

CEMEX LATAM HOLDINGS, S.A.

Notes to the Annual Accounts  
December 31, 2022

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

**Basis of Presentation (continued)**

The flows take into consideration past experience and represent management's best estimate of future market performance. From the final year cash flows are extrapolated using perpetual growth rates and, in certain cases, to calculate the residual value, cash flows are normalized. The key assumptions used to calculate the fair value less costs to sell and value in use include growth rates, the weighted average cost of capital and a reasonably possible independent reduction of 10% in EBITDA (results from operating activities plus depreciation and amortization). The estimates, including the methodology used, could have a significant impact on values and impairment.

(ii) Recognition of tax credits for tax loss carryforwards

Tax projections are determined based on the budgets approved by the Board of Directors and other estimates prepared by the Company's different departments. These projections, which encompass a maximum period of 10 years, take into consideration past experience and represent management's best estimate of future market performance.

Although the estimates made by the Company's Board of Directors were based on the best information available at December 31, 2022, future events may require changes to these estimates in future reporting periods. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognized prospectively.

(e) Going concern

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

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

**(3) Distribution of Profit**

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

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

The Company's freely distributable reserves are nonetheless subject to the legal limits. Dividends may not be distributed if equity would be less than share capital as a result. Moreover, the distribution of dividends by the Company with a charge to reserves is subject to the limits set out in the Framework Agreement, as explained in note 16.