

Financial Statements

Votorantim Cimentos International S.A.

Condensed consolidated interim financial statements
and review report as of September 30, 2023

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Report on Review of Condensed Consolidated Interim Financial Statements

To the Management Board of
Votorantim Cimentos International S.A.

We have reviewed the accompanying condensed consolidated interim financial statements of Votorantim Cimentos International S.A. and its subsidiaries (together referred as the “Group”), which comprise the condensed consolidated interim balance sheet as at 30 September 2023, and the condensed consolidated interim statement of income, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flow for the three and nine-month periods then ended, and a summary of significant accounting policies and other explanatory information.

Management Board’s responsibility for the condensed consolidated interim financial statements

The Management Board is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the “Réviseur d’entreprises agréé”

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410 “Review of interim financial information performed by the independent auditor of the entity”) as adopted for Luxembourg by the “Institut des Réviseurs d’Entreprises”. This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of condensed consolidated interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. The “Réviseur d’entreprises agréé” performs procedures, primarily consisting of making inquiries of management and others within the Group, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

Restriction on distribution and use

This report, including the conclusion, has been prepared for and only for the Management Board and the Shareholder in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 10 November 2023

Fabrice Goffin

Votorantim Cimentos International S.A.



Condensed consolidated interim balance sheet

All amounts in thousands of US Dollars, unless otherwise stated

Assets	Note	9/30/2023	12/31/2022	Liabilities and stockholders' equity	Note	9/30/2023	12/31/2022
Current assets				Current liabilities			
Cash and cash equivalents	11(a)	473,887	401,567	Borrowing	20(a)	38,234	30,216
Financial investments	12(a)	12,095	17,327	Lease liabilities	19(b)	25,072	26,182
Trade receivables	13(a)	228,312	144,674	Confirming payables		239,252	283,113
Inventory	14(a)	365,170	357,109	Trade payables		359,284	388,351
Taxes recoverable		10,981	26,900	Salaries and payroll charges		72,447	54,936
Other assets		25,546	34,609	Taxes payable		46,985	26,826
		<u>1,115,991</u>	<u>982,186</u>	Advances from customers		1,360	4,202
				Dividends payable	15(a)	332	436
				Other liabilities		32,948	33,456
						<u>815,914</u>	<u>847,718</u>
Assets classified as held for sale		817					
		<u>1,116,808</u>	<u>982,186</u>				
Non-current assets				Non-current liabilities			
Taxes recoverable		2,185	3,469	Borrowing	20(a)	1,119,655	1,055,802
Deferred tax assets	21(b)	66,198	80,605	Lease liabilities	19(b)	165,341	192,329
Securitization of receivables	13(d)	89,741	41,731	Deferred tax liabilities	21(b)	155,878	133,754
Pension plan		23,101	23,804	Provision	22(a)	63,284	65,994
Other assets		22,777	23,504	Pension plan		52,740	52,707
		<u>204,002</u>	<u>173,113</u>	Securitization of receivables	13(d)	26,612	21,928
				Other liabilities		23,523	26,132
						<u>1,607,033</u>	<u>1,548,646</u>
				Total liabilities		<u>2,422,947</u>	<u>2,396,364</u>
Investments in associates and joint ventures	16(a)	254,408	240,088	Shareholders' equity	23		
Investment property		14,344	14,349	Share capital		99,915	99,915
Property, plant and equipment	17(a)	2,040,424	2,027,330	Share premium		1,621,892	1,621,892
Intangible assets	18(a)	1,409,037	1,434,861	Consolidated reserves		1,556,746	1,454,082
Right-of-use assets	19(a)	179,749	204,444	Other comprehensive income (loss)		(867,821)	(878,713)
		<u>3,897,962</u>	<u>3,921,072</u>	Total equity attributable to the Company owners		2,410,732	2,297,176
				Non-controlling interests		385,093	382,831
				Total equity		<u>2,795,825</u>	<u>2,680,007</u>
Total assets		<u><u>5,218,772</u></u>	<u><u>5,076,371</u></u>	Total liabilities and shareholders' equity		<u><u>5,218,772</u></u>	<u><u>5,076,371</u></u>

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Votorantim Cimentos International S.A.



Condensed consolidated interim statement of income
For the three and nine-month periods ended September 30
All amounts in thousands of US Dollars, unless otherwise stated

	Note	7/1/2023 to 9/30/2023	7/1/2022 to 9/30/2022	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
Continuing operations					
Revenue from contracts with customers		813,663	774,393	2,141,331	1,949,046
Cost of goods sold and services rendered	24	(604,505)	(624,252)	(1,720,399)	(1,678,115)
Gross profit		209,158	150,141	420,932	270,931
Operating income (expenses)					
Selling expenses	24	(14,080)	(15,374)	(44,393)	(44,090)
General and administrative expenses	24	(37,780)	(25,758)	(102,398)	(80,382)
Other operating income, net		2,139	3,722	11,718	9,516
		(49,721)	(37,410)	(135,073)	(114,956)
Operating profit before equity interest and financial results		159,437	112,731	285,859	155,975
Results of investees					
Share of net profit of associates and joint ventures	16(a)	6,324	8,166	12,343	19,384
Financial income (expenses)					
	25				
Financial income		6,888	4,427	22,038	22,134
Financial expenses		(30,409)	(32,981)	(92,489)	(131,791)
Exchange variations and hyperinflation effects, net		(8,187)	(16,272)	(29,229)	(7,700)
		(31,708)	(44,826)	(99,680)	(117,357)
Profit before income tax		134,053	76,071	198,522	58,002
Income tax	21(a)	(42,280)	(5,950)	(77,097)	(17,527)
Profit for the period		91,773	70,121	121,425	40,475
Attributable to the					
Company owners		78,564	54,722	103,232	22,773
Non-controlling interests		13,209	15,399	18,193	17,702
Profit for the period		91,773	70,121	121,425	40,475

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Votorantim Cimentos International S.A.


**Condensed consolidated interim statement of comprehensive income
For the three and nine-month periods ended September 30**

All amounts in thousands of US Dollars, unless otherwise stated

	Note	7/1/2023 to 9/30/2023	7/1/2022 to 9/30/2022	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
Profit for the period		91,773	70,121	121,425	40,475
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	23	(24,865)	(41,481)	12,007	(91,239)
Currency translation in hedge accounting for net investments in foreign operations	23	(10,387)	(27,483)	(244)	(33,652)
Share of other comprehensive income of associates and joint ventures		1,191	(264)	(661)	56
Other components of comprehensive income (loss)		(2,645)	(49)	(210)	3,295
Attributable to non-controlling shareholders					
Currency exchange differences on translation of foreign operations		(3,041)	(8,367)	3,675	(10,365)
Currency translation in hedge accounting for net investments in foreign operations		(2,127)	(5,629)	(50)	(6,891)
Other components of other comprehensive income (loss)		(56)	1,142	(29)	842
		(41,930)	(82,131)	14,488	(137,954)
Total comprehensive income (loss) for the period		<u>49,843</u>	<u>(12,010)</u>	<u>135,913</u>	<u>(97,479)</u>
Comprehensive income (loss) from					
Continuing operations		49,843	(12,010)	135,913	(97,479)
		<u>49,843</u>	<u>(12,010)</u>	<u>135,913</u>	<u>(97,479)</u>
Comprehensive income (loss) attributable to					
Company owners		41,858	(14,554)	114,124	(98,767)
Non-controlling interests		7,985	2,544	21,789	1,288
		<u>49,843</u>	<u>(12,010)</u>	<u>135,913</u>	<u>(97,479)</u>

In this condensed consolidated interim statement of comprehensive income, the items are presented net of tax effects. The tax effects are presented in Note 21(c).

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Votorantim Cimentos International S.A.



Condensed consolidated interim statement of changes in equity For the nine-month period ended September 30

All amounts in thousands of US Dollars, unless otherwise stated

	Note	Attributable to the Company owners						Total stockholder's equity
		Share capital	Share premium	Consolidated reserves	Other comprehensive income (loss)	Total	Non-controlling interests	
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
At January 1, 2022, after effect of initial hyperinflation accounting adjustment - subsidiary		99,915	1,314,041	1,407,661	(842,277)	1,979,340	403,960	2,383,300
Comprehensive income (loss) for the period								
Profit for the period				22,773		22,773	17,702	40,475
Other comprehensive loss					(121,540)	(121,540)	(16,414)	(137,954)
				22,773	(121,540)	(98,767)	1,288	(97,479)
Contributions from/ (distribution to) stockholders								
Capital increase			307,851			307,851		307,851
Capital reduction - subsidiary							(22,297)	(22,297)
Dividends approved							(3,496)	(3,496)
Decrease in non-controlling interests							(346)	(346)
			307,851			307,851	(26,139)	281,712
At September 30, 2022		99,915	1,621,892	1,430,434	(963,817)	2,188,424	379,109	2,567,533
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 for the period								
Profit for the period				103,232		103,232	18,193	121,425
Other comprehensive income					10,892	10,892	3,596	14,488
				103,232	10,892	114,124	21,789	135,913
Contributions from/ (distribution to) stockholders								
Capital reduction - subsidiary (i)							(19,490)	(19,490)
Dividends approved							(37)	(37)
							(19,527)	(19,527)
At September 30, 2023		99,915	1,621,892	1,556,746	(867,821)	2,410,732	385,093	2,795,825

(i) In June 2023 the subsidiary St Marys Cement Inc. 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 19,490.

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Votorantim Cimentos International S.A.



Condensed consolidated interim statement of cash flow
For the three and nine-month periods ended September 30
All amounts in thousands of US dollars, unless otherwise stated

	Note	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
Profit before income tax		198,522	58,002
Adjustments of items that do not represent changes in cash and cash equivalents			
Depreciation, amortization and depletion	24	182,170	176,367
Share in the net profit of associates and joint ventures	16 (b)	(12,343)	(19,384)
Impairment of PP&E		820	
Gain on the sale of PP&E and intangible assets		(1,508)	(3,575)
Allowance for doubtful accounts, net of reversals	13 (b)	750	397
Provision for obsolete inventories, net of reversals	14 (b)	3,459	89
Provision for legal claims and ARO, net of reversals	22 (a)	(133)	468
Accrued interest	25	52,298	57,250
Premium on repurchase of bonds	25		33,876
Net monetary gain on hyperinflationary subsidiary	25	(21,182)	(35,680)
Other components of net financial results		11,905	13,465
Other		(542)	(888)
		414,216	280,387
Cash flow from operating activities			
Decrease (increase) in assets			
Trade and other receivables		(148,059)	(104,441)
Inventory		(11,327)	(18,590)
Taxes recoverable		17,203	6,176
Other assets		12,044	(3,416)
Increase (decrease) in liabilities			
Trade payables		(29,067)	(9,148)
Confirming payables		(43,861)	34,093
Salaries and social charges		17,511	(7,142)
Taxes payable		12,819	(12,703)
Other accounts payable and other liabilities (i)		16,893	(4,311)
		258,372	160,905
Interest paid	20 (c)	(51,883)	(61,301)
Premium paid on repurchase of bonds	25		(33,876)
Income tax (paid) refunded, net		(31,550)	27,970
Net cash provided by operating activities		174,939	93,698
Cash flow from investing activities			
Financial investments		5,232	7,037
Proceeds from disposals of PP&E and intangible assets		1,701	12,304
Dividends received from associates and joint ventures		10,229	8,514
Acquisitions of PP&E and intangible assets	17 and 18	(137,123)	(114,008)
Payment for acquisition of subsidiary, net of cash received		(2,967)	
Payment for acquisition of joint venture	16 (b)	(5,411)	
Interest received		10,733	9,048
Capital increase - equity accounted investees	16 (b)	(500)	
Cash effect of capital decrease in equity accounted investees	16 (b)		1,000
Net cash used in investing activities		(118,106)	(76,105)
Cash flow from financing activities			
Proceeds from borrowing	20 (c)	131,551	375,344
Payments of borrowing	20 (c)	(61,165)	(683,354)
Derivative financial instruments		3,899	952
Capital increase			307,851
Dividends paid to non-controlling interests		(37)	(3,496)
Lease liability payments	19 (b)	(39,690)	(41,225)
Capital reduction - subsidiary		(19,490)	(22,297)
Net cash provided by (used in) financing activities		15,068	(66,225)
Decrease in cash and cash equivalents		71,901	(48,632)
Effect of exchange rate changes on cash and cash equivalents		419	(11,158)
Cash and cash equivalents at the beginning of the period		401,567	505,593
Cash and cash equivalents at the end of the period		473,887	445,803
Main non-cash transaction			
Use of intangible asset for liability settlement	18 (a)	4,010	35,910

(i) The comparative balances were changed in the amount of USD 11,158 to rectify a misrepresentation and allow comparability with 2023.

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Votorantim Cimentos International S.A.
**Notes to the condensed consolidated interim financial statements
as of September 30, 2023**

All amounts in thousands of US dollars, unless otherwise stated

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”), which is ultimately family owned.

2 Approval of the condensed consolidated interim financial statements

The issue of these condensed consolidated interim financial statements (hereinafter referred to as “interim financial statements”) was authorized by the Management Board on November 10, 2023.

3 Supplementary information

3.1 Information by operating segment

	1/1/2023 to 9/30/2023				
	North America	Europe, Asia and Africa	Latin America	Holding and eliminations	Total
Revenue from contracts with customers	1,181,530	833,132	126,669		2,141,331
Cost of goods sold and services rendered	(960,243)	(654,779)	(105,377)		(1,720,399)
Gross profit	221,287	178,353	21,292		420,932
Operating expenses	(69,921)	(50,586)	(12,184)	(2,382)	(135,073)
Operating profit (loss) before equity interest and financial results	151,366	127,767	9,108	(2,382)	285,859
Results of investees					
Share of net profit (loss) of associates and joint ventures	3,373	4,653	4,317		12,343
Financial results, net					
Interest payable on borrowing and other	(28,273)	(2,790)	(4,157)	(18,038)	(53,258)
Financial results, net, except interest payable on borrowing and other	(33,370)	(13,966)	(1,363)	2,277	(46,422)
	(61,643)	(16,756)	(5,520)	(15,761)	(99,680)
Profit (loss) before income tax	93,096	115,664	7,905	(18,143)	198,522
Income tax	(39,701)	(38,077)	681		(77,097)
Profit (loss) for the period	53,395	77,587	8,586	(18,143)	121,425
Depreciation, amortization and depletion	124,803	45,653	11,714		182,170
Dividends received	2,285		6,929		9,214
Impairment of long term assets		42	778		820
Adjusted EBITDA	278,454	173,462	28,529	(2,382)	478,063
Acquisition of PP&E and intangible assets	106,160	22,505	8,458		137,123
Total assets	2,681,612	1,244,787	579,520	712,853	5,218,772
Total liabilities	1,239,766	650,115	184,953	348,113	2,422,947
Net debts	569,483	(57,904)	80,195	268,129	859,903

Votorantim Cimentos International S.A.


**Notes to the condensed consolidated interim financial statements
as of September 30, 2023**
All amounts in thousands of US dollars, unless otherwise stated

	1/1/2022 to 9/30/2022				
	North America	Europe, Asia and Africa	Latin America	Holding and eliminations	Total
Net revenue from goods sold and services rendered	1,092,961	737,628	118,457		1,949,046
Cost of goods sold and services rendered	(939,701)	(642,286)	(96,128)		(1,678,115)
Gross profit	153,260	95,342	22,329		270,931
Operating expenses	(62,142)	(38,251)	(12,548)	(2,015)	(114,956)
Operating profit (loss) before equity interest and financial results	91,118	57,091	9,781	(2,015)	155,975
Results of investees					
Share of net profit (loss) of associates and joint ventures	2,072	3,642	13,671	(1)	19,384
Financial results, net					
Interest payable on borrowing and other	(28,984)	(2,851)	(4,437)	(25,038)	(61,310)
Financial results, net, except interest payable on borrowing and other	(26,159)	6,084	(337)	(35,635)	(56,047)
	(55,143)	3,233	(4,774)	(60,673)	(117,357)
Profit (loss) before income tax	38,047	63,966	18,678	(62,689)	58,002
Income tax	(215)	(15,239)	(2,073)		(17,527)
Profit (loss) for the period	37,832	48,727	16,605	(62,689)	40,475
Depreciation, amortization and depletion	125,740	39,027	11,587	13	176,367
Dividends received	3,739	68	3,999		7,806
Other unusual items	3,739	582	(2)		580
	3,739	650	3,997		8,386
Adjusted EBITDA	220,597	96,768	25,365	(2,002)	340,728
Acquisition of PP&E and intangible assets	73,643	20,422	19,938	5	114,008
Total assets	2,666,177	1,074,953	566,306	617,856	4,925,292
Total liabilities	1,206,635	615,320	181,066	354,738	2,357,759
Net debts	682,136	(110,216)	82,785	252,100	906,805

The following table reconciles the adjusted EBITDA:

	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022	10/1/2022 to 9/30/2023	1/1/2022 to 12/31/2022
Revenue from contracts with customers	2,136,945	1,949,046	2,773,343	2,585,444
Profit (loss) for the period	121,425	40,475	158,535	77,585
Profit (loss) before income tax	198,522	58,002	240,249	99,729
Depreciation, amortization and depletion - continuing operations	182,170	176,367	248,415	242,612
Financial result, net	99,680	117,357	118,607	136,284
EBITDA	480,372	351,726	607,271	478,625
Share of net profit (loss) of associates and joint ventures	(12,343)	(19,384)	(5,552)	(12,593)
Dividends received	9,214	7,806	13,989	12,581
Adjusted EBITDA items				
Impairment of long term assets	820		820	
Business combination		584	(186)	398
Unusual items		(5)	5	
Adjusted EBITDA	478,063	340,727	616,347	479,011

3.2 Capital management

The financial leverage ratio, considering the basis of information of the accumulated profit in the past 12 months, is summarized as follows:

	Note	9/30/2023	12/31/2022
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Votorantim Cimentos International S.A.
**Notes to the condensed consolidated interim financial statements
as of September 30, 2023**
All amounts in thousands of US dollars, unless otherwise stated

Borrowing	20(a)	1,157,889	1,086,018
Lease liabilities	19(b)	190,413	218,511
Cash and cash equivalents	11(a)	(473,887)	(401,567)
Financial investments	12(a)	(12,095)	(17,327)
Derivative financial instruments		(2,417)	340
Net debt - (A)		859,903	885,975
Adjusted EBITDA for the last 12 months - (B)		616,347	479,011
Financial leverage ratio - (A/B)		1.40	1.85

4 Changes in accounting policies and disclosures

4.1 New and amended accounting standards adopted by the Group

A number of 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 restoration obligations.

4.1.2 Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules

On May 2023, the International Accounting Standards Board (“IASB”) issued an amendment to IAS 12 – Income Taxes, providing a temporary exception from the requirement to recognize and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules published by the OECD (Organization for Economic Co-operation and Development), which implements a minimum tax regime for multinationals.

This amendment has an immediate effect, and therefore it has been applied in the preparation of these interim financial statements.

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 IASB and endorsed by the European Union (“EU”) which are applicable for periods commencing on or after October 1st, 2023 and did not identify material impacts to its operations and accounting policies.

5 Basis of preparation

5.1 Interim financial statements

These interim financial statements were prepared and are being presented in accordance with the international accounting standard IAS 34 – “Interim Financial Reporting”, issued by the IASB that is adopted by EU. These interim financial statements disclose all the applicable significant information related to the interim financial statements and are unaudited.

These interim financial statements as of September 30, 2023, do not contain all the accompanying notes and disclosures required by the accounting standards applicable to the annual consolidated financial statements, since their purpose is to provide an update on significant activities, events and

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circumstances compared to the annual consolidated financial statements. Therefore, they should be read together with the annual consolidated financial statements for the year ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB that are adopted by the EU.

These interim financial statements have been prepared in a manner consistent with the accounting policies disclosed in the annual consolidated financial statements as of December 31, 2022. There are no changes to accounting policies compared to the year ended December 31, 2022, except for the change resulting from the adoption of IAS 12 amendment, as explained in Note 4.1 above.

5.2 Companies included in these interim financial statements

In the nine-month period ended on September 30, 2023, the main changes in companies included in these interim financial statements, compared to the information disclosed in Note 6.2 (g) to the last annual consolidated financial statements, are disclosed below:

	Percentage of total and voting capital		Place of operation	Functional currency	Main activity
	9/30/2023	12/31/2022			
Votorantim Cement International S.A. and subsidiaries					
St. Marys and subsidiaries					
VCNA United Materials Builders LLC (i)		83.00	USA	Dollar - USD	Retail
Votorantim Cimentos EAA Inversiones S.L and subsidiaries					
Sociedad Financiera y Minera Sur, S.L. (v)		99.77	Spain	Euro - EUR	Cement
Associates and jointly-controlled entities					
RCD La Gañania, Sl. (vi)	39.91		Spain	Euro - EUR	Aggregates
Superior Materials Holdings LLC (ii)		83.00	USA	Dollar - USD	Concrete
BWB LLC (iii)		83.00	USA	Dollar - USD	Concrete
Grundy-River Holdings LLC (iv)	41.5		USA	Dollar - USD	Concrete
Grundy County Redi-Mix LLC (iv)	41.5		USA	Dollar - USD	Concrete
River Red-Mix LLC (iv)	41.5		USA	Dollar - USD	Concrete

- (i) January 2023, merge of the company VCNA United Materials Builders LLC. with the company Superior Materials LLC.
- (ii) January 2023, merge of the company Superior Materials Holdings, LLC. with the company Superior Materials LLC..
- (iii) January 2023, merge of the company BWB LLC. with the company Superior Materials LLC..
- (iv) June 2023, VCNA Prairie LLC acquired 50% of the company Grundy-River Holdings LLC., and indirectly acquired Grundy County Redi-Mix LLC and River Red-Mix LLC. This acquisition qualifies as a joint venture arrangement.
- (v) August 2023, amalgamation of the company Sociedad Financiera y Minera Sur, S.L. by Votorantim Cimentos España, S.A..
- (vi) September 2023, creation of the company RCD La Gañania, Sl.. Votoratim Cimentos Espanã S.A has a stake of 40% equity interest.

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5.3 Hyperinflationary economies

The Group has operations in Turkey and Argentina, for which the functional currency is the Turkish Lira and the Argentine Peso, respectively. These countries are considered to have hyperinflationary economies, therefore hyperinflation accounting as prescribed in IAS 29 – “Financial Reporting in Hyperinflationary Economies” is applied to the financial information reported by the Group’s subsidiaries located in Turkey and to the associate Cementos Avellaneda S.A. (“Avellaneda”) located in Argentina, before being included in these interim financial statements.

For Avellaneda IAS 29 has been applied since 2018, and for the Turkish subsidiaries the hyperinflation accounting was firstly applied in April 2022.

The comparative amounts presented in these interim financial statements and related to the above-mentioned entities are not restated, as they are presented in a stable currency.

6 Critical accounting estimates and judgments

In the nine-months period of 2023 there have been no changes in estimates and assumptions entailing a significant risk, with a probability of causing material adjustments to the carrying amounts of assets and liabilities for the current fiscal year, compared to those detailed in Note 7 to the annual consolidated financial statements for the year ended December 31, 2022.

7 Seasonality of cement operations

The demand for cement, ready-mix concrete, aggregates, and other construction materials is seasonal, due to cyclical activity in the construction sector affected by climatic conditions. This has a direct impact in VCI Group’s operating performance throughout the year.

The Group’s principal markets are located in North America, Europe, Asia and Africa, therefore the operating sales usually suffer a decrease during the first quarter of the year and December month, reflecting the negative winter effects. The second and third quarters of the year show an increase in sales, reflecting the positive effects of summer season. This seasonality can be particularly visible in severe winter seasons, and its impacts are more significant in the North American business.

8 Environmental risk management

The Group reviews periodically its environmental risk assessment and addresses the risks identified through risk mitigation actions and/or cost estimations. The cost estimations are usually recorded as asset retirement obligations.

9 Financial risk management

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 foreign currencies, being Euro, Canadian dollar, Moroccan dirham, Turkish lira, Tunisian dinar, Bolivianos and Uruguayan pesos.

Moreover, the Company has investments in foreign operations, which net assets expose the Company to foreign exchange risk. The foreign exchange exposure arising from investments in foreign operations

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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 details on borrowings by interest rate.

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**9.1.3 Hedging of net investments in foreign operations**

The subsidiary St. Marys Cement Inc. (Canada) ("SMCI") designated its debt denominated in US Dollars as a hedging instrument for the investment in its subsidiary VCNA US, Inc..

										1/1/2023 to 9/30/2023
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	46.87%	1,066,881	500,000	USD	500,000	499,764	(294)

										1/1/2022 to 9/30/2022
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	498,211	(40,543)

There was no ineffectiveness in the hedge relationships during the nine-month period ended on September 30, 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 23 (b).

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9.2 Credit risk

The following table reflects the credit quality of counterparties for transactions involving trade receivables:

	9/30/2023	12/31/2022
High risk	21,020	17,593
Medium risk	31,493	19,943
Low risk	101,693	67,822
AAA	47,005	29,186
	<u>201,211</u>	<u>134,544</u>

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 records of payments delays.

Low risk - Customers with solid commercial and payment records.

Customers AAA – Strategic or relevant customers, presenting a strong credit analysis.

The balances above refer to trade receivables which are not overdue and not impaired.

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.

9.3 Liquidity risk

The amounts included in the table below 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 September 30, 2023							
Borrowing		87,301	85,636	880,809	148,506	530,054	1,732,306
Lease liabilities		29,493	22,471	47,874	31,275	103,506	234,619
Confirming payables		239,252					239,252
Trade payables		359,284					359,284
Dividends payable	15(a)	332					332
		<u>715,662</u>	<u>108,107</u>	<u>928,683</u>	<u>179,781</u>	<u>633,560</u>	<u>2,565,793</u>
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	226,960
Confirming payables		283,113					283,113
Trade payables		388,351					388,351
Dividends payable	15(a)	436					436
Pension plan		11,716	11,575	33,529	66,179	217,761	340,760
		<u>785,266</u>	<u>102,807</u>	<u>893,045</u>	<u>252,673</u>	<u>889,240</u>	<u>2,923,031</u>

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10 Financial instruments by category
(a) Analysis

	Note	9/30/2023		
		Amortized cost	Fair value through profit and loss	Total
Assets				
Trade receivables	13(a)	228,312		228,312
Notes and capital related to SPE	13(d)	89,741		89,741
		<u>318,053</u>		<u>318,053</u>
Cash and cash equivalents	11(a)		473,887	473,887
Financial investments	12(a)		12,095	12,095
Derivative financial instruments			2,417	2,417
			<u>488,399</u>	<u>488,399</u>
Liabilities				
Borrowing	20(a)	1,157,889		1,157,889
Lease liabilities	19(b)	190,413		190,413
Confirming payables		239,252		239,252
Trade payables		359,284		359,284
Salaries and payroll charges		72,447		72,447
Notes and capital related to SPE	13(d)	26,613		26,613
		<u>2,045,898</u>		<u>2,045,898</u>

	Note	12/31/2022		
		Amortized cost	Fair value through profit and loss	Total
Assets				
Trade receivables	13(a)	144,674		144,674
Notes and capital related to SPE	13(d)	41,731		41,731
		<u>186,405</u>		<u>186,405</u>
Cash and cash equivalents	11(a)		401,567	401,567
Financial investments	12(a)		17,327	17,327
			<u>418,894</u>	<u>418,894</u>
Liabilities				
Amortized cost				
Borrowing	20(a)	1,086,018		1,086,018
Lease liabilities	19(b)	218,511		218,511
Confirming payables		283,113		283,113
Trade payables		388,351		388,351
Salaries and payroll charges		54,936		54,936
Notes and capital related to SPE		21,929		21,929
Derivative financial instruments			340	340
		<u>2,052,858</u>	<u>340</u>	<u>2,053,198</u>

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(b) Fair value of financial instruments

The fair value measured by levels of the main financial assets and liabilities are described below:

	Note	Fair value measured based on		9/30/2023	
		Price quoted in an active market	Valuation technique supported by observable prices		Fair value
			Level 1	Level 2	
Assets					
Cash and cash equivalents	11(a)	376,077	97,810	473,887	
Financial investments	12(a)		12,095	12,095	
Derivative financial instruments			2,417	2,417	
		<u>376,077</u>	<u>112,322</u>	<u>488,399</u>	
Liabilities					
Borrowing	20(a)	848,432	292,189	1,140,621	
		<u>848,432</u>	<u>292,189</u>	<u>1,140,621</u>	

	Note	Fair value measured based on		12/31/2022	
		Price quoted in an active market	Valuation technique supported by observable prices		Fair value
			Level 1	Level 2	
Assets					
Cash and cash equivalents	11(a)	312,975	88,592	401,567	
Financial investments	12(a)		17,327	17,327	
		<u>312,975</u>	<u>105,919</u>	<u>418,894</u>	
Liabilities					
Borrowing	20(a)	876,649	208,255	1,084,904	
Derivative financial instruments			340	340	
		<u>876,649</u>	<u>208,595</u>	<u>1,085,244</u>	

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 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) Analysis

	9/30/2023	12/31/2022
Cash at bank	376,077	312,975
Time deposits (i)	97,810	88,592
	<u>473,887</u>	<u>401,567</u>

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

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12 Financial investments

(a) Analysis

	9/30/2023	12/31/2022
Time deposits	12,095	17,327

13 Trade receivables

(a) Analysis

	9/30/2023	12/31/2022
Trade accounts receivables	227,682	151,613
Related parties	8,655	2,600
Allowance for doubtful accounts	(8,025)	(9,539)
	228,312	144,674

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

(b) Changes in the allowance for doubtful accounts

	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
Balance at the beginning of the period	(9,539)	(9,605)
Additions	(1,578)	(1,335)
Reversals	828	938
Receivables written off as uncollectible	1,431	22
Exchange rate variations	173	874
Receivables transferred to securitization	659	
Balance at the end of the period	(8,026)	(9,106)

The additions and reversals of allowance for doubtful accounts are included in "Selling expenses" in the interim 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.

(c) Aging of trade receivables

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

	9/30/2023	12/31/2022
Current	209,866	137,144
Up to 3 months past due	16,662	9,734
From 3 to 6 months past due	1,002	273
Over 6 months past due	8,807	7,062
	236,337	154,213
Allowance for doubtful accounts	(8,025)	(9,539)
	228,312	144,674

(d) Securitization of receivables

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

	9/30/2023	12/31/2022
Notes recognized	78,488	33,886
Capital contribution in the SPE	11,253	7,845
Notes and capital related to the SPE	89,741	41,731
Security guarantee	(24,018)	(17,515)
Junior note guarantee losses	(2,594)	(4,413)
Junior subordinated note	(26,612)	(21,928)
Net carrying amount of the continuing involvement	63,129	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.

14 Inventory

(a) Analysis

	9/30/2023	12/31/2022
Finished products	31,292	29,505
Semi-finished products	108,313	110,035
Raw materials	56,663	59,437
Fuels	90,819	84,523
Auxiliary materials and consumables	110,507	102,559
Other	3,306	3,514
Provision for losses	(35,730)	(32,464)
	365,170	357,109

(b) Changes in the provision for inventory losses

	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
Balance at the beginning of the period	(32,464)	(32,642)
Addition	(5,780)	(4,135)
Reversals and write off	2,321	4,046
Exchange rate variations	193	2,732
Balance at the end of the period	(35,730)	(29,999)

The additions and reversals of provision for slow moving materials are included in "Other operating income, net" in the interim statement of income. Subsequent recoveries of amounts previously written off are credited against the same line item.

15 Related parties

(a) Analysis

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	Trade receivables and other assets		Trade payables and other liabilities		Dividends payable	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Parent company						
Votorantim Cimentos S.A.	357	10	1,271	1,708		
Sister companies, associates or joint ventures						
Canteira do Penedo, S.A.	4	4	139	88		
Cementos Avellaneda S.A.	508	506	1,244	1,014		
Cementos Granadilla	534	395	434	348		
CEISA Comercial Del Cemento,SL	252	281				
Cementos Especiales de las Islas, S.A.	1,473	17	100	49		
Compania Canaria de Materias Primas S.A.	5	6	108	287		
Great Lakes Slag Inc.	2,461					
Hormig. Y Áridos La Barca, S.A.	95	64	227	176		
Midway Group LLC	2,925	1,240	882	1,054		
Votorantim Cimentos N/NE S.A.			373	373		
VCNA SPE, LLC	89,741	41,731	26,613	21,928		
Other	41	77	53	71		
Total controlling	98,396	44,331	31,444	27,096	-	-
Total non-controlling					332	436
Current	8,655	2,600	4,832	5,168	332	436
Non-current	89,741	41,731	26,612	21,928		
	98,396	44,331	31,444	27,096	332	436

	Sales		Purchases		Other incomes (expenses)	
	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
Sister companies, associates or joint ventures						
Canteira do Penedo, S.A.	8	9	359	73		
Cementos Avellaneda S.A.	3,703					
CEISA Comercial Del Cemento,SL	2,517	1,598				
Cementos Especiales de las Islas, S.A.	6,669	5,476	235	96	(34)	
Cementos Granadilla	4,464	3,414	415	168		
Compania Canaria de Materias Primas S.A.	3	7	472	230	2	3
Great Lakes Slag Inc.	10,084					
Hormig. Y Áridos La Barca, S.A.	52	45	635	268		
Midway Group LLC	7,884	7,325				
VCNA SPE, LLC					(11,915)	(9,042)
Votorantim Cimentos N/NE S.A.	46,103	45,703				
Other	193	1,343				
	81,680	64,920	2,116	835	(11,947)	(9,039)

(b) Group's debts guaranteed by related parties

Instrument	Guarantor and % of debt guaranteed	9/30/2023	12/31/2022
Committed Credit Facility	VCSA (100%) / SMCI (100%)	66,440	
Eurobonds - USD (Voto 41)	VSA (100%) / VCSA (100%)	346,008	340,085
Eurobonds - USD (Voto 27)	VCSA (100%) / SMCI (100%)	504,951	512,139
Bilateral loan - VCEAA	VCSA (100%) / VCEAA (100%)	111,944	112,722
		1,029,343	964,946

Funding costs are not considered in these amounts.

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

Amount guaranteed

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Instrument	Debtor	Guarantor	Percentage guaranteed by the Company	9/30/2023	12/31/2022
4131 - USD 50 MM	VCNNE	VCI,VCSA	100%	50,731	50,305
4131 - USD 100 MM	VCSA	VCI	100%	101,462	100,609
4131 - USD 50 MM	VCSA	SMCI	100%	50,023	50,025
				<u>202,216</u>	<u>200,939</u>

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.

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16 Investments in associates and joint ventures

(a) Analysis

	Information as at September 30, 2023				Share of net profit of associates and joint ventures			Balance
	Country	Net equity	Net income for the period	Percentage of voting and total capital (%)	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022	9/30/2023	12/31/2022
Investments accounted for using the equity method								
Associates								
Cementos Especiales de las Islas S.A.	Spain	48,798	8,948	50.00	4,474	3,447	24,399	20,183
Cementos Avellaneda S.A. (i)	Argentina	287,363	21,765	49.00	4,317	13,670	140,808	139,415
Joint ventures								
Grundy-River Holdings LLC (ii)	United States	10,974		50.00			5,487	
Hutton Transport Limited	Canada	15,129	4,420	25.00	1,105	973	3,782	3,028
Midway Group, LLC	United States	15,306	4,236	50.00	2,118	997	7,653	7,535
RMC Leasing LLC	United States	7,742	302	50.00	151	103	3,871	3,720
Other investments					178	194	13,171	11,842
					12,343	19,384	199,171	185,723
Goodwill								
Cementos Avellaneda S.A.	Argentina						52,566	52,168
Hutton Transport Limited	Canada						2,247	2,197
Grundy-River Holdings LLC (ii)	United States						424	
					12,343	19,384	254,408	240,088

(i) Dividends received from its associate Avellaneda had associated financial costs in the amount of USD 6,348 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 (b).

(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 will be subsequently measured using the equity method. A goodwill amounting to USD 424 is included in the acquisition cost.

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(b) Changes

	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
Balance at the beginning of the period	240,088	216,190
Share of net profit of associates and joint ventures	12,343	19,384
Currency exchange differences on translation of foreign operations	6,948	21,251
Approved dividends	(16,569)	(11,778)
Issue costs with dividends Avellaneda	6,348	3,259
Effect of acquisition of additional interest - Grundy	5,411	
Capital increase (reduction)	500	(1,000)
Other comprehensive results of the investees	(661)	
Balance at the end of the period	<u>254,408</u>	<u>247,306</u>

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17 Property, plant, and equipment

(a) Analysis and changes

								1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
	Land	Buildings	Machinery, equipment and facilities	Leasehold improvements	Vehicles	Furniture and fixtures	Construction in progress	Total	Total
Balance at the beginning of the period									
Cost	180,216	1,026,889	3,194,272	135,250	279,031	29,063	232,123	5,076,844	4,993,819
Accumulated depreciation		(555,261)	(2,188,478)	(97,501)	(184,250)	(24,024)		(3,049,514)	(3,027,464)
Net balance	180,216	471,628	1,005,794	37,749	94,781	5,039	232,123	2,027,330	1,966,355
Effect of initial hyperinflation accounting adjustment									22,443
Acquisitions	3	1,207	2,464		196	123	128,080	132,073	106,727
Reclassification to assets held for sale	(88)	(529)	(69)					(686)	
Companies included in the consolidation (i)	249	561	417		635			1,862	
Disposals	(134)		(4)		(24)	(27)	(4)	(193)	(5,480)
Depreciation		(15,698)	(91,111)	(4,358)	(17,180)	(952)		(129,299)	(122,054)
Exchange variations	4,187	(704)	4,517	633	2,784	(23)	(973)	10,421	(101,883)
Provision of Impairment	(820)							(820)	
Transfer to intangible assets							(264)	(264)	(6,115)
Transfers (ii)	60	11,347	78,019	560	13,224	498	(103,708)		
Balance at the end of the period	183,673	467,812	1,000,027	34,584	94,416	4,658	255,254	2,040,424	1,859,993
Cost	183,673	1,039,546	3,274,627	136,443	295,776	29,402	255,254	5,214,721	4,868,304
Accumulated depreciation		(571,734)	(2,274,600)	(101,859)	(201,360)	(24,744)		(3,174,297)	(3,008,311)
Balance at the end of the period	183,673	467,812	1,000,027	34,584	94,416	4,658	255,254	2,040,424	1,859,993
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.

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(b) Construction in progress

	<u>9/30/2023</u>	<u>12/31/2022</u>
Sustaining (i)	86,361	107,390
Industrial modernization (ii)	105,148	82,166
Environment and security	28,260	17,903
Expansion of cement production capacity (iii)	22,597	10,330
Other	12,888	14,334
	<u>255,254</u>	<u>232,123</u>

- (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 parks with the application of the same or new technologies.
- (ii) Investments in industrial modernization, mainly for the generation of 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 the increase of the installed capacity, launch of new products and enter new markets.

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**18 Intangible assets****(a) Analysis and changes**

								1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
	Rights over natural resources	Goodwill	Asset retirement obligation	Customer contracts and agreements	Software	Intangible in progress	Other	Total	Total
Balance at the beginning of the period									
Cost	643,451	909,709	83,685	123,803	52,222	10,822	12,429	1,836,121	1,879,495
Accumulated depreciation and depletion	(236,401)		(34,097)	(81,003)	(42,621)		(7,138)	(401,260)	(379,495)
Net balance	407,050	909,709	49,588	42,800	9,601	10,822	5,291	1,434,861	1,500,000
Effect of initial hyperinflation accounting adjustment									114
Acquisitions	8				35	4,985	22	5,050	7,281
Companies included in the consolidation (i)		525		518				1,043	
Disposals and write offs							(4,010)	(4,010)	(39,159)
Amortization and depletion	(8,158)		(4,495)	(4,369)	(3,405)		(92)	(20,519)	(19,161)
Exchange variations	(5,380)	(2,648)	(1,519)	466	138	(98)	107	(8,934)	(72,416)
Remeasurement of estimates			1,282					1,282	1,235
Transfers from property, plant and equipment						264		264	6,115
Transfers	6,381		99		1,122	(7,669)	67		
Balance at the end of the period	399,901	907,586	44,955	39,415	7,491	8,304	1,385	1,409,037	1,384,009
Cost	644,637	907,586	83,513	124,771	53,638	8,304	8,848	1,831,297	1,775,051
Accumulated amortization and depletion	(244,736)		(38,558)	(85,356)	(46,147)		(7,463)	(422,260)	(391,042)
Balance at the end of the period	399,901	907,586	44,955	39,415	7,491	8,304	1,385	1,409,037	1,384,009
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.

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(b) Goodwill arising on acquisitions

	<u>9/30/2023</u>	<u>12/31/2022</u>
North America	577,881	577,323
Europe, Asia and Africa	327,027	329,809
Latin America	2,678	2,577
	<u>907,586</u>	<u>909,709</u>

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19 Right-of-use assets and lease agreements
(a) Analysis and changes of right-of-use assets

							1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
	Land and improvements	Machinery and equipment	Buildings	Vehicles	IT equipment	Barges	Total	Total
Balance at the beginning of the period								
Cost	108,347	35,899	5,573	41,467	223	160,647	352,156	331,262
Accumulated depreciation and depletion	(17,181)	(24,618)	(3,034)	(30,239)	(55)	(72,585)	(147,712)	(104,890)
Net balance	91,166	11,281	2,539	11,228	168	88,062	204,444	226,372
Effect of initial hyperinflation accounting adjustment								341
Additions	1,023	4,359	833	1,716			7,931	22,900
Amortization	(4,330)	(6,833)	(628)	(3,424)	(43)	(17,094)	(32,352)	(35,152)
Disposals		(191)		(26)			(217)	(32)
Exchange variations	772	(895)	1	(22)	(2)	89	(57)	(10,226)
Balance at the end of the period	88,631	7,721	2,745	9,472	123	71,057	179,749	204,203
Cost	109,161	38,814	6,451	42,092	223	160,736	357,477	336,714
Accumulated amortization	(20,530)	(31,093)	(3,706)	(32,620)	(100)	(89,679)	(177,728)	(132,511)
Balance at the end of the period	88,631	7,721	2,745	9,472	123	71,057	179,749	204,203
Average annual depreciation rates - %	15	26	17	28	33	9		

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(b) Analysis and changes of lease liabilities

	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
Balance at the beginning of the period	218,511	228,791
Additions	7,931	22,900
Payments	(39,690)	(41,225)
Present value adjustment	5,773	6,032
Disposals	(217)	(32)
Exchange variations	(1,895)	3,457
Balance at the end of the period	<u>190,413</u>	<u>219,923</u>
Current	25,072	39,539
Non-current	165,341	180,384
	<u>190,413</u>	<u>219,923</u>

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20 Borrowings**(a) Analysis and fair value**

Type	Average annual cost	Current		Non-current		Total		Fair value	
		9/30/2023	12/31/2022	9/30/2023	12/31/2022	9/30/2023	12/31/2022	9/30/2023	12/31/2022
Eurobonds - USD	6.36% Fixed USD	15,222	16,554	830,340	829,201	845,562	845,755	848,433	876,649
	CDOR 1.20%/3.95% Fixed BOB/ 10.57% Fixed UYU/1.62% Fixed								
Syndicated loans / Bilateral agreements	EUR/ EURIBOR+1.61%	12,819	9,886	220,013	150,343	232,832	160,229	225,371	144,832
Local issuance in Bolivia	5.38% Fixed BOB	9,665	2,712	68,724	75,362	78,389	78,074	65,721	61,466
Other		528	1,064	578	896	1,106	1,960	1,097	1,957
		<u>38,234</u>	<u>30,216</u>	<u>1,119,655</u>	<u>1,055,802</u>	<u>1,157,889</u>	<u>1,086,018</u>	<u>1,140,622</u>	<u>1,084,904</u>
Accrued interest		21,055	20,503						
Current portion of long-term borrowing (principal)		17,179	9,713						
		<u>38,234</u>	<u>30,216</u>						

CDOR – Canadian Dollar Offered Rate
 BOB – Bolivianos
 LIBOR – London Interbank Offered Rate
 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.

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(b) Maturity profile

	2023	2024	2025	2026	2027	2028	2029	2030	2031 onwards	Total
Eurobonds - USD	11,779	4,952			500,000				334,229	850,960
Syndicated loans/Bilateral agreements	6,149	11,591	12,123	59,459	128,463	2,740	2,740	2,740	9,516	235,521
Local issuance in Bolivia	2,921	6,744	10,644	12,227	21,398	12,227	12,227			78,388
Other	210	427	468							1,105
	<u>21,059</u>	<u>23,714</u>	<u>23,235</u>	<u>71,686</u>	<u>649,861</u>	<u>14,967</u>	<u>14,967</u>	<u>2,740</u>	<u>343,745</u>	<u>1,165,974</u>
% amortized per year	1.81%	2.03%	1.99%	6.15%	55.74%	1.28%	1.28%	0.23%	29.48%	100.00%

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

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(c) Changes

	Note	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
Balance at the beginning of the period		1,086,018	1,480,176
New borrowing		131,551	375,344
Accrued interest	25	52,298	57,250
Amortization of borrowing fees, net of additions		1,205	1,184
Interest paid		(51,883)	(61,301)
Debt renegotiation gain or loss		275	1,155
Payments		(61,165)	(683,354)
Exchange variation		(410)	(28,030)
Balance at the end of the period		<u>1,157,889</u>	<u>1,142,424</u>

The main movements occurred in borrowings during the nine-months period ended on September 30, 2023, are described below:

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

During the first nine months of 2023 a total amount of USD 122 million was withdrawn from the credit facility CCF, offset by repayments made totaling USD 56 million. These withdraws are recurring due to operations seasonality. As at September 30, 2023 the total amount of USD 234 million was available to the Group for new withdrawals, as detailed in Note 20 (f) 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.

(d) Analysis by currency

	Current		Non-current		Total	
	9/30/2023	12/31/2022	9/30/2023	12/31/2022	9/30/2023	12/31/2022
US Dollar	15,222	16,555	830,340	829,201	845,562	845,756
Euro	712	528	111,539	112,176	112,251	112,704
Boliviano	13,762	5,450	94,142	102,779	107,904	108,229
Canadian dollar	738	1,064	66,808	896	67,546	1,960
Uruguayan peso	7,800	5,498	16,826	10,750	24,626	16,248
Turkish Lira		1,121				1,121
	<u>38,234</u>	<u>30,216</u>	<u>1,119,655</u>	<u>1,055,802</u>	<u>1,157,889</u>	<u>1,086,018</u>

(e) Guarantees

As of September 30, 2023, USD 1,029,343 (December 31, 2022 – USD 964,946) of the borrowings balance of the Group and its subsidiaries was guaranteed by sureties from related parties, as shown in Note 15 (b), 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.

(f) Credit line

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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	(66,426)	233,574
				<u>550,000</u>	<u>(66,426)</u>	<u>483,574</u>

The withdrawn amounts consider the foreign exchange rate as at the withdrawal dates for the amounts in Canadian dollar.

Subsequently to September 30, 2023, and until the date of issuance of these interim financial statements, the outstanding amount due decreased by USD 25 million, following an additional repayment.

21 Current and deferred income taxes

(a) Reconciliation of income taxes expenses

The income tax amounts presented in the interim statement of income for the periods ended September 30, 2023 and 2022 are reconciled as follows:

	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
Profit (loss) before taxes	198,523	58,002
Standard rate	24.94%	24.94%
Income tax at standard rates	(49,512)	(14,466)
Adjustments for the calculation of income tax at effective rate		
Tax incentives	806	877
Share of net profit of associates and joint ventures	3,078	4,834
State income tax expense	(7,990)	(7,821)
Recognition of deferred tax asset on unused tax losses (i)		23,375
Rate differences of foreign companies	(5,403)	(421)
Prior periods adjustments	(5,820)	(2,877)
Tax losses without recognition of deferred tax assets	(7,218)	(21,194)
Deductible temporary differences without recognition of deferred tax assets	1,424	1,400
Other non taxable / (deductible) items	(6,463)	(1,234)
Income tax	<u>(77,098)</u>	<u>(17,527)</u>
Current	(38,890)	(25,965)
Deferred	(38,208)	8,438
Income tax in the income statement	<u>(77,098)</u>	<u>(17,527)</u>

- (i) In 2022, the Company reassessed the projections of future taxable profits supporting the recognition of deferred income tax assets during the period and as a result recognized an additional USD 23 million related to unused accumulated tax losses.

(b) Analysis of deferred tax balances

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	9/30/2023	12/31/2022
Tax credits on tax losses	125,364	159,595
Tax credits on temporary differences		
Investment tax credit (ITC)	16,141	15,846
Provision for social security obligations	7,022	7,224
Ontario (CA) minimum tax	6,899	6,881
Deductions - Moroccan and Spain law (Government benefit)	6,610	6,698
Provision for inventory losses	5,874	7,007
Asset retirement obligation	3,161	3,338
Market value adjustment	3,133	4,218
Provision for legal claims	1,166	377
Allowance for doubtful accounts	1,163	661
Provision for Co2	161	1,144
Pension plan	796	606
Provision for indemnities	125	192
Provision for taxes under litigation	9	17
Other credits	13,267	10,192
Tax debts on temporary differences		
Adjustment to useful life of property, plant and equipment (depreciation)	(206,609)	(206,435)
Fair value uplift on property, plant and equipment	(73,090)	(69,880)
Other debts	(872)	(830)
Net	(89,680)	(53,149)
Net deferred tax assets of the same legal entity	66,198	80,605
Net deferred tax liabilities of the same legal entity	(155,878)	(133,754)

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

	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
Balance at the beginning of the period	(53,149)	(65,924)
Effect on income	(38,208)	8,438
Effect on other comprehensive income - hedge accounting		2,198
Effect of exchange variations on other components of comprehensive income	1,681	(349)
Effect of initial hyperinflation accounting adjustment		(4,707)
Other	(4)	1,731
Balance at the end of the period	(89,680)	(58,613)

22 Provision

(a) Analysis and changes

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					1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
	Legal claims				Total	Total
	ARO (j)	Tax	Civil	Labor		
Balance at the beginning of the period	60,440	4,765	725	64	65,994	67,749
Additions			62		62	591
Reversals		(98)	(97)		(195)	(123)
Settlements	(5,805)				(5,805)	(5,871)
Exchange variation	(507)	(48)	(24)		(579)	(4,964)
Estimate remeasurement charged to intangible assets	1,282				1,282	1,235
Present value adjustment	2,525				2,525	1,194
Balance at the end of the period	57,935	4,619	666	64	63,284	59,811

(i) Asset Retirement Obligation.

(b) Lawsuits with likelihood of loss considered possible

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.

	9/30/2023	12/31/2022
Civil	187	2,933
Tax	4,258	4,140
Other	823	828
	5,268	7,901

23 Shareholders' equity

(a) Share capital and share premium

As of September 30, 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 September 30, 2023, the amount of share premium is USD 1,621,892 (December 31, 2022–

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USD 1,621,892).

(b) 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, before effect of initial hyperinflation accounting adjustment - subsidiary		(822,201)	(21,254)	4,753	(3,575)	(842,277)
Ongoing inflation adjustment for hyperinflationary economies - subsidiary		1,171				1,171
Currency translation adjustment		(175,665)				(175,665)
Hedge accounting of net investment in foreign operations			(35,850)			(35,850)
Interest in other comprehensive income of investees					56	56
Ongoing inflation adjustment for hyperinflationary economies - associates		83,255				83,255
Deferred taxes	21(b)		2,198			2,198
Other comprehensive income					3,295	3,295
At September 30, 2022		<u>(913,440)</u>	<u>(54,906)</u>	<u>4,753</u>	<u>(224)</u>	<u>(963,817)</u>
At January 1, 2023		(840,929)	(47,660)	9,955	(79)	(878,713)
Ongoing inflation adjustment for hyperinflationary economies - subsidiary		11				11
Ongoing inflation adjustment for hyperinflationary economies - associates		106,486				106,486
Currency translation adjustment		(94,490)				(94,490)
Hedge accounting of net investment in foreign operations			(244)			(244)
Interest in other comprehensive income of investees					(661)	(661)
Other comprehensive income					(210)	(210)
At September 30, 2023		<u>(828,922)</u>	<u>(47,904)</u>	<u>9,955</u>	<u>(950)</u>	<u>(867,821)</u>

24 Expenses by nature

Expenses by nature	Note	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
Raw materials and consumables used		270,987	228,831
Employee benefit expenses		350,493	303,565
Fuel costs		272,675	367,789
Freight costs		265,334	269,708
Depreciation, amortization and depletion	17, 18 and 19	182,170	176,367
Maintenance and upkeep		133,630	113,018
Electric power		100,383	123,968
Services, miscellaneous		118,058	84,243
Taxes, fees and contributions		25,610	23,234
Packaging materials		15,862	15,050
Rents and leases		12,280	8,877
Insurance		10,787	10,215
Technology and communication		10,694	9,101
Other expenses		98,227	68,621
		<u>1,867,190</u>	<u>1,802,587</u>
Reconciliation			
Cost of goods sold and services rendered		1,720,399	1,678,115
Selling expenses		44,393	44,090
General and administrative expenses		102,398	80,382
		<u>1,867,190</u>	<u>1,802,587</u>

25 Financial income (expense)

	Note	1/1/2023 to 9/30/2023	1/1/2022 to 9/30/2022
Financial income			
Derivative financial instruments		6,807	998
A/R securitization fees income		6,002	4,805
Income from financial investments		4,297	1,921
Cross guarantee revenue		292	916

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Interest on financial assets		142	2,322
Other financial income		4,498	11,172
		<u>22,038</u>	<u>22,134</u>
Financial expenses			
Interest payable on borrowing	20(c)	(52,298)	(57,250)
A/R Securitizations fees expenses		(17,917)	(13,847)
Interest expense, leasing		(5,194)	(5,670)
Commissions on financial transactions		(4,830)	(9,990)
Cross guarantee expenses		(2,318)	(2,317)
Amortization of prepaid financial results		(1,162)	(1,140)
Present value adjustment		(503)	(998)
Derivative financial instruments		(491)	(99)
Premium paid on repurchase of bonds			(33,876)
Other financial expenses		(7,776)	(6,604)
		<u>(92,489)</u>	<u>(131,791)</u>
Exchange rate variations		(50,411)	(43,380)
Net monetary gain on hyperinflationary subsidiary		21,182	35,680
		<u>(99,680)</u>	<u>(117,357)</u>

26 Events after the reporting period

There was no material subsequent event after the reporting period September 30, 2023.

These interim financial statements were approved for issue by the Management Board on November 10, 2023, and were signed on behalf by:

DocuSigned by:

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 Nuno Alves

Management Board Member

DocuSigned by:

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 Carlos Boggio

Management Board Member



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