reporting period there were no cases of non-compliance with environmental laws and regulations.
Energy Eco-efficiency			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	38
	103-2	The management approach and its components	38
	103-3	Evaluation of the management approach	38
GRI 302: Energy 2016	302-1	Energy consumption within the organization	38
	302-3	Energy intensity	38
	302-4	Reduction of energy consumption	38
	302-5	Reduction in energy requirements of products and services	38
Water Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	40
	103-2	The management approach and its components	40
	103-3	Evaluation of the management approach	40

GRI Standard	Disclosure		Page / URL / Direct Response
Material topics			
GRI 303: Water and effluents 2018	303-1	Interactions with water as a shared resource	40
	303-2	Management of water discharge-related impacts	40
	303-3	Water withdrawal	40. All the water we consume comes from underground sources.
	303-4	Water discharge	40
		Water consumption	40
Climate Change and Other Atmospheric Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	37, 39
	103-2	The management approach and its components	37, 39
	103-3	Evaluation of the management approach	37, 39
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	39. Less than 11,500 tCO_2e in emissions from company-owned transport (scope 1), -11% from 2020.
	305-4	GHG emissions intensity	39
	305-5	Reduction of GHG emissions	39
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	39
Waste Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	41
	103-2	The management approach and its components	41
	103-3	Evaluation of the management approach	41
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	41
	306-2	Management of significant waste-related impacts	41
	306-3	Waste generated	41
	306-4	Waste diverted from disposal	41
	306-5	Waste directed to disposal	41
Diversity and Equal Opportunity | Human Rights			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	25, 27, 29
	103-2	The management approach and its components	25, 27, 29
	103-3	Evaluation of the management approach	25, 27, 29

GRI Standard		Disclosure	Page / URL / Direct Response
Material topics			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	25, 47
	405-2	Ratio of basic salary and remuneration of women to men	Wage compensation is based on gender-neutral tabulators for each position.
GRI 406: Non- discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	During the reporting period there were no cases of discrimination.
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	27
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Corporación Moctezuma works in absolute compliance with the law and rejects all forms of child labor.
GRI 409: Forced of Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Corporación Moctezuma works in absolute compliance with the law and rejects all forms of forced or compulsory labor.
GRI 411: Rights of indigenous peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	During the reporting period there were no cases of violation of the rights of indigenous peoples.
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assess-ments	27
	412-2	Employee training on human rights pol-icies or procedures	48
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	20, 27

GRI Standard		Disclosure	Page / URL / Direct Response
Material topics			
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31
	103-2	The management approach and its components	31
	103-3	Evaluation of the management ap-proach	31
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety man-agement system	31
	403-2	Hazard identification, risk assessment, and incident investigation	31
	403-3	Occupational health services	31
	403-4	Worker participation, consultation, and communication on occupational health and safety	31
	403-5	Worker training on occupational health and safety	31
	403-6	Promotion of worker health	31
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	23
	403-8	Workers covered by an occupational health and safety management system	31
	403-9	Work-related injuries	31
	403-10	Work-related ill health	31

SASB INDEX

EXTRACTIVES & MINERALS PROCESSING SECTOR: CONSTRUCTION MATERIALS

Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Unit of Measure	Code	Direct Response / Page or Location
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Metric tons (t) CO_2e, Percentage (%)	EM-CM-110a.1	4,552,926 tCO_2e Emissions
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	N/A	EM-CM-110a.2	Climate Change Emissions
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) particulate matter (PM10), (4) dioxins/furans, (5) volatile organic compounds (VOCs), (6) polycyclic aromatic hydrocarbons (PAHs), and (7) heavy metals	Metric tons (t)	EM-CM-120a.1	Emissions 12,079 metric tons of NO_x 1,063 metric tons of SO_x 793 metric tons of dust
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage alternative, (4) percentage renewable	Gigajoules (GJ), Percentage (%)	EM-CM-130a.1	Energy
Water Management	(1) Total fresh water withdrawn, (2) percentage recycled, (3) percentage in regions with High or Extremely High Baseline Water Stress	Thousand cubic meters (m^3), Percentage (%)	EM-CM-140a.1	Water
Waste Management	Amount of waste generated, percentage hazardous, percentage recycled	Metric tons (t), Percentage (%)	EM-CM-150a.1	2,167.32 metric tons of waste generated: • Non-hazardous waste = 97.80%; 21.53% reused, 43.82% recycled, 0.02% recovered, 9.72% sent to landfill and 4.34% composted. • Hazardous waste = 2.20%; 2.07% reused, 5.76% recycled and 30.13% recovered.

Topic	Accounting Metric	Unit of Measure	Code	Direct Response / Page or Location
Biodiversity Impacts	Description of environmental management policies and practices for active sites	N/A	EM-CM-160a.1	Biodiversity
	Terrestrial acreage disturbed, percentage of impacted area restored	Acres (ac), Percentage (%)	EM-CM-160a.2	Biodiversity
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) fulltime employees and (b) contract employees	Rate	EM-CM-320a.1	Information not available.
	Number of reported cases of silicosis	Number	EM-CM-320a.2	There were no cases of silicosis detected or reported.
Product Innovation	Percentage of products that qualify for credits in sustainable building design and construction certifications	Percentage (%) by annual sales revenue	EM-CM-410a.1	Information not available.
	Total addressable market and share of market for products that reduce energy, water, and/or material impacts during usage and/or production	Mexican pesos (MXN), Percentage (%)	EM-CM-410a.2	Information not available.
Pricing Integrity & Transparency	Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and anti-trust activities	Mexican pesos (MXN)	EM-CM-520a.1	Because of our close observance of the Policy on Economic Competition Compliance, there were no monetary losses relating to this type of proceedings.

Activity Metrics

Activity Metric	Unit of Measure	Code	Direct Response / Page or Location
Production by major product line	Metric tons (t)	EM-CM-000.A	Production

Note: the difference between the measurement units established by the SASB and those reported by Corporación Moctezuma are due to the record-keeping and calculation methodologies used by the company.

TCFD RECOMMENDATIONS

Recommendations	Direct Response / Page
Governance Disclose the organization's governance around climate-related risks and opportunities	
Describe the board's oversight of climate-related risks and opportunities	Sustainability and resilience
Describe management's role in assessing and managing climate-related risks and opportunities	Sustainability and resilience Climate Change Risk Management
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Climate Change
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Climate Change
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Our strategic resili-ence is based on the guidelines of the GCCA and the risks that may affect our Company's capital.
Risk management Disclose how the organization identifies, assesses, and manages climate-related risks	
Describe the organization's processes for identifying and assessing climate- related risks	Climate Change Risk Management
Describe the organization's processes for managing climate-related risks	Climate Change
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Sustainability and resilience Risk Management

Recommendations	Direct Response / Page
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Climate Change
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Emissions SASB Index
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Climate Change We are working to set targets in various areas, including those regarding climate change; we plan to begin reporting on our progress in the medium term.

AUDITED FINANCIAL STATEMENTS

Corporación Moctezuma, S. A. B. de C. V. and Subsidiaries

Consolidated Financial Statements for the years ended December 31, 2021 and 2020 and Report of the Independent auditors of February 24, 2022.

Corporación Moctezuma, S.A.B. de C.V. and Subsidiaries

Report of Independent Auditors and Consolidated Financial Statements 2021 and 2020

Contents **Page**

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INDEPENDENT AUDITORS´ REPORT

To Shareholders and Board of Directors

Corporación Moctezuma, S.A.B. de C.V. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Corporación Moctezuma, S.A.B. de C.V. and subsidiaries (the Company), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of income and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Corporación Moctezuma, S.A.B. de C.V. and subsidiaries as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards

Basis for audit opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated 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") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico according with the "Código de Ética Profesional del Instituto Mexicano de Contadores Públicos" ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are those that, in our professional judgment, have been the most significant in our audit of the consolidated financial statements as at December 31, 2021 and for the year then ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in the forming of our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the accompanying consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Allowance for doubtful accounts on the concrete division – COVID-19

Why the matter was determined to be a key audit matter

We consider management’s analysis of the allowance for doubtful accounts to be a key audit matter, since this matter required significant judgment, due to the economic impact of the COVID-19 pandemic on the construction sector during the year. The assessment of the recoverability of the account receivables from the concrete division involved significant assumptions, such as credit risk and credit rating of each customer, past collection experience, time value of money, and probability of collection, among others.

As at December 31, 2021, the Company recognized an expected credit losses (ECL) allowance of $43.5 million Mexican pesos.

How we responded to this key audit matter

We determined that the ECL allowance involved significant risk arising from the impact of the COVID-19 pandemic on the current economic environment.

We assessed the reasonableness of the assumptions used by management to calculate the ECL allowance.

We performed analytical testing and inquired with Company management to analyze the aging of the account receivable portfolio from the concrete division with respect to prior years.

We performed detailed testing in order to verify whether the Company’s valuation of the trade receivables and the allowance for doubtful accounts from the concrete division was reasonable as at the end of 2021. In addition, we requested and documented in our workpapers some notes from Credit Committee meetings held to assess portfolio risks as part of our process to understand the processes and controls that management uses to asses risk.

We performed an arithmetic recalculation of the balance of the ECL allowance as at 31 December 2021.

We assessed the reasonableness of the disclosures included in the note 9 to the accompanying consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report filed with the National Banking and Securities Commission ("Commission"), and the Mexican Stock Exchange ("BMV") and the annual report submitted to the shareholders but does not include the consolidated financial statements and our auditor's report thereon. We expect to obtain the other information after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when we have access to it and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read and consider the Annual Report filed with the Commission and the annual report submitted to the shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to issue a statement on the Annual Report required by the Commission that contains a description of the matter.

Responsibilities of Management and of those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 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 consolidated 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 content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner responsible for the audit is the one who signs this report.

Mancera, S.C.
A Member Practice of
Ernst & Young Global Limited

C.P.C. Rafael Yela Gutierrez

Mexico City to
February 24, 2022

Corporación Moctezuma, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Financial Position

As at 31 December 2021 and 2020

(Amounts in thousands of Mexican pesos)

	Notes	2021	2020
Assets			
Current assets			
Cash and cash equivalents	8	$ 4,241,375	$ 3,098,761
Accounts receivable, net	9	726,533	1,115,191
Other accounts receivable	10	59,659	83,501
Inventories, net	11	1,112,129	841,215
Prepayments		109,568	142,771
Total current assets		**6,249,264**	**5,281,439**
Non-current assets			
Equity investments	28	12,659	23,175
Property, plant and equipment, net	12	6,378,200	6,580,851
Deferred income tax asset	23 b	3,743	47,568
Intangibles and other assets, net	14	63,242	54,417
Assets available for sale	15	265,593	270,627
Right-of-use assets, net	13	82,609	116,349
Total non-current assets		**6,806,046**	**7,092,987**
Total assets		**$ 13,055,310**	**$ 12,374,426**
Liabilities and equity			
Liabilities			
Current liabilities			
Accounts payable to suppliers		$ 682,635	$ 636,071
Other accounts payable and accrued liabilities	16	924,519	791,977
Taxes payable		158,801	471,885
Lease liabilities	13	64,947	63,482
Employee profit sharing and other employee liabilities		139,001	69,840
Total current liabilities		**1,969,903**	**2,033,255**
Non-current liabilities			
Deferred income tax liability	23 b	275,202	486,218
Income tax on tax consolidation and deconsolidation and deferred income tax		68	68
Employee benefits	17	28,777	24,693
Environmental provision		58,480	50,411
Lease liabilities	13	27,447	60,873
Total non-current liabilities		**389,974**	**622,263**
Total liabilities		**$ 2,359,877**	**$ 2,655,518**
Equity			
Share capital	24	$ 607,480	$ 607,480
Share premium		215,215	215,215
Reserve for share buybacks		196,347	44,036
Retained earnings		5,141,955	4,635,441
Comprehensive income for the year		4,534,436	4,216,736
Total equity		**$ 10,695,433**	**$ 9,718,908**
Total liabilities and equity		**$ 13,055,310**	**$ 12,374,426**

The accompanying notes are an integral part of these financial statements.

Corporación Moctezuma, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Income and
Other Comprehensive Income

For the Years Ended December 31, 2021 and 2020
(Amounts in thousands of Mexican pesos, except basic and diluted earnings per share, which are expressed in Mexican pesos)

	Notes	2021	2020
Net sales		$ 15,866,464	$ 14,069,153
Cost of sales	25 a	6,414,568	5,250,714
Administrative expenses	25 b	319,871	277,889
Selling expenses	25 b	3,040,043	2,684,734
Other operating income, net	25 c	(21,140)	(4,455)
Total operating costs and expenses		9,753,342	8,208,882
Operating income		**6,113,122**	**5,860,271**
Interest expense		(18,402)	(19,142)
Interest income		108,589	87,917
Foreign exchange gain, net		30,862	46,931
Share of profit of a joint venture and associate		303	5,789
Income before income tax		**6,234,474**	**5,981,766**
Income tax	23 a	1,698,670	1,761,848
Consolidated net income		**4,535,804**	**4,219,918**
Other comprehensive income, net of income tax:			
Items not to be reclassified to profit or loss			
Loss of defined benefit obligation	17	(1,368)	(3,182)
Consolidated comprehensive income		**$ 4,534,436**	**$ 4,216,736**
Consolidated net income attributable to:			
Equity holders of the parent		$ 4,535,804	$ 4,219,918
		$ 4,535,804	**$ 4,219,918**
Consolidated comprehensive income attributable to:			
Equity holders of the parent		$ 4,534,436	$ 4,216,736
		$ 4,534,436	**$ 4,216,736**
Basic and diluted earnings per ordinary share, equity holders of the parent	29	$ 5.19	$ 4.82
Weighted average number of outstanding shares (thousands of shares)	29	873,777	875,901

The accompanying notes are an integral part of these financial statements.

Corporación Moctezuma, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2021 and 2020

(Amounts in thousands of Mexican pesos)

	Contributed capital		Earned capital					
	Share capital	Share premium	Reserve for share buybacks	Retained earnings	Components of other comprehensive income	Total equity holders of the parent	Non-controlling interest	Total equity
Balance as at 1 January 2020	**$ 607,480**	**$ 215,215**	**$ 65,500**	**$ 8,366,579**	**$ (40,432)**	**$ 9,214,342**	**$ 12,686**	**$ 9,227,028**
Increase (decrease) reserve for share buybacks	-	-	186,638	(186,638)	-	-	-	-
Purchase of own shares	-	-	(208,102)	-	-	(208,102)	-	(208,102)
Other equity items	-	-	-	-	-	-	(12,686)	(12,686)
Dividends paid	-	-	-	(3,504,068)	-	(3,504,068)	-	(3,504,068)
Consolidated comprehensive income	-	-	-	4,219,918	(3,182)	4,216,736	-	4,216,736
Balance as at 31 December 2020	**607,480**	**215,215**	**44,036**	**8,895,791**	**(43,614)**	**9,718,908**	**-**	**9,718,908**
Increase (decrease) reserve for share buybacks			216,405	(216,405)	-	-	-	-
Purchase of own shares			(64,093)	-	-	(64,093)	-	(64,093)
Other equity items			(1)	(42,480	43,594	1,113	-	1,113
Dividends paid	-	-	-	(3,494,931)	-	(3,494,931)	-	(3,494,931)
Consolidated comprehensive income	-	-	-	4,535,804	(1,368)	4,534,436	-	4,534,436
Balance as at 31 December 2021	**$ 607,480**	**$ 215,215**	**$ 196,347**	**$ 9,677,779**	**$ (1,388)**	**$ 10,695,433**	**$ 0**	**$ 10,695,433**

The accompanying notes are an integral part of these financial statements

Corporación Moctezuma, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020
(Amounts in thousands of Mexican pesos)

	2021	2020
Cash flows from operating activities:		
Consolidated net income	$ 4,535,804	$ 4,219,918
Adjustments for:		
Foreign exchange loss on cash and cash equivalents	(40,889)	(54,725)
Income tax recognized in the income statement	1,698,670	1,761,848
Depreciation, amortization and impairment allowance	665,275	636,598
Loss on sale of property, plant and equipment	10,770	923
Loss/(gain) on sale of other assets	(743)	826
Short-term, low value lease	8,251	21,729
Share on the results of joint ventures	(303)	(8,998)
Interest income	(108,589)	(87,917)
Interest expense	7,538	8,550
	6,775,784	**6,498,752**
Changes in working capital:		
(Increase)/decrease in:		
Accounts receivable	388,658	(132,923)
Inventories	(270,914)	(16,769)
Prepaid expenses	33,203	(34,730)
Other assets	(118,597)	104,183
Increase/(decrease) in:		
Accounts payable to suppliers	46,564	179,035
Other accounts payable and accrued liabilities	132,542	205,513
Taxes payable	(2,029,631)	(1,697,787)
Employee profit sharing and other employee liabilities	73,245	18,166
Other provisions	6,115	3,968
Short-term, low value lease	(8,251)	(21,729)
Net cash flows from operating activities	**5,028,718**	**5,105,679**
Cash flows from investing activities:		
Dividends received	600	-
Joint ventures and associates	10,000	5
Purchase or property, plant and equipment	(397,003)	(463,005)
Sale of property, plant and equipment	592	5,327
Purchase of other assets	(14,713)	(20,575)
Sale of other assets	6,420	800
Interest received	101,051	79,367
Net cash flows used in investing activities	**(293,053)**	**(398,081)**
Cash flows from financing activities:		
Dividends paid	(3,494,931)	(3,504,068)
Purchase of own shares	(64,093)	(208,102)
Payments of leases	(74,916)	(62,028)
Net cash flows used in financing activities	**(3,633,940)**	**(3,774,198)**
Net increase (decrease) in cash and cash equivalents	**1,101,725**	**933,400**
Cash and cash equivalents at beginning of year	3,098,761	2,110,636
Net foreign exchange differences on cash and cash equivalents	40,889	54,725
Cash and cash equivalents at end of year	**$ 4,241,375**	**$ 3,098,761**

The accompanying notes are an integral part of these financial statements

1. Activities

Corporación Moctezuma, S.A.B. de C.V. and subsidiaries (the Entity) is the major shareholder of a group of companies that are primarily engaged in the production and sale of Portland cement, ready-mix concrete, sand and gravel, which means that the operations of these companies are primarily concentrated in the cement and concrete industry (note 26). A list of the Entity's subsidiaries is shown in note 5b and the Entity's related party information is disclosed in note 19.

Corporación Moctezuma, S.A.B de C.V. is a mexican entity controlled by a joint investment of 66.67% of Buzzi Unicem S.p.A. (Italian Entity) and Cementos Molins, S.A. (Spanish Entity), and the remnant 33.33% is in the largest investing public.

The Entity's business headquarters are located at Monte Elbruz 134 PH, Lomas de Chapultepec, Miguel Hidalgo 11000, Mexico City.

Its main market is the construction sector in Mexico.

2. Relevant events

Impacts of SARS-Cov-2 Virus

During 2021, the epidemic caused by the SARS-CoV-2 virus (Covid-19) continues. However, at the beginning of the year, vaccination against Covid-19 began in Mexico for older adults and, subsequently, for other ages of the population. This fact; together with a lower number of contagious, led to reopening economic activities and although in the third quarter of the year there was a new wave of the disease, it was not necessary to declare any lockdown.

At global level, there was an economic reactivation due to the reopening of activities, a situation that led to an imbalance between supply and demand, lack of supplies and a generalized increase in prices, driving also to high inflationary levels.

During the second quarter, Mexico followed the trend of economic reactivation and high inflation, so the Mexico's Central Bank decided to increase its interest rate many times. After the first half of 2021 with accelerated economic growth, due in part to a low comparison base of 2020, for the second half of the year there was a moderated growth due to the threats of new variants of the coronavirus, as well as internal and external factors that could affect lower economic growth.

At the date of issuance of the financial statements, the duration of the pandemic and its impacts is unknown. However, the Company has not observed material effects that impact its financial situation, its results and its cash flows so far.

Changes in the corporate structure of the Company

In 2021, the Company concluded its corporate simplification process that began in 2019 by concentrating in a subsidiary company the operations of production, sale and distribution of cement, concrete and administrative services that were previously carried out through several subsidiaries.

On July 29, 2021, the Company acquired the shares of third parties that means the 50% of the joint venture related to CYM Infraestructura, S.A.P.I. de C.V. becoming a subsidiary of the group.

On August 1, 2021, took place a merge of the subsidiaries Cementos Portland Moctezuma, S.A. de C.V., Lacosa Concretos, S.A. de C.V., Inmobiliaria Lacosa, S.A. de C.V. and CYM Infraestructura, S.A.P.I. de C.V. as merged companies with the merging company Cementos Moctezuma, S.A. de C.V.

3. Compliance Statement

The consolidated financial statements of the Entity have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

4. Basis of Preparation

I. New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Entity. The Group intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

II. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

a) A specific adaptation for contracts with direct participation features (the variable fee approach)
b) A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Entity.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
a) What is meant by a right to defer settlement.
b) That a right to defer must exist at the end of the reporting period.
c) That classification is unaffected by the likelihood that an entity will exercise its deferral right.
d)That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the Entity

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not applicable to the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Entity

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

5. Summary of Significant Accounting Policies

a. Basis of preparation

The accompanying consolidated financial statements have been prepared on a historical-cost basis, except for certain financial instruments, such as cash and cash equivalents, which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

i. **Historical cost**
Historical cost is generally equal to the fair value of the consideration paid for goods and services.

ii. **Fair value**
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, as determined using either observable inputs or other valuation techniques.

b. Basis of consolidation of financial statements

The consolidated financial statements include the financial statements of Company and those of its subsidiaries as at and for the year ended as at December 31, 2021 and 2020. The Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Company re-assesses if it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Company has less than most of the voting rights of an investee, the Entity has power over it when the voting rights are sufficient to grant it the practical ability to direct its relevant activities, unilaterally. The Entity considers all relevant facts and circumstances to assess whether the Entity's voting rights in an investee are sufficient to grant it power, including:

- The size of the investor’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the investor, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate the investor has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Entity gains control until the date the Entity ceases to control the subsidiary.

Profit and each component of other comprehensive income are attributed to the equity holders of the parent of the Entity and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Entity's accounting policies.

All inter Entity balances and transactions (assets, liabilities, equity, revenue, expenses and cash flows) have been eliminated in full in the consolidation process.

Over several years the Entity has redesigned its corporate organization so that the way to integrate its industrial, commercial and customer service operations is supported by a flexible and efficient corporate structure of its subsidiaries. Based on these criteria, in 2021 the Company consolidated the administrative service operations previously carried out through some subsidiaries.

This corporate integration of cement and concrete operations does not represent relevant changes in asset, personnel, processes, customer service, markets or suppliers, but aims to optimize resource management for the benefit of stakeholders.

As at December 31, 2021 and 2020, the Entity's equity interest in its subsidiaries and associates in accordance with IFRS 10:

Entity	2021	2020	Activity
Cementos Moctezuma, S.A. de C.V.	100%	100%	Production and sale of Portland Cement and ready-mix concrete, pavement, sand, and gravel extraction
Cementos Portland Moctezuma, S.A. de C.V. *		100%	Technical services
Inmobiliaria Lacosa, S.A. de C.V. *		100%	Administrative services
Lacosa Concretos, S.A. de C.V. *		100%	Technical services

***** Company merged with Cementos Moctezuma, S.A. de C.V. (merging company) on August 1, 2021.

c. Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the agreement on the rights to the net assets of the joint venture. Joint control is the contractual agreement to share the control, it exists when the decisions on the relevant activities require the unanimous consent of the parties that share the control.

The operating results and the assets and liabilities of joint ventures are recognized in the financial statements using the equity method, except if the investment is classified as held for sale in accordance with IFRS 5.

Under the equity method, the Entity determines whether it is necessary to recognize any additional impairment loss with respect to the Entity's net investment in the joint venture.

The Company discontinues the use of the equity method from the date the investment ceases to be a joint venture, or when the investment is classified as held for sale.

The Company continues to use the method of participation when an investment becomes a joint venture or an investment in a joint venture becomes an investment in an associate. There is no fair value assessment of such changes in participation.

If the Company's interest in a joint venture is reduced, but the equity method is continued to be applied, the Entity reclassifies to profit or loss the proportion of the gain or loss previously recognized in other comprehensive income relative to that reduction in ownership interest if the gain or loss would have been reclassified to profit or loss in the case of disposal of the related assets or liabilities.

d. Associate

An associate is a Company over which the investor has significant influence. Where an Entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case.

If the holding is less than 20%, the Entity will be presumed not to have significant influence unless such influence can be clearly demonstrated.

The existence of significant influence by an Entity is usually evidenced in one or more of the following ways:

- Representation on the board of directors or equivalent governing body of the investee;
- Participation in the policy-making process, including participation in decisions about dividends or other distributions;
- Material transactions between the Entity and the investee;
- Interchange of managerial personnel; or
- Provision of essential technical information

An Entity loses significant influence over an investee when it loses the power to participate in the financial and operating policy decisions of that investee. The loss of significant influence can occur with or without a change in absolute or relative ownership levels. It could occur, for example, when an associate becomes subject to the control of a government, court, administrator or regulator. It could also occur as a result of a contractual agreement.

The operating results and the net assets and liabilities of associates are recognized in the consolidated financial statements using the equity method, except if the investment or part of the investment is classified as held for sale in accordance with IFRS 5.

An investment in an associate is accounted for using the equity method from the date on which it becomes an associate.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in the associate.

The Entity discontinues the use of the equity method from the date the investment ceases to be an associate, or when the investment is classified as held for sale.

e. Current non-current classification

The Entity presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Entity classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

f. Financial Instruments

Financial assets and liabilities are recognized when the Entity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are measured initially at fair value. At initial recognition, the Entity measures financial assets or financial liabilities at their fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

g. Financial assets

All financial assets are recognized initially at fair value plus transaction costs. Financial assets are classified in four categories: “financial assets at fair value through profit or loss", "held-to-maturity investments”, “available-for-sale financial assets” and “loans and receivables”. Financial assets are classified at initial recognition based on their characteristics and intended purpose. At the reporting date, all the Entity’s financial assets are classified as held-to-maturity investments, loans and receivables.

i. Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including fees, points, transactions costs, and premiums or discounts) through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the instrument in the initial recognition.

ii. Loans and receivable

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment. Interest income is recognized using the method.

iii. Impairment of financial assets

Financial assets that are not carried at fair value through profit or loss are subject to an impairment test at the end of each reporting period. A financial asset is impaired, and impairment losses are recognized, only 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 that loss event has an impact on the estimated future cash flows of financial asset.

Objective evidence of impairment may include:

- Significant financial difficulty of the issuer or obligor;
- Breach of contract, such as a default or delinquency in interest or principal payments;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For trade receivables, the Entity periodically assesses them for impairment based on an analysis of the risk of uncollectibility of past-due accounts that are more than a year old. This analysis is performed by a credit committee composed of the general director, the finance director, the sales director, and the credit and collection managers of the cement and concrete divisions.

For 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 the estimated future cash flows discounted at the financial asset's original effective interest rate.

For all impaired financial assets except trade receivables, the carrying amount of the asset is reduced directly and in the case of trade receivables, the carrying amount of the asset is reduced through an allowance for doubtful accounts. Trade receivables that are assessed as uncollectible are charged to the allowance account. Subsequent recoveries of previously recognized impairment losses are reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. However, this reversal may not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

iv. Derecognition of financial assets

The Company derecognizes financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers substantially all the risks and rewards of ownership of the financial asset. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the Entity continues to recognize the transferred asset to the extent of its continuing involvement. If the Company retains substantially all the risks and rewards of ownership of a transferred asset, the Entity continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss allocated that had been recognized in other comprehensive income is recognized in profit or loss.

h. Inventories and cost of sales

Inventories are valued at the lower of cost and net realizable value. The costs, including a portion of the fixed and variable indirect costs, are allocated to inventories using the absorption costing method and valued using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Allowance for obsolete and slow-moving inventory

When the Company determines that the cost of inventories cannot be recovered through use or sale, it recognizes impairment as the difference between the carrying amount and the net realizable value (i.e. the estimated selling price of inventories at the date of the impairment test).

The Entity measures inventories as the lower of cost and selling price, less disposal and selling costs, considering, among other, the following aspects:

The definition of the Technical or Operating department that has concluded that the inventories are obsolete or slow-moving, identified the causes in accordance with the following criteria:

a. Impairment from obsolescence:

  i. Technical. - Inventory is no longer useful because it has been surpassed by other articles that match or exceed features or performance, and which is substituted by better technical and performance qualities. Inventory will no longer be used due to equipment substitution or replacement, either for more recent technology or because the machinery and equipment have been modified.
  ii. Expiration. - Inventory has reached the end of its useful life due to degradation or impairment.
  iii. Slow movement due to disuse.

b. Impairment from damages or contamination during inventory handling.

i. Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services or for administrative purposes are stated in the consolidated statement of financial position at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Likewise, when a major repair is performed, its cost is recognized in the carrying amount of the fixed asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is recognized to write off the cost of items of property, plant and equipment other than properties under construction less their residual values over their estimated useful lives, on a straight-line basis. The Entity has determined that the residual values of its assets are immaterial.

Freehold land is not depreciated.

Properties during construction for production, supply and administrative purposes are carried at cost. Cost includes professional fees and other directly attributable costs. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated income statement.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed and retrospectively adjusted at each financial year-end.

j. Intangible assets

a. Intangible assets acquired separately

Intangible assets acquired separately are carried at cost, net of accumulated amortization and accumulated impairment losses, if any. Amortization is determined on a straight-line basis over the estimated useful lives of the assets. The residual values, useful lives and methods of amortization are reviewed at the end of each financial year and adjusted prospectively, if appropriate. Intangible assets with indefinite useful lives are not amortized but are separately tested for impairment on an annual basis. The Company has determined that the residual values of its assets are immaterial.

b. Derecognition of intangible assets

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset. This gain or loss is immediately recognized in profit or loss when the asset is derecognized.

k. Impairment of tangible and intangible assets

At the end of each reporting period, the Entity assesses whether there is any indication that its tangible and intangible assets may be impaired. If any such indication exists, the Entity estimates the asset's recoverable amount. If it is not possible to estimate the recoverable amount of the individual asset, the Entity determines the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis can be identified, corporate assets are also allocated to the cash-generating unit.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to each asset.

If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

l. Non-current assets held-for-sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition and its sale must be highly probable. The Entity must be committed to a plan to sell the asset within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets held for sale are reviewed for impairment at each reporting date to determine if there is objective evidence of impairment.

m. Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position principally consist of cash at banks and on hand and short-term investments with maturities of three months or less.

For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

n. Leases - IFRS 16

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position, except for short-term leases and leases of low-value assets.

Entity as a lessee

The Entity classifies its leases into two categories:

- *Statement of financial position*

  Under the new standard, at the commencement date of a lease, the Entity recognizes a lease liability for the lease payments to be made over the lease term (i.e. short-term and long-term lease liabilities) and a right-of-use asset representing the right to use the underlying assets. Lessees will be required to separately recognize the interest expense on the lease liability and the amortization expense on the right-of-use asset, if they meet the following criteria:

  a. The asset is recognized as at the date when the lessor requires the first payment under a new lease supported by a lease agreement, and if Entity management determines that the lease does not qualify for any of the recognition exemptions in the standard.
  b. Depreciation of the underlying asset begins as at the month in which it is initially recognized.
  c. The discount rate is provided by the treasury area, supported by a formal bank quote. This rate is reviewed on an annual basis.

d. The amortization schedule is not revised unless the terms and conditions of the lease agreement have changed.

e. When the lease term expires, the Entity derecognizes the asset and accumulated amortization.

- *Statement of profit or loss*

  The Entity applies the short-term lease recognition exemption to its leases with a lease term of 12 months or less, and to leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

o. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured based on the estimated cash flows required to settle the present obligation, its carrying amount represents the present value of these cash flows.

Where some or all the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized when, an only when, it is virtually certain that the reimbursement will be received, and the amount of the receivable can be measured reliably.

p. Financial liabilities

i. Financial liabilities

Financial liabilities are measured initially at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate (EIR) method.

ii. Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid is recognized in profit or loss.

q. Employee benefits

Employee benefits are determined based on current salaries and in proportion to the services rendered. The related liability is recognized as the benefits accrue. These benefits consist mainly of employee profit sharing, the cost of compensated absences, such as paid annual leave and vacation premiums, and incentives.

The liability for seniority premiums is recognized in accordance with IAS 19 based on actuarial valuations performed at the end of each reporting period. Actuarial gains and losses are recognized in other comprehensive income so that the net pension liability reported in the consolidated statement of financial position reflects the real value of the deficit in the plan. Past service cost is recognized immediately in the consolidated income statement and unamortized past service cost is recognized in profit or loss.

The cost of retirement benefits is determined using the projected unit credit method.

Employee profit sharing is recognized in profit or loss of the year it is incurred and is presented as part of cost of sales, administrative expenses or selling expenses in the consolidated income statement.

r. Taxes

Income tax expense is the aggregate amount of year tax and deferred tax.

Current income tax

Current tax is the Entity's income tax expense for the year, and it is recognized in the consolidated income statement.

Deferred taxes

Deferred taxes are recognized on all temporary differences between financial reporting and tax values of assets and liabilities based on tax rates that have been enacted at the reporting date and where applicable, they include unused tax losses and certain unused tax credits.

The Entity recognizes deferred tax assets for all deductible temporary differences and unapplied deductions to the extent that the Entity will have taxable profit in future years against which it may carryforward its deductible temporary differences.

The Entity recognizes deferred tax liabilities for all taxable temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, but only to the extent that the Entity is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future. Deferred tax assets arising from temporary differences associated with investments in these investments and interests are recognized only to the extent that it is probable that sufficient taxable profit will be available to allow that deferred tax asset to be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company under IAS12 offsets deferred tax assets with deferred tax liabilities if, and only if:

(a) Has the legal right to set off, current assets for taxes against current liabilities for taxes; and

(b) Deferred tax assets and deferred tax liabilities are derived from income tax corresponding to the same tax authority, which fall on:

i. The same Company or taxable person; or

ii. Different entities or subject to tax purposes that intend, either to liquidate current tax assets and liabilities for their net amount, or to realize the assets and pay the liabilities simultaneously, in each of the future periods in which it is expected to liquidate or recover significant amounts of assets or liabilities for deferred taxes.

Current and deferred taxes

Current and deferred taxes are recognized as income or expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity.

s. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of goods

Revenues from the sale of goods are recognized in profit or loss when the customer takes possession of the goods or when the goods have been delivered to the customer at their home, during which time the following conditions are considered to be fulfilled:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- Revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The costs incurred or to be incurred in respect of the transactions can be measured reliably.

Interest income

Interest income is recognized when it is probable that the economic benefits associated with the transaction will flow to the Entity and the amount of the revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

t. Transactions in foreign currency

The Entity's functional currency is the Mexican peso. Transactions in foreign currency are initially translated using the exchange rate prevailing on the day of the transaction. Foreign currency denominated assets and liabilities are translated into Mexican pesos using the prevailing exchange rate published in the Official Gazette at the reporting date. Foreign currency gains and losses are recognized in profit or loss or other comprehensive income.

u. Reserve for share buybacks

In accordance with the Securities Market Act, the Entity has created a reserve for share buybacks funded through retained earnings in an effort to improve the performance of its shares on the Securities Market. The shares acquired and temporarily removed from the market are retained by the Entity as treasury shares. This reserve is accounted in retained earnings.

v. Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Since the Entity has no dilutive potential shares, its diluted earnings per share are the same as its basic earnings per share.

6. Significant accounting judgments, estimates and assumptions

In the process of applying the Entity's accounting policies, which are described in note 5, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities.

The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are recognized in the period of the change and future periods if the change affects both.

a. Critical accounting judgments

In the process of applying the Entity's accounting policies, apart from those involving estimates, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Litigation contingencies

As discussed in note 27, the Entity is party of various legal proceedings that have arisen in the normal course of its business. The outcome of these lawsuits is uncertain and there is a possibility that the Entity may lose the cases. Although it is not possible to quantify the potential losses for the Entity, management believes that any resulting liability will not have a significant effect on the Entity's financial position or on its operating results.

b. Key sources of estimation uncertainty

The key sources of estimation uncertainty at the date of the consolidated statement of financial position that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- ✓ **Useful life estimates**
  As mentioned in note 5i, the Entity reviews the useful lives of its property, plant and equipment at each financial year-end and adjusts them prospectively, if appropriate. Changes in these estimates could have a significant effect on the Entity's consolidated statement of financial position and statement of income and comprehensive income.

- ✓ **Allowance for doubtful accounts**
  The Company calculates its allowance for doubtful accounts using estimates. Specifically, the Entity assesses its trade receivables for impairment on a quarterly basis in March, June, September and December of each year based on an analysis of current and overdue accounts and on an analysis of the risk of non-recoverability. This analysis is performed by a credit committee composed of the Company's general director, finance director, sales director, credit and collection managers of the cement and concrete divisions.

- ✓ **Environmental provision**
  The Company determines the cost of rehabilitating the quarries from which it extracts the raw materials it needs for its cement production considering its obligations under the current law. To determine the amount of this obligation, a site rehabilitation study is performed by an independent specialist considering the Entity's obligations under the relevant legislation. This provision is recognized in accounting based on the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

- ✓ **Provision for labor obligations**

The cost of the present value of labor obligations is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. The discount rate is determined using the long-term government bond yield curve considering the duration of the bonds, as established in the relevant accounting standards.

The mortality rate is based on Mexico's publicly available mortality tables.

Future salary increases are based on expected future inflation rates for Mexico.

The Company based its assumptions and estimates on the parameters available when the consolidated financial statements were prepared. However, the existing circumstances and assumptions about future events may change due to changes in the market or circumstances that are beyond the Entity's control. Such changes are reflected in the assumptions as they occur.

The Company has a provision that covers seniority premiums as at 31 December 2021 and 2020, which consists of a single payment of 12 days for each year worked based on the last salary, limited to twice the minimum salary established by federal labor law.

7. Transactions not affecting cash flows

During 2021, as a result of the adoption of IFRS 16, the Entity recognized right-of-use assets totaling $ 46,708, and in 2020 it acquired right-of-use assets totaling $ 66,097. These are non-monetary investment transactions and therefore they have no impact on the consolidated statements of cash flows. Lease payments are recognized as part of financing activities.

8. Cash and cash equivalents

The Entity maintains its cash and cash equivalents in its functional currency Mexican pesos as well as in foreign currency (euros and US dollars) invested in instruments not greater than three months placed in Mexico, the United States and Spain; These cash and cash equivalents are integrated as follows:

	2021	2020
Cash and cash in banks	$ 985,492	$ 1,568,822
Mexican Treasury Certificates	991,180	728,009
Certificates of deposit	617,434	1,129
Bank paper	1,647,269	800,801
Total	**$ 4,241,375**	**$ 3,098,761**

9. Accounts Receivable, net

Accounts receivable in Mexican pesos and foreign currency are integrated as follows:

	2021	2020
Trade receivables	$ 770,053	$ 1,258,014
Expected credit loss	(43,520)	(142,823)
Accounts receivable, net	**$ 726,533**	**$ 1,115,191**

Accounts receivable are measured at amortized cost.

There is no charge for interest on accounts receivable, because the collection and recovery of past due debts is monitored according to the parameters of their aging, in order to identify doubtful accounts in a timely manner. The due debts of difficult recovery are sent to lawyers for collection through the courts.

Procedure for estimating allowance for doubtful accounts

- The Company records an allowance for credit losses, with the effects of the allowance reported in the consolidated income statement.
- Based on the Company's past collection experience in the construction industry in Mexico, management determines risk percentages to be applied to the balance of the Entity's trade receivables. These risk percentages are determined based on the ages of the trade receivables.
- Management determines what risk percentages should be applied to the balances of trade receivables based on the ages of the balances. For trade receivables that are more than 180 days past due, management conducts a collectability analysis applying the following considerations:

  ✓ Professional judgment that considers the Entity's past collection experience.
  ✓ Status of related legal proceedings and the likelihood of favorable rulings.
  ✓ Guarantees obtained and management's expectations regarding their recovery.

- Whenever the Entity loses a lawsuit associated with a past due account receivable, the account receivable is immediately written off, ensuring that the Entity meets all legal requirements for the income tax deduction of the bad debt.
- On a quarterly basis (March, June, September and December of each year), Company management reviews the aging parameters of the Entity's accounts receivable and determines whether the amount of the allowance is reasonable. Any adjustment to the allowance resulting from this analysis must be authorized by the Credit Committee.

In order to manage the credit risk in its accounts receivable, the Company has adopted a policy of only engaging in transactions with solvent counterparties and obtaining sufficient guarantees from those counterparties. As a result, it takes steps to examine and subsequently select potential customers based on their creditworthiness and financial stability. It assigns credit limits and obtains guarantees in the form of debt instruments, lists of assets, collateral and mortgage guarantees that are duly supported by either the counterparty's legal representative or a third-party guarantor.

The collateral and mortgage guarantees that the Entity receives are usually represented by properties.

The Company guarantees some of its accounts receivable. This guarantee as at December 31, 2021 and 2020 was $30,756.

a. **Aging of trade receivables that are past-due but not impaired**

	2021	2020
1-30 days	$ 12,463	$ 55,079
31-60 days	4,075	30,079
61-90 days	2,296	29,347
91-180 days	15,991	28,361
181-360 days	16,672	16,076
More than 360 days	21,161	105,069
Total	**$ 72,658**	**$ 264,011**

b. **Movement in the expected credit loss**

	2021	2020
Balance at beginning of year	**$ 142,823**	**$ 119,945**
Impairment losses recognized on accounts Receivable	12,071	27,605
Uncollectible amounts during the year	(111,374)	-
Write off amounts deemed uncollectible during the year	-	(4,727)
Balance at end of year	**$ 43,520**	**$ 142,823**

To determine the recoverability of a trade receivable, the Company considers changes in the credit quality of each account from the time the credit was granted until the end of the reporting period. The concentration of credit risk in the Company's trade receivables is limited by the fact the Entity has a broad customer base that is geographically diverse. The credit limits assigned to customers are reviewed continually on a case-by-case basis.

10. Other Accounts Receivable

Other accounts receivable are integrated as follows:

	2021	2020
Related party receivables (note 19)	$ 10,497	$ 13,367
Recoverable taxes	34,182	37,377
Sundry debtors	6,883	23,523
Security deposits	6,489	8,862
Other accounts receivable	1,608	372
Total	**$ 59,659**	**$ 83,501**

11. Inventories, net

The inventories are integrated as follows:

	2021	2020
Finished products	$ 109,658	$ 95,577
Production in process	191,955	165,543
Raw materials	46,213	62,508
Spare parts and operating materials	375,653	399,211
Fuel	260,057	95,233
Allowance for obsolete and slow-moving inventories	(314)	-
	983,222	**818,072**
Merchandise in transit	128,907	23,143
Total	**$ 1,112,129**	**$ 841,215**

Changes in the allowance for obsolete and slow-moving inventories:

	2021	2020
Opening balance	**$ -**	**$ 3,461**
Increase in the allowance	6,230	7,300
Charges to the allowance	(5,910)	(10,744)
Other movements	(6)	(17)
Ending balance	**$ 314**	**$ -**

12. Property, Plant and Equipment, net

The carrying amounts of property, plant and equipment at the beginning and at the end of 2021 and 2020 are as follows:

	Balance as at 31 December 2020	Additions	Disposals	Capitalizations	Other movements	Balance as at 31 December 2021
Cost:						
Plants and buildings	$2,781,309	$ -	$ -	$ 32,986	$ -	$ 2,814,295
Machinery and equipment	10,119,472	11,809	(120,523)	361,380	(27,662)	10,344,476
Automotive equipment	22,778	668	(1,024)	2,089	(89)	24,422
Computer equipment	86,627	-	(271)	5,503	(1)	91,858
Office furniture and equipment	37,196	-	-	-	-	37,196
Construction in process	382,730	375,625	-	(467,271)	25,278	316,362
Land	884,854	8,901	-	65,313	(10,338)	948,730
Total	**$14,314,966**	**$ 397,003**	**$(121,818)**	**$ -**	**$ (12,812)**	**$ 14,577,339**

	Balance as at 1 January 2020	Depreciation expense	Fully depreciated	Other movements	Balance as at 31 December 2021
Depreciation and impairment:					
Plants and buildings	$(1,727,413)	$ (82,174)	$ -	$ (111,886)	$ (1,921,473)
Machinery and equipment	(5,892,400)	(478,980)	109,275	111,886	(6,150,219)
Automotive equipment	(20,099)	(1,733)	1,024	-	(20,808)
Computer equipment	(62,062)	(11,602)	157	-	(73,507)
Office furniture and equipment	(32,141)	(991)	-	-	(33,132)
Total	**$(7,734,115)**	**$ (575,480)**	**$ 110,456**	**$ 0**	**$ (8,199,139)**
Property, plant and equipment, net	**$ 6,580,851**	**$ (178,477)**	**$ (11,362)**	**$ (12,812)**	**$ 6,378,200**

	Balance as at 1 January 2020	Additions	Disposals	Capitalizations	Other movements	Balance as at 31 December 2020
Cost:						
Plants and buildings	$ 2,782,801	$ -	$ (2,056)	$ 21,123	$ (20,559)	$ 2,781,309
Machinery and equipment	9,862,493	20,379	(48,446)	323,317	(38,271)	10,119,472
Automotive equipment Equipment acquired under finance leases	74,420	300	(1,752)	1,214	(51,404)	22,778
Computer equipment	80,542	-	-	6,259	(174)	86,627
Office furniture and equipment	35,445	-	-	-	1,751	37,196
Construction in process	393,792	355,361	-	(377,257)	10,834	382,730
Land	758,927	86,965	-	25,344	13,618	884,854
Total	**$13,988,420**	**$ 463,005**	**$ (52,254)**	**$ -**	**$ (84,205)**	**$14,314,966**

	Balance as at 1 January 2020	Depreciation expense	Fully depreciated	Other movements	Balance at 31 December 2020
Depreciation and impairment:					
Plants and buildings	$ (1,619,661)	$ (108,564)	$ 666	$ 146	$(1,727,413)
Machinery and Equipment	(5,514,558)	(430,387)	42,947	9,598	(5,892,400)
Automotive equipment Equipment acquired under finance leases	(44,579)	(1,345)	2,391	23,434	(20,099)
Computer equipment	(51,521)	(10,711)	-	170	(62,062)
Office furniture and equipment	(30,503)	(1,492)	-	(146)	(32,141)
Total	**$ (7,260,822)**	**$ (552,499)**	**$ 46,004**	**$ 33,202**	**$(7,734,115)**
Property, plant and equipment, net	**$ 6,727,598**	**$ (89,494)**	**$ (6,250)**	**$ (51,003)**	**$ 6,580,851**

The Entity's average depreciation rates determined based on the estimated useful lives of the assets are as follows:

	Average rates	
	2021	**2020**
Buildings	2.39%	5.00%
Machinery and equipment	4.39% a 20.00%	5.00% a 20.00%
Transport equipment	25.00%	25.00%
Computer equipment	29.86%	33.30%
Office furniture and equipment	9.28%	10.00%
Assembly and installation	10.00%	10.00%
Intangible assets	33.33%	33.33%
Licenses and software	17.22%	17.00%

13. Leases

In accordance with IFRS 16, the Company applies a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Entity recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Based on the above, the Entity classifies its leases into:

I. Right of use

a) Right-of-use assets, net

The carrying values at the beginning and at the end of the 2021 and 2020 financial year, of the rights of use are as follows:

	Balance as at 1 January 2021	Additions	Disposals	Balance as at 31 December 2021
Right-of-use assets:				
Buildings	$ 16,952	$ 15,486	$ (16,108)	$ 16,330
Transport equipment	143,348	17,795	(19,021)	142,122
Machinery and equipment	38,533	5,783	(1,237)	43,079
Land	10,789	7,644	(7,802)	10,631
Total	**$ 209,622**	**$ 46,708**	**$ (44,168)**	**$ 212,162**

	Balance at 1 January 2021	Additions	Disposals	Balance as at 31 December 2021
Depreciation:				
Buildings	$ (8,386)	$ (10,813)	$ 14,032	$ (5,167)
Transport equipment	(71,025)	(42,675)	17,498	(96,202)
Machinery and equipment	(7,786)	(17,170)	1,082	(23,874)
Land	(6,076)	(6,037)	7,803	(4,310)
Total	**$ (93,273)**	**$ (76,695)**	**$ 40,415**	**$ (129,553)**
Right-of-use assets, net	**$ 116,349**	**$ (29,987)**	**$ (3,753)**	**$ 82,609**

	Balance as at 1 January 2020	Additions	Disposals	Other movements	Balance as at 31 December 2020
Right-of-use assets:					
Buildings	$ 19,573	$ 10,182	$ (12,803)	$ -	$ 16,952
Transport equipment	102,363	13,514	(21,978)	49,449	143,348
Machinery and equipment	-	38,533	-	-	38,533
Land	13,926	3,868	(7,005)	-	10,789
Total	**$ 135,862**	**$ 66,097**	**$ (41,786)**	**$ 49,449**	**$ 209,622**

	Balance as at 1 January 2020	Additions	Disposals	Other movements	Balance as at 31 December 2020
Depreciation:					
Buildings	$ (7,157)	$ (10,116)	$ 8,887	$ -	$ (8,386)
Transport equipment	(29,376)	(41,952)	21,782	(21,479)	(71,025)
Machinery and equipment	-	(7,786)	-	-	(7,786)
Land	(4,927)	(5,154)	4,005	-	(6,076)
Total	**$ (41,460)**	**$ (65,008)**	**$ 34,674**	**$ (21,479)**	**$ (93,273)**
Right-of-use assets, net	**$ 94,402**	**$ 1,089**	**$ (7,112)**	**$ 27,970**	**$ 116,349**

b) Lease liabilities

Lease liabilities and movements of the period:

	2021	2020
Lease liabilities as at 1 January	**$ 124,355**	**$ 133,786**
Additions	46,708	66,096
Other movements	(3,753)	(13,499)
Other lease liabilities	-	-
Payments	(74,916)	(62,028)
Lease liabilities as at 31 December	**$ 92,394**	**$ 124,355**

Short-term liabilities	$ 64,947	$ 63,482
Long-term liabilities	27,447	60,873

Based on maturities, long-term liabilities are as follows:

	2021	2020
2022	$ -	$ 45,679
2023	19,579	12,961
2024	6,466	2,125
2025	1,402	108
Total	**$ 27,447**	**$ 60,873**

II. Short-term or low-value leases

Short-terms leases (less than or equal to 12 months) or low value of the underlying asset are related to the leasing of land, real state, machinery, vehicles, computer and office equipment.

Payments recognized as expenses in profit or loss

	2021	2020
Period expense	$ 8,251	$ 21,729
Average monthly payments	688	1,811

The Entity is subject to penalties in case of breach of its lease agreements. The Entity's lease obligations are established in accordance with the terms and conditions of the lease agreements. As at 31 December, 2021 and 2020, Entity's management is unaware of any contractual non-compliance giving rise to penalties. Accordingly, the Entity has not recognized contingent liabilities associated with this caption in the statement of financial position.

14. Net intangibles and other non-current assets

Net intangible assets and other non-current assets are listed below:

	2021	2020
Intangible assets (software, licenses assemblies and other minors)	$ 51,478	$ 40,638
Long-term sundry debtors	1,166	2,055
Trust rights	8,346	8,957
Long-term accounts receivable from related parties (disclosed in note 19)	2,252	2,767
Total	**$ 63,242**	**$ 54,417**

15. Assets available for sale

The carrying values of the assets available for sale at the beginning and at the end of fiscal year 2021 and 2020 are the following:

	Balance as at 1 January 2021	Additions	Disposals	(Impairment) recovery of value	Other movements	Balance as at 31 December 2021
Cost:						
Buildings	$ 140,277	$ 693	$ (4,950)	$ (4,823)	$ (788)	$ 130,409
Other assets	250	-	(250)	-	-	-
Land	130,100	5,106	(810)	-	788	135,184
Total	**$ 270,627**	**$ 5,799**	**$ (6,010)**	**$ (4,823)**	**$ -**	**$ 265,593**

	Balance as at 1 January 2020	Additions	Disposals	(Impairment) recovery of value	Other movements	Balance as at 31 December 2020
Cost:						
Buildings	$ 142,209	$ 10,062	$ (977)	$ (11,017)	$ 0	$ 140,277
Other assets	250	-	-	-	-	250
Land	127,108	2,585	(649)	-	1,056	130,100
Total	**$ 269,567**	**$ 12,647**	**$ (1,626)**	**$ (11,017)**	**$ 1,056**	**$ 270,627**

16. Other accounts payable and current liabilities

The balances of other accounts payable and accrued liabilities in 2021 and 2020 are integrated as follows:

Concept	Balance as at 1 January 2021	Additions	Applications	Balance as at 31 December 2021
Customer Advances	$ 479,885	$ 3,847,300	$ (3,784,265)	$ 542,920
Provisions for expenses	36,320	2,097,422	(2,103,229)	30,513
Sundry creditors	273,821	9,418,499	(9,348,705)	343,615
Account payable to related parties (disclosed in note 19)	1,951	3,564,741	(3,559,221)	7,471
Total	**$ 791,977**	**$ 18,927,962**	**$ (18,795,420)**	**$ 924,519**

Concept	Balance as at 1 January 2020	Increments	Applications	Balance as at 31 December 2020
Customer Advances	$ 397,770	$ 2,567,896	$ (2,485,781)	$ 479,885
Provisions for expenses	23,553	2,403,276	(2,390,509)	36,320
Sundry creditors	158,406	3,900,348	(3,784,933)	273,821
Account payable to related parties (disclosed in note 19)	4,127	27,684	(29,860)	1,951
Total	**$ 583,856**	**$ 8,899,204**	**$ (8,691,083)**	**$ 791,977**

17. Employee Benefits

The Entity has a provision that covers its obligation related to the payment of seniority premiums as at 31 December 2021 and 2020 which consists of a onetime payment equal to 12-days' salary of each year worked calculated based on the employee's final monthly salary (capped at twice the legal minimum daily wage established in the Federal Labor Law). The related liability and the annual cost of benefits are calculated by an independent actuary using the projected unit credit method.

The principal assumptions used in the actuarial valuations are as follows:

Financial assumptions

	2021	2020
Discount rate	7.80%	6.70%
Salary increase rate	5.50%	5.50%
Rates of increase to minimum wage	15.00%	5.00%

Demographic assumptions

	2021	2020
Mortality in active employees	EMSSA 2009	EMSSA 2009
Mortality in retired employees	EMSSA 2009	EMSSA 2009
Disability in active employees	EISS 1997	EISS 1997
Rotation	Winklevoss	Winklevoss
Dismissal Factor	20%	20%
Retirement age	60	60

The amounts recognized in the consolidated income statement for the seniority premium provision in 2021 and 2020 are:

	2021		2020	
Current year service cost	$	2,290	$	2,099
Interest cost		1,718		731
Net benefit expense	**$**	**4,008**	**$**	**2,830**

The amounts recognized in the other comprehensive results for actuarial gains (losses) on the seniority premium provision for 2021 and 2020 are:

	2021		2020	
Actuarial remeasurements on the obligation	$	(1,955)	$	(4,545)
Deferred income tax		587		1,363
Defined benefit cost items in other items	**$**	**(1,368)**	**$**	**(3,182)**

The amount recognized in the consolidated statement of financial position in respect of the Entity's obligation regarding the seniority premiums for 2021 and 2020 is as follows:

	2021		2020	
Present value of defined benefit obligation for seniority premiums	$	28,777	$	24,693
Net liability generated by seniority premium	**$**	**28,777**	**$**	**24,693**

Changes in the present value of the seniority premium provision in 2021 and 2020 is as follows:

	2021	2020
Opening balance of defined benefit obligation	**$ 24,693**	**$ 18,066**
Current year service cost	2,290	2,099
Interest cost	1,718	731
Actuarial loss	842	4,545
Benefits paid	(766)	(748)
Ending balance of defined benefit obligation	**$ 28,777**	**$ 24,693**

The sensitivity analysis described below consider reasonable potential changes in the respective assumptions at the end of the reporting period, with all other assumptions remaining constant.

2021 Analysis

If the discount rate would have increased of 0.5% and all other variables would have remained constant, net worth and consolidated comprehensive profit as at 31 December 2021, would have been positively affected by $137.

A decrease of 0.5% under the same circumstances described would have adversely affected net worth and consolidated comprehensive profit by $150.

If the rate of wage increase would have increased by 0.5% and all other variables would have remained constant, net worth and consolidated comprehensive profit as at 31 December 2021, would have been negatively affected by $152.

A decrease of 0.5% under the same circumstances described would have positively affected net worth and consolidated comprehensive profit at $141.

2020 analysis

If the discount rate would have been 0.5% higher and all other variables would have remained constant, the Entity's equity and consolidated comprehensive income for the year ended 31 December, 2020 would have been positively impacted by $121.

A decrease of 0.5% with all other variables held constant would have impacted negatively in the Entity's equity and consolidated comprehensive income by $132.

If the wage increase rate would have been 0.5% higher and all other variables would have remained constant, the Entity's equity and consolidated comprehensive income for the year ended 31 December, 2020 would have been negatively impacted by $134

A decrease of 0.5% with all other variables held constant would have impacted positively in the Entity's equity and consolidated comprehensive income by $123.

18. Foreign currency balances and transactions

a. The monetary position in foreign currency as at 31 December 2021 and 2020 is:

	2021	2020
Thousands of U.S. dollars:		
Monetary assets	USD 71,892	USD 68,249
Monetary liabilities	(11,970)	(7,299)
Long position	**USD 59,922**	**USD 60,950**
Thousands of euros:		
Monetary assets	€ 125	€ 121
Monetary liabilities	(1,216)	(710)
(Short) long position	**€ (1,091)**	**€ (589)**

b. In the years ended as at 31 December 2021 and 2020, the Entity performed the following transactions in foreign currency that were translated and stated in Mexican pesos using the prevailing exchange rate at the date of each transaction:

	2021	2020
	(In thousands of U.S. dollars)	
Interest income	USD 95	USD 313
Purchases	(122,601)	(56,821)
	(In thousands of euros)	
Purchases	€ (6,888)	€ (8,570)

c. The exchange rates as at 31 December 2021 and 2020 were as follows:

	2021	2020	24 February 2022 Issuance date
U.S. dollar	$ 20.5157	$ 19.9352	$ 20.2977
Euro	$ 23.3315	$ 24.3887	$ 22.9592

19. Related party balances and transactions

a. Commercial transactions, loans and balances for transactions carried out with related parties

Transactions carried out with related parties in the normal course of the Company's operations are as follows:

	2021	2020
Lone Star Industries, Inc.	38	0
Income from services rendered	**$ 38**	**$ 0**
Buzzi Unicem S.P.A.	95	0
Income from the sale of fixed assets, spare parts, etc.	**$ 95**	**$ 0**
Maquinarias y Canteras del Centro S.A. de C.V.	397	500
Interest income	**$ 397**	**$ 500**
Buzzi Unicem S.P.A.	(9,547)	(8,484)
Cementos Molins S.A.	(1,960)	(1,509)
Expenditure for services received	**$ (11,507)**	**$ (9,993)**
Maquinarias y Canteras del Centro S.A. de C.V.	(50,262)	(37,488)
Purchase of raw materials	**$ (50,262)**	**$ (37,488)**
Total operations	**$ (61,239)**	**$ (46,981)**

Balances receivable and payable with related parties as at 31 December 2021 and 2020, include accounts derived from the operation of the business itself as well as loans granted.

As at 31 December 2021 and 2020, the Entity has granted loans to its associate and management key personnel at rates that are comparable to market interest rates.

Accounts receivable and payable balances were reported as part of other accounts receivable and other accounts payable within the statement of financial position and are as follows:

	Concept	2021	2020
Receivables:			
Maquinaria y Canteras del Centro, S.A. de C.V.	Operation	$ 1,248	$ 4,124
Maquinaria y Canteras del Centro, S.A. de C.V.	Loan	8,139	8,133
Loans to Key Personnel	Loan	3,362	3,877
Total		**$ 12,749**	**$ 16,134**
Payables:			
Buzzi Unicem S.p.A.	Operation	$ 3,493	$ 253
Cementos Molins, S.A.	Operation	1,118	137
Maquinaria y Canteras del Centro, S.A. de C.V.	Operation	2,806	1,561
Shareholder Bruno Aerne	Dividends	54	
Total		**$ 7,471**	**$ 1,951**

b. Compensations of key management personnel

Compensation paid to the Company's Directors and other senior executives during the period of 2021 and 2020 that includes perceptions and benefits is as follows:

	2021	2020
Short-term employee benefits	$ 80,834	$ 61,997
Total	**$ 80,834**	**$ 61,997**

The compensation paid to the Entity's directors and senior executives is determined by the Remuneration Committee based on the individual performance of each executive and on current market trends.

20. Risks management

a. **Capital risk management**

The objective of the Company's capital management is to ensure the ability of the Entity to continue as a going concern. The Entity's policy it to not contract long-term debt, except for certain finance leases whose amounts are immaterial for its financial position taken as a whole. The Entity is not subject to any external restrictions affecting its capital management.

Company´s management periodically reviews the Entity's capital structure at the time it presents the financial projections included in its business plan to the Entity's Board of Directors and shareholders.

b. **Financial instruments**

The financial instruments of the Company are the following:

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 4,241,375	$ 3,098,761
Accounts receivables from customers, net	726,533	1,115,191
Accounts receivables from related parties (disclosed in note 19)	12,749	16,134
Sundry debtors and other accounts receivables	9,657	25,950

	2021	2020
Financial liabilities:		
Suppliers	$ 682,635	$ 636,071
Accounts payable to related parties (disclosed in note 19)	7,471	1,951
Sundry creditors	343,615	273,821
Customer advances	542,920	479,885
Other account payable and provisions	88,993	86,731

c. **Objectives of financial risk management**

The role of the Company's treasury function is to manage financial resources and mitigate the financial risks associated with its operations using internal risk reports, which analyze the level and magnitude of exposure to risks. These risks include market risk (foreign currency and commodity prices), credit risk and liquidity risk.

The Company minimizes the potentially adverse effects of these risks on its financial performance through various strategies. The Entity's bylaws prohibit the Entity from contracting any type of financing. The internal auditors periodically evaluate the Entity's compliance with its policies and exposure limits. The Company does not contract financial instruments for either speculative or hedging purposes.

d. **Management of foreign currency risk**

The Company is exposed to foreign currency risk primarily through its purchases of materials and spare parts for its operations, which are paid for in foreign currencies (U.S. dollars and euros) and so give rise to accounts payable denominated in those currencies. The Company has investment policies that dictate the amounts of cash and cash equivalents that it needs to maintain in each currency, resulting in natural hedges against this risk. The Company's foreign currency position is shown in note 18.

If the Mexican peso/U.S. dollar exchange rate would have been 10% higher and all of the other variables had remained constant, the Company's equity and income after taxes as at 31 December 2021 and 2020 would have increased by $ 122,935 and $ 121,505, respectively. A decrease of 10% with all other variables held constant would have resulted in a decrease in the Company's equity and income after taxes by the same amount.

If the Mexican peso/euro exchange rate had been 10% higher and all of the other variables had remained constant, the Company's equity and income after taxes as at 31 December 2021 and 2020 would have decreased by $ 2,545 and $ 1,436, respectively. A decrease of 10% with all other variables held constant would have resulted in a increase in the Company's equity and income after taxes by the same amount.

e. **Management of interest rate risk**

The Company has no debt and it maintains investments in fixed-yield instruments. Interest under the Entity's finance leases is at a fixed rate. In view of the above, the Company does not have significant exposure to interest rate risk.

f. **Management of commodity price risk**

One of the energy commodities that the Company consumes most is petcoke, which is subject to price changes variations due to its value in the market. However, the Company is not exposed to a financial risk derived from this price change, since it does not have financial instruments in its statement of financial position subject to variability.

g. **Management of liquidity risk**

The Company does not have any significant long-term financial liabilities and it maintains significant balances of cash and cash equivalents, as shown in note 8. The Entity also periodically analyzes its cash flows and it maintains open lines of credit with banks and suppliers.

The maturities of the Company's finance leases are disclosed in note 13. Given the high amounts of cash and cash equivalents that the Entity maintains, no other disclosures are considered necessary.

h. **Management of credit risk**

Credit risk is the risk that the counterparty will default on its payment of obligations, leading to a financial loss for the Company. As mentioned in note 9, the Entity's policy is to only engage in transactions with solvent counterparties and, where appropriate, to obtain sufficient guarantees from those counterparties, to mitigate its credit risk.

With respect to investments classified as cash equivalents, as indicated in Note 8, these investments are made in Mexican, U.S. and Spanish securities and accordingly, the credit risk surrounding these instruments is tied to the economic risk of these countries.

The Company's policy for managing the credit risk in its accounts receivable is described in note 9.

21. Fair Value Measurement of Financial Instruments

Management believes that the carrying amount of the financial assets and liabilities recognized at amortized cost in the Entity's consolidated financial statements approximates fair value, since these assets and liabilities are all settled in the short-term. In estimating the fair value of an asset or liability, the Entity considers the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for purposes of financial reporting, fair value measurements are classified in Level 1, 2 or 3 based on the degree to which observable inputs are included in the measurements and their importance in determining fair value in their totality, which are described as:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - Unobservable inputs for the asset or liability.

The carrying amounts and fair values of the Company's financial assets and liabilities is as follows:

	2021		2020	
	Carrying Amount	Fair value	Carrying amount	Fair value
Financial assets				
Assets measured at fair value:				
Cash and cash equivalents	$ 4,241,375	$ 4,241,375	$ 3,098,761	$ 3,098,761
Assets measured at amortized cost:				
Account receivables from customers, net	726,533	723,940	1,115,191	1,098,261
Account receivable from related parties	12,749	12,749	16,134	16,134
Sundry debtors and other account receivable	9,657	9,657	25,950	25,950
Financial liabilities				
Liabilities measured at amortized cost:				
Suppliers	$ 682,635	$682,635	$636,071	$636,071
Accounts payable to related parties	7,471	7,471	1,951	1,951
Sundry creditors	343,615	343,615	273,821	273,821
Customer Advances	542,920	542,920	479,885	479,885
Other accounts payable and provisions	88,993	88,993	86,731	86,731

22. Derivative financial instruments

The Company's management has decided not exposing to risks that beyond its control, and for this reason the Entity's policy is to refrain from contracting derivate financial instruments.

In accordance with article 104, section VI Bis, of the Securities Market Act, it may be concluded that as at 31 December 2021 and 2020, the Company does not have any transactions with derivatives.

23. Income taxes

On 24 April 2021, various provisions on labor, social security and tax matters entered into force in which labor subcontracting was prohibited, except that related to specialized services that are not part of the corporate purpose or the preponderant economic activity of the companies. To fully comply with these provisions, the Entity carried out the following actions:

a) Transferred as at 1 July 2021, all employees hired in other companies of the same group, via employer replacement to the subsidiary Cementos Moctezuma, S.A. de C.V.

b) Hired before 1 September 2021, in Cementos Moctezuma S.A. de C.V. the personnel who carried out activities related to its corporate purpose.

c) As at 1 September 2021, only specialized services are contracted in compliance with the corresponding requirements.

On 26 October 2021, the Congress of the Union approved various amendments to the Income Tax Law (ISR), the Value Added Tax (VAT) Law, the Special Tax Law on Production and Services (IEPS), the Fiscal Code of the Federation (CFF), the Federal Law of Rights (LFD), as well as the Revenue Law of the Federation (LIF). These amendments will enter into force, for the most part, from 1 January 2022. The following are the most relevant changes, of which the Company is in the process of analysis to determine if they are applicable to it and if necessary determine the impact it will generate:

1. The business reason shall be one of the aspects that the tax authorities will evaluate in order to maintain or deny various tax benefits such as the disposal of shares at tax cost or the deferral of the payment of the ISR derived from international restructurings, as well as the non-existence of a disposal of assets in divisions and mergers.

2. The deduction of bad accounts in the case of claims whose main fate is greater than 30,000 investment units may be made until the recovery procedures have been exhausted or the execution of a favorable decision has been impossible. In this issue there is still the mention that the taxpayer may have other situations that generate the practical impossibility of collection.

3. Taxpayers who carry out activities not covered by the VAT Law may not credit the tax paid to suppliers or on the importation of goods when they are linked to such activities.

4. Taxpayers with cumulative income in the previous year greater than $1,650,490,600 must dictate their financial statements by a public accountant registered with the Tax Administration Service (SAT); while your related parties residing in Mexico that do not exceed that income must file the declaration with the report of their tax situation.

5. Hydrocarbon-related activities will have greater controls and penalties for non-compliance with the obligations contained in the various tax laws that are applicable to them.

6. The concluding agreements will have to be concluded within a maximum period of 12 months from the date on which you submit the request to the Taxpayer's Defense Attorney's Office.

7. If an amicable agreement is used under tax treaties, the tax interest shall be guaranteed.

As at 1 January 2022, changes related to the issuance of CFDI's with letter-by-letter complement, the new version 4.0 of CFDI's and changes in cancellation mechanics will come into force. The company is currently in the process of implementing these changes.

The Company is subject to the payment of income tax.

Current income tax - The rate was 30% for 2021 and 2020, in accordance with the Mexican tax Law.

a. The income tax recognized in the consolidated income statement is as follows:

	2021	2020
Current income tax	$ 1,862,734	$ 1,875,715
Annual income tax from prior years	2,541	2,194
Deferred income tax	(166,605)	(116,061)
Total	**$ 1,698,670**	**$ 1,761,848**

b. Deferred tax assets and liabilities

Income tax.- The main items that originate the deferred asset and liability deferred balance as at 31 December 2021 and 2020, are:

	2021	2020
Entities generating deferred tax assets / Deferred assets (liabilities):		
Property, plant and equipment, intangibles and immediate deduction	$ -	$ 21,014
Provisions and other	796	32,784
Prepaid expenses	(125)	(8,618)
Tax losses	3,072	2,388
Total assets	**$ 3,743**	**$ 47,568**

	2021	2020
Entities generating deferred tax liabilities / Deferred assets (liabilities):		
Reserves and estimations	$ 30,823	$ 58,192
Spare parts inventory	(97,229)	(104,299)
Property, plant and equipment, intangibles and immediate deduction	(505,884)	(668,716)
Advance customers	162,876	143,965
Provisions and other	160,059	101,432
Advance payments	(25,847)	(16,792)
Total liabilities	**$ (275,202)**	**$ (486,218)**

To determine its deferred income tax as at 31 December 2021 and 2020, the Entity applied the income tax rate that will be in effect when the temporary differences giving rise to deferred taxes are expected to reverse (30%).

c. Effective tax rate

A reconciliation of the statutory income tax rate to the effective income tax rate expressed as a percentage of pretax income is as follows:

	2021	2020
Statutory income tax rate	**30.00%**	**30.00%**
Plus/(less):		
Effects of inflation	(1.60)%	(0.51)%
Non-deductible	0.38%	0.32%
Income tax from prior years	0.04%	0.04%
Other	(1.57)%	(0.40)%
Effective income tax rate	**27.25%**	**29.45%**

24. Equity

a. Contributed capital

The share capital as at 31 December 2021 and 2020 is as follows:

	2021		2020	
	Shares	Amount	Shares	Amount
Fixed Common nominative shares of the single series (with no par value)	80,454,608	$ 15,582	80,454,608	$ 15,582
Variable Common nominative shares of the single series (with no par value)	804,432,688	155,795	804,432,688	155,795
Total shares	**884,887,296**	**171,377**	**884,887,296**	**171,377**
Treasury shares	(11,594,550)	-	(10,536,867)	-
Outstanding shares	**873,292,746**	**$ 171,377**	**874,350,429**	**$ 171,377**
Update of share capital		436,103		436,103
Total share capital		**$ 607,480**		**$ 607,480**

b. Earned capital
(Amounts in Mexican pesos, according to the minutes of assemblies)

I. At a regular Shareholders' Meeting held on 12 April 2021, the shareholders agreed to the following:

- Cash dividend for a total amount of $1,748,345,638.00 (One thousand seven hundred and forty-eight million three hundred and forty-five thousand six hundred and thirty-eight pesos), from the fiscal profits of the year 2014 and later.

Each share earned a cash dividend of $ 2.00 (two Mexican pesos).

The cash dividend of $2.00 (two Mexican pesos) per share was paid through S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V., on 5 May 2021 against coupon No. 38.

- The maximum amount that can be allocated for the purchase of own shares for the current year is $ 250,000,000.00 (two hundred and fifty million pesos).

II. At a regular Shareholders' Meeting held on 2 December 2021, the shareholders agreed to a cash dividend totaling $ 1,746,585,492.00 (one thousand seven hundred and forty-six million five hundred and eighty-five thousand four hundred and ninety-two pesos) this amount came from Retained Earnings for Financial and Tax Purposes as follows:

i. $ 1,745,542,473.00 (one thousand seven hundred and forty-five million five hundred and forty-two thousand four hundred and seventy-three pesos) from the 2014 and thereafter.

ii. $ 1,043,019.00 (one million forty-three thousand nineteen Pesos) from the 2013 and earlier fiscal years.

The dividend from the Retained Earnings for Financial and Tax Purposes up to 2013 and earlier will not cause income tax on dividends paid by the company. The dividend from the Retained Earnings for Financial and Tax Purposes for 2014 and thereafter will cause the additional income tax of 10%.

Each share earned a cash dividend of two Mexican pesos composed of:

a) $1.998806 (One peso point nine eight zero six M.N.) per share from 2014 and thereafter that will cause the additional income tax of 10%.

b) $0.001194 (Zero pesos zero point one nine four M.N.) per share from 2013 and earlier that will not cause income tax.

The payment of the dividend was made on 13 December 2021 through S.D. Indeval, Institución para el Depósito de Valores S.A. de C.V in favor of the shares that are deposited in said institution and directly to the shareholders; against the delivery of Coupon No. 39 of the stock securities.

1. At a regular Shareholders' Meeting held on 7 April 2020, the shareholders agreed to the following:

i. Cash dividend totaling $ 1,754,947,504.00 (one thousand seven hundred and fifty-four million nine hundred and forty-seven thousand five hundred and four pesos), this amount came from retained earnings for financial and tax purposes as follow:

a) $ 1,597,702,380.51 (One thousand five hundred and ninety-seven million seven hundred and two thousand three hundred and eighty pesos and fifty-one cents) from the Retained Earnings for Financial and Tax Pursoses for 2014 and thereafter.
b) $ 157,245,123.49 (One hundred and fifty-seven million two hundred and forty-five thousand one hundred and twenty-three pesos and forty-nine cents) from the Retained Earnings for Financial and Tax Purposes for 2013 and earlier fiscal years.

Each share earned a cash dividend of $ 2.00 (two Mexican pesos).

The cash dividend of two Mexican pesos per share was paid through S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V., on June 22, 2020 against coupon No. 36.

ii. The maximum amount that can be allocated for the purchase of own shares for the current year is $ 200,000,000.00 (two hundred million pesos).

2. At a regular Shareholders' Meeting held on 2 December 2020, the shareholders agreed to a cash dividend totaling $ 1,749,912,734.00 (one thousand seven hundred and forty-nine million nine hundred and twelve thousand seven hundred and thirty-four pesos) this amount came from retained earnings for financial and tax purposes for 2014 and thereafter.

Each share earned a cash dividend of two Mexican pesos. This dividend is payable starting at 14 December 2020 and paid through S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V. in a single exhibition,against coupon No. 37.

Dividend payments will be made to outstanding shares on the date of payment.

The Entity's legal reserve is included in its retained earnings. In accordance with the Mexican Corporations Act, the Entity is required to appropriate at least 5% of the net income of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Entity's share capital. The legal reserve may be capitalized but may not be distributed to the shareholders unless the Entity is dissolved. Also, the legal reserve must be replenished if it is reduced for any reason. The legal reserve as at 31 December 2021 and 2020 is $130,024 at face value.

During the years 2021 and 2020, the Entity bought its own shares charged to reserve for the repurchase of shares, the movements are detailed below:

Month	2021			2020		
	Shares	Average price*	Amount**	Shares	Average price *	Amount**
January	107	$56.07	$ 6	-	$ 0.00	$ 0
March	177,503	$58.79	10,435	912,334	$57.15	52,137
May	11,178	$60.57	677	396,053	$51.51	20,399
June	54,510	$60.59	3,303	306,120	$48.99	14,996
July	568,490	$60.99	34,672	312,860	$47.25	14,782
August	245,895	$61.00	15,000	1,370,570	$47.04	64,472
September	-	$ -	-	122,111	$51.00	6,228
October	-	$ -	-	444	$54.05	24
November	-	$ -	-	9,227	$59.17	546
December	-	$ -	-	605,938	$56.97	34,518
Total	**1,057,683**		**$ 64,093**	**4,035,657**		**$ 208,102**

* Amounts in pesos
** Amounts in thousands of Mexican pesos

The distribution of net assets, except for the updated amounts of the social capital contributed and retained earnings, will cause the tax charged to the Entity at the rate in effect at the time of distribution. The tax paid for such distribution, may be credited against the ISR of the fiscal year paid for the dividend tax and in the following two immediate fiscal years, against the fiscal year tax and the provisional payments of the same.

The balances of the fiscal accounts of equity are:

	2021	2020
Consolidated restated contributed capital account	$ 2,487,176	$ 2,400,404
Consolidated net taxed profits account	2,604,161	2,004,811
Total	**$ 5,091,337**	**$ 4,405,215**

25. Costs and expenses based on their nature

a. The cost of sales recognized in the consolidated income statement is as follows:

Cost of sales	2021	2020
Raw materials, fuel and maintenance	$ 4,688,791	$ 3,627,614
Depreciation and amortization	584,837	555,365
Wages, benefits and fees	643,830	464,629
Other costs	497,110	603,106
Total	**$ 6,414,568**	**$ 5,250,714**

b. The selling and administrative expenses recognized in the consolidated income statement is as follows:

Selling and administrative expenses	2021	2020
Freight costs of finished products and commissions	$ 2,596,628	$ 2,305,396
Wages, benefits and fees	422,849	335,299
Depreciation and amortization	76,079	70,216
Other expenses	264,358	251,712
Total	**$ 3,359,914**	**$ 2,962,623**

c. The other operating expenses/(income) recognized in the consolidated income statement is as follows:

Other operating expenses / income	2021	2020
IEPS Tax incentives	$ (20,374)	$ (24,985)
Cement containers	(23,791)	(17,051)
Reserves asset accounts	7,000	-
Allowance for doubtful accounts	11,413	26,516
Loss on sale of fixed assets and other assets	10,027	1,749
Depreciation and Impairment of Assets	4,358	11,017
Insurance recovery	(2,491)	1,106
Provision of expenses	15,800	-
Write off wages, other benefits and fees	(23,759)	(2,345)
Other	677	(462)
Total, net	**$ (21,140)**	**$ (4,455)**

26. Segment information

The Company analyzes the business from a product perspective that assessed the combined performance of its "cement" and "concrete" businesses, since both of these vertically-integrated business units are strictly interdependent. Specifically, concrete is essentially a cement distribution channel and does not require, for executive decision-making purposes, evidence of separate results. The Company assesses the performance of its reporting segments based on operating profit as primary reference.

The table below shows the financial information for the sole business segment based on the managerial approach. The Company's reporting segment in accordance with IFRS 8 *Operating Segments* is as follows:

Period	Concept	Net sales	PP&E, Intangibles and AAS net	Capital investments[1]	Depreciation amortization and impairment
2021	Cement and concrete	$ 15,866,464	$ 6,695,271	$ 411,716	$ 665,275
2020	Cement and concrete	$ 14,069,153	$ 6,892,116	$ 483,580	$ 636,598

[1] Investments in non-current assets for the year

27. Contingencies

The Company has pending lawsuits as a result of the normal course of its operations. Such judgments involve uncertainties, and, in some cases, they may be resolved in favor or against. Although it is not possible to determine the amounts involved in the pending lawsuits, Management considers that based on the known elements, any resulting liabilities would not significantly affect the financial situation or operating results of the Company.

28. Investments in joint ventures and associates

a. Joint ventures

(Figures in pesos, according to the minutes of assemblies)

At the ordinary general meeting of 22 February 2021, the reduction of the share capital of the company CYM Infraestructura, S.A.P.I. de C.V in its variable part for an amount of $20,000,000.00 (twenty million pesos) is authorized through the amortization and reimbursement of 20,000,000 (twenty million) shares with a nominal value of $1.00 M.N. (one peso) each; reimbursing 50% to each shareholder.

On 23 February 2021, at the ordinary general meeting, the payment of a dividend to shareholders in the amount of $12.00 M.N. (twelve pesos) per share is decreed and, by virtue of being currently 100,000 (one hundred thousand) the shares outstanding, the total amount of the dividend amounts to $1,200,000.00 (one million two hundred thousand pesos). The above amount comes from the Retained Earnings for Financial and Tax Pursoses (CUFIN), for the year 2014 and thereafter; each shareholder is entitled to 50% of the payment.

On 29 July 2021, the Entity acquired the participation of third parties of 50% of the joint venture in which it participated in the company CYM Infraestructura, S.A.P.I. de C.V. becoming a subsidiary of the group.

On 1 August 2021, the merger between CYM Infraestructura, S.A.P.I. de C.V. (merged company) and Cementos Moctezuma, S.A. de C.V. (merging company) took place.

Therefore, as at 31 December 2021, there is no information to disclose about joint ventures.

Associate	Activity	Location of incorporation	Interest and vouting rights held by the Entity (50%)	
			2021	2020
CYM Infraestructura, S.A.P.I de C.V.	Construction of roads, highways, dirt roads and bridges	Mexico City	$ -	$ 10,819

The joint venture indicated above was recognized using the method of participation in the consolidated financial statements.

A summary of the information regarding the Entity's joint venture is detailed below. The summary of the financial information presented below represents the amounts shown in the Entity's financial statements prepared in accordance with IFRS.

Statement of financial position, as at 31 December 2021 and 2020

	2021	2020
Current assets	$ -	$ 22,628
Current liabilities	-	991

The asset amounts indicated above include the following:

	2021	2020
Cash and cash equivalents	$ -	$ 21,143

Statement of income and other comprehensive income

	2021	2020
Other income	$ -	$ 16,145
Comprehensive financing result	-	517
Income tax (profit)	-	5,484
Net comprehensive income	-	13,274

b. Associates

The Company considered all relevant facts and circumstances to determine whether it had control over an investee and determined that, from February 2020, it waived control of Maquinarias y Canteras del Centro, S.A. de C.V. Accordingly, the Company ceased consolidating this Entity as at this date and recognizes its equity-accounted share of profit or loss in this Company through the subsidiary Cementos Moctezuma, S.A. de C.V.

The Company, indirectly through its subsidiary Cementos Moctezuma, S.A. de C.V., owns a 51% equity interest and does not have control over the following Company:

Associate	Activity	Location of incorporation	Interest and vouting rights held by the Entity (51%)	
			2021	2020
Maquinaria y Canteras del Centro, S.A. de C.V.	Sand and gravel extraction	Mexico City	**$ 12,659**	$ 12,356

An analysis of the associate's financial information is included below. The financial highlights shown are the amounts included in the associate's financial statements prepared under IFRS.

Statement of financial position as at 31 December 2021 and 2020:

	2021	2020
Current assets	$ 10,050	$ 10,725
Non-current assets	28,664	27,548
Current liabilities	11,520	12,633
Non-current liabilities	2,373	1,412
Equity	24,821	24,228

The amounts of the assets and liabilities detailed above include the following:

	2021	2020
Cash and cash equivalents	$ 2,553	$ 3,964
Inventories	4,107	4,657

Statement of income and other comprehensive income

	2021	2020
Sales	$ 58,475	$ 41,572
Cost of sales (contractors, fuels, drilling etc.)	(34,920)	(35,136)
Depreciation and amortization	(3,770)	(3,782)
Low-value, short-term leases	(11,798)	-
Operating profit (loss)	1,967	(1,189)
Comprehensive financial result	(413)	(491)
Net comprehensive profit (loss)	593	(1,662)

29. Basic Earnings Per Share

The profit and the average weighted number of ordinary shares used to calculate basic earnings per share are as follows:

	2021	2020
Net income attributable to equity holders of the parent	$ 4,535,804	$ 4,219,918
Weighted average number of outstanding shares (thousands of shares)	873,777	875,901
Basic earnings per ordinary share, equity holders of the parent	$ 5.19	$ 4.82

Since the Company has no dilutive potential shares, its diluted earnings per share are the same as its basic earnings per share.

30. Commitments and Subsequent Events

At the date of issuance of these financial statements, the Company has not unquantifiable commitments arising from the normal course of business. Although it is not practical to determine the relevant amounts, Entity's Management considers that, based on known elements, any contingent liability would not have a material effect on the Entity's financial situation or operating results. The Company has no additional extraordinary commitments or subsequent events that require disclosure.

31. Authorization of the issuance of the Consolidated Financial Statements

On 23 February 2021, the accompanying consolidated financial statements were authorized by the Entity's Board of Directors and Audit Committee and Corporate Practices for their issuance. Consequently, it does not reflect the events that occurred after that date. This accompanying consolidated financial statements are subject to subsequent approval during Shareholders' Meeting, who have the authority to modify the Entity's consolidated financial statements in accordance with General Corporations Law.

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