VOTORANTIM cimentos

Financial Statements

Votorantim Cimentos International S.A.

Consolidated financial statements and audit report as of December 31, 2023

Votorantim Cimentos International S.A.

2023 Consolidated Management Report

This consolidated management report should be read in conjunction with the audited consolidated financial statements of Votorantim Cimentos International S.A. and the notes thereto for the year ended December 31, 2023.

1 General

(a) Votorantim Cimentos International S.A. (the "Company" or "VCI") was incorporated on 9 April 2018 and is organized under the laws of Luxembourg as a "Société anonyme" for an unlimited period (R.C.S. Luxembourg: B.224031).

(b) The registered office of the Company is established at 35 Avenue J-F Kennedy, 1st floor, A2, L-1855 Luxembourg.

(c) The financial year of the Company runs from the 1st January until the 31st December of each year.

(d) VCI is 100% owned by Votorantim Cimentos S.A. ("VCSA").

(e) As at December 31, 2023 the Company's fully subscribed and paid-up capital is USD 99,915 (December 31, 2022 – USD 99,915), consisting of 99,915,432 common shares (December 31, 2022 – 99,915,432 common shares).

(f) As at December 31, 2023, the amount of share premium is USD 1,621,892 (December 31, 2022 – USD 1,621,892).

(g) The Company, its subsidiaries, and its equity accounted investees (together referred as the "Group" or "VCI Group") have investments in three clusters, which are the operating segments of the Group:

  i. North America (VCNA) that includes Canada and Unites States ("US"),
  ii. Europe, Asia and Africa (VCEAA) that comprises Spain, Tunisia, Turkey and Morocco, and
  iii. Latin America (VCLatam) that includes Uruguay, Bolivia and Argentina (the later an associate).

(h) The Group invests in a product portfolio made up of cement, concrete, aggregates, mortars, grouts, plasticizers and agricultural inputs, but we also look beyond and continue to invest to offer new high-value services and innovative products in these segments.

2 Financial performance

(a) For the year ended December 31, 2023, the Group's net revenue amounts to USD 2,846,386 compared to USD 2,585,444 for the previous year.

(b) The Group's total assets on December 31, 2023 is USD 5,398,926 versus USD 5,076,371 as of December 31, 2022.

(c) On December 31, 2023, the Group's cash at bank and cash equivalents amounts to USD 571,312 compared to USD 401,567 as of December 31, 2022.

(d) Total net equity amounts to USD 2,968,003 as of December 31, 2023 compared to USD 2,680,007 as of December 31, 2022.

(e) Key indicators of financial performance: the Group defined its key indicators of financial performance as net revenue and EBITDA. Below the analysis of those key indicators for each operating segment.

(f) The Group's cost of goods sold and services rendered reached USD 2,271,179 compared to USD 2,217,260 in the prior year, an increase of 2.4%.

VCNA's net revenue increased by 8.6% reaching USD 1,570,305 in 2023, mainly due to a price increase effect.

VCNA's adjusted EBITDA increased by 28.7% reaching USD 393,871 in 2023, because of prices increase, and a slowdown of the costs pressure, absorbing the decrease in the cement demand in Canada and USA.

VCEAA's net revenue increased by 12.2% reaching USD 1,101,741, due a price increase effect, and the additional volumes contributed by the business acquired in late 2022 in Spain.

VCEAA's adjusted EBITDA increased by 69% reaching USD 235,552 driven by prices and the increase in volumes and sales motivated mainly from the new business acquired in Spain, as referred above. The slowdown of costs increase also contributed positively for the performance of the adjusted EBITDA.

VCLatam's net revenue increased by 10.8% reaching USD 174,340, due to better volumes in both countries compared to last year.

VCLatam's adjusted EBITDA increased by 8.3% reaching USD 39,033, due to the positive demand of cement in both countries, and also the cost synergies resulting from the unification of the industrial activities in Uruguay.

3 Non-financial performance

Sustainable practice is one of the pillars of our business and one of the key elements of our Group's vision on which our plans and choices are founded. We are committed to sustainability in our activities and operations, to condense our environmental footprint, while also optimizing manufacturing costs, improving our product offerings according to the needs of our customers and maintaining our high-quality standards, in accordance with applicable laws and regulations.

Safety and Health are non-negotiable values for VCI Group, which constantly seeks to promote healthy and safe working conditions for employees and contractors.

Ethics and integrity are values that we do not compromise. To further strengthen this aspect of our culture, we have a solid corporate governance structure that matches the standards and best practices adopted by publicly traded companies, ensuring compliance, transparency, and integrity in all our operations.

4 Other important events of the year

There are no major events worth noting in the year 2023.

5 Expected evolution of Group’s business

In the US GDP is projected to increase 2.1 percent in 2024 and 1.7 percent in 2025, with the lagged effects of monetary policy tightening, gradual fiscal tightening, and a softening in labor markets slowing aggregate demand, according to the latest report of International Monetary Fund (“IMF”). The US market is experiencing a positive cycle with strong prices and stable demand, despite inflationary pressures and markets operating without available stocks. The Portland Cement Association (PCA) expects that cement consumption will pick up again in 2024, based on economic and credit improvements and expected growth in the infrastructure sector in the US, influenced by government infrastructure projects and IIJA.

For Europe, Asia and Africa, the region had a recovery in cost inflation after 2022 and a better macroeconomic scenario in most of the countries that VCI Group operates. For 2024 it is expected a positive cement demand in the region, increased residential and infrastructure investments, with public and private investments, and in Morocco the infrastructure projects due to the World Cup 2030. For Spain, the Spanish cement association, Oficemen, indicated a decrease of 3% in cement demand in 2023, aligned with the market expectations. The economic and political instability in the country over the last three years has affected the execution of public investments and investment decisions in the private market. The outlook for 2024, according to the association, is for cement consumption to be stable.

The cement markets in Bolivia and Uruguay have proved to be resilient and stable, with solid demand in 2023. Both countries have growth forecasts for 2024, according to the IMF's latest report, with a stable macro-economy and controlled inflation.

6 Risk factors

Additional details regarding each of the financial risks identified below are disclosed in Notes 8 and 9 of these consolidated financial statements.

6.1 Social and environmental risk management

The Group operates in various countries and its activities are subject to local, state, national and international environmental laws and regulations, treaties and conventions regulating the activities, establishing measures for mitigation, compensation, management, and risk monitoring, including those that regulate the obligations of the owner of the venture and/or activity relating to environmental protection. Violations of the environmental regulations can lead to fines and penalties and may require the implementation of technical measures to ensure compliance with the mandatory environmental standards.

The Group reviews periodically its environmental risk assessment and addresses the risks identified either through mitigation actions or provision of future costs.

6.2 Financial risk management

The Group's activities expose it to several financial risks: (a) market risk (including currency and interest rate risk); (b) credit risk; and (c) liquidity risk.

The products and services offered by the Group are denominated in several currencies due to its global positioning, and potential risks of currency mismatches between income and costs can arise.

The Group has loans linked to different indices and denominated in foreign currencies, which may have an impact on its cash flow.

To mitigate the adverse effects of each of these risk factors, the Group prepared a financial policy approved by VCSA’s Board of Directors, that establishes governance and macro guidelines in the financial risk management process, as well as metrics for measurement and monitoring. The purpose of this process is to protect the cash flows against adverse financial market events, such as fluctuations in exchange rates and interest rates, and against adverse credit events of financial counterparties. In addition, this process aims to manage leverage and other financial or operating exposure in line with the criteria of ratings agencies for investment grade companies. The financial policy of the Group aims to preserve its liquidity, diversify the financing sources, providing unrestricted access to capital markets at competitive costs, and generating value for stockholders.

The following derivative instruments may be used to hedge and manage risks: swaps, call options, put options, collars, futures contracts (currencies, interest rates or commodities) and forward contracts known as Non-Deliverable Forwards (currencies, interest rates or commodities). The main guideline for the Group’s hedging strategy follows transactions that do not involve financial instruments for speculative purposes or transactions that can be characterized as leverage (that is, that the exposure to the risk factor via derivative is greater than the hedged item), and any other instrument requires the approval of VCSA’s Board of Directors.

7 Research and development (R&D)

The R&D activities are not directly managed by VCI. To address the main challenges of the cement industry we count on the support of our global Research & Development and Quality area at VCSA on two important levels: 1) clinker factor reduction, through the use of other materials with hydraulic properties (called cementitious), such as blast-furnace slag, fly ash, natural pozzolans and calcined clay, among others; and 2) replacement of fossil fuels with alternative lower-CO_2 emissions fuels, which reduces the use of non-renewable resources and contributes to mitigating the burden of industrial and urban waste.

8 Branches

As at December 31, 2023 the Company does not have any branch in its organization.

9 Acquisition of own shares

The Group did not carry out any acquisition of its own shares during the year ended on December 31, 2023. Moreover, the Group does not hold any amount related to its own shares.

10 Management Board

The Management Board is composed of Carlos Eduardo Boggio and Nuno Alexandre Fernandes Alves.

Luxembourg, March 6, 2024.
The Management Board

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Nuno Alves
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Nuno Alves

Management Board Member

DocuSigned by:
Carlos Boggio
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Carlos Boggio

Management Board Member

Audit report

To the Shareholder of
Votorantim Cimentos International S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Votorantim Cimentos International S.A. (the “Company”) and its subsidiaries (the “Group”) as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements” section of our report.

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

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Management Board is responsible for the other information. The other information comprises the information stated in the consolidated management report but does not include the consolidated financial statements and our audit report thereon.

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 identified above 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Management Board 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, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the "Réviseur d'entreprises agréé" 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 audit 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism 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 Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board;

- conclude on the appropriateness of the Management Board'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit 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 audit report. However, future events or conditions may cause the Group 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 and business activities within the Group 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 communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 6 March 2024

Electronically signed by:
Fabrice Goffin

Fabrice Goffin

Votorantim Cimentos International S.A.

2023 Consolidated Financial Statements

Votorantim Cimentos International S.A.

Consolidated balance sheet
All amounts in thousands of US Dollars, unless otherwise stated

Assets	Note	2023	2022
Current assets			
Cash and cash equivalents	11 (b)	571,312	401,567
Financial investments	12 (b)	6,312	17,327
Trade receivables	13 (b)	173,191	144,674
Inventory	14 (b)	400,592	357,109
Taxes recoverable		22,932	26,900
Securitization of receivables	13 (e)	51,716	
Other assets		36,855	34,609
		1,262,910	982,186
Assets classified as held for sale		1,754	
		1,264,664	982,186
Non-current assets			
Taxes recoverable		744	3,469
Deferred tax assets	22 (c)	161,949	80,605
Securitization of receivables	13 (e)		41,731
Pension plan	24	16,655	23,804
Other assets		21,763	23,504
		201,111	173,113
Investments in associates and joint ventures	16 (b)	190,721	240,088
Investment property		14,436	14,349
Property, plant and equipment	17 (b)	2,143,477	2,027,330
Intangible assets	18 (b)	1,407,988	1,434,861
Right-of-use assets	19 (b)	176,529	204,444
		3,933,151	3,921,072
Total assets		5,398,926	5,076,371

Liabilities and stockholders' equity	Note	2023	2022
Current liabilities			
Borrowing	20 (b)	36,095	30,216
Lease liabilities	19 (c)	23,324	26,182
Confirming payables	21	261,473	283,113
Trade payables		433,837	388,351
Salaries and payroll charges		77,213	54,936
Taxes payable		35,179	26,826
Advances from customers		11,650	4,202
Securitization of receivables	13 (e)	19,693	
Other liabilities		23,510	33,892
		921,974	847,718
Non-current liabilities			
Borrowing	20 (b)	1,066,019	1,055,802
Lease liabilities	19 (c)	160,583	192,329
Deferred tax liabilities	22 (c)	153,670	133,754
Provision	23 (b)	47,632	65,994
Pension plan	24	54,884	52,707
Securitization of receivables	13 (e)		21,928
Other liabilities		26,161	26,132
		1,508,949	1,548,646
Total liabilities		2,430,923	2,396,364
Shareholders' equity	25 (c)		
Share capital		99,915	99,915
Share premium		1,621,892	1,621,892
Consolidated reserves		1,740,262	1,454,082
Other comprehensive income		(883,040)	(878,713)
Total equity attributable to the Company owners		2,579,029	2,297,176
Non-controlling interests		388,974	382,831
Total equity		2,968,003	2,680,007
Total liabilities and shareholders' equity		5,398,926	5,076,371

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

Consolidated statement of income
Year ended December 31
All amounts in thousands of US Dollars, unless otherwise stated

	Note	2023	2022
Continuing operations			
Revenue from contracts with customers	26	2,846,386	2,585,444
Cost of goods sold and services rendered	27	(2,271,179)	(2,217,260)
Gross profit		575,207	368,184
Operating income (expenses)			
Selling expenses	27	(59,498)	(54,976)
General and administrative expenses	27	(135,897)	(117,283)
Other operating income, net	29	33,230	27,495
		(162,165)	(144,764)
Operating profit before equity interest and financial results		413,042	223,420
Results of investees			
Share of net profit of associates and joint ventures	16(b)	9,931	12,593
Financial income (expenses)	30(b)		
Financial income		35,095	27,042
Financial expenses		(124,907)	(161,542)
Exchange variations and hyperinflation effects, net		(13,711)	(1,784)
		(103,523)	(136,284)
Profit before income tax		319,450	99,729
Income tax	22(b)	728	(22,144)
Profit for the year		320,178	77,585
Attributable to the			
Company owners		286,748	52,705
Non-controlling interests		33,430	24,880
Profit for the year		320,178	77,585

Consolidated statement of comprehensive income
Year ended December 31
All amounts in thousands of US Dollars, unless otherwise stated

	Note	2023	2022
Profit for the year		320,178	77,585
Components of other comprehensive income (expenses) for subsequent reclassification to the statement of income			
Attributable to the owners of the Company			
Currency exchange differences on translation of foreign operations	25 (c)	(8,773)	(25,012)
Currency translation in hedge accounting for net investments in foreign operations	25 (c)	9,694	(26,406)
Share of other comprehensive income of associates and joint ventures	25 (c)	(52)	(52)
Other components of comprehensive income (loss)		(1,423)	3,548
Attributable to non-controlling shareholders			
Currency exchange differences on translation of foreign operations		5,448	(4,642)
Currency translation in hedge accounting for net investments in foreign operations		1,986	(5,409)
Other components of other comprehensive income (loss)		697	(259)
		7,577	(58,231)
Components of other comprehensive income not for subsequent reclassification to the statement of income			
Attributable to the owners of the Company			
Remeasurement of retirement benefits	25 (c)	(3,773)	5,202
Attributable to non-controlling shareholders			
Remeasurement of retirement benefits		(773)	1,034
		(4,546)	6,236
Total comprehensive income for the year		323,209	25,590
Comprehensive income (loss) from			
Continuing operations		323,209	25,590
		323,209	25,590
Comprehensive income attributable to			
Company owners		282,421	9,985
Non-controlling interests		40,788	15,605
		323,209	25,590

In this consolidated statement of comprehensive income, the items are presented net of tax effects. The tax effects are presented in Note 22(d).

Votorantim Cimentos International S.A.

Consolidated statement of changes in equity
Year ended December 31
All amounts in thousands of US Dollars, unless otherwise stated

		Attributable to the Company owners						
	Note	Share capital	Share premium	Consolidated reserves	Other comprehensive income (loss)	Total	Non-controlling interests	Total stockholder's equity
At January 1, 2022, before effect of initial hyperinflation accounting adjustment - subsidiary		99,915	1,314,041	1,389,683	(842,277)	1,961,362	403,554	2,364,916
Effect of initial hyperinflation accounting adjustment - subsidiary				17,978		17,978	406	18,384
Currency translation adjustment related to hyperinflationary economies				(6,284)	6,284			
At January 1, 2022, after effect of initial hyperinflation accounting adjustment - subsidiary		99,915	1,314,041	1,401,377	(835,993)	1,979,340	403,960	2,383,300
Comprehensive income (loss) for the year								
Profit for the year				52,705		52,705	24,880	77,585
Other comprehensive loss					(42,720)	(42,720)	(9,275)	(51,995)
				52,705	(42,720)	9,985	15,605	25,590
Contributions from/ (distribution to) stockholders								
Capital increase			307,851			307,851		307,851
Capital reduction - subsidiary							(22,296)	(22,296)
Dividends approved							(14,092)	(14,092)
Decrease in non-controlling interests							(346)	(346)
			307,851			307,851	(36,734)	271,117
At December 31, 2022		99,915	1,621,892	1,454,082	(878,713)	2,297,176	382,831	2,680,007
At January 1, 2023, before opening balance adjustments		99,915	1,621,892	1,454,082	(878,713)	2,297,176	382,831	2,680,007
Adoption of Amendments to IAS 12 - Income taxes	4.1			(568)		(568)		(568)
At January 1, 2023, after opening balance adjustments		99,915	1,621,892	1,453,514	(878,713)	2,296,608	382,831	2,679,439
Comprehensive income (loss) for the year								
Profit for the year				286,748		286,748	33,430	320,178
Other comprehensive income					(4,327)	(4,327)	7,358	3,031
				286,748	(4,327)	282,421	40,788	323,209
Contributions from/ (distribution to) stockholders								
Capital reduction - subsidiary (i)							(19,491)	(19,491)
Allocation of profit for the quarter								
Dividends approved							(15,154)	(15,154)
							(34,645)	(34,645)
At December 31, 2023		99,915	1,621,892	1,740,262	(883,040)	2,579,029	388,974	2,968,003

(i) In June 2023, the subsidiary St Marys Cement Inc. (hereinafter “SMCI”) reduced its capital by USD 114,643, carried as a capital return to the shareholders and settled in cash. The amount paid to the minority shareholder amounted to USD 19,491.

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

Consolidated statement of cash flows
Year ended December 31
All amounts in thousands of US dollars, unless otherwise stated

	Note	2023	2022
Profit before income tax		319,450	99,729
Depreciation, amortization and depletion	27	247,626	242,612
Share in the net profit of associates and joint ventures	16 (d)	(9,931)	(12,593)
Impairment provision for PP&E, intangible assets and RoU assets, net of reversals	29	(10,693)	
Gain on the sale of PP&E and intangible assets	29	(1,531)	(8,015)
Allowance for doubtful accounts, net of reversals	13 (c)	294	370
Provision for obsolete inventories, net of reversals	14 (c)	3,369	(2,606)
Provision for legal claims and ARO, net of reversals	23 (b)	2,595	1,802
Accrued interest	30 (b)	69,289	73,394
Gain on investment acquisition	29		(1,320)
Premium on repurchase of bonds	30 (b)		34,422
Gain generated with the settlement of a short-term CO2 emission rights loan	30 (b)		(10,265)
Provision for CO2 emission rights, net of reversals	29	(3,473)	(6,270)
Other components of net financial results		(13,337)	16,820
Other		(542)	(4,190)
		603,116	423,890
Cash flow from operating activities			
Decrease (increase) in assets			
Trade and other receivables		(41,169)	(4,626)
Inventory		(47,625)	(53,853)
Taxes recoverable		6,693	4,251
Other assets		(2,045)	2,698
Increase (decrease) in liabilities			
Trade payables		45,486	25,097
Confirming payables		(21,640)	63,466
Salaries and social charges		22,277	(8,253)
Taxes payable		5,963	(22,275)
Other accounts payable and other liabilities		(12,901)	(26,127)
		558,155	404,269
Interest paid	20 (d)	(70,115)	(77,818)
Premium paid on repurchase of bonds	30 (b)		(34,422)
Income tax (paid) refunded, net		(54,336)	20,468
Net cash provided by operating activities		433,704	312,497
Cash flow from investing activities			
Financial investments		11,015	(225)
Proceeds from disposals of PP&E and intangible assets		2,581	18,013
Dividends received from associates and joint ventures		16,649	13,610
Acquisitions of PP&E and intangible assets	17 and 18	(240,548)	(217,933)
Payment for acquisition of subsidiary, net of cash received		(2,967)	(88,886)
Payment for acquisition of joint venture	16 (d)	(5,411)	
Interest received		18,970	11,527
Capital increase - equity accounted investees	16 (d)	(500)	
Cash effect of capital decrease in equity accounted investees	16 (d)		1,000
Net cash used in investing activities		(200,211)	(262,894)
Cash flow from financing activities			
Proceeds from borrowing	20 (d)	131,551	375,343
Payments of borrowing	20 (d)	(121,449)	(751,566)
Derivative financial instruments		6,115	952
Capital increase			307,851
Dividends paid to non-controlling interests		(15,154)	(14,092)
Lease liability payments	19 (c)	(53,953)	(44,601)
Capital reduction - subsidiary		(19,491)	(22,296)
Net cash provided used in financing activities		(72,381)	(148,409)
Decrease in cash and cash equivalents		161,112	(98,806)
Effect of exchange rate changes on cash and cash equivalents		8,634	(5,220)
Cash and cash equivalents at the beginning of the year		401,567	505,593
Cash and cash equivalents at the end of the year		571,312	401,567
Main non-cash transaction			
Deferred settlement of acquisition			917
Use of intangible asset for liability settlement	18 (b)	4,010	35,910

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

1 General information

Votorantim Cimentos International S.A. (the "Company" or "VCI") was incorporated on April 9, 2018, and is organized under the laws of Luxembourg as a "Société anonyme" for an unlimited period (R.C.S. Luxembourg: B.224031). The registered office of the Company is established at 35 Avenue J-F Kennedy, 1st floor, A2, L-1855 Luxembourg.

The Company, its subsidiaries and equity accounted investees (together referred as "VCI Group" or the "Group") are mainly engaged in the following activities: production and sale of a portfolio of heavy building materials, which includes cement, aggregates, mortar, and others, as well ready-mix concrete services, transportation, and holding investments in other companies. VCI Group operates in North America, South America (excluding Brazil), Europe, Asia and Africa.

The Company is directly and fully controlled by Votorantim Cimentos S.A. ("VCSA"), a privately held company headquartered in the city and State of São Paulo, Brazil, that is the holding company of Votorantim Cimentos Group ("VC Group"). The ultimate parent entity and controlling party is Hejoassu Administração S.A..

2 Approval of the consolidated financial statements

The issue of these consolidated financial statements (hereinafter referred to as "financial statements") was authorized by the Management Board on March 6, 2024.

All amounts in thousands of US dollars, unless otherwise stated

3 Supplementary information

3.1 Information by operating segment

IFRS 8 - “Operating Segments” requires reportable segments to be identified based on internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (CODM) to allocate resources to the segments and to assess their performance. The Group defined the Management Board to be the CODM.

For management purposes, VCI Group is organized by geographical areas, with three reportable segments based on the assets’ locations, as follows: (1) North America (operations in Canada and United States); (2) Europe, Asia and Africa (operations in Spain, Turkey, Morocco and Tunisia); (3) Latin America (operations in Bolivia and Uruguay).

The reportable segments' key financial performance metric for management is the Adjusted EBITDA, which is reported monthly for each of the geographical reportable segments. Adjusted EBITDA is defined as profit for the year less financial results, income tax and social contribution, equity in results of investees and plus depreciation, amortization and depletion, plus dividends received from investees and less certain items considered by the CODM as unusual.

					2023
	North America	Europe, Asia and Africa	Latin America	Holding and eliminations	Total
Revenue from contracts with customers	1,570,305	1,101,741	174,340		2,846,386
Cost of goods sold and services rendered	(1,256,080)	(871,553)	(143,546)		(2,271,179)
Gross profit	314,225	230,188	30,794		575,207
Operating expenses	(100,622)	(43,473)	(16,421)	(1,649)	(162,165)
Operating profit (loss) before equity interest and financial results	213,603	186,715	14,373	(1,649)	413,042
Results of investees					
Share of net profit (loss) of associates and joint ventures	5,256	5,080	(405)		9,931
Financial results, net					
Interest payable on borrowing	(33,692)	(3,854)	(7,604)	(24,139)	(69,289)
Financial results, net, except interest payable on borrowing and other	(22,098)	(16,203)	(2,170)	6,237	(34,234)
	(55,790)	(20,057)	(9,774)	(17,902)	(103,523)
Profit (loss) before income tax	163,069	171,738	4,194	(19,551)	319,450
Income tax	(61,118)	60,353	1,493		728
Profit (loss) for the year	101,951	232,091	5,687	(19,551)	320,178
Depreciation, amortization and depletion	166,593	65,128	15,905		247,626
Dividends received	4,170	3,340	7,977		15,487
Impairment of long-term assets, net of reversals	9,505	(20,976)	778		(10,693)
Unusual items		1,345			1,345
Adjusted EBITDA	393,871	235,552	39,033	(1,649)	666,807
Acquisition of PP&E and intangible assets	174,130	56,388	10,029		240,548
Total assets	2,722,445	1,471,683	508,085	696,713	5,398,926
Total liabilities	1,223,682	708,718	179,068	319,455	2,430,923
Net debts	619,162	(158,149)	74,083	173,523	708,619

All amounts in thousands of US dollars, unless otherwise stated

	North America	Europe, Asia and Africa	Latin America	Holding and eliminations	Total
					2022
Revenue from contracts with customers	1,446,234	981,885	157,325		2,585,444
Cost of goods sold and services rendered	(1,237,105)	(849,646)	(130,509)		(2,217,260)
Gross profit	209,129	132,239	26,816		368,184
Operating expenses	(78,897)	(51,125)	(12,436)	(2,306)	(144,764)
Operating profit (loss) before equity interest and financial results	130,232	81,114	14,380	(2,306)	223,420
Results of investees					
Share of net profit (loss) of associates and joint ventures	3,026	3,801	5,766		12,593
Financial results, net					
Interest payable on borrowing and other	(39,395)	(3,622)	(5,824)	(31,259)	(80,100)
Financial results, net, except interest payable on borrowing and other	(27,264)	7,383	(970)	(35,333)	(56,184)
	(66,659)	3,761	(6,794)	(66,592)	(136,284)
Profit (loss) before income tax	66,599	88,676	13,352	(68,898)	99,729
Income tax	(11,485)	(9,315)	(1,344)		(22,144)
Profit (loss) for the year	55,114	79,361	12,008	(68,898)	77,585
Depreciation, amortization and depletion	172,885	54,370	15,340	17	242,612
Dividends received	2,881	3,394	6,306		12,581
Business combination		398			398
	2,881	3,792	6,306		12,979
Adjusted EBITDA	305,998	139,276	36,026	(2,289)	479,011
PP&E and intangible assets additions	133,627	57,981	26,326		217,933
Total assets	2,645,571	1,324,339	563,752	542,709	5,076,371
Total liabilities	1,149,026	723,572	181,367	342,399	2,396,364
Net debts	631,394	(163,012)	78,086	339,507	885,975

All amounts in thousands of US dollars, unless otherwise stated

3.2 Capital management

The Group's main objectives when managing its capital are to safeguard the ability to continue as a going concern in order to provide returns, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure the Group can make adjustments to the amount of dividends or capital return paid to stockholders, issue new shares, or sell assets to reduce debt, for example.

Consistent with others in the industry, the Group monitors capital based on the financial leverage ratio, which corresponds to the net debt divided by Adjusted EBITDA. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents, financial investments and derivative financial instruments.

The leverage ratios as of December 31, 2023 and 2022 are summarized as follows:

	Note	2023	2022
Borrowing	20(b)	1,102,114	1,086,018
Lease liabilities	19(c)	183,907	218,511
Cash and cash equivalents	11(b)	(571,312)	(401,567)
Financial investments	12(b)	(6,312)	(17,327)
Derivative financial instruments		222	340
Net debt - (A)		708,619	885,975
Adjusted EBITDA for the last 12 months - (B)		666,807	479,011
Financial leverage ratio - (A/B)		1.06	1.85

4 Changes in accounting policies and disclosures

4.1 New and amended accounting standards adopted by the Group

Several amended standards became applicable for the current reporting period. Except for the amendments to IAS 12 – "Income taxes" detailed below, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those amended standards.

4.1.1 Amendments to IAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The Group adopted the amendments to IAS 12, that requires companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This amendment was applied as from January 1st, 2023, and resulted in the recognition of additional deferred tax assets and deferred tax liabilities amounting to USD 3,149 and USD 3,717, respectively, with the net impact of USD 568 reflected in equity's opening balance. These additional deferred taxes relate to lease agreements and decommissioning and restauration obligations.

4.1.2 Amendments to IAS 12 Income taxes: International tax reform – Pillar Two model rules

The Group is within the scope of the OECD (Organization for Economic Co-operation and Development) Pillar Two model rules which establishes a new global tax framework of 15% minimum tax. In the jurisdictions the Group operates, Pillar Two legislation was already enacted in Luxembourg, with effect from 1 January 2024, and a draft law was published in Spain, with final approval expected along 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. Moreover, the Group applied the mandatory temporary exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The Group is in the process of assessing the potential exposure arising from Pillar Two legislation and based on the preliminary assessment carried out so far it is expected that most of the jurisdictions will not be subject to top-up tax due to the application of one of the transitional safe harbor rules. In the course of 2024, the Group will refine and complete this assessment, and will be able to quantify the potential exposure to Pillar Two income tax.

4.2 New and amendments to accounting standards not yet adopted by the Group

The Group analyzed the new accounting standards, amendments to the accounting standards and interpretations issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union ("EU") which are applicable for periods commencing on or after January 1st, 2024, and did not identify material impacts to its operations and accounting policies.

5 New sustainability reporting standards

In January 2023 the European Union issued the Corporate Sustainability Reporting Directive, and in July 2023 its first set of European Sustainability Reporting Standards ("ESRS"). These are mandatorily applicable to the Group's subsidiaries located in European Union countries (Luxembourg and Spain), and indirectly to all subsidiaries forming part of VCI's Group perimeter. The European subsidiaries must report on a consolidated basis, in accordance with the current and future ESRSs, as from 31 December 2025.

The Group is in the process of implementing these new standards, leveraging in the processes already in place for the current Integrated Report prepared for VCSA Group, and deploying the necessary improvements to comply with the ESRSs, and be able to respond to the increasing expectations of investors and financial markets.

6 Basis of preparation

6.1 Financial statements

These financial statements were prepared and are being presented in accordance with IFRS (International Financial Reporting Standards), as issued by the IASB that are adopted by the EU.

The financial statements were prepared and are being presented under the historical cost convention, except for some financial assets and financial liabilities (including derivative instruments) and investment properties which are measured at fair value at the end of each reporting period.

The main accounting policies applied in the preparation of these financial statements have been consistently applied in all years presented, unless otherwise stated. The accounting policies of subsidiaries, associates and joint ventures are adjusted, if necessary, to ensure consistency with the policies adopted by the Group.

The material accounting policies for the understanding of the financial statements were included in the respective notes, with a summary of the basis of recognition and measurement used by the Group.

The preparation of financial statements requires the use of certain accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. Those areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 7.

6.2 Principles of consolidation and equity accounting

The Company consolidates all the entities which it controls. The companies included in this consolidation are listed in Note 6.2 (g).

(a) Subsidiaries

The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated in these financial statements from the date on which the Group obtains control, until the date that control ceases. The acquisition method of accounting is used by the Group to account for business combinations, as explained in Note 6.2 (e).

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of income, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to the Company owners.

(c) Associates and joint arrangements

(i) Associates

Associates are all entities over which the Group, directly or indirectly, has significant influence on financial and operating activities, but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

(ii) Joint arrangements

Investments in joint arrangements are classified as either joint ventures or joint operations. In a joint venture the Group shares the control of the entity and has the right to the net assets of the joint venture, and not to its specific assets and liabilities. Interests in joint ventures are accounted for using the equity accounting method, after initially being recognized at cost in the balance sheet.

In a joint operation the Group recognizes individually its direct right to the assets, liabilities, revenues and expenses, and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognized at cost, which includes transaction costs, and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the statement of income, and the Group's share of movements in other comprehensive income of the investee in the statement of comprehensive income, until the date when significant influence or joint control ceases to exist. Dividends received or receivable from associates and joint ventures are recognized as a reduction of the carrying amount of the investment.
The Group's investments in associates and joint ventures include goodwill identified upon acquisition, net of any accumulated impairment losses.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains arising from transactions with investees recognized under the equity method are eliminated against the investment in the proportion of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Dilution gains and losses arising from investments in associates and joint ventures are recognized in the statement of income. The Group classifies dividends received from associates and joint ventures as cash flows from investing activities.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 7.2.

(d) Loss of control of subsidiaries, associates or joint ventures

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.
If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(e) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the statement of income as a bargain purchase. If non-controlling interests are born as part of the business combination, the gain resulting from the bargain purchase is fully allocated to the Group as controlling shareholder.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or as financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in the statement of income.

If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in the statement of income.

(f) Discontinued operation

A discontinued operation is a component of a business of the Group which comprises operations and cash flows that can be clearly separated from the Group, that either has been disposed of or is classified as held for sale, and:

(i) represents either a separate major line of business or a geographical area of operations;
(ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
(iii) is a subsidiary acquired exclusively with a view to resale.

The classification as a discontinued operation occurs at its disposal, or when the operation meets the criteria to be classified as held for sale, if this occurs earlier.

When an operation is classified as a discontinued operation, the comparative statements of income and other comprehensive income are restated as if the operation had been discontinued since the beginning of the comparative period.

All amounts in thousands of US dollars, unless otherwise stated

(g) Companies included in the financial statements

	Percentage of total and voting capital				
	2023	2022	Place of operation	Functional currency	Main activity
Votorantim Cement International S.A. and subsidiaries					
St. Marys and subsiaries					
St. Marys Cement Inc. (Canada)	83.00	83.00	Canada	CAD	Cement, ready mix, aggregates
7918 Québec Inc. (aka GP Co)	83.00	83.00	Canada	CAD	Holding
Superior Materials Holdings LLC (i)		83.00	USA	USD	Ready mix
St. Marys Cement U.S. LLC	83.00	83.00	USA	USD	Cement
McInnis Marine USA, LLC	83.00	83.00	USA	USD	Cement
2377962 Ontario Inc.	83.00	83.00	Canada	CAD	Holding
2377482 Ontario Inc.	83.00	83.00	Canada	CAD	Holding
2339097 Ontario Limited	83.00	83.00	Canada	CAD	Holding
Rosedale Securities Limited	83.00	83.00	Canada	CAD	Holding
VCNA Prairie Aggregate Holdings Illinois Inc.	83.00	83.00	USA	USD	Aggregates
VCNA US Inc.	83.00	83.00	USA	USD	Holding
Votorantim Cimentos North America, Inc.	83.00	83.00	USA	USD	Holding
McInnis USA LLC	83.00	83.00	USA	USD	Cement
VCNA Praire LLC	83.00	83.00	USA	USD	Ready mix, aggregates
VCNA United Materials LLC	83.00	83.00	USA	USD	Concrete
VCNA United Materials Builders LLC (i)		83.00	USA	USD	Retail
313 Ready Mix LLC	83.00	83.00	USA	USD	Ready mix, aggregates
Superior Materials LLC. (i)	83.00		USA	USD	Ready mix
Votorantim Cimentos EAA Inversiones S.L and subsidiaries					
Votorantim Cement EAA Inversiones S.L. "VCEAA"	100.00	100.00	Spain	EUR	Holding
Societe Les Ciments de Jbel Oust - CJO	99.99	99.99	Tunisia	TND	Cement
Societe Granulats Jbel Oust	99.99	99.99	Tunisia	TND	Aggregates
Votorantim Cimento Sanayive Ticaret A.S	99.95	99.95	Turkey	TRY	Cement
Ybitas Yozgat Isci Birligi Insaat Malzemeleri Ticaret ve Sanayi A.S.	82.91	82.91	Turkey	TRY	Cement
Votorantim Cement Trading S.L.	100.00	100.00	Spain	USD	Trading
Cementos Asment EAA	100.00	100.00	Spain	EUR	Holding
Grabemaro S.A.R.L.	99.99	99.99	Morocco	MAD	Aggregates
Asment de Temara S.A.	62.62	62.62	Morocco	MAD	Cement
Asment Du Centre S.A.	62.62	62.62	Morocco	MAD	No activity
Sociedad Financiera y Minera Sur, S.L. (iii)		99.77	Spain	EUR	Cement
Compañía General de Canteras, S.A.	99.18	99.18	Spain	EUR	Aggregates
Comercializadora de Calizas S.L.	49.88	49.89	Spain	EUR	Limestone trader
Prebetong Hormigones S.A.	99.75	99.75	Spain	EUR	Ready mix
Prebetong Lugo S.A.	82.69	82.69	Spain	EUR	Aggregates
Prebetong Lugo Hormigones S.A	82.69	82.69	Spain	EUR	Ready mix
Prebetong Áridos S.L.	99.77	99.77	Spain	EUR	Aggregates
Comercial Cosmos SUR S.L.	99.77	99.77	Spain	EUR	Cement
Morteros de Galicia S.L.	99.77	99.77	Spain	EUR	Mortars
Votorantim Cimentos Latam and subsidiaries					
Votorantim Cimentos LATAM S.A.	100.00	100.00	Luxembourg	USD	Holding
Cementos Artigas S.A.	51.00	51.00	Uruguay	UYU	Cement
Eromar S.A.	51.00	51.00	Uruguay	UYU	Aggregates
Mondello S.A.	51.00	51.00	Uruguay	UYU	Cement
Cementos Artigas Zona Franca S.A.	51.00	51.00	Uruguay	UYU	Concrete
Colina Justa S.A	51.00	51.00	Uruguay	UYU	Aggregates
Yacuces S.L	51.00	51.00	Spain	EUR	Holding
GB Minerales Y Agregados S.A.	51.00	51.00	Bolivia	EUR	Cement
Itacamba Cementos S.A.	34.00	34.00	Bolivia	BOB	Cement

All amounts in thousands of US dollars, unless otherwise stated

	Percentage of total and voting capital				
	2023	2022	Place of operation	Functional currency	Main activity
Associates and jointly-controlled entities					
RCD La Gañanía, Sl. (iv)	39.91		Spain	EUR	Aggregates
BWB LLC (i)		83.00	USA	USD	Concrete
Grundy-River Holdings LLC (ii)	41.50		USA	USD	Concrete
Grundy County Redi-Mix LLC (ii)	41.50		USA	USD	Concrete
River Red-Mix LLC (ii)	41.50		USA	USD	Concrete
Hutton Transport Ltda.	20.75	20.75	Canada	CAD	Transportation
Canteira do Penedo S.A.	41.33	41.33	Spain	EUR	Aggregates
Cementos del Marquesado S.A. (v)		23.15	Spain	EUR	Cement
Cementos Avellaneda S.A.	49.00	49.00	Argentina	ARS	Cement
Midway Group LLC	41.50	41.50	USA	USD	Ready mix
RMC Leasing	41.50	41.50	USA	USD	Holding
Cementos Granadilla S.L.	54.87	54.87	Spain	EUR	Cement
Hormigones y Aridos La Barca S.A.	49.89	49.89	Spain	EUR	Ready mix
Aridos de la Coruña S.A.	49.89	49.89	Spain	EUR	Aggregates
Cementos Especiales de las Islas S.A.	49.89	49.89	Spain	EUR	Cement
Compañia Canaria de Mat. Primas S.A.	46.21	46.21	Spain	EUR	Services/Logistics
Horinsa Graneles S.L.	49.89	49.89	Spain	EUR	Logistics
Hormisol Canarias S.A.	49.89	49.89	Spain	EUR	Concrete
Morteros Especiales de Canarias S.L.	24.94	24.94	Spain	EUR	Ready mix
Morteros Insulares Canarios S.A.	39.91	39.91	Spain	EUR	Ready mix
Áridos Classificados de Fuerteventura S.A.	37.41	37.41	Spain	EUR	Quarry
Ceisa Comercial de Cemento S.L.U.	49.89	49.89	Spain	EUR	Cement
Aplicaciones Minerales S.A.	11.97	11.97	Spain	EUR	Aggregates
Société Marocainee SMBRM	30.68	30.68	Morocco	MAD	Grinding
Joint operations					
Great Lakes Slag Inc.	41.50	41.50	Canada	CAD	Slag production

(i) January 2023, merger of the companies VCNA United Materials Builders LLC., Superior Materials Holdings, LLC. and company BWB LLC with the company Superior Materials LLC.

(ii) June 2023, VCNA Prairie LLC acquired 50% of the company Grundy-River Holdings LLC and indirectly acquired 50% of Grundy County Redi-Mix LLC and River Red-Mix LLC. This acquisition qualifies as a joint venture arrangement.

(iii) August 2023, amalgamation of the company Sociedad Financiera y Minera Sur, S.L. by Votorantim Cementos España, S.A..

(iv) September 2023, creation of the company RCD La Gañania, Sl.. Votoratim Cementos Espanã S.A has a stake of 40% equity interest.

(v) December 2023, the company Cementos del Marquesado S.A. was liquidated.

6.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). These financial statements are presented in US Dollars ("USD"), which is the Company's functional and presentation currency.

Management has applied the guidance in IAS 21 – "The Effects of Changes in Foreign Exchange Rates" in assessing the functional currency of the Company and has determined USD as being the most appropriate functional currency, considering the economic substance and activities of the Company. Management's judgement was based on the following relevant facts:

- The Company acts as the holding entity of the international subsidiaries, being the head of Votorantim Cimentos Group's international operations. It carries out some operating activities, consisting of holding and managing the subsidiaries of the sub-group, through its dedicated management team and staff. These activities are carried out autonomously and involve the delivery of management services to the subsidiaries, such as legal, compliance, accounting expertise and financing related.

- The Company also has external financial debt, raised on behalf of the subsidiaries, that is denominated in USD.
- The Company's key cash inflows are the dividends and intercompany balances from its subsidiaries. The latter can relate to interest income, as well as remuneration for the management services delivered. These inflows are denominated in USD.
- Most of the Company's costs relate to services engaged in the context of holding and financing activities that are mostly denominated in USD. Some of these costs are incurred on behalf of the subsidiaries and are subsequently recharged and reimbursed in USD.

Based on the facts above, Management has concluded that USD is the most appropriate functional currency for the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency USD using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of each reporting period are generally recognized in the income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All other foreign exchange gains and losses are presented in the statement of income on a net basis within Exchange variations, net (Note 30).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Subsidiaries with a different functional currency

The results and financial position of all subsidiaries that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) Income and expenses for each statement of income and statement of comprehensive income are translated at average foreign exchange rates, which is a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates; and
(iii) All resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of shareholder's equity.

The amounts presented in the statement of cash flow are extracted from the translated movements of the assets, liabilities, income and expenses, as detailed above.

Upon consolidation, foreign exchange differences arising from the translation of the net investment in foreign operations, and of borrowing and other financial instruments designated as hedge instruments of such investments, are recognized in other comprehensive income. When a foreign operation is partially disposed of or sold, the cumulated foreign exchange differences equivalent to the disposed investment and the designated hedging instrument that were recorded in other comprehensive income are reclassified to the statement of income as part of the gain or loss on the disposal. The quantification of such cumulated foreign exchange differences to reclassify is based on the consolidation method used by the Group – the step-by-step method, under which the consolidation is built up using sub-group consolidations.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The effect of such a translation is recorded in other comprehensive income.
The functional currencies for the foreign subsidiaries are presented in Note 6.2 (g).

(d) Financial reporting in hyperinflationary economies

IAS 29 requires that the financial statements of entities whose functional currency is that of a hyperinflationary economy to be adjusted for the effects of changes in a suitable general price index and to be expressed in terms of the current unit of measurement at the closing date of the reporting period. To conclude on whether an economy is categorized as hyperinflationary under the terms of IAS 29, the standard details a series of factors to be considered, including the existence of a cumulative inflation rate in three years that approximates or exceeds 100%.

IAS 29 should be applied as if the economy always had been hyperinflationary. The financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current on the date of the financial statements. All balance sheet amounts that are not stated in terms of the measuring unit current on the date of the financial statements must be restated by applying a general price index. Accordingly, the inflation produced from the date of acquisition or from the revaluation date, as applicable, must be computed in the non-monetary items. All income statement components must be stated in terms of the measuring unit current on the date of the financial statements, applying the change in the general price index that occurred since the date when revenues and expenses were originally recognized in the financial statements.

The main procedures for the above-mentioned adjustment are as follows:
- Monetary assets and liabilities which are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date;
- Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date, and components of shareholders' equity are adjusted by applying the relevant conversion factors;
- All items in the statement of income are restated by applying the relevant conversion factors;
- The effect of inflation on the net monetary position is included in the statement of income in the caption “Exchange variations and hyperinflation effects, net”; and
- All amounts (assets, liabilities, equity items, income, and expenses) are translated at the closing rate at the date of the most recent statement of financial position.

The comparative figures in these financial statements presented in a stable currency are not adjusted for subsequent changes in the price level or exchange rates. This resulted in an initial difference, arising from the adoption of hyperinflation accounting, between the closing equity of the previous year and the opening equity of the current year. The Group recognized this initial difference in equity.
The ongoing application of the re-translation of comparative amounts to closing exchanges rates under IAS 21 and the hyperinflation adjustments required by IAS 29 will lead to a difference in addition to the difference arising on the adoption of hyperinflation accounting. These additional differences are recognized in the statement of comprehensive income, under the caption “Currency exchange differences on translation of foreign operations”.

The balance of monetarily adjusted non-monetary assets is reduced whenever they exceed their recoverable amount, with the difference being recognized in the statement of income.

When the economy is no longer considered hyperinflationary and the investee discontinues the preparation and presentation of its financial information in accordance with IAS 29, the monetarily adjusted amounts become the base carrying amount for subsequent periods.

(i) Turkey

The inflation levels in Turkey have suffered a significant increase, particularly since late 2021, exceeding the 100% three-year cumulative inflation rate. Following the guidance issued by the International Monetary Fund ("IMF"), the Group has considered that there was sufficient evidence to conclude that Turkey became a hyperinflationary economy under the terms of IAS 29 as from April 2022. Accordingly, the Group applied IAS 29 as from that date to the financial reporting of its subsidiaries with the Turkish Lira as functional currency.

(ii) Argentina

In July 2018, the Argentine peso underwent a severe devaluation resulting in the three-year cumulative inflation of Argentina exceeding 100%, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29. It became applicable to our investment in Avellaneda, an associate whose functional currency is the Argentine peso.

6.4 Statement of cash flows

The cash flows present the changes in cash and cash equivalents during the year in the operating, investing and financing activities. Cash and cash equivalents include highly liquid short-term investments, that are investments with maturities in the short term as from the acquisition date. The cash flows from operating activities are presented based on the indirect method. The profit before taxes is adjusted for the effects of non-cash transactions, for the effects of any deferrals or for the recording on an accrual basis of past or future operating cash receipts or payments, and for the effects of income or expenses items associated with the cash flows from investing or financing activities. All income and expenses resulting from non-cash transactions, attributable to investing and financing activities, are excluded from the statement of cash flows. Interests received or paid are classified as operating cash flows.

7 Critical accounting estimates and judgments

Based on assumptions, the Group makes estimates concerning the future. Accounting estimates and judgments are periodically reviewed, based on historical experience and other factors, including expectations of future developments that are believed to be reasonable under the circumstances. Revisions to estimates are recognized prospectively.

The estimates and assumptions that carry a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are addressed below:

7.1 Fair value estimates

The Group discloses fair value measurements based on the following hierarchy:

Level 1 – Quoted prices (unadjusted) 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 (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs, for which fair value is determined based on specific valuation techniques).

Specific valuation techniques used to measure assets and liabilities at fair value include:

(i) Quoted market prices or quotations from financial institutions or brokers for similar instruments;
(ii) The fair value of interest rate swaps calculated at the present value of the estimated future cash flows, based on the yield curves adopted by the market;
(iii) The fair value of future foreign exchange contracts determined based on future exchange rates at the balance sheet date, with the resulting amount discounted to present value; and
(iv) Analysis of discounted cash flows.

The Group uses its judgment to select from a variety of methods, and to make assumptions that are mainly based on the market conditions existing at the balance sheet date.

7.2 Impairment of goodwill and other long-term non-financial assets

(a) Accounting policy

Non-financial assets with indefinite useful lives, such as goodwill, are not subject to amortization and are tested for impairment at least annually. Assets that are subject to depreciation/amortization are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less any selling costs and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units – "CGU"). Non-financial assets other than goodwill that suffered impairment are subsequently reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU 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 CGU in prior years. A reversal of an impairment loss is recognized as income immediately.

All amounts in thousands of US dollars, unless otherwise stated

Goodwill arising from acquisitions is allocated to a CGU or group of CGUs, with each CGU or group of CGUs being the lowest level at which goodwill is monitored for internal management purposes and not being larger than an operating segment. The goodwill related to our operations in North America and in Europe, Asia and Africa was allocated to each corresponding operating segment, being that Europe, Asia and Africa comprises a group of four CGUs to which goodwill was allocated. For the Latin America operating segment, goodwill was allocated per country of business. Refer to Note 18 (c) for the goodwill allocation details.

(b) Impairment testing for goodwill and non-current assets

An impairment test is carried at least annually for all CGUs to which goodwill has been allocated, as well as for other CGUs that do not contain goodwill but present impairment indicators. The recoverable amount as of December 31, 2023, has been determined from the value in use of each CGU, computed by applying the discounted cash flow model. The process of estimating these values involves the use of assumptions, judgments and estimates of future cash flows and represents the Company's best estimate.

These calculations use post-tax cash flow projections based on financial budgets approved by the Company's Management covering a five-year period. A ten-year period can be considered in specific circumstances, such as economic crisis, to better reflect the business and the economic cycle of the CGU. Cash flows beyond the five or ten-year period calculated under the value in use model are extrapolated using the last year projections (nil growth rate). The use of post-tax cash flows and rates does not result in any significant difference with respect to the use of pre-tax cash flows and rates.

Management considered as key assumptions to calculate the recoverable amount of the CGUs to be sales price and volume, and discount rate. Management determined budgeted sales price and volume based on past performance and its expectations of future market developments. The discount rates used are post-tax and reflect specific risks relating to the operating segment or the CGU being tested. The following table sets out the key assumptions for those CGUs or group of CGUs that have significant goodwill allocated to them, as well as other CGUs not having goodwill allocated but important for its significancy to the Group's operations:

Segment	Country	Currency	Discount rate 2023 post-tax	Discount rate 2022 post-tax
Latam	Bolivia	BOB	13.8%	10.0%
	Uruguay	UYU	7.9%	7.6%
	Argentina	ARS	17.7%	14.9%
North America	Canada/United States	CAD/USD	6.8%	6.3%
Europe, Asia and Africa	Turkey	TRY	12.0%	11.2%
	Tunisia	TND	16.6%	15.1%
	Morocco	MAD	8.3%	7.2%
	Spain	EUR	7.3%	6.8%

The impairment testing carried out at CGU level for the year ended December 31, 2023, did not result in impairments to be recorded. Nevertheless, a net impairment charge of USD 8.9 million was recorded, mainly as a result of certain individual assets being operationally discontinued.

In addition, the previous impairment recognized in 2020 over Turkey CGU (operating segment Europe, Asia and Africa) was fully reversed in the amount of USD 19,972. Despite the hyperinflation situation in

Turkey's economy, the business has been presenting a positive recovery trend in the past years, and Management's positive projections for the coming years allowed sufficient headroom for a full impairment reversal. The initial impairment charge recognized was USD (27,139), and the difference compared to the amount reversed results from the devaluation of the local currency.

(c) Sensitivity analysis

The Group performed a sensitivity analysis for the key assumptions used in determining the value in use of the CGUs. Management concluded that there are no reasonably possible changes in key assumptions that would result in the carrying amount of the asset or CGU significantly exceeding their estimated recoverable amount.

7.3 Asset retirement obligations (Note 23)

Expenditures related to mines decommissioning are recorded as asset retirement obligations. Obligations consist mainly of costs associated with termination of activities. The asset decommissioning cost equivalent to the present value of the obligation (liability) is capitalized as part of the book value of the underlying asset and depreciated over its useful life. The Group considers the use of accounting estimates related to the costs necessary to close the mining activities and recover the deteriorated areas as being a critical accounting estimate, since it involves various assumptions such as discount rates, inflation and the useful life of the asset. These estimates are annually reviewed. The discount rate applied in 2023 was in the range of 3,2% - 16,3% per year (December 31, 2022 – in the range of 2,8% - 14,9% per year). Further details in Note 23.

7.4 Recoverability of current and deferred income tax assets (Note 22)

The Group is subject to the payment of income taxes in all countries in which it operates. The provision for deferred taxes is calculated on a stand-alone basis for each entity based on the tax rates and tax laws enacted in each territory at the balance sheet date. The Group also recognizes provisions based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Deferred tax assets are periodically assessed to determine their recoverability, based on estimated future taxable profits deriving from Management's best estimate of projected future results, which are prepared based on internal judgments and assumptions, and future economic scenarios which may change. The key assumptions considered in such projections are sales price and volume.

7.5 Post-employment obligations (Note 24)

The present value of the post-employment obligations or rights depends on several factors that are determined through an actuarial calculation using various assumptions. Among the assumptions used in determining the net cost of actuarial obligations or rights is the discount rate, computed based on interest rates of high-quality corporate or government bonds. The pension obligations are denominated in the currency in which the benefits will be paid and have maturities approximating those of the respective healthcare and defined benefit plan obligations.

8 Environmental risk management

The Group operates in various countries and its activities are subject to local, state, national and international environmental laws and regulations, treaties and conventions regulating the activities, establishing measures for mitigation, compensation, management and risk monitoring, including those that regulate the obligations of the owner of the venture and/or activity relating to environmental protection. Violations of the environmental regulations can lead to fines and penalties and may require the implementation of technical measures to ensure compliance with the mandatory environmental standards.

The Group reviews periodically its environmental risk assessment and addresses the risks identified either through mitigation actions or provision of future costs. Further details regarding asset retirement obligation are disclosed in Note 23.

9 Financial risk management

The Group's activities expose it to several financial risks: (a) market risk (including currency and interest rate risk); (b) credit risk; and (c) liquidity risk.

The products and services offered by the Group are denominated in several currencies due to its global positioning, and potential risks of currency mismatches between income and costs can arise.

The Group has loans linked to different indices and denominated in foreign currencies, which may have an impact on its cash flow.

To mitigate the adverse effects of each of these risk factors, the Group prepared a financial policy approved by VCSA's Board of Directors, that establishes governance and macro guidelines in the financial risk management process, as well as metrics for measurement and monitoring. The purpose of this process is to protect the cash flows against adverse financial market events, such as fluctuations in exchange rates and interest rates, and against adverse credit events of financial counterparties. In addition, this process aims to manage leverage and other financial or operating exposure in line with the criteria of ratings agencies for investment grade companies. The financial policy of the Group aims to preserve its liquidity, diversifying the financing sources, providing unrestricted access to capital markets at competitive costs, and generating value for stockholders.

The following derivative instruments may be used to hedge and manage risks: swaps, call options, put options, collars, futures contracts (currencies, interest rates or commodities) and forward contracts known as Non-Deliverable Forwards (currencies, interest rates or commodities). The main guideline for the Group's hedging strategy follows transactions that do not involve financial instruments for speculative purposes or transactions that can be characterized as leverage (that is, that the exposure to the risk factor via derivative is greater than the hedged item), and any other instrument requires the approval of VCSA's Board of Directors.

All amounts in thousands of US dollars, unless otherwise stated

9.1 Market risk

The purpose of the market risk management process is to protect the Group's cash flow against adverse events, such as fluctuations in exchange rates, commodity prices and interest rates.

9.1.1 Foreign exchange risk

Foreign exchange risk is the exposure of the Group to significant fluctuations in currencies' exchange rates, that comprise commercial, operational, and financial relationships and, consequently, have an impact on its cash flows or results. The Group has assets and liabilities denominated in currencies different from the functional currency of the subsidiaries. The exposure to foreign currency risk at the end of the reporting period, expressed in USD, was as follows:

(a) Analysis

	2023	2022
Assets denominated in foreign currency		
Cash and cash equivalents	76,339	56,740
Financial investments	6,312	16,943
Trade receivables	71,879	67,058
Related parties / intercompany	9,732	11,695
	164,262	152,436
Liabilities denominated in foreign currency		
Borrowing (i)	(632,686)	(651,867)
Lease liabilities	(20,844)	(39,524)
Trade payables	(92,956)	(29,532)
Related parties / intercompany	(72,309)	(64,852)
	(818,795)	(785,775)
Net exposure	(654,533)	(633,339)

Moreover, the Company has investments in foreign operations, which net assets results in exposure to foreign exchange risk. This exposure is partially hedged by loans in the same currency as the functional currency of the investees which are designated in some cases as hedge of net investment for accounting purposes. Refer to Note 9.1.3 below for additional details.

9.1.2 Cash flow and fair value associated with interest rate risk

The Group's interest rate risk arises mainly from long-term loans. Loans issued at variable rates expose the Group to cash flow interest rate risk. Loans issued at fixed rates expose the Group to fair value risk associated with interest rate. See Note 20 for the details of borrowings by interest rate and Note 9.1.3 for details of derivative financial instruments held by the Group.

9.1.3 Hedging of net investments in foreign operations

(b) Accounting policies

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity in the account "Other comprehensive income". The gain or loss relating to the ineffective portion is recognized immediately in the statement of income. Gains and losses accumulated in equity are included in the statement of income when the foreign investment is realized or sold, as described in the accounting policy in Note 6.3(c).

The Group designates transactions as hedges on an annual basis. Net investment hedge transactions are designated when the Group identifies an economic relationship between the hedged item and the hedging instrument, by determining a hedge ratio that represents the hedge relationship existing at the time of designation.

As required by IFRS 9 – "Financial Instruments", the Group prospectively evaluates the effectiveness of net investment hedge transactions on a quarterly basis. This is done using the US Dollar offsetting method - comparing the numerical effects of a change in the spot rate on the value of the hedging instrument, net of deferred income tax, with the value of the hedged item. The critical terms of the hedging instrument are identical to the terms of the hedged items, and therefore only one scenario is evaluated through projections of future rates available in the market.

All amounts in thousands of US dollars, unless otherwise stated

(c) Analysis

The subsidiary SMCI designated its debt denominated in US Dollars as a hedging instrument for the investment in its subsidiary VCNA US, Inc.

										2023
Investor		Hedged item					Instrument			Gain
Entity	Currency	Investment	Currency	Percentage designated	Underlying investment USD	Net designated amount	Currency	Original amount	Amount in USD	Other comprehensive income
SMCI	CAD	VCNA US, Inc.	USD	75.23%	664,634	500,000	USD	500,000	507,229	11,680

										2022
Investor		Hedged item					Instrument			Loss
Entity	Currency	Investment	Currency	Percentage designated	Underlying investment USD	Net designated amount	Currency	Original amount	Amount in USD	Other comprehensive income
SMCI	CAD	VCNA US, Inc.	USD	44.96%	1,112,057	500,000	USD	500,000	505,669	(31,815)

There was no ineffectiveness in the hedge relationships during the year ended on December 31, 2023; therefore, no translation gain or loss was recognized in the statement of income.

The gain or loss shown above is net of tax effects, which are presented in Note 25 (c).

All amounts in thousands of US dollars, unless otherwise stated

9.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group has a policy to select issuers that have, at least, a rating from one of the following rating agencies: Fitch Ratings, Moody's or Standard & Poor's, being a national rating equal to or better than AA- (or Aa3), or a global scale rating equal to or better than BBB- (or Baa3). For countries where issuers do not meet these minimum ratings, alternative criteria approved by VCSA Board of Directors are applied.

The limits on the exposure of the Group to each financial counterparty are determined by the financial policy of the Group and are linked to the ratings and the balance sheet of each institution.

The pre-settlement risk methodology is used to assess counterparty risks on derivative transactions. This methodology consists of determining, through Monte Carlo simulations, the value at risk associated with non-compliance with the financial commitments defined in the contract for each counterparty.

9.2.1 Credit quality of trade receivables

The credit quality of trade receivables that are non-overdue and not impaired is as follows:

	2023	2022
High risk	20,488	17,593
Medium risk	21,143	19,943
Low risk	70,797	67,822
AAA	44,085	29,186
	156,513	134,544

High risk – Customers with high risk of default, and/or recurring delays in payments, and/or new customers without historical financial information.
Medium risk - Customers with a medium risk of default, and/or with some record of payments delays.
Low risk - Customers with solid commercial and payment records.
Customers AAA – Strategic or relevant customers, presenting a strong credit analysis.

The quality of the credit risk is defined according to internal statistical models of risk scoring, according to the risk standards accepted by the Group.

All amounts in thousands of US dollars, unless otherwise stated

9.3 Liquidity risk

Liquidity risk is managed based on the financial policy of the Group, which aims to ensure the availability of sufficient funds to honor the Group's short-term commitments. One of the main tools for measuring and monitoring liquidity is cash flows projections considering a period of 12 months.

The table below analyzes the Group's main financial liabilities by maturity, corresponding to the period remaining from the balance sheet date to the contractual maturity date. Derivative financial liabilities are considered in the analysis when their contractual maturities are essential to understanding the Group's cash flow in the short and medium term.

The amounts included in the table represent the undiscounted contractual future cash flows; these amounts may not reconcile directly with the amounts in the balance sheet.

	Note	Less than one year	Between one and two years	Between two and five years	Between five and ten years	Over ten years	Total
At December 31, 2023							
Borrowing		82,687	86,302	839,893	148,332	517,276	1,674,490
Lease liabilities		26,436	21,783	48,734	28,529	102,263	227,745
Confirming payables	21	261,473					261,473
Trade payables		433,837					433,837
Dividends payable	15(b)	347					347
Pension plan		12,194	12,186	33,893	53,341	154,203	265,817
		816,974	120,271	922,520	230,202	773,742	2,863,709
At December 31, 2022							
Borrowing		73,459	75,037	829,018	161,714	544,183	1,683,411
Lease liabilities		28,191	16,195	30,498	24,780	127,296	226,961
Confirming payables	21	283,113					283,113
Trade payables		388,351					388,351
Dividends payable	15(b)	436					436
Pension plan		11,716	11,575	33,529	66,179	217,761	340,760
		785,266	102,807	893,045	252,673	889,240	2,923,032

The table above shows the outstanding principal and interest if applicable at the maturity dates. In the case of fixed rate liabilities, interest expense was calculated based on the rate established in each debt contract. Interest expense on floating rate liabilities was calculated based on a market forecast for each period.

10 Financial instruments by category

(a) Financial assets - Classification, recognition and measurement

The Group classifies their financial assets upon initial recognition according to the business model under which the financial assets was acquired, as follows:

(i) Financial assets at amortized cost

These are financial instruments that are held for the purpose of receiving contractual cash flows, with payments related exclusively to principal and interest. The instruments thus classified are measured at amortized cost.

(ii) Financial assets at fair value through other comprehensive income

Financial instruments where the contractual cash flow solely derives from payments of principal and interest, and the objective of the Group's business model is both the collection of contractual cash flow and the sale of financial assets. These instruments are measured at fair value through other comprehensive income.

(iii) Financial assets at fair value through profit or loss

All financial instruments that do not fall under the above definitions are classified in this category. The instruments under this classification are measured at fair value through profit or loss.

(b) Impairment of financial assets measured at amortized cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Except for the impairment of trade receivables (Note 13), the amount of any impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, and the amount of the loss is recognized in the statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and this decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recorded loss is recognized in the statement of income.

(c) Financial liabilities – Classification, recognition and measurement

The Group classifies its financial liabilities in the following categories: (i) measured at amortized cost and (ii) fair value through profit or loss. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Fair value changes, including interest, are recognized in the statement of income. Changes in financial liabilities measured at amortized cost, including interest and exchange variation, are recognized in the statement of income under "Financial income (expenses), net" caption, except for the exchange variations that are recognized under "Foreign exchange gain (loss), net".

All amounts in thousands of US dollars, unless otherwise stated

Financial liabilities are derecognized when contractual obligations are withdrawn, canceled or expired. The difference between the extinguished book value and the consideration paid (including transferred assets or assumed liabilities) is recognized in the statement of income.

(d) Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is presented in the balance sheet, when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business as well as in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(e) Analysis

	Note			2023
		Amortized cost	Fair value through profit and loss	Total
Assets				
Trade receivables	13 (b)	173,191		173,191
Securitization of receivables	13(e)	51,716		51,716
		224,907		224,907
Cash and cash equivalents	11(b)		571,312	571,312
Financial investments	12(b)		6,312	6,312
			577,624	577,624
Liabilities				
Borrowing	20(b)	1,102,114		1,102,114
Lease liabilities	19(c)	183,907		183,907
Confirming payables	21	261,473		261,473
Trade payables		433,837		433,837
Salaries and payroll charges		77,213		77,213
Securitization of receivables	13(e)	19,693		19,693
Derivative financial instruments			222	222
		2,078,237	222	2,078,459

All amounts in thousands of US dollars, unless otherwise stated

	Note			2022
		Amortized cost	Fair value through profit and loss	Total
Assets				
Trade receivables	13 (b)	144,674		144,674
Securitization of receivables	13(e)	41,731		41,731
		186,405		186,405
Cash and cash equivalents	11(b)		401,567	401,567
Financial investments	12(b)		17,327	17,327
			418,894	418,894
Liabilities				
Borrowing	20(b)	1,086,018		1,086,018
Lease liabilities	19(c)	218,511		218,511
Confirming payables	21	283,113		283,113
Trade payables		388,351		388,351
Salaries and payroll charges		54,936		54,936
Securitization of receivables		21,929		21,929
Derivative financial instruments			340	340
		2,052,858	340	2,053,198

(f) Fair value of financial instruments

The Group discloses fair value measurements based on the hierarchy level of the main assets and liabilities, as shown below:

	Note		Fair value measured based on	2023
		Price quoted in an active market	Valuation technique supported by observable prices	
		Level 1	Level 2	Fair value
Assets				
Cash and cash equivalents	11 (b)	352,142	219,170	571,312
Financial investments	12 (b)		6,312	6,312
		352,142	225,482	577,624
Liabilities				
Borrowing	20(b)	869,648	270,008	1,139,656
Derivative financial instruments			222	222
		869,648	270,230	1,139,878

	Note		Fair value measured based on	2022
		Price quoted in an active market	Valuation technique supported by observable prices	
		Level 1	Level 2	Fair value
Assets				
Cash and cash equivalents	11 (b)	312,975	88,592	401,567
Financial investments	12 (b)		17,327	17,327
		312,975	105,919	418,894
Liabilities				
Borrowing	20(b)	876,649	208,255	1,084,904
Derivative financial instruments			340	340
		876,649	208,595	1,085,244

All amounts in thousands of US dollars, unless otherwise stated

All the financial instruments not included in the table above are measured at amortized cost and the Group believes their carrying amount and their fair value are materially the same. The fair value of these financial instruments is determined by the observable price (Level 2) in arms-length transactions or equivalent, in the case of intercompany transactions. There was no transfer between the levels during the periods.

11 Cash and cash equivalents

(a) Accounting policies

Cash and cash equivalents include cash, deposits with banks and other highly liquid short-term investments, generally with an original maturity of three months or less, but in all cases being readily convertible into a known amount of cash and with immaterial risk of changes in value.

(b) Analysis

	2023	2022
Cash at bank	352,142	312,975
Time deposits (i)	219,170	88,592
	571,312	401,567

(i) Time deposits classified as cash and cash equivalents are highly liquid financial assets used to maintain the Group's operating activities.

12 Financial investments

(a) Accounting policies

Financial investments are mainly short-term investments that do not meet the definition of cash and cash equivalents. The financial investments are used as part of the cash-management strategy of the Group and are measured at fair value through profit or loss.

(b) Analysis

	2023	2022
Time deposits	6,312	17,327

All amounts in thousands of US dollars, unless otherwise stated

13 Trade receivables

(a) Accounting policies

(i) Trade receivables

Trade receivables are amounts receivable from customers for goods sold or services rendered in the ordinary course of the Group's business. It is initially recognized as fair value and subsequently measured at amortized cost using the effective interest rate method, less allowance for doubtful accounts.

The allowance for doubtful accounts is recognized at an amount considered sufficient to cover expected losses on the realization of trade receivables. The Group applied the simplified approach of IFRS 9 to calculate the estimated credit losses. Based on the customers' profile of payment, the Group classifies them based on their risk. For each class of risk, a provision matrix was developed considering the history of uncollectable accounts and any relevant prospective data.
The matrix developed has different loss rates for different time buckets of receivables and is applied to all receivables, including the ones that are not overdue.
Further details on the calculation of the allowance for doubtful accounts are disclosed in Note 10 (b).

The risk matrix based on the average provision performed by each country as at December 31, 2023 is as follows:

Segment	Not due	Overdue up to 30 days	Overdue from 31 to 60 days	Overdue from 61 to 90 days	Overdue from 91 to 120 days	Overdue above 120 days
Guaranteed / Credit insurance	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AAA	0.0%	0.0%	0.2%	6.0%	11.0%	80.0%
Low risk	0.0%	0.3%	1.9%	8.2%	16.2%	64.6%
Medium risk	0.1%	1.3%	4.5%	14.1%	26.5%	68.3%
High risk	0.2%	3.0%	10.8%	27.1%	47.4%	87.6%
Under judicial measures (i)	33.0%	43.0%	55.0%	46.7%	54.7%	66.7%

(i) Some regions do not have specific provisions for trade receivable under judicial measures. They are impaired based on the general risk criteria described above and may be further impaired, according to the evaluation of legal and credit departments, in case additional uncertainty on their recoverability arises.

(ii) Securitization of receivables

In March 2016, the Group entered into a revolving receivables securitization transaction with financial institutions for the sale of trade receivables to a Special Purpose Entity – SPE. The SPE was established for this purpose and is not controlled by the Group. The SPE finances the initial acquisition of the receivables and classifies it by the grade of the receivable based on its transaction history, by means of: (i) senior notes; (ii) senior subordinated note; (iii) intermediate subordinated certificates; and (iv) junior subordinated certificates. This securitization operation was renewed, with the current maturity date being March 2024, and the amount of the credit facility USD 225 million.

The Group holds the senior subordinated note, as well as junior subordinated certificates. Therefore, the maximum exposure to loss from its continuing involvement in the derecognized financial assets corresponds to its share in senior and junior subordinated notes and certificates, respectively.

All amounts in thousands of US dollars, unless otherwise stated

The Group sells receivables to the SPE on a daily and revolving basis. When the receivables are transferred to the SPE, it derecognizes all the receivables, in exchange for cash and notes receivable from the SPE. No variable conditions apply to the cash outflow (such as option agreements or other instruments).

The SPE deducts from the amount transferred the acquisition cost of receivables, which is recorded as a financial expense. In addition, the Group manages the collection of receivables included in this transaction through the provision of services to the SPE, and the fees received are recorded as financial income. In 2023 and 2022, the Group's gains and losses considered the lines of securitization commissions, reversal of guarantee on securitization, net of provisions, and securitization charges, as presented in Note 30.

In accordance with IFRS 10 "Consolidated financial statements", the SPE is not controlled by the Group and therefore is not included in these financial statements; the balances transacted with the SPE are presented as balances with related parties (Note 15).

The Group has neither transferred nor retained substantially all the risks and rewards of the transferred assets; however, has retained control of the transferred assets as the SPE does not have the practical ability to sell the transferred assets. Receivables are recognized to the extent of the continuing involvement thereof, as well as associated liabilities. The extent of the continuing involvement in the transferred assets is the extent to which it is exposed to changes in the value of the transferred assets. The net carrying amount of the partially transferred assets and associated liabilities reflects the rights and obligations that the Group has retained, which is not materially different from its fair value, given the nature of the receivables.

The Group recognizes part of the transferred assets to the extent of its continuing involvement, considering:

(a) Its continuing involvement related to the junior and senior subordinated tranche; and
(b) Its continuing involvement regarding a guarantee that represents the subordination - as the Group detains the first loss exposure within the subordination of tranches.

The receivables continue to be recognized and due within three months. On December 31, 2023, the assets and liabilities related to the securitization were reclassified from non-current to current in the balance sheet considering the due date of the current agreement. The Group is currently in the process of renewing the securitization agreement.

(b) Analysis

	2023	2022
Trade accounts receivables	176,055	151,613
Related parties	4,622	2,600
Allowance for doubtful accounts	(7,486)	(9,539)
	173,191	144,674

The fair value of trade receivable approximates their carrying amount, due to their short-term nature.

All amounts in thousands of US dollars, unless otherwise stated

(c) Changes in the allowance for doubtful accounts

	2023	2022
Balance at the beginning of the year	(9,539)	(9,605)
Additions	(1,392)	(1,488)
Reversals	1,098	1,118
Receivables written off as uncollectible	1,487	1,165
Exchange rate variations	201	534
Companies included in the consolidation		(1,263)
Receivables transferred to securitization	659	
Balance at the end of the year	(7,486)	(9,539)

The additions and reversals of allowance for doubtful accounts have been included in "Selling expenses" in the statement of income. Subsequent recoveries of amounts previously written off are credited against the same line item. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(d) Aging of trade receivables

The aging of the balances below does not consider the allowance for doubtful accounts.

	2023	2022
Current	161,135	137,144
Up to 3 months past due	9,467	9,734
From 3 to 6 months past due	1,278	273
Over 6 months past due	8,797	7,062
	180,677	154,213
Allowance for doubtful accounts	(7,486)	(9,539)
	173,191	144,674

(e) Securitization of receivables

The amounts of trade accounts receivables involved in the securitization transaction are presented below:

	2023	2022
Notes recognized	43,091	33,886
Capital contribution in the SPE	8,625	7,845
Notes and capital related to the SPE	51,716	41,731
Security guarantee	(19,094)	(17,515)
Junior note guarantee losses	(599)	(4,413)
Junior subordinated note	(19,693)	(21,928)
Net carrying amount of the continuing involvement	32,023	19,803

The fair value of the assets and liabilities that represent the Group's continuing involvement in the derecognized financial assets is not significantly different from its carrying amount.

All amounts in thousands of US dollars, unless otherwise stated

14 Inventory

(a) Accounting policies

Inventories are stated at the lower of cost and net realizable value. Inventories' cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct and indirect costs and related production overheads, the latter based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of conclusion and the estimated selling expenses. Imports in transit are stated at the accumulated cost of each import.

At least once a year, each of the Group's operating subsidiaries carries out a physical inventory. Inventory adjustments are recorded under "Cost of goods sold and services rendered".

(b) Analysis

	2023	2022
Finished products	31,290	29,505
Semi-finished products	140,495	110,035
Raw materials	67,377	59,437
Fuels	86,423	84,523
Auxiliary materials and consumables	108,305	102,559
Other	3,308	3,514
Provision for losses	(36,606)	(32,464)
	400,592	357,109

(c) Changes in the provision for inventory losses

	2023	2022
Balance at the beginning of the year	(32,464)	(32,642)
Addition	(6,649)	(6,943)
Reversals and write off	3,280	9,549
Exchange rate variations	(773)	1,721
Companies included in the consolidation		(4,149)
Balance at the end of the year	(36,606)	(32,464)

The provision for inventory losses is recognized based on a slow-moving methodology. The additions and reversals of provision for slow moving materials are included in "Other operating income, net" in the statement of income. Subsequent recoveries of amounts previously written off are credited against the same line item.

All amounts in thousands of US dollars, unless otherwise stated

15 Related parties

(a) Accounting policies

Related party transactions are carried out by the Group under similar conditions to other transactions, considering the usual market prices and conditions; therefore, they do not generate any undue benefit to its counterparties or losses to the Group. In the normal course of operations, the Group enters into agreements with related parties, related to the purchase and sale of products, loans, lease of assets, sale of raw materials and services.

(b) Analysis

	Trade receivables and other assets		Dividends receivable		Trade payables and other liabilities		Dividends payable	
	2023	2022	2023	2022	2023	2022	2023	2022
Parent company								
Votorantim Cimentos S.A.	262	10			2,322	1,708		
Sister companies, associates or joint ventures								
Canteira do Penedo, S.A.	4	4	254		310	88		
Cementos Avellaneda S.A.	506	506			1,254	1,014		
Cementos Granadilla	451	395			360	348		
CEISA Comercial Del Cemento,SL	394	281						
Cementos Especiales de las Islas, S.A.		17			280	49		
Compania Canaria de Materias Primas S.A.	5	6			13	287		
Hormig. Y Áridos La Barca, S.A.	20	64			178	176		
Midway Group LLC	457	1,240			2,029	1,054		
Votorantim Cimentos N/NE S.A.	2,486					373		
VCNA SPE, LLC	51,716	41,731			19,693	21,928		
Other	37	77			55	71		
Total controlling	56,338	44,331	254		26,494	27,096		
Total non-controlling							347	436
Current	56,338	2,600	254		26,494	5,168	347	436
Non-current		41,731				21,928		
	56,338	44,331	254		26,494	27,096	347	436

All amounts in thousands of US dollars, unless otherwise stated

	Sales		Purchases		Other incomes (expenses)	
	2023	2022	2023	2022	2023	2022
Sister companies, associates or joint ventures						
Canteira do Penedo, S.A.	12	12	459	171		
Cementos Avellaneda S.A.	3,703					
CEISA Comercial Del Cemento,SL	3,164	2,227				
Cementos Especiales de las Islas, S.A.	8,181	6,842	364	195	(34)	
Cementos Granadilla	5,825	4,470	549	433		
Compania Canaria de Materias Primas S.A.	4	8	477	501	2	3
Great Lakes Slag Inc.	10,124					
Hormig. Y Áridos La Barca, S.A.	68	62	771	559		
Midway Group LLC	9,956	9,181				
VCNA SPE, LLC					(11,234)	(12,236)
Votorantim Cimentos N/NE S.A.	65,627	49,380				
Other	193					
	106,857	72,182	2,620	1,859	(11,266)	(12,233)

All amounts in thousands of US dollars, unless otherwise stated

(c) Group's debts guaranteed by related parties

Instrument	Guarantor and % of debt guaranteed	2023	2022
Committed Credit Facility	VCSA (100%) / SMCI (100%)	34,027	
Eurobonds - USD (Voto 41)	VSA (100%) / VCSA (100%)	339,950	340,085
Eurobonds - USD (Voto 27)	VCSA (100%) / SMCI (100%)	512,139	512,139
Bilateral loan - VCEAA	VCSA (100%) / VCEAA (100%)	117,332	112,722
		1,003,448	964,946

Funding costs are not considered in these amounts.

(d) Debts issued by related parties guaranteed by the Group

				Amount guaranteed	
Instrument	Debtor	Guarantor	Percentage guaranteed by the Company	2023	2022
4131 - USD 50 MM	VCNNE	VCI,VCSA	100%	50,305	50,305
4131 - USD 100 MM	VCSA	VCI	100%	100,609	100,609
4131 - USD 50 MM	VCSA	SMCI	100%		50,025
				150,914	200,939

The amounts above represent the total amount guaranteed by the Group and may differ from the carrying value of the debts in the debtors' financial statements due to market value adjustments and credit risks impacts.

(e) Key management compensation

The Company's Management includes the Management Board. The expenses for key management compensation, including all benefits, are summarized as follows:

	2023	2022
Short-term benefits for administrators	11,481	12,020
Post-employment benefits	507	536
Other long-term benefits for managers	578	615
	12,566	13,171

Short-term benefits to key management above include fixed compensation (salaries and fees, paid vacations and others), social charges and the short-term variable compensation program. Post-employment benefits refer to pension plans and post-retirement healthcare benefits. "Other long-term benefits" relate to the variable compensation program.

All amounts in thousands of US dollars, unless otherwise stated

16 Investments in associates and joint ventures

(a) Accounting policies

The accounting policies for investments are disclosed in Note 6.2.

(b) Analysis

	Information as at December 31, 2023				Share of net profit of associates and joint ventures		Balance	
	Country	Net equity	Net income for the year	Percentage of voting and total capital (%)	2023	2022	2023	2022
Investments accounted for using the equity method								
Associates								
Cementos Especiales de las Islas S.A.	Spain	45,164	9,756	50.00	4,878	3,622	22,582	20,183
Cementos Avellaneda S.A. (i)	Argentina	192,631	14,597	49.00	(243)	5,766	94,389	139,415
Joint ventures								
Grundy-River Holdings LLC (ii)	United States	11,788	484	50.00	242		5,894	
Hutton Transport Limited	Canada	14,880	6,849	25.00	1,712	1,454	3,652	3,028
Midway Group, LLC	United States	15,210	6,140	50.00	3,070	1,437	7,605	7,535
RMC Leasing LLC	United States	7,904	464	50.00	232	134	3,952	3,720
Other investments					40	180	14,640	11,842
					9,931	12,593	152,714	185,723
Goodwill								
Cementos Avellaneda S.A.	Argentina						35,336	52,168
Hutton Transport Limited	Canada						2,247	2,197
Grundy-River Holdings LLC (ii)	United States						424	
					9,931	12,593	190,721	240,088

(i) Dividends received from its associate Avellaneda had associated financial costs in the amount of USD 7,396 which were assumed by the Group. These were accounted for in the statement of income under "Share of net profit of associates and joint ventures". This financial cost is also considered in the reconciliation presented in Note 16 (d).

All amounts in thousands of US dollars, unless otherwise stated

(ii) On June 2023, the Group acquired a 50% interest stake of Grundy-River Holdings LLC., a ready-mix concrete company located in Illinois, for USD 5,411 fully paid in cash. This acquisition qualifies as a joint venture arrangement, and therefore it was initially recognized at cost and is subsequently measured using the equity method. A goodwill amounting to USD 424 is included in the acquisition cost.

(c) Information on equity accounted investees

Below is a summary of the selected financial information of the Group's main associates and joint ventures:

(i) Balance sheet accounts

						2023
	Grundy-River Holdings, LLC	Cementos Especiales de las Islas S.A.	Cementos Avellaneda S.A. (i)	Hutton Transport Limited	Midway Group, LLC	RMC Leasing
Percentage of voting and total capital (%)	50.00	50.00	49.00	25.00	50.00	50.00
Current assets	6,306	33,723	79,851	14,870	11,442	2,576
Non-current assets	7,248	19,901	262,363	6,874	6,296	5,328
Current liabilities	1,766	6,710	81,778	3,306	2,528	
Non-current liabilities		1,750	67,805	3,557		
Equity	11,788	45,164	192,631	14,880	15,210	7,904
Other comprehensive income			(123)			

					2022
	Cementos Especiales de las Islas S.A.	Cementos Avellaneda S.A. (i)	Hutton Transport Limited	Midway Group, LLC	RMC Leasing
Percentage of voting and total capital (%)	50.00	49.00	25.00	50.00	50.00
Current assets	32,541	143,892	11,629	12,116	1,000
Non-current assets	18,340	391,423	8,682	6,173	6,440
Current liabilities	8,682	131,431	3,646	3,219	
Non-current liabilities	1,833	119,364	4,551		
Equity	40,366	284,520	12,114	15,070	7,440
Other comprehensive income		(145)	(3,159)	(1,036)	(563)

All amounts in thousands of US dollars, unless otherwise stated

(ii) Profit or loss accounts

						2023
	Grundy-River Holdings, LLC	Cementos Especiales de las Islas S.A.	Cementos Avellaneda S.A. (i)	Hutton Transport Limited	Midway Group, LLC	RMC Leasing
Net revenue	2,393	76,907	321,214	21,663	41,578	
Cost	(1,878)	(66,470)	(248,117)	(15,047)	(36,448)	(1,110)
Gross profit (loss)	515	10,437	73,096	6,616	5,130	(1,110)
Operating income (expenses)	(31)	140	(17,070)	206	982	1,574
Result of equity interests		232				
Financial result		77	(21,082)	27	28	
Interest income				27	28	
Income tax		(1,130)	(20,348)			
Net income for the year	484	9,756	14,597	6,849	6,140	464

						2022
		Cementos Especiales de las Islas S.A.	Cementos Avellaneda S.A. (i)	Hutton Transport Limited	Midway Group, LLC	RMC Leasing
Net revenue		74,173	489,492	26,323	34,464	1,543
Cost		(63,466)	(366,771)	(19,891)	(31,222)	(1,275)
Gross profit (loss)		10,707	122,721	6,432	3,242	268
Operating income (expenses)		(1,402)	(35,567)	(714)	(370)	
Result of equity interests						
Financial result		137	(9,424)	98	2	
Interest income				98	2	
Income tax		(2,198)	(55,205)			
Net income for the year		7,244	22,525	5,816	2,874	268

(i) Includes the Purchase Price Allocation adjustments.

All amounts in thousands of US dollars, unless otherwise stated

(d) Changes

	2023	2022
Balance at the beginning of the year	240,088	216,190
Share of net profit of associates and joint ventures	9,931	12,593
Currency exchange differences on translation of foreign operations	(48,629)	25,456
Approved dividends	(23,924)	(18,370)
Issue costs with dividends Avellaneda	7,396	5,271
Effect of acquisition of additional interest - Grundy	5,411	
Capital increase (reduction)	500	(1,000)
Other comprehensive results of the investees	(52)	(52)
Balance at the end of the year	190,721	240,088

17 Property, plant, and equipment

(a) Accounting policies

(i) Measurement and recognition

Property, plant and equipment, including land and buildings, are stated at historical cost of acquisition or construction less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition or construction of qualifying assets, including borrowing costs.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced items or parts is derecognized.

All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. The cost of major refurbishments is included in the carrying value of the asset when the future economic benefits exceed the performance initially expected for the existing asset. Refurbishment expenses are depreciated over the remaining useful life of the related asset.

Except for land that is not depreciated, the depreciation of assets is calculated using the straight-line method to reduce their cost to their residual values over their estimated useful lives. The assets' residual values and useful lives are reviewed annually and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount when it is greater than its estimated recoverable amount, in accordance with the accounting policy described in Note 7.2. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount of the assets disposed and are recognized within "Other operating income (expenses), net" in the statement of income (Note 29).

All amounts in thousands of US dollars, unless otherwise stated

(b) Analysis and changes

								2023
	Land	Buildings	Machinery, equipment and facilities	Leasehold improvements	Vehicles	Furniture and fixtures	Construction in progress	Total
Balance at the beginning of the year								
Cost	180,216	1,026,889	3,194,272	135,250	279,031	29,063	232,123	5,076,844
Accumulated depreciation		(555,261)	(2,188,478)	(97,501)	(184,250)	(24,024)		(3,049,514)
Net balance	180,216	471,628	1,005,794	37,749	94,781	5,039	232,123	2,027,330
Acquisitions	3	2,504	6,397		245	186	223,534	232,869
Reclassification to assets held for sale	(98)	(12)	(2)					(112)
Companies included in the consolidation (i)	249	561	417		635			1,862
Disposals	(134)	(1)	(717)		(24)	(122)	(4)	(1,002)
Depreciation		(20,814)	(125,606)	(5,978)	(22,840)	(1,251)		(176,489)
Exchange variations	6,303	7,064	24,516	1,261	3,556	147	3,921	46,768
Reversal (provision) of impairment	(554)	9,517	10,782		81	94	(7,089)	12,831
Transfer to intangible assets							(580)	(580)
Transfers (ii)	60	14,147	136,670	9,246	23,401	546	(184,070)	
Balance at the end of the year	186,045	484,594	1,058,251	42,278	99,835	4,639	267,835	2,143,477
Cost	186,045	1,067,988	3,394,629	145,757	307,519	30,278	267,835	5,400,051
Accumulated depreciation		(583,394)	(2,336,378)	(103,479)	(207,684)	(25,639)		(3,256,574)
Balance at the end of the year	186,045	484,594	1,058,251	42,278	99,835	4,639	267,835	2,143,477
Average annual depreciation rates - %		3	6	10	14	13		

(i) On January 2023, SMCI acquired a new ready-mix business in the United States.

(ii) In the second quarter of the year the project Molcemin became fully operative and was therefore capitalized, for a total amount of approximately USD 45 million. This project consisted in the unification of the industrial activities in Uruguay.

All amounts in thousands of US dollars, unless otherwise stated

								2022
	Land	Buildings	Machinery, equipment and facilities	Leasehold improvements	Vehicles	Furniture and fixtures	Construction in progress	Total
Balance at the beginning of the year								
Cost	178,297	1,052,397	3,183,761	136,931	258,686	34,117	149,630	4,993,819
Accumulated depreciation		(560,489)	(2,183,506)	(91,119)	(163,381)	(28,969)		(3,027,464)
Net balance	178,297	491,908	1,000,255	45,812	95,305	5,148	149,630	1,966,355
Effect of initial hyperinflation accounting adjustment	878	7,242	13,274		298		751	22,443
Acquisitions	154	1,236	4,758		155	703	197,399	204,405
Companies included in the consolidation	7,362	4,663	46,078			78	6,797	64,978
Disposals	(2,676)	(581)	(3,293)		(177)	(13)	(6)	(6,746)
Depreciation		(22,118)	(116,748)	(6,382)	(21,565)	(1,596)		(168,409)
Exchange variations	(7,566)	(13,427)	(24,210)	(2,309)	(1,422)	(231)	2,303	(46,862)
Transfer to the intangible	(466)	1					(8,369)	(8,834)
Transfers	4,233	2,704	85,680	628	22,187	950	(116,382)	
	180,216	471,628	1,005,794	37,749	94,781	5,039	232,123	2,027,330
Cost	180,216	1,026,889	3,194,272	135,250	279,031	29,063	232,123	5,076,844
Accumulated depreciation		(555,261)	(2,188,478)	(97,501)	(184,250)	(24,024)		(3,049,514)
Balance at the end of the year	180,216	471,628	1,005,794	37,749	94,781	5,039	232,123	2,027,330
Average annual depreciation rates - %		3	6	10	15	13		

All amounts in thousands of US dollars, unless otherwise stated

(c) Construction in progress

	2023	2022
Sustaining (i)	93,293	107,390
Industrial modernization (ii)	115,342	82,166
Environment and security	21,726	17,903
Expansion of cement production capacity (iii)	28,378	10,330
Other	9,096	14,334
	267,835	232,123

(i) Investments in sustaining made for the acquisition or replacement of industrial machinery and equipment linked to the operation of factories and mines, with the purpose of guaranteeing the continuity of the plants with the application of the same or new technologies.

(ii) Investments in industrial modernization, mainly to obtain financial benefits using new technologies or the optimization of equipment and processes leading to reductions in costs and/or the leveraging of revenue.

(iii) Investments in expansion are mainly related to the construction, growth, or improvement of the Group's assets, aiming to increase the installed capacity, launch new products and enter new markets.

18 Intangible assets

(a) Accounting policies

(i) Goodwill

The goodwill is based on expected future profitability arising from business acquisitions. Its initial recognition and subsequent measurement are described in Note 6.2.

Goodwill on business acquisitions is recorded as "Intangible assets" on the balance sheet. The goodwill of associates and joint ventures is recorded as part of "Investments in associates and joint ventures". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, in accordance with the accounting policy described in Note 7.2.

Gains or losses on the disposal of a subsidiary or business include the carrying amount of goodwill relating to it.

(ii) Rights over natural resources

When the economic feasibility of the mineral reserves is proven, the consideration paid to acquire the mining exploration rights is capitalized.

In the mining operations related to our cement business it is necessary to remove overburden and other waste materials to access ore. The process of mining overburden and waste materials is referred to as stripping. During the development phase of a mine, before production commences, stripping costs are capitalized as intangible assets. During the production phase, and to access new deposits, stripping costs are also capitalized as intangible assets; in all other situations these costs are recognized as part of the inventory.

When the mine becomes operational the cumulative costs capitalized in relation to exploration rights are amortized over the useful life of the mine using units of production or the straight-line method. The capitalized construction costs relating to the plant are recognized in "Machinery, equipment and facilities" under the Property, plant and equipment line item.

(iii) Software

The costs of acquiring software are capitalized and amortized using the straight-line method over their useful lives. Costs associated with maintenance are recognized as expenses as incurred. Currently, the Group does not have internal software development projects.

(iv) Contractual customer relationships and non-compete agreements

Contractual customer relationships and non-compete agreements acquired in a business combination are recognized at fair value at their acquisition date. They have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful life, being 15 years for "customer relationships" and 5 years for "non-compete agreements".

(v) Asset retirement obligation (ARO)

The Group has decommissioning obligations because of its natural resources' extraction activities. The accounting policies related to the liability side of the asset retirement obligation are disclosed in Note 23.

The decommissioning costs, equivalent to the present value of the obligation (liability), are capitalized as part of the carrying amount of the mining asset. The asset is amortized on a straight-line basis over the remaining useful life of the mine. The Group periodically reviews the useful lives of its mines and the estimated future value necessary for the recovery of the explored area.

(vi) Emission rights

Some companies of the Group are subject to cap-and-trade schemes regarding greenhouse gas emissions. The emission rights granted free of charge are initially measured at a nominal value of zero. Emission rights acquired for consideration are accounted for at cost as intangible assets and are subject to write-down in the event of impairment.

Provisions for the obligation to return emission rights are recognized if the actual Co2 emissions up to the reporting date are not covered by emission rights granted free of charge. The provision of such shortfall is measured at the market value as at the reporting date and presented as “Other liabilities” in the balance sheet.

All amounts in thousands of US dollars, unless otherwise stated

(b) Analysis and changes

								2023
	Rights over natural resources	Goodwill	Asset retirement obligation	Customer contracts and agreements	Software	Intangible in progress	Other	Total
Balance at the beginning of the year								
Cost	643,450	909,709	83,685	123,803	52,222	10,822	12,429	1,836,120
Accumulated depreciation and depletion	(236,401)		(34,097)	(81,003)	(42,621)		(7,138)	(401,260)
Net balance	407,049	909,709	49,588	42,800	9,601	10,822	5,291	1,434,860
Acquisitions	8				40	7,608	23	7,679
Companies included in the consolidation (i)		525		518				1,043
Disposals and write offs	(48)						(4,010)	(4,058)
Amortization and depletion	(8,707)		(10,386)	(5,363)	(4,564)		(136)	(29,156)
Exchange variations	7,676	12,844	(3,489)	47	398	(1,799)	224	15,901
Remeasurement of estimates			(1,005)					(1,005)
Reversal (provision) of impairment	(13,856)		(4,052)		47		5	(17,856)
Transfers from property, plant and equipment						580		580
Transfers	3,267		99		3,718	(7,219)	135	
Balance at the end of the year	395,389	923,078	30,755	38,002	9,240	9,992	1,532	1,407,988
Cost	545,385	923,078	75,731	124,428	56,908	9,992	9,192	1,744,714
Accumulated amortization and depletion	(149,996)		(44,976)	(86,426)	(47,668)		(7,660)	(336,726)
Balance at the end of the year	395,389	923,078	30,755	38,002	9,240	9,992	1,532	1,407,988
Average annual amortization and depletion rates - %	6		7	7	22		20	

(i) On January 2023, SMCI acquired a new ready-mix business in the United States, that resulted in the recognition of a goodwill amounting to USD 1,043.

All amounts in thousands of US dollars, unless otherwise stated

								2022
	Rights over natural resources	Goodwill	Asset retirement obligation	Customer contracts and agreements	Software	Intangible in progress	Other	Total
Balance at the beginning of the year								
Cost	645,983	933,544	84,780	124,400	44,944		45,844	1,879,495
Accumulated depreciation and depletion	(229,350)		(33,424)	(72,599)	(37,573)		(6,549)	(379,495)
Net balance	416,633	933,544	51,356	51,801	7,371		39,295	1,500,000
Effect of initial hyperinflation accounting adjustment	49				65			114
Acquisitions			2,569		262	10,589	108	13,528
Companies included in the consolidation	4,870		2,365		5		3,637	10,877
Disposals and write offs	(2,295)	(842)	(27)	(88)			(35,910)	(39,162)
Amortization and depletion	(8,690)		(5,123)	(8,108)	(4,564)		(116)	(26,601)
Exchange variations	(3,170)	(22,993)	(5,751)	(114)	(492)	150	(1,951)	(34,321)
Remeasurement of estimates			1,591					1,591
Transfers from property, plant and equipment			465			8,300	69	8,834
Transfers	(348)		2,143	(691)	6,954	(8,217)	159	
Balance at the end of the year	407,049	909,709	49,588	42,800	9,601	10,822	5,291	1,434,860
Cost	643,450	909,709	83,685	123,803	52,222	10,822	12,429	1,836,120
Accumulated amortization and depletion	(236,401)		(34,097)	(81,003)	(42,621)		(7,138)	(401,260)
Balance at the end of the year	407,049	909,709	49,588	42,800	9,601	10,822	5,291	1,434,860
Average annual amortization and depletion rates - %	7		9	7	22		20	

All amounts in thousands of US dollars, unless otherwise stated

(c) Goodwill arising on acquisitions

	2023	2022
North America	578,888	577,323
Europe, Asia and Africa	341,550	329,809
Latin America	2,640	2,577
	923,078	909,709

19 Right-of-use assets and lease agreements

(a) Accounting policies

The Group maintains controls for the identification of lease agreements that allow the assessment of the applicability of the leasing accounting standard for each contract signed. As permitted by the standard, the following are disregarded from the scope: (i) short-term leases (less than 12 months); and (ii) contracts with values lower than USD 5 thousand. When identifying right-of-use assets within the scope of identified contracts, the following are also disregarded: (i) the variable portion of payments; (ii) contracts in which the lease asset was considered to be non-identifiable; (iii) contracts in which the Group is not entitled to obtain substantially all the economic benefits arising from the use of the asset; and (iv) contracts in which the Group does not have substantial control over the definition of the use of the asset. For leases considered to be out of scope, accounting takes place monthly according to the lease term and directly expensed in the income statement. These expenses are disclosed in Note 27 “Expenses by Nature” under the line item “Rents and leases”.

For contracts considered within the scope of the leasing accounting standard, at the starting date of the contract the Group recognizes a lease liability that reflects the future agreed payments, against a right-of-use asset. The asset is amortized monthly according to the lease term, which is defined based on the combination of the non-cancellable term, term covered by the extension option, term covered by the termination option and, mainly, Management's intention regarding the term permanence in each contract. The liability is adjusted to the present value of the obligation based on the internal rate of the contract or the incremental rate, which should reflect the cost of acquisition by the Group of debt with characteristics like those determined by the lease contract, with regard to term, value, guarantee and economic environment. The liability is settled according to the flow of payments made to the lessor.

The amortization expense for the right-of-use is recorded as part of the cost of the product sold or as an operating expense, depending on the characteristics of use of the leased asset, and the interest expense for updating the present value of the lease liability is recorded in the financial results.

All amounts in thousands of US dollars, unless otherwise stated

(b) Analysis and changes of right-of-use assets

	Land and improvements	Machinery and equipment	Buildings	Vehicles	IT equipment	Barges	Total
							2023
Balance at the beginning of the year							
Cost	108,347	35,899	5,573	41,467	223	160,647	352,156
Accumulated depreciation and depletion	(17,181)	(24,618)	(3,034)	(30,239)	(55)	(72,585)	(147,712)
Net balance	91,166	11,281	2,539	11,228	168	88,062	204,444
Additions	1,802	4,897	833	2,556		2,523	12,611
Amortization	(5,845)	(9,112)	(860)	(4,627)	(55)	(21,482)	(41,981)
Disposals	(263)	(191)		(26)			(480)
Exchange variations	1,334	(403)	62	23	(2)	921	1,935
Balance at the end of the year	88,194	6,472	2,574	9,154	111	70,024	176,529
Cost	110,029	39,979	6,615	43,183	231	164,091	364,128
Accumulated amortization	(21,835)	(33,507)	(4,041)	(34,029)	(120)	(94,067)	(187,599)
Balance at the end of the year	88,194	6,472	2,574	9,154	111	70,024	176,529
Average annual depreciation rates - %	16	28	18	22	33	9	

All amounts in thousands of US dollars, unless otherwise stated

							2022
	Land and improvements	Machinery and equipment	Buildings	Vehicles	IT equipment	Barges	Total
Balance at the beginning of the year							
Cost	104,279	30,740	5,499	39,530	197	151,017	331,262
Accumulated depreciation and depletion	(12,027)	(17,082)	(2,171)	(25,910)	(53)	(47,647)	(104,890)
Net balance	92,252	13,658	3,328	13,620	144	103,370	226,372
Effect of initial hyperinflation accounting adjustment	89	77	49	126			341
Additions	5,821	7,611	143	2,123	73	15,384	31,155
Companies included in the consolidation	916	856		112			1,884
Amortization	(5,334)	(10,657)	(824)	(5,803)	(45)	(24,939)	(47,602)
Disposals				(20)			(20)
Exchange variations	(2,578)	(264)	(157)	1,070	(4)	(5,753)	(7,686)
Balance at the end of the year	91,166	11,281	2,539	11,228	168	88,062	204,444
Cost	108,347	35,899	5,573	41,467	223	160,647	352,156
Accumulated amortization	(17,181)	(24,618)	(3,034)	(30,239)	(55)	(72,585)	(147,712)
Balance at the end of the year	91,166	11,281	2,539	11,228	168	88,062	204,444
Average annual depreciation rates - %	10	30	14	24	26	9	

All amounts in thousands of US dollars, unless otherwise stated

(c) Analysis and changes of lease liabilities

	2023	2022
Balance at the beginning of the year	218,511	228,791
Additions	12,611	31,155
Companies included in the consolidation		1,985
Payments	(53,953)	(44,601)
Present value adjustment	7,768	8,172
Disposals	(480)	(20)
Exchange variations	(550)	(6,971)
Balance at the end of the year	183,907	218,511
Current	23,324	26,182
Non-current	160,583	192,329
	183,907	218,511

20 Borrowing

(a) Accounting policies

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of income over the period of the borrowing using the effective interest rate method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of income as a financial income or expense.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs directly related to the acquisition, construction or production of a qualifying asset that requires a substantial period to get ready for its intended use or sale are capitalized as part of the cost of that asset when it is probable that future economic benefits associated with the item will flow to the Group and costs can be measured reliably. The other borrowing costs are recognized as finance expenses in the period in which they are incurred.

All amounts in thousands of US dollars, unless otherwise stated

(b) Analysis and fair value

		Current		Non-current		Total		Fair value	
Type	Average annual cost	2023	2022	2023	2022	2023	2022	2023	2022
Eurobonds - USD	6.35% Fixed USD	16,329	16,554	808,844	829,201	825,173	845,755	869,648	876,649
Syndicated loans / Bilateral agreements	CDOR 1.20%/3.95% Fixed BOB/ 10.74% Fixed UYU/1.62% Fixed EUR/ EURIBOR+1.61%	12,300	9,886	188,071	150,343	200,371	160,229	201,666	144,832
Local issuance in Bolivia	5.40% Fixed BOB	6,915	2,712	68,624	75,362	75,539	78,074	67,311	61,466
Other		551	1,064	480	896	1,031	1,960	1,031	1,957
		36,095	30,216	1,066,019	1,055,802	1,102,114	1,086,018	1,139,656	1,084,904
Accrued interest		19,890	20,503						
Current portion of long-term borrowing (principal)		16,205	9,713						
		36,095	30,216						

CDOR – Canadian Dollar Offered Rate
BOB – Bolivianos
EUR – Euro
UYU – Uruguayan pesos
USD – United States Dollar
EURIBOR – Euro InterBank Offered Rate
SOFR – Secured Overnight Financing Rate

The fair value of non-current borrowings is based on discounted cash flows using a current market borrowing rate.

(c) Maturity profile

	2024	2025	2026	2027	2028	2029	2030	2031 onwards	Total
Eurobonds - USD	17,860			478,112				334,229	830,201
0 Syndicated loans/Bilateral agreements	12,850	12,004	61,770	98,726	2,737	2,737	2,737	9,503	203,064
Local issuance in Bolivia	6,915	10,629	12,209	21,367	12,210	12,210			75,540
Other	551	480							1,031
	38,176	23,113	73,979	598,205	14,947	14,947	2,737	343,732	1,109,836
% amortized per year	3.44%	2.08%	6.67%	53.90%	1.35%	1.35%	0.25%	30.97%	100.00%

The balances presented in this note do not reconcile with the Note 20 (b) since it excludes the upfront fees.

All amounts in thousands of US dollars, unless otherwise stated

(d) Changes

	Note	2023	2022
Balance at the beginning of the year		1,086,018	1,480,176
New borrowing		131,551	375,343
Accrued interest	30(b)	69,289	73,394
Amortization of borrowing fees, net of additions		1,616	1,534
Interest paid		(70,115)	(77,818)
Companies included in the consolidation			1,387
Debt renegotiation gain or loss		366	1,283
Payments		(121,449)	(751,566)
Exchange variation		4,838	(17,715)
Balance at the end of the year		1,102,114	1,086,018

The main movements occurred in borrowings during the year ended on December 31, 2023, are described below:

(i) Withdraws from the Committed Credit Facility (“CCF”)

During the year 2023 a total amount of USD 122 million was withdrawn from the credit facility CCF, offset by repayments made totaling USD 89 million. These withdraws are recurring due to operations seasonality. As at December 31, 2023 the total amount of USD 266 million was available to the Group for new withdrawals, as detailed in Note 20 (g) below.

(ii) New loan agreements

In March 2023, the Uruguayan subsidiary entered into two new loan agreements, for a total amount of UYU 390 million (approximately USD 10 million). These loans mature in March 2027.

(i) Bonds repurchase

In November 2023 VCI repurchased the amount of USD 21.5 million of principal of VOTO 27, a bond issued by SMCI, decreasing the total consolidated outstanding balance to USD 478.5 million.

(e) Analysis by currency

	Current		Non-current		Total	
	2023	2022	2023	2022	2023	2022
US Dollar	16,329	16,555	808,844	829,201	825,172	845,756
Euro	1,158	528	116,456	112,176	117,614	112,704
Boliviano	9,755	5,450	93,328	102,779	103,083	108,229
Canadian dollar	669	1,064	34,388	896	35,057	1,960
Uruguayan peso	8,184	5,498	13,003	10,750	21,188	16,248
Turkish Lira		1,121				1,121
	36,095	30,216	1,066,019	1,055,802	1,102,114	1,086,018

(f) Guarantees

As of December 31, 2023, USD 1,003,448 (December 31, 2022 – USD 964,946) of the borrowings balance of the Group was guaranteed by sureties from related parties, as shown in Note 15 (c), while USD 50,729 (December 31, 2022 – USD 50,729) was collateralized by liens on property, plant and equipment items and mortgage, and there are no bank guarantees.

All amounts in thousands of US dollars, unless otherwise stated

(g) Credit line

Credit line	Company	Date	Maturity	Credit limit	Withdrawn amount	Remainder amount
Global Revolving Credit Facility	VCSA/VCI/VCEAA/SMCI	Sept.21	Sept.26	250,000		250,000
Committed Credit Facility	VCI/VCEAA/SMCI	June.22	June.27	300,000	(33,273)	266,727
				550,000	(33,273)	516,727

These amounts consider the foreign exchange rate on the date of each withdrawal for Canadian dollar amounts.

Up to the authorization date of these financial statements, the Group withdrew an additional CAD 27.5 million (USD 20.5 million) and USD 105 million of the available credit balance presented above.

21 Confirming payables

The Group entered into agreements with financial institutions to allow suppliers to advance their receivables. As part of these transactions, suppliers transferred to financial institutions the right to receive the trade receivables related to sales of goods.

Deadline	2023	2022
Up to 180 days	197,838	202,962
Up to 360 days	63,635	80,151
	261,473	283,113

22 Current and deferred income taxes

(a) Accounting policies

The current and deferred taxes on income are calculated based on the tax laws enacted or substantively enacted up to balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulations are subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

The current income tax is presented net, separated by taxpaying entity, in liabilities when there are amounts payable, or in assets when the amounts prepaid exceed the total amount due at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right and an intention to offset them in the calculation of current taxes, generally when they are related to the same legal entity and the same taxation authority. Accordingly, deferred tax assets and liabilities in different entities or in different countries are generally presented separately, and not on a net basis.
Deferred tax liabilities are recognized as temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred taxes are determined based on the rates in effect at the reporting date and that should be applied when they are realized or settled.

The Group also recognizes deferred income tax assets on recoverable balances of tax losses. Deferred tax assets are periodically analyzed to check their recoverability, as described in Note 7.4.

All amounts in thousands of US dollars, unless otherwise stated

(b) Reconciliation of income taxes expenses

The income tax amounts presented in the statement of income for the year ended December 31, 2023, are reconciled as follows:

	2023	2022
Profit (loss) before taxes	319,451	99,729
Standard rate	24.94%	24.94%
Income tax at standard rates	(79,671)	(24,872)
Adjustments for the calculation of income tax at effective rate		
Tax losses without recognition of deferred tax assets	(5,832)	(25,887)
Hyperinflation tax adjustment (ii)	59,092	
Share of net profit of associates and joint ventures	2,477	3,141
Deductible temporary differences without recognition of deferred tax assets	1,896	1,848
Recognition of deferred tax asset on unused tax losses (i)	70,843	36,103
State income tax expense	(9,800)	(3,878)
Minimum income tax expense	(15,997)	(6,769)
Rate differences of foreign companies	(18,928)	696
Other non taxable / (deductible) items	(3,352)	(2,525)
Income tax	728	(22,144)
Current	(56,726)	(38,738)
Deferred	57,454	16,594
Income tax in the income statement	728	(22,144)

(i) This deferred tax asset comes from the Group's subsidiaries located in Turkey, and results from the temporary difference generated by the hyperinflation tax rules issued and applicable as from December 2023.

(c) Analysis of deferred tax balances

	2023	2022
Tax credits on tax losses	169,008	159,595
Market value adjustment and hyperinflation	40,506	4,218
Investment tax credit (ITC)	36,544	15,846
Ontario (CA) minimum tax	7,900	6,881
Provision for social security obligations	7,123	7,224
Pension plan	6,501	606
Provision for inventory losses	5,995	7,007
Deductions - Moroccan and Spain law (Government benefit)	2,641	6,698
Allowance for doubtful accounts	1,008	661
Asset retirement obligation	793	3,338
Provision for Co2		1,144
Provision for indemnities	370	192
Provision for legal claims	324	377
Provision for taxes under litigation	13	17
Other credits	13,690	10,192
Tax debts on temporary differences		
Adjustment to useful life of property, plant and equipment (depreciation)	(228,298)	(206,435)
Fair value uplift on property, plant and equipment	(55,146)	(69,880)
Other debts	(693)	(830)
Net	8,279	(53,149)
Net deferred tax assets of the same legal entity	161,949	80,605
Net deferred tax liabilities of the same legal entity	(153,670)	(133,754)

All amounts in thousands of US dollars, unless otherwise stated

(d) Effects of deferred income taxes on the statement of income and other comprehensive income

	2023	2022
Balance at the beginning of the year	(53,149)	(65,924)
Effect on income	57,454	16,594
Effect of exchange variations on other components of comprehensive income	3,769	264
Actuarial losses/gains and measurements with retirement benefits	1,770	
Effect on other comprehensive income - hedge accounting		2,240
Effect of initial hyperinflation accounting adjustment		(4,707)
Deferred taxes recognized on business combination		(3,011)
Other	(1,565)	1,395
Balance at the end of the year	8,279	(53,149)

(e) Income tax losses

As at December 31, 2023, the Group has income tax losses in various countries where it has activities, some of which have deferred tax assets recognized. The table below presents the existing income tax losses per country:

			2023	2022
Country	Tax losses with deferred tax asset recognised	Tax losses without deferred tax asset	Total tax losses	Total tax losses
Europe, Asia and Africa				
Spain	245,602	269,625	515,227	530,043
Turkey	35,350		35,350	49,782
North America				
Canada	217,458	34,873	252,330	642,353
US	178,337	27,717	206,054	335,315
Holding				
Luxembourg		288,200	288,200	265,263
	676,747	620,415	1,297,162	1,822,756

The recoverability of the deferred tax assets recognized is evaluated annually, based on the expectation of future taxable profits. Assets are recognized only for the portion of the tax losses for which there are projections of utilization within a term consistent with Management's operational projections. The utilization of the currently recorded deferred tax assets on tax losses is expected to occur as follows:

	2023
Next 12 months	40,111
After 12 months	128,897
	169,008

For the income tax losses for which no deferred tax assets has been recognized, they represent a potential tax benefit for the Group, as follows:

	2023	2022
Unused tax losses for which no deferred tax asset has been recognised	620,415	1,067,146
Potential tax benefit 24,94%	154,731	266,146

From the total amount of unused tax losses above, USD 288 million has an expiration limit of 17 years (December 31, 2022 – USD 265 million). The remainder balance of USD 332 million can be carried forward indefinitely.

(f) Other tax credits

The Group has also other tax credits that can be used to offset future tax amounts due or future taxable income, as presented in the table below.

All amounts in thousands of US dollars, unless otherwise stated

			2023	2022
Country	Other tax credits with deferred tax asset recognised	Other tax credits without deferred tax asset	Total other tax credits	Total other tax credits
Offsetting tax due				
Europe, Asia and Africa				
Spain	365	4,356	4,721	10,868
Turkey	2,276		2,276	2,198
North America				
Canada	44,444	54,271	98,715	95,643
Offsetting taxable income				
North America				
Canada	4,410		4,410	4,274
	51,495	58,628	110,123	112,984

23 Provision

(a) Accounting policies

(i) Provision for legal claims relating to tax, civil, labor and environmental claims

Provision for legal claims is recognized when: (i) the Group or any of its subsidiaries has a present legal or constructive obligation because of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

The losses classified as possible are not recorded on the balance sheet but are disclosed in the explanatory notes. The contingencies for which losses are classified as remote are not provisioned nor disclosed, except when the Group considers its disclosure justified, due to the visibility of the process. The classification of losses as possible, probable or remote is supported by the advice of the Group's legal advisors.
Provision is measured at the present value of the expenditures expected to be required to settle the obligation that reflects current market assessments of the time value of money and the risks specific to the obligation, and these variations are recognized in the statement of income. Provision does not include future operating losses.

(ii) Asset retirement obligations (ARO)

The measurement of asset retirement obligations involves the use of judgment to make various assumptions. From an environmental point of view, this relates to future obligations to restore/recover the environment to conditions ecologically like those existing at the moment when the project was initiated, or to take compensatory measures in agreement with government agencies due to the impossibility of return to these pre-existing conditions. These obligations arise from the environmental deterioration of the occupied area, subject to the operations, or from formal commitments assumed with the environmental agencies, under which the deterioration must be compensated. The retirement of an asset occurs when it is permanently retired, through stoppage, sale or disposal.

Obligations consist mainly of costs associated with the termination of activities. As asset retirement obligations are long-term obligations, they are adjusted to their present value by using a discount rate. The asset retirement cost, equivalent to the present value of the obligation (liability), is capitalized as part of the carrying amount of the asset, which is depreciated over its useful life. The accounting policies related to the asset counterpart of the asset retirement obligation are disclosed in Note 18.

The interest rate used to discount the asset retirement obligation to its present value is estimated through the American market free risk rate (Treasury USA 30y Yield) adding the country risk and inflation differential. The liability recorded is periodically updated based on these discount rates, which are annually reviewed by the Group.

All amounts in thousands of US dollars, unless otherwise stated

(b) Analysis and changes

					2023
		Legal claims			
	ARO (i)	Tax	Civil	Labor	Total
Balance at the beginning of the year	60,440	4,765	725	64	65,994
Additions	2,712		79		2,791
Reversals		(98)	(98)		(196)
Settlements	(7,789)				(7,789)
Exchange variation	579	123			702
Estimate remeasurement charged to intangible assets	(1,005)				(1,005)
Estimate remeasurement charged/(credited) to income statement	(16,429)				(16,429)
Present value adjustment	3,564				3,564
Balance at the end of the year	42,072	4,790	706	64	47,632

					2022
		Legal claims			
	ARO (i)	Tax	Civil	Labor	Total
Balance at the beginning of the year	61,052	5,095	1,538	64	67,749
Additions	2,569	21	16		2,606
Reversals		(94)	(710)		(804)
Settlements	(7,440)	(85)			(7,525)
Exchange variation	(2,243)	(280)	(127)		(2,650)
Companies included in the consolidation	6,676	108	8		6,792
Estimate remeasurement charged to intangible assets	1,591				1,591
Estimate remeasurement charged/(credited) to income statement	(3,302)				(3,302)
Present value adjustment	1,537				1,537
Balance at the end of the year	60,440	4,765	725	64	65,994

(i) Asset Retirement Obligation.

(c) Lawsuits with likelihood of loss considered possible

	2023	2022
Civil	190	2,933
Tax	4,445	4,140
Other	838	828
	5,473	7,901

The Group is party to lawsuits with expectation of loss classified as less than 51% likelihood, and for which the recognition of a provision is not considered necessary by the Management Board, based on legal advice.

24 Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution and post-employment medical plans.

(a) Accounting policies

(i) Pension obligations

The liability or asset recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of income as past service costs.

Past service costs are recognized immediately in the statement of income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past service costs are amortized on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Other post-employment obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

All amounts in thousands of US dollars, unless otherwise stated

(b) Analysis – defined benefit pension plans and other obligations

The table below shows how the balances and activities related to post-employment defined benefits are allocated in the Group's financial statements. The obligation of each plan is offset with its respective plan assets, so that the balances are presented as a net asset for the plans presenting a surplus, and as a net liability for those in deficit.

	2023	2022
Rights recorded in the balance sheet		
Defined pension benefits	16,655	23,804
Assets recorded in the balance sheet	16,655	23,804
Obligations recorded in the balance sheet		
Defined pension liabilities	14,672	15,275
Post-employment healthcare benefits	40,212	37,432
Liabilities recorded in the balance sheet	54,884	52,707
Income statement charge included in operating profit		
Defined pension liabilities	1,817	931
Post-employment healthcare benefits	2,896	3,191
	4,713	4,122
Remeasurement		
Defined benefits - gross balance	5,873	(6,660)
Deferred income tax and social contribution	(1,327)	424
Defined pension liabilities - net balance	4,546	(6,236)

The Group operates a defined benefit pension plan in the operating segments of North America, Latin America and Europe, Asia and Africa, based on employee pensionable remuneration and length of service. Most of the plans are externally funded, with the plan assets being held in trusts, foundations or similar entities, governed by local regulations and practice in each country.

The Group also operates post-employment medical benefits. The method of accounting, assumptions and frequency of valuations are like those used for the defined benefit pension plans. Most of these plans are not funded.

The following table presents the funded and unfunded obligations at balance sheet date:

	2023	2022
Present value of funded obligations	111,434	105,526
Fair value of plan assets	(128,062)	(126,753)
Funded plans surplus	(16,628)	(21,227)
Present value of non-funded obligations	54,857	50,026
Total deficit of defined benefit pension plans	38,229	28,799
Impact of the minimum funding requirement/assets ceiling		104
Net liabilities in the balance sheet	38,229	28,903

All amounts in thousands of US dollars, unless otherwise stated

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ asset ceiling	Total
As at January 1, 2023	155,551	(126,752)	28,799	104	28,903
Current service cost	2,371		2,371		2,371
Financial expense (income)	8,156	(5,982)	2,174		2,174
Past service cost and curtailments	49		49		49
Loss on settlements	119		119		119
	10,695	(5,982)	4,713		4,713
Remeasurements					
Return on plan assets, excluding amounts included in interest income		(4,835)	(4,835)		(4,835)
Gains arising from changes in financial assumptions	6,435		6,435		6,435
Experience gains	4,377		4,377		4,377
Change in asset ceiling, excluding amounts included in interest expenses	533	(533)		(104)	(104)
	11,345	(5,368)	5,977	(104)	5,873
Exchange differences	3,065	(2,815)	250		250
Contributions					
Employers		2,623	2,623		2,623
Plan payments					
Benefit payments	(14,366)	10,233	(4,133)		(4,133)
As at December 31, 2023	166,291	(128,062)	38,229		38,229

All amounts in thousands of US dollars, unless otherwise stated

	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ asset ceiling	Total
As at January 1, 2022	214,487	(181,162)	33,325		33,325
Current service cost	2,314		2,314		2,314
Financial expense (income)	6,556	(4,817)	1,739		1,739
Past service cost and curtailments	69		69		69
	8,939	(4,817)	4,122		4,122
Remeasurements					
Return on plan assets, excluding amounts included in interest income		37,663	37,663		37,663
Loss arising from changes in demographic assumptions	(1,762)		(1,762)		(1,762)
Gain arising from changes in financial assumptions	(43,199)		(43,199)		(43,199)
Experience gains	92		92		92
Change in asset ceiling, excluding amounts included in interest expenses	442		442	104	546
	(44,427)	37,663	(6,764)	104	(6,660)
Exchange differences	(11,580)	9,201	(2,379)		(2,379)
Contributions					
Employers		2,770	2,770		2,770
Plan payments					
Benefit payments	(11,868)	9,593	(2,275)		(2,275)
As at December 31, 2022	155,551	(126,752)	28,799	104	28,903

All amounts in thousands of US dollars, unless otherwise stated

The categories of plan assets are as follows:

	2023	2022
Stock		
Canadian market		14,830
Global market	23,876	17,619
Emerging markets	12,002	11,154
Public securities		
Bonds	91,161	83,150
Cash	638	
	127,677	126,753

The following table shows a breakdown of the defined benefit obligation and plan assets by operating segment:

				2023
	Europe	North America	Latin America	Total
Present value of obligations	412	111,022		111,434
Fair value of plan assets	(385)	(127,677)		(128,062)
Funded plans surplus	27	(16,655)		(16,628)
Present value of non-funded obligations	14,016	40,063	778	54,857
Total deficit of defined benefit pension plans	14,043	23,408	778	38,229
Liabilities in the balance sheet	14,043	23,408	778	38,229

				2022
	Europe	North America	Latin America	Total
Present value of obligations	2,682	102,844		105,526
Fair value of plan assets		(126,753)		(126,753)
Funded plans obligation	2,682	(23,909)		(21,227)
Present value of non-funded obligations	12,584	36,637	805	50,026
Total deficit of defined benefit pension plans	15,266	12,728	805	28,799
Impact of the minimum funding requirement/assets ceiling		104		104
Liabilities in the balance sheet	15,266	12,832	805	28,903

The main actuarial assumptions used were as follows:

				2023
	Europe, Asia and Africa	North America	Latin America	Total
Discount rate	10.20%	4.93%	7.71%	7.61%
Inflation rate	6.89%	2.00%	5.11%	4.67%
Expected return on plan assets				
Salary growth rate	9.64%	2.50%	3.71%	5.28%
				2022
	Europe, Asia and Africa	North America	Latin America	Total
Discount rate	10.67%	5.22%	8.43%	8.11%
Inflation rate	9.82%	2.00%	8.19%	6.67%
Expected return on plan assets		5.09%		
Salary growth rate	7.50%	2.50%	4.43%	4.81%

The assumptions relating to mortality experience are set based on the advice of actuaries in accordance with published statistics and experience in each territory. The mortality assumptions are based on the following tables of post-retirement mortality:

- Uruguay: GAM 1983;
- Morocco: TPG93;
- Tunisia: Man – TVTun -H-99; Woman – TVTun-F-99;
- Turkey: TUIK 2015; and
- North America: CPM-B.

All amounts in thousands of US dollars, unless otherwise stated

Considering that the post-employment benefits (pension and medical) of the North American segment is the most relevant, a sensitivity analysis was performed for this operating segment only. The results are as follows:

	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	0.50%	Decrease of 4,27%	Increase of 5,22%
Salary growth rate	0.50%	Increase of 0,40%	Decrease of 0,38%

	Increase in assumption by one year	Decrease in assumption by one year
Life expectancy	Increase of 2,82%	Decrease of 2,78%

The above sensitivity analysis is based on changes in individual assumptions while keeping all other assumptions unchanged. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligations calculated using the projected unit credit method at the end of the reporting period) has been applied similarly to the calculation of the pension liability recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(c) Analysis – defined contribution plans

During the year 2023 the Group incurred a total expense of USD 26,443 with defined contribution plans (December 31, 2022 USD 22,732), recognized as employee benefit expense (Note 28).

25 Shareholders' equity

(a) Accounting policies

(i) Share capital and share premium

Common shares are classified as shareholder's equity. Each time a share premium is paid to the Company for an issued share, the respective share premium is allocated to the share premium reserve account. Each time the repayment of a share premium is decided, such repayment shall be done pro-rata to the existing shareholders. Shareholders' contributions can also be made without the issuance of shares.

(ii) Distribution of dividends

The distribution of dividends to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

(iii) Other comprehensive income

Other comprehensive income includes:

(i) The effective portion of the cumulative net change in the fair value of the hedging instruments used in the cash flow hedge until the recognition of the hedged cash flows;

(ii) Cumulative translation adjustments on exchange differences arising from the translation of financial statements of foreign operations, which includes the adjustments resulting from hyperinflation accounting;

(iii) The effective portion of exchange differences on the Group's net investment hedge in a foreign operation;

(iv) Actuarial losses (gains) and measurement of retirement benefits according to Note 24.

(v) The share of the Group in the other comprehensive income (loss) of the associates and joint ventures entities.

(iv) Consolidated reserves

Consolidated reserves include an equity reserve that resulted from the application of the predecessor accounting principles, as described in the notes A3.2 and C2.1 to the consolidated financial statements for the year ended December 31, 2019.

(b) Share capital and share premium

As of December 31, 2023, the Company's fully subscribed and paid-up capital is USD 99,915 (December 31, 2022 – USD 99,915), consisting of 99,915,432 common shares (December 31, 2022 – 99,915,432 common shares).

As of December 31, 2023, the amount of share premium is USD 1,621,892 (December 31, 2022 – USD 1,621,892).

All amounts in thousands of US dollars, unless otherwise stated

(c) Other comprehensive income attributable to the owners of the Company

	Note	Currency exchange differences on translation of foreign operations	Hedge of net investments	Remeasurement of retirement benefits	Other comprehensive income	Total
At January 1, 2022		(822,201)	(21,254)	4,753	(3,575)	(842,277)
Ongoing inflation adjustment for hyperinflationary economies - subsidiary		(1,200)				(1,200)
Ongoing inflation adjustment for hyperinflationary economies - associates		115,807				115,807
Currency translation adjustment		(139,619)				(139,619)
Hedge accounting of net investment in foreign operations			(28,646)			(28,646)
Interest in other comprehensive income of investees					3,548	3,548
Remeasurement of retirement benefits				5,807		5,807
Currency translation adjustment related to hyperinflationary economies		6,284				6,284
Deferred taxes	22(c)		2,240	(605)		1,635
Other comprehensive income					(52)	(52)
At December 31, 2022		(840,929)	(47,660)	9,955	(79)	(878,713)
At January 1, 2023		(840,929)	(47,660)	9,955	(79)	(878,713)
Ongoing inflation adjustment for hyperinflationary economies - subsidiary		1,112				1,112
Ongoing inflation adjustment for hyperinflationary economies - associates		116,760				116,760
Currency translation adjustment		(126,645)				(126,645)
Hedge accounting of net investment in foreign operations			9,694			9,694
Interest in other comprehensive income of investees					(1,423)	(1,423)
Remeasurement of retirement benefits				(3,773)		(3,773)
Other comprehensive income					(52)	(52)
At December 31, 2023		(849,702)	(37,966)	6,182	(1,554)	(883,040)

All amounts in thousands of US dollars, unless otherwise stated

26 Net revenue from products sold and services rendered

(a) Accounting policies

Revenue is determined based on the amount that the Group expects to receive from the sale of products and services rendered in the normal course of the business, less expected losses, and less any events that may impact the measurement of the transaction amount. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales among consolidated companies.
The Group recognize revenue when: (i) there is a contract and/or any agreement for the Group to satisfy a performance obligation; (ii) the contract performance obligation is identifiable; (iii) the amount of revenue can be reliably measured and it can be allocated to each performance obligation; (iv) it is probable that future economic benefits will result from the transaction; (v) the performance obligations agreed with the counterparty are fulfilled and control over the goods or services is transferred to the counterparty; and (vi) specific criteria have been met for each of the activities of the Group.
The general practice of the Group is to recognize the revenue, and the associated costs, upon delivery of the products or rendering of services to its customers, or when the control is transferred to the customer:

(i) Contracts with customers related to the sale of cement, aggregates, mortar and other include the performance obligation to deliver products to the customer. Thus, revenue is recognized when the performance obligation is fulfilled, i.e., at a point of time when the product is delivered to the customer.

(ii) Concrete pouring services include the performance obligation to deliver ready-mix concrete according to specifications in relation to concrete resistance levels specified in the contract. Revenue is recognized when the performance obligation is fulfilled over time upon actual delivery of ready-mix concrete to the customer.

A contract liability is recognized when the Group has an obligation to transfer products or services to a customer from whom the consideration has already been received. The recognition of the contractual liability occurs at the time when the consideration is received and settled when the entity complies with the performance obligation, against Revenue. Such contract liabilities are presented as advances from customers.

For some contracts with customers, the Group provides retrospective volume rebates, which are settled in the form of cash or products to be delivered free of charge to said customers when certain established purchase volumes are reached. The Group applies the expected value method to estimate the variable consideration in the contract. The Group then applies the requirements on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price and recognized as revenue. A refund liability is recognized for the expected future rebates (i.e., the amount not included in the transaction price), according to the amount that the entity estimates to deliver to the customer. The Group bases its estimates on past history, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

(b) Net revenue by product line

	2023	2022
Revenue from product sales	2,840,326	2,582,139
Revenue from services	9,250	6,265
	2,849,576	2,588,404
Taxes on sales and services	(3,190)	(2,960)
Net revenue	2,846,386	2,585,444

Refer to Note 3.1 for net revenue segregation by operating segment.

All amounts in thousands of US dollars, unless otherwise stated

(c) Analysis

	2023	2022
Cement	1,558,610	1,372,464
Ready-mix	875,625	721,102
Aggregates	143,468	130,626
Other	268,683	361,252
	2,846,386	2,585,444

27 Expenses by nature

	Note	2023	2022
Raw materials and consumables used		363,600	333,907
Employee benefit expenses	28 (b)	457,056	405,394
Fuel costs		353,824	438,989
Freight costs		364,740	355,708
Depreciation, amortization and depletion	17, 18 and 19	247,626	242,612
Maintenance and upkeep		165,625	149,533
Electric power		127,593	168,669
Services, miscellaneous		166,000	135,038
Taxes, fees and contributions		34,799	31,043
Packaging materials		21,137	21,474
Rents and leases		18,468	12,379
Insurance		14,776	13,770
Technology and communication		14,931	13,394
Other expenses		116,399	67,607
		2,466,574	2,389,519
Reconciliation			
Cost of goods sold and services rendered		2,271,179	2,217,260
Selling expenses		59,498	54,976
General and administrative expenses		135,897	117,283
		2,466,574	2,389,519

All amounts in thousands of US dollars, unless otherwise stated

28 Employee benefit expenses

(a) Accounting policies

Provision is recognized for the expenses related to employee profit sharing. This provision is calculated based on qualitative and quantitative targets established by Management and is recorded as "Employee benefits", in the statement of income.

(b) Analysis

	2023	2022
Direct remuneration	331,226	301,772
Social changes	90,155	73,288
Benefits	4,519	3,480
Pension plans, defined contribution	26,443	22,732
Pension plans, defined benefit	4,713	4,122
	457,056	405,394

(c) Staff number by category:

	2023	2022
Management	209	200
Technical personnel and middle management	805	756
Administrative personnel	578	483
Factory workers	3,426	3,401
	5,018	4,839

29 Other operating income (expenses), net

	2023	2022
Impairment provision for PP&E, intangible and RoU assets, net of reversals	10,693	
Gain on sales of PP&E and intangible assets, net	1,531	8,015
Income from rents and leases	2,803	1,627
Inventory obsolescence	(1,340)	(617)
GRIR write off	2,372	2,812
Other liabilities provision, net of reversals		2,462
Insurance refund	1,523	
Exploration costs	(2,673)	(2,913)
Gain on investment acquisition		1,320
Investment acquisition cost		(1,622)
Sales tax	1,381	857
Provision for Co2 emission rights, net of reversals	3,473	6,270
ARO estimate remeasurement	119	3,302
Other operating income (expenses)	13,348	5,982
	33,230	27,495

All amounts in thousands of US dollars, unless otherwise stated

30 Financial income (expense)

(a) Accounting policies

The Group's finance income and expense comprise:

(i) Interest income;
(ii) Interest expenses;
(iii) Net gains/losses on the disposal of available for sale financial assets;
(iv) Net gains/losses on financial assets at fair value through profit or loss;
(v) Net gains/losses on foreign exchange variations on financial assets and liabilities;
(vi) Fair value losses on contingent consideration classified as financial liability;
(vii) Impairment of financial assets (other than trade receivables);
(viii) Net gains/losses on hedge instruments which are recognized in profit or loss;
(ix) Certain reclassifications of net gains/losses previously recognized in other comprehensive income; and
(x) Costs to repurchase/prepay borrowings;

Interest income and expense are recognized in the statement of income using the effective interest rate.

(b) Analysis

	Note	2023	2022
Financial income			
A/R securitization fees income		11,156	5,739
Derivative financial instruments		7,113	1,193
Income from financial investments		6,703	3,299
Interest on financial assets		849	2,489
Cross guarantee income		262	916
Other financial income		9,012	13,406
		35,095	27,042
Financial expenses			
Interest payable on borrowing	20(d)	(69,289)	(73,394)
A/R Securitizations fees expenses		(19,933)	(17,975)
Interest expense, leasing		(10,330)	(7,657)
Commissions on financial transactions		(9,410)	(12,122)
Cross guarantee expense		(2,718)	(2,317)
Inflation adjustment charges on provision and other liabilities		(1,699)	(818)
Amortization of prepaid financial results		(1,559)	(1,514)
Derivative financial instruments		(776)	(961)
Present value adjustment		(677)	(588)
Premium paid on repurchase of bonds			(34,422)
Other financial expenses		(8,516)	(9,774)
		(124,907)	(161,542)
Exchange rate variations		(41,413)	(47,134)
Net monetary gain on hyperinflationary subsidiary		27,702	45,350
		(103,523)	(136,284)

All amounts in thousands of US dollars, unless otherwise stated

31 Auditors remuneration

The total fees expensed by the Group for services rendered by the auditor are presented as follows:

	2023	2022
Audit	2,982	2,132
Other assurance services	629	1,260
Tax advisory services	26	
Other non-audit services	14	10
	3,650	3,402

32 Events after the reporting period

(a) Bonds repurchase

In January 2024 VCI repurchased the amount of USD 20 million of VOTO 27 principal, a bond issued by SMCI, decreasing the total consolidated outstanding balance to USD 458.5 million.

These financial statements were approved for issue by the Management Board on March 6, 2024 and were signed on behalf by:

DocuSigned by:
Nuno Alves
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Nuno Alves

Management Board Member

DocuSigned by:
Carlos Boggio
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Carlos Boggio

Management Board Member

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