

Financial Statements

Votorantim Cimentos International S.A.

Condensed consolidated interim financial statements

June 30, 2024



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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 condensed consolidated interim balance sheet as at 30 June 2024, 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 six-month periods then ended, and material accounting policy information 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.

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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, 8 August 2024

Fabrice Goffin

Votorantim Cimentos International S.A.



Condensed consolidated interim balance sheet

All amounts in thousands of US Dollars, unless otherwise stated

Assets	Note	6/30/2024	12/31/2023	Liabilities and stockholders' equity	Note	6/30/2024	12/31/2023
Current assets				Current liabilities			
Cash and cash equivalents	13	456,973	571,312	Borrowing	21 (a)	273,878	36,095
Financial investments		13,576	6,312	Lease liabilities	20 (b)	38,137	23,324
Trade receivables	14 (a)	240,007	173,191	Confirming payables		185,010	261,473
Inventory	15	418,569	400,592	Trade payables		349,126	433,837
Taxes recoverable		25,817	22,932	Salaries and payroll charges		60,605	77,213
Securitization of receivables	14 (d)	68,256	51,716	Taxes payable		22,389	35,179
Other assets		25,676	36,855	Advances from customers		2,258	11,650
		<u>1,248,874</u>	<u>1,262,910</u>	Securitization of receivables	14 (d)	33,302	19,693
				Other liabilities		24,668	23,510
						<u>989,373</u>	<u>921,974</u>
Assets classified as held for sale		1,735	1,754				
		<u>1,250,609</u>	<u>1,264,664</u>				
Non-current assets				Non-current liabilities			
Taxes recoverable			744	Borrowing	21 (a)	1,098,680	1,066,019
Deferred tax assets	22 (b)	161,109	161,949	Lease liabilities	20 (b)	173,762	160,583
Pension plan		15,146	16,655	Deferred tax liabilities	22 (b)	150,281	153,670
Other assets		30,843	21,763	Provision	23 (a)	41,331	47,632
		207,098	201,111	Pension plan		54,607	54,884
				Other liabilities		27,356	26,161
						<u>1,546,017</u>	<u>1,508,949</u>
				Total liabilities		<u>2,535,390</u>	<u>2,430,923</u>
Investments in associates and joint ventures	17 (a)	282,969	190,721	Shareholders' equity	24		
Investment property		13,989	14,436	Share capital		99,915	99,915
Property, plant and equipment	18 (a)	2,135,063	2,143,477	Share premium		1,516,892	1,621,892
Intangible assets	19 (a)	1,388,981	1,407,988	Consolidated reserves		1,804,266	1,740,262
Right-of-use assets	20 (a)	202,077	176,529	Other comprehensive income		(846,452)	(883,040)
		<u>4,023,079</u>	<u>3,933,151</u>	Total equity attributable to the Company owners		<u>2,574,621</u>	<u>2,579,029</u>
				Non-controlling interests		370,775	388,974
				Total equity		<u>2,945,396</u>	<u>2,968,003</u>
Total assets		<u>5,480,786</u>	<u>5,398,926</u>	Total liabilities and shareholders' equity		<u>5,480,786</u>	<u>5,398,926</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-month and six-month periods ended June 30
All amounts in thousands of US Dollars, unless otherwise stated

	Note	4/1/2024 to 6/30/2024	4/1/2023 to 6/30/2023	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
Continuing operations					
Revenue from contracts with customers		732,128	762,793	1,232,592	1,327,668
Cost of goods sold and services rendered	25	(557,933)	(584,125)	(1,023,265)	(1,115,894)
Gross profit		<u>174,195</u>	<u>178,668</u>	<u>209,327</u>	<u>211,774</u>
Operating income (expenses)					
Selling expenses	25	(14,113)	(11,752)	(30,259)	(30,313)
General and administrative expenses	25	(36,635)	(32,530)	(74,310)	(64,618)
Other operating income, net		1,857	6,062	9,490	9,579
		<u>(48,891)</u>	<u>(38,220)</u>	<u>(95,079)</u>	<u>(85,352)</u>
Operating profit before equity interest and financial results		<u>125,304</u>	<u>140,448</u>	<u>114,248</u>	<u>126,422</u>
Results of investees					
Share of net profit (loss) of associates and joint ventures	17(a)	7,880	(771)	12,808	6,019
Financial income (expenses)					
	26				
Financial income		9,781	8,885	17,194	15,150
Financial expenses		(50,610)	(34,629)	(85,662)	(62,080)
Exchange variations and hyperinflation effects, net		4,582	(22,110)	7,502	(21,042)
		<u>(36,247)</u>	<u>(47,854)</u>	<u>(60,966)</u>	<u>(67,972)</u>
Profit before income tax		<u>96,937</u>	<u>91,823</u>	<u>66,090</u>	<u>64,469</u>
Income tax	22(a)	(20,948)	(34,611)	(1,458)	(34,817)
Profit for the period		<u>75,989</u>	<u>57,212</u>	<u>64,632</u>	<u>29,652</u>
Attributable to the					
Company owners		69,213	45,697	64,004	24,668
Non-controlling interests		<u>6,776</u>	<u>11,515</u>	<u>628</u>	<u>4,984</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 comprehensive income
For the three-month and six-month periods ended June 30
All amounts in thousands of US Dollars, unless otherwise stated

	Note	4/1/2024 to 6/30/2024	4/1/2023 to 6/30/2023	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
Profit for the period		75,989	57,212	64,632	29,652
Components of other comprehensive income (loss) for subsequent reclassification to the statement of income					
Attributable to the owners of the Company					
Currency exchange differences on translation of foreign operations	24(b)	19,184	6,677	49,108	36,872
Currency translation in hedge accounting for net investments in foreign operations	24(b)	(4,104)	8,271	(12,379)	10,143
Share of other comprehensive income of associates and joint ventures	24(b)	28	(1,852)	(141)	(1,852)
Other components of comprehensive income (loss)			2,412		2,435
Attributable to non-controlling shareholders					
Currency exchange differences on translation of foreign operations		(3,221)	3,393	(3,473)	6,716
Currency translation in hedge accounting for net investments in foreign operations		(841)	1,693	(2,536)	2,077
Other components of other comprehensive income		197	26	8	27
		11,243	20,620	30,587	56,418
Total comprehensive income for the period		87,232	77,832	95,219	86,070
Comprehensive income from					
Continuing operations		87,232	77,832	95,219	86,070
Comprehensive income (loss) attributable to					
Company owners		84,321	61,205	100,592	72,266
Non-controlling interests		2,911	16,627	(5,373)	13,804
		87,232	77,832	95,219	86,070

In this consolidated statement of comprehensive income, the items are presented net of tax effects. The tax effects are presented in Note 22(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 three-month and six-month periods ended June 30 All amounts in thousands of US Dollars, unless otherwise stated

	Attributable to the Company owners					Non-controlling interests	Total stockholder's equity
	Share capital	Share premium	Consolidated reserves	Other comprehensive income (loss)	Total		
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			(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 quarter							
Profit for the period			24,668		24,668	4,984	29,652
Other comprehensive income				47,598	47,598	8,820	56,418
			24,668	47,598	72,266	13,804	86,070
Contributions from/ (distribution to) stockholders							
Capital reduction - subsidiary (i)						(19,490)	(19,490)
At June 30, 2023	99,915	1,621,892	1,478,182	(831,115)	2,368,874	377,145	2,746,019
At January 1, 2024	99,915	1,621,892	1,740,262	(883,040)	2,579,029	388,974	2,968,003
Comprehensive income (loss) for the period							
Profit for the period			64,004		64,004	628	64,632
Other comprehensive income				36,588	36,588	(6,001)	30,587
			64,004	36,588	100,592	(5,373)	95,219
Contributions from/ (distribution to) stockholders							
Dividend distribution						(71)	(71)
Share premium reimbursement (Note 3(b))		(105,000)			(105,000)		(105,000)
Capital reduction - subsidiary (ii)		(105,000)			(105,000)	(12,755)	(12,755)
		(105,000)			(105,000)	(12,826)	(117,826)
At June 30, 2024	99,915	1,516,892	1,804,266	(846,452)	2,574,621	370,775	2,945,396

(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.

(ii) In June 2024, the subsidiary St Marys Cement Inc. (hereinafter "SMCI") reduced its capital by USD 75,030, carried as a capital return to the shareholders. The amount paid to the minority shareholder amounted to USD 12,755, settled in cash.

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-month and six-month periods ended June 30
All amounts in thousands of US dollars, unless otherwise stated

	Note	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
Profit before income tax		66,090	64,469
Adjustments of items that do not represent changes in cash and cash equivalents			
Depreciation, amortization and depletion	25	127,238	121,703
Share in the net profit of associates and joint ventures	17 (b)	(12,808)	(6,019)
Impairment provision for PP&E			42
Gain on the sale of PP&E and intangible assets		(132)	(821)
Allowance for doubtful accounts, net of reversals	14 (b)	(251)	273
Provision for obsolete inventories, net of reversals		708	2,492
Provision for legal claims and ARO, net of reversals	23 (a)	88	(14)
Accrued interest	26	40,242	34,687
Premium on repurchase of bonds	26	2,931	
Net monetary gain on hyperinflationary subsidiary	26	(13,193)	(6,693)
Other components of net financial results		(1,537)	6,522
Other			(542)
		209,376	216,099
Cash flow from operating activities			
Decrease (increase) in assets			
Trade and other receivables		(69,412)	(133,549)
Inventory		(17,806)	(12,203)
Taxes recoverable		(2,141)	17,276
Other assets		2,628	(1,450)
Increase (decrease) in liabilities			
Trade payables		(84,831)	(44,155)
Confirming payables		(76,463)	(43,426)
Salaries and social charges		(16,608)	4,232
Taxes payable		5,545	7,174
Other accounts payable and other liabilities		(6,961)	3,155
Interest paid	21 (c)	(56,673)	13,153
Premium paid on repurchase of bonds	26	(39,762)	(33,446)
Interest received (i)		(2,931)	
Income tax (paid) refunded, net		10,588	7,488
Income tax (paid) refunded, net		(28,018)	(20,909)
Net cash used in operating activities		(116,796)	(33,714)
Cash flow from investing activities			
Financial investments		(7,264)	12,868
Proceeds from disposals of PP&E and intangible assets		340	1,013
Dividends received from associates and joint ventures		2,141	7,374
Acquisitions of PP&E and intangible assets	18 and 19	(110,955)	(93,341)
Payment for acquisition of subsidiary, net of cash received		(2,220)	(2,967)
Payment for acquisition of joint venture	17 (b)		(5,411)
Capital increase - equity accounted investees	17 (b)		(500)
Net cash used in investing activities		(117,958)	(80,964)
Cash flow from financing activities			
Proceeds from borrowing	21 (c)	691,447	131,372
Payments of borrowing	21 (c)	(419,448)	(27,472)
Derivative financial instruments		180	(377)
Dividends paid to non-controlling interests		(71)	(89)
Share premium reimbursement		(105,000)	
Lease liability payments	20 (b)	(28,312)	(25,764)
Capital reduction - subsidiary		(12,755)	(19,490)
Net cash provided by financing activities		126,041	58,180
Decrease in cash and cash equivalents		(108,713)	(56,498)
Effect of exchange rate changes on cash and cash equivalents		(5,626)	5,152
Cash and cash equivalents at the beginning of the quarter		571,312	401,567
Cash and cash equivalents at the end of the quarter		456,973	350,221

(i) Interest received was reclassified from Investing to Operating Activities, as it reflects more appropriately the nature of these cash inflows. Comparatives were also restated.

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 June 30, 2024

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”). The ultimate parent entity and controlling party is Hejoassu Administração S.A..

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 August 8, 2024.

3 Main events of the reporting period

(a) Bond issuance (Voto 34), Tender Offer and Make-Whole (Voto 27)

On April 2, 2024, the subsidiary St Marys (“SMCI”) concluded the issuance of a bond in the international capital markets amounting to USD 500 million, with maturity in 2034 and containing sustainability performance indicators (sustainability-linked bonds) (Voto 34). This new issuance has a coupon of 5.75% per year to be paid bi-annually and is fully and irrevocably guaranteed by Votorantim Cimentos S.A. The sustainability performance indicators are related to CO2 net emissions (scope 1) and thermal substitution, to be measured as of December 31, 2028.

With the net proceeds from the new bond issuance, on April 4, 2024, the same subsidiary SMCI concluded a Tender Offer over its 5.75% Senior Notes due in 2027 (Voto 27). After this Tender Offer transaction, the outstanding principal of Voto 27 decreased to USD 238,447.

Subsequently, on June 11, 2024, SMCI exercised its right to redeem (“Make-Whole”) all of the outstanding principal amount of Voto 27, pursuant to the terms and conditions of the 2027 Notes Indenture. Due to the redemption, the outstanding balance of USD 229,147 was presented as current liability in these interim financial statements.

The settlement of the Make-Whole transaction occurred on July 11, 2024, resulting in a total disbursement of USD 238,571, that includes the principal, premium and interests accrued to date.

(b) Share premium reimbursement to VCSA

During the second quarter 2024, the Company reimbursed a total amount of USD 105 million in cash to its shareholder VCSA, out of its share premium account.

Votorantim Cimentos International S.A.


**Notes to the condensed consolidated interim financial statements
as of June 30, 2024**

All amounts in thousands of US dollars, unless otherwise stated

4 Supplementary information

4.1 Information by operating segment

	1/1/2024 to 6/30/2024				
	North America	Europe, Asia and Africa	Latin America	Holding and eliminations	Total
Revenue from contracts with customers	639,397	513,778	79,417		1,232,592
Cost of goods sold and services rendered	(569,273)	(386,453)	(67,539)		(1,023,265)
Gross profit	70,124	127,325	11,878		209,327
Operating expenses	(44,338)	(39,710)	(9,913)	(1,118)	(95,079)
Operating profit (loss) income before equity interest and financial results	25,786	87,615	1,965	(1,118)	114,248
Results of investees					
Share of net profit of associates and joint ventures	1,740	4,307	6,761		12,808
Financial results, net					
Interest payable on borrowing	(22,194)	(2,311)	(4,891)	(10,846)	(40,242)
Financial results, net, except interest payable on borrowing and other	(24,011)	(1,160)	1,557	2,890	(20,724)
	(46,205)	(3,471)	(3,334)	(7,956)	(60,966)
Profit (loss) before income tax	(18,679)	88,451	5,392	(9,074)	66,090
Income tax	1,430	(3,367)	479		(1,458)
Profit (loss) for the period	(17,249)	85,084	5,871	(9,074)	64,632
Depreciation, amortization and depletion	88,090	30,777	8,347	24	127,238
Dividends received	2,141				2,141
Unusual items		1,002			1,002
Adjusted EBITDA	116,017	119,394	10,312	(1,094)	244,629
Acquisition of PP&E and intangible assets	78,194	25,844	6,915	2	110,955
Total assets	2,824,888	1,337,116	568,677	750,105	5,480,786
Total liabilities	1,451,018	579,075	168,064	337,232	2,535,389
Net debts	828,963	4,362	74,125	206,259	1,113,709

Votorantim Cimentos International S.A.


**Notes to the condensed consolidated interim financial statements
as of June 30, 2024**
All amounts in thousands of US dollars, unless otherwise stated

	1/1/2023 to 6/30/2023				
	North America	Europe, Asia and Africa	Latin America	Holding and eliminations	Total
Revenue from contracts with customers	705,918	543,983	77,767		1,327,668
Cost of goods sold and services rendered	(624,224)	(427,518)	(64,150)	(2)	(1,115,894)
Gross profit	81,694	116,465	13,617		211,774
Operating expenses	(44,304)	(30,757)	(8,789)	(1,502)	(85,352)
Operating profit (loss) income before equity interest and financial results	37,390	85,708	4,828	(1,504)	126,422
Results of investees					
Share of net profit of associates and joint ventures	1,092	2,995	1,932		6,019
Financial results, net					
Interest payable on borrowing and other	(21,362)	(1,780)	(2,793)	(11,981)	(37,916)
Financial results, net, except interest payable on borrowing and other	(9,688)	(19,256)	(934)	(178)	(30,056)
	(31,050)	(21,036)	(3,727)	(12,159)	(67,972)
Profit (loss) before income tax	7,432	67,667	3,033	(13,663)	64,469
Income tax	(11,635)	(23,874)	692		(34,817)
Profit (loss) for the period	(4,203)	43,793	3,725	(13,663)	29,652
Depreciation, amortization and depletion	84,620	29,611	7,472		121,703
Dividends received	2,285		4,444		6,729
Impairment		42			42
Adjusted EBITDA	124,295	115,361	16,744	(1,504)	254,896
PP&E and intangible assets additions	75,923	12,012	5,406		93,341
Total assets	2,644,933	1,210,940	586,950	717,932	5,160,755
Total liabilities	1,245,676	641,753	185,898	341,409	2,414,736
Net debts	710,871	(20,866)	85,926	265,065	1,040,996

The following table reconciles the adjusted EBITDA:

	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023	7/1/2023 to 6/30/2024	1/1/2023 to 12/31/2023
Revenue from contracts with customers	1,232,592	1,327,668	2,751,310	2,846,386
Profit for the period	64,632	29,652	355,158	320,178
Profit before income tax	66,090	64,469	321,071	319,450
Depreciation, amortization and depletion	127,238	121,703	253,161	247,626
Financial result, net	60,966	67,972	96,517	103,523
EBITDA	254,294	254,144	670,749	670,599
Share of net profit of associates and joint ventures	(12,808)	(6,019)	(16,720)	(9,931)
Dividends received	2,141	6,729	10,899	15,487
Adjusted EBITDA items				
Impairment of long-term assets		42	(10,735)	(10,693)
Unusual items	1,002		2,347	1,345
Adjusted EBITDA	244,629	254,896	656,540	666,807

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4.2 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	1/1/2024 to 6/30/2024	1/1/2023 to 12/31/2023
Borrowing	21(a)	1,372,558	1,102,114
Lease liabilities	20(b)	211,899	183,907
Cash and cash equivalents	13	(456,973)	(571,312)
Financial investments	13	(13,576)	(6,312)
Derivative financial instruments		(199)	222
Net debt - (A)		1,113,709	708,619
Adjusted EBITDA for the last 12 months - (B)		656,540	666,807
Financial leverage ratio - (A/B)		1.70	1.06

5 Changes in accounting policies and disclosures

5.1 New and amended accounting standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

5.2 New and amended 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 July 1st, 2024, and did not identify material impacts to its operations and accounting policies.

Amendments to IAS 7 – "Statement of Cash Flows" and IFRS 7 – "Financial Instruments: Disclosures" – Supplier Finance

These amendments introduce new disclosures requirements to enhance the transparency of supplier finance arrangements, aiming to help the financial statements' readers in assessing the impacts of these agreements on the Group's liabilities, cash flow and exposure to liquidity risk.

The changes are applicable for annual periods starting on or after January 1, 2024, and not mandatory for interim financial statements. The Group will apply the new disclosures in the annual consolidated financial statements for the year ended December 31, 2024.

6 New sustainability reporting standards

In January 2023 the EU 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 EU 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 sustainability 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.

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7 Basis of preparation

7.1 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 the 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 June 30, 2024, 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 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, 2023, which were prepared in accordance with IFRS® Accounting Standards 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, 2023. There are no changes to accounting policies compared to the year ended December 31, 2023.

7.2 Companies included in these interim financial statements

In the six-month period ended on June 30, 2024, there is no relevant change in the companies included in these interim financial statements, compared to the information disclosed in Note 6.2 (g) of the last annual consolidated financial statements.

7.3 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.

8 Critical accounting estimates and judgments

In the six-months period of 2024 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 of the annual consolidated financial statements for the year ended December 31, 2023.

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9 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 on 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 the summer season. This seasonality can be particularly visible in severe winter seasons, and its impacts are more significant in the North American business.

10 Environmental risk management

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

11 Financial risk management

11.1 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.

11.1.1 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 Company and its subsidiaries have assets and liabilities denominated in foreign currencies that differ from its functional currency, being Euro, Canadian dollar, US dollar, Moroccan dirham, Turkish lira, Tunisian dinar, Bolivianos and Uruguayan pesos.

Moreover, the Company has investments in foreign operations, of 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 11.1.3 below for additional details.

11.1.2 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 21 for the details of borrowings by interest rate.

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11.1.3 Hedging of net investments in foreign operations

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

Investor							Hedged item		Instrument		1/1/2024 to 6/30/2024
Entity	Currency	Investment	Currency	Percentage designated	Underlying investment USD	Net designated amount	Currency	Original amount	Amount in USD	Loss	
SMCI	CAD	VCNA US, Inc.	USD	75.51%	662,173	662,173	USD	662,173	731,165	(14,915)	

Investor							Hedged item		Instrument		1/1/2023 to 6/30/2023
Entity	Currency	Investment	Currency	Percentage designated	Underlying investment USD	Net designated amount	Currency	Original amount	Amount in USD	Gain	
SMCI	CAD	VCNA US, Inc.	USD	46.20%	1,082,227	500,000	USD	500,000	507,497	12,220	

During the quarter SMCI rebalanced its net investment hedge to consider the transactions mentioned in Note 3(a). The designated hedge transaction resulted in USD 14.9 million included in the interim statement of comprehensive income, out of which USD 12.1 million relates to Voto 27 and USD 2.8 million to Voto 34. An impact of USD 1.8 million impacted the interim statement of income, as the total debt balance exceeded the investment balance.

The gain or loss shown above is net of tax effects, which are presented in Note 24 (b).

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11.2 Credit risk

The following table reflects the credit quality of counterparties for transactions involving trade receivables that are non-overdue and not impaired, and excluding balances due by related parties:

	6/30/2024	12/31/2023
High risk	24,007	20,488
Medium risk	29,372	21,143
Low risk	123,756	70,797
AAA	42,493	44,085
	<u>219,628</u>	<u>156,513</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 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.

11.3 Liquidity risk

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 June 30, 2024							
Borrowing		304,980	50,236	324,437	629,759	498,272	1,807,684
Lease liabilities		37,184	29,251	64,762	38,572	137,977	307,746
Confirming payables		185,010					185,010
Trade payables		349,126					349,126
Dividends payable	16(a)	337					337
		<u>876,637</u>	<u>79,487</u>	<u>389,199</u>	<u>668,331</u>	<u>636,249</u>	<u>2,649,903</u>
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		261,473					261,473
Trade payables		433,837					433,837
Dividends payable	16(a)	347					347
Pension plan		12,194	12,186	33,893	53,341	154,203	265,817
		<u>816,974</u>	<u>120,271</u>	<u>922,520</u>	<u>230,202</u>	<u>773,742</u>	<u>2,863,709</u>

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12 Financial instruments by category
(a) Analysis

	Note	6/30/2024		
		Amortized cost	Fair value through profit and loss	Total
Assets				
Trade receivables	14 (a)	240,007		240,007
Securitization of receivables	14(d)	68,256		68,256
		<u>308,263</u>		<u>308,263</u>
Cash and cash equivalents	13		456,973	456,973
Financial investments	13		13,576	13,576
Derivative financial instruments			199	199
			<u>470,748</u>	<u>470,748</u>
Liabilities				
Borrowing	21(a)	1,372,558		1,372,558
Lease liabilities	20(b)	211,899		211,899
Confirming payables		185,010		185,010
Trade payables		349,126		349,126
Salaries and payroll charges		60,605		60,605
Securitization of receivables	14(d)	33,302		33,302
		<u>2,212,500</u>		<u>2,212,500</u>

	Note	12/31/2023		
		Amortized cost	Fair value through profit and loss	Total
Assets				
Trade receivables	14 (a)	173,191		173,191
Securitization of receivables	14(d)	51,716		51,716
		<u>224,907</u>		<u>224,907</u>
Cash and cash equivalents	13		571,312	571,312
Financial investments	13		6,312	6,312
			<u>577,624</u>	<u>577,624</u>
Liabilities				
Borrowing	21(a)	1,102,114		1,102,114
Lease liabilities	20(b)	183,907		183,907
Confirming payables		261,473		261,473
Trade payables		433,837		433,837
Salaries and payroll charges		77,213		77,213
Securitization of receivables		19,693		19,693
Derivative financial instruments			222	222
		<u>2,078,237</u>	<u>222</u>	<u>2,078,459</u>

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(b) 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		6/30/2024	
		Price quoted in an active market	Valuation technique supported by observable prices		Fair value
			Level 1	Level 2	
Assets					
Cash and cash equivalents	13	339,671	117,302	456,973	
Financial investments	13		13,576	13,576	
		<u>339,671</u>	<u>130,878</u>	<u>470,549</u>	
Liabilities					
Borrowing	21(a)	1,088,906	289,846	1,378,752	

	Note	Fair value measured based on		12/31/2023	
		Price quoted in an active market	Valuation technique supported by observable prices		Fair value
			Level 1	Level 2	
Assets					
Cash and cash equivalents	13	352,142	219,170	571,312	
Financial investments	13		6,312	6,312	
		<u>352,142</u>	<u>225,482</u>	<u>577,624</u>	
Liabilities					
Borrowing	21(a)	869,648	270,008	1,139,656	
Derivative financial instruments			222	222	
		<u>869,648</u>	<u>270,230</u>	<u>1,139,878</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 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.

13 Cash and cash equivalents

	6/30/2024	12/31/2023
Cash at bank	339,671	352,142
Time deposits (i)	117,302	219,170
	<u>456,973</u>	<u>571,312</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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14 Trade receivables
(a) Analysis

	<u>6/30/2024</u>	<u>12/31/2023</u>
Trade accounts receivables	240,617	176,055
Related parties	4,664	4,622
Allowance for doubtful accounts	(5,274)	(7,486)
	<u>240,007</u>	<u>173,191</u>

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

(b) Changes in the allowance for doubtful accounts

	<u>1/1/2024 to 6/30/2024</u>	<u>1/1/2023 to 6/30/2023</u>
Balance at the beginning of the period	(7,486)	(9,539)
Additions	(60)	(982)
Reversals	311	709
Receivables written off as uncollectible	1,801	1,431
Exchange rate variations	160	121
Receivables transferred to securitization		659
Balance at the end of the period	<u>(5,274)</u>	<u>(7,601)</u>

The additions and reversals of allowance for doubtful accounts have been 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.

	<u>6/30/2024</u>	<u>12/31/2023</u>
Current	224,292	161,135
Up to 3 months past due	11,679	9,467
From 3 to 6 months past due	2,129	1,278
Over 6 months past due	7,181	8,797
	<u>245,281</u>	<u>180,677</u>
Allowance for doubtful accounts	(5,274)	(7,486)
	<u>240,007</u>	<u>173,191</u>

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(d) Securitization of receivables

In March 2024, the Group entered into a new revolving receivables securitization agreement with a financial institution, with a credit facility amounting to USD 250 million and maturing in March 2027.

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

	<u>6/30/2024</u>	<u>12/31/2023</u>
Notes recognized	59,108	43,091
Capital contribution in the SPE	9,148	8,625
Notes and capital related to the SPE	<u>68,256</u>	<u>51,716</u>
Security guarantee	(22,249)	(19,094)
Junior note guarantee losses	(11,053)	(599)
Junior subordinated note	<u>(33,302)</u>	<u>(19,693)</u>
Net carrying amount of the continuing involvement	<u>34,954</u>	<u>32,023</u>

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.

15 Inventory

	<u>6/30/2024</u>	<u>12/31/2023</u>
Finished products	31,920	31,290
Semi-finished products	163,540	140,495
Raw materials	41,552	67,377
Fuels	83,149	86,423
Auxiliary materials and consumables	131,346	108,305
Other	3,571	3,308
Provision for losses	<u>(36,509)</u>	<u>(36,606)</u>
	<u>418,569</u>	<u>400,592</u>

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16 Related parties

(a) Analysis

	Parent company		Associated companies		Other related parties		Total	
	6/30/2024	12/31/2023	6/30/2024	12/31/2023	6/30/2024	12/31/2023	6/30/2024	12/31/2023
Assets								
Current								
Trade receivables	121	262	4,319	1,874	224	2,486	4,664	4,622
Dividends receivable				254				254
Securitization of receivables					68,256	51,716	68,256	51,716
	121	262	4,319	2,128	68,480	54,202	72,920	56,592
Liabilities								
Current								
Trade payables	2,288	2,322	2,652	4,479			4,940	6,801
Dividends payable					337	347	337	347
Securitization of receivables					33,302	19,693	33,302	19,693
	2,288	2,322	2,652	4,479	33,639	20,040	38,579	26,841
	2,409	2,584	6,971	6,607	102,119	74,242	111,499	83,433

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	Associated companies		Other related parties		Total	
	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
Income statement						
Sales	15,905	25,341	7,821	37,193	23,726	62,534
Purchases	940	1,430			940	1,430
Other incomes (expenses)		(32)	(14,597)	(6,743)	(14,597)	(6,775)
	<u>16,845</u>	<u>26,739</u>	<u>(6,776)</u>	<u>30,450</u>	<u>10,069</u>	<u>57,189</u>

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(b) Group's debts guaranteed by related parties

Instrument	Guarantor and % of debt guaranteed	6/30/2024	12/31/2023
Committed Credit Facility	VCSA (100%) / SMCI (100%)	70,188	34,027
Eurobonds - USD (Voto 41)	VSA (100%) / VCSA (100%)	336,187	339,950
Eurobonds - USD (Voto 27)	VCSA (100%) / SMCI (100%)	234,710	512,139
Eurobonds - USD (Voto 34)	VCSA (100%)	507,028	
Bilateral loan - VCEAA	VCSA (100%) / VCEAA (100%)	113,672	117,332
		<u>1,261,785</u>	<u>1,003,448</u>

Funding costs are not considered in these amounts.

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

Instrument	Debtor	Guarantor	Percentage guaranteed by the Company	6/30/2024
4131 - USD 50 MM	VCN/NE	VCI,VCSA	100%	50,291
4131 - USD 100 MM	VCSA	VCI	100%	100,581
				<u>150,872</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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17 Investments in associates and joint ventures

(a) Analysis

	Information as at June 30, 2024				Share of net profit of associates and joint ventures			Balance
	Country	Net equity	Net income for the period	Percentage of voting and total capital (%)	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023	6/30/2024	12/31/2023
Investments accounted for using the equity method								
Associates								
Cementos Especiales de las Islas S.A.	Spain	52,062	8,370	50.00	4,185	2,916	26,031	22,582
Cementos Avellaneda S.A.	Argentina	331,288	13,798	49.00	6,761	1,932	162,331	94,389
Joint ventures								
Grundy-River Holdings LLC	United States	13,610	1,804	50.00	902		6,805	5,894
Hutton Transport Limited	Canada	15,900	2,372	25.00	593	467	3,975	3,652
Midway Group, LLC	United States	15,351	142	50.00	71	552	7,676	7,605
RMC Leasing LLC	United States	4,254	350	50.00	175	74	2,127	3,952
Other investments								
					121	78	14,703	14,640
					12,808	6,019	223,648	152,714
Goodwill								
Cementos Avellaneda S.A.	Argentina						56,710	35,336
Hutton Transport Limited	Canada						2,196	2,247
Grundy-River Holdings LLC	United States						415	424
					12,808	6,019	282,969	190,721

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(b) Changes

	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
Balance at the beginning of the period	190,721	240,088
Share of net profit of associates and joint ventures	12,808	6,019
Currency exchange differences on translation of foreign operations	82,232	15,160
Approved dividends	(2,651)	(10,923)
Issue costs with dividends Avellaneda		3,917
Effect of acquisition of additional interest - Grundy		5,411
Capital increase		500
Other comprehensive results of the investees	(141)	(1,852)
Balance at the end of the period	<u>282,969</u>	<u>258,320</u>

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18 Property, plant, and equipment

(a) Analysis and changes

								1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
	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	186,045	1,067,988	3,394,629	145,757	307,519	30,278	267,835	5,400,051	5,076,844
Accumulated depreciation		(583,394)	(2,336,378)	(103,479)	(207,684)	(25,639)		(3,256,574)	(3,049,514)
Net balance	186,045	484,594	1,058,251	42,278	99,835	4,639	267,835	2,143,477	2,027,330
Acquisitions		342	870		380	93	96,496	98,181	90,698
Reclassification to assets held for sale									(686)
Companies included in the consolidation (i)	330	220	215		402			1,167	1,862
Disposals	(84)		(24)		(29)		(71)	(208)	(192)
Depreciation		(10,369)	(63,347)	(3,035)	(11,454)	(618)		(88,823)	(85,581)
Exchange variations	(2,901)	(3,768)	(3,401)	(1,438)	(1,316)	(130)	(5,777)	(18,731)	19,638
Provision of impairment									(42)
Transfers	6	7,134	90,841	706	18,383	746	(117,816)		
Balance at the end of the period	183,396	478,153	1,083,405	38,511	106,201	4,730	240,667	2,135,063	2,053,027
Cost	183,396	1,083,308	3,464,551	137,802	324,866	29,572	240,667	5,464,162	5,210,709
Accumulated depreciation		(605,155)	(2,381,146)	(99,291)	(218,665)	(24,842)		(3,329,099)	(3,157,682)
Balance at the end of the period	183,396	478,153	1,083,405	38,511	106,201	4,730	240,667	2,135,063	2,053,027
Average annual depreciation rates - %		3	6	10	14	13			

(i) Refers to the acquisition of a ready-mix business by SMCI's subsidiary, VCNA United Materials LLC.

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Notes to the condensed consolidated interim financial statements as of June 30, 2024

All amounts in thousands of US dollars, unless otherwise stated

19 Intangible assets

(a) Analysis and changes

								1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
	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	545,385	923,078	75,731	124,428	56,908	9,992	9,192	1,744,714	1,836,121
Accumulated depreciation and depletion	(149,996)		(44,976)	(86,426)	(47,668)		(7,660)	(336,726)	(401,260)
Net balance	395,389	923,078	30,755	38,002	9,240	9,992	1,532	1,407,988	1,434,861
Acquisitions					1,112	11,658	4	12,774	2,643
Companies included in the consolidation (i)		767						767	1,043
Disposals and write offs									(4,010)
Amortization and depletion	(5,111)		(2,413)	(1,791)	(3,200)		(64)	(12,579)	(13,721)
Exchange variations	(4,436)	(12,128)	(1,873)	(39)	(357)	(1,358)	222	(19,969)	14,085
Remeasurement of estimates									1,238
Transfers	1,886				13,218	(15,104)			
Balance at the end of the period	387,728	911,717	26,469	36,172	20,013	5,188	1,694	1,388,981	1,436,139
Cost	541,879	911,717	73,276	122,877	70,892	5,188	10,798	1,736,627	1,853,474
Accumulated amortization and depletion	(154,151)		(46,807)	(86,705)	(50,879)		(9,104)	(347,646)	(417,335)
Balance at the end of the period	387,728	911,717	26,469	36,172	20,013	5,188	1,694	1,388,981	1,436,139
Average annual amortization and depletion rates - %	6		5	7	24		19		

(i) Refers to the acquisition of a ready-mix business by SMCI's subsidiary, VCNA United Materials LLC.

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Notes to the condensed consolidated interim financial statements as of June 30, 2024

All amounts in thousands of US dollars, unless otherwise stated

20 Right-of-use assets and lease agreements

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

							1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
	Land and improvements	Machinery and equipment	Buildings	Vehicles	IT equipment	Barges	Total	Total
Balance at the beginning of the period								
Cost	110,029	39,979	6,615	43,183	231	164,091	364,128	352,156
Accumulated depreciation and depletion	(21,835)	(33,507)	(4,041)	(34,029)	(120)	(94,067)	(187,599)	(147,712)
Net balance	88,194	6,472	2,574	9,154	111	70,024	176,529	204,444
Additions	4,314	6,839	1,893	2,706		38,113	53,865	5,976
Amortization	(3,208)	(4,228)	(640)	(2,526)	(25)	(15,209)	(25,836)	(22,401)
Disposals	(111)			(643)			(754)	(217)
Exchange variations	(554)	108	(17)	(171)	(4)	(1,089)	(1,727)	1,272
Balance at the end of the period	88,635	9,191	3,810	8,520	82	91,839	202,077	189,074
Cost	114,377	43,873	8,509	44,300	279	201,116	412,454	357,574
Accumulated amortization	(25,742)	(34,682)	(4,699)	(35,780)	(197)	(109,277)	(210,377)	(168,500)
Balance at the end of the period	88,635	9,191	3,810	8,520	82	91,839	202,077	189,074
Average annual depreciation rates - %	16	32	19	22	33	9		

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Notes to the condensed consolidated interim financial statements as of June 30, 2024

All amounts in thousands of US dollars, unless otherwise stated

(b) Analysis and changes of lease liabilities

	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
Balance at the beginning of the period	183,907	218,511
Additions	53,865	5,976
Payments	(28,312)	(25,764)
Present value adjustment	4,650	3,869
Disposals	(754)	(217)
Exchange variations	(1,457)	(658)
Balance at the end of the period	<u>211,899</u>	<u>201,717</u>
Current	38,137	27,237
Non-current	<u>173,762</u>	<u>174,480</u>
	<u>211,899</u>	<u>201,717</u>

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Notes to the condensed consolidated interim financial statements as of June 30, 2024

All amounts in thousands of US dollars, unless otherwise stated

21 Borrowing

(a) Analysis and fair value

Type	Average annual cost	Current		Non-current		Total		Fair value	
		6/30/2024	12/31/2023	6/30/2024	12/31/2023	6/30/2024	12/31/2023	6/30/2024	12/31/2023
Eurobonds - USD	6.22% Fixed USD	244,497	16,329	822,669	808,844	1,067,166	825,173	1,088,906	869,648
	3.95% Fixed BOB/10.89% Fixed UYU/ 1.63% Fixed EUR/ EURIBOR+1.61%								
Syndicated loans / Bilateral agreements	PRÉ TRY 54%/ SOFR TERM + 0,95%	21,115	12,300	214,727	188,071	235,842	200,371	231,717	201,666
Local issuance in Bolivia	5.46% Fixed BOB	7,712	6,915	61,048	68,624	68,760	75,539	57,339	67,311
Other		554	551	236	480	790	1,031	790	1,031
		<u>273,878</u>	<u>36,095</u>	<u>1,098,680</u>	<u>1,066,019</u>	<u>1,372,558</u>	<u>1,102,114</u>	<u>1,378,752</u>	<u>1,139,656</u>
Accrued interest		20,395	19,890						
Current portion of long-term borrowing (principal)		253,483	16,205						
		<u>273,878</u>	<u>36,095</u>						

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.

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(b) Maturity profile

	2024	2025	2026	2027	2028	2029	2030	2031+	Total
Eurobonds - USD	247,396							830,529	1,077,925
Syndicated loans/Bilateral agreements	15,630	12,238	59,857	132,798	2,737	2,737	2,737	9,502	238,236
Local issuance in Bolivia	122	10,642	12,210	21,365	12,210	12,210			68,759
Other	325	465							790
	<u>263,473</u>	<u>23,345</u>	<u>72,067</u>	<u>154,163</u>	<u>14,947</u>	<u>14,947</u>	<u>2,737</u>	<u>840,031</u>	<u>1,385,710</u>
% amortized per year	19.01%	1.68%	5.20%	11.13%	1.08%	1.08%	0.20%	60.62%	100.00%

The balances presented in this note do not reconcile with Note 21 (a) since it excludes the upfront fees.

(c) Changes

	Note	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
Balance at the beginning of the period		1,102,114	1,086,018
New borrowing		691,447	131,372
Accrued interest	26	40,242	34,687
Amortization of borrowing fees, net of additions		3,291	798
Interest paid		(39,762)	(33,446)
Debt renegotiation gain or loss		184	183
Payments		(419,448)	(27,472)
Exchange variation		(5,510)	5,618
Balance at the end of the period		<u>1,372,558</u>	<u>1,197,758</u>

The main movements occurred in borrowings during the period ended on June 30, 2024, are described below:

(i) Bond issuance (Voto 34)

In April 2024 the subsidiary SMCI concluded the issuance of a bond amounting to USD 500 million, as described in Note 3.

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

During the first six months of 2024 a total amount of USD 193 million was withdrawn from the credit facility CCF. On the other hand, payments were also made for a total of USD 156 million.

The use of the CCF is recurring due to operations seasonality, and as of June 30, 2024 the total amount of USD 230 million was available to the Group for new withdrawals, as detailed in Note 21 (f) below.

(iii) Tender Offer (Voto 27)

In April 2024 the subsidiary SMCI carried out a Tender Offer over its bond 2027, resulting in the settlement of USD 220 million of principal due. Refer to Note 3 for more details.

Previously to the Tender Offer, VCI and SMCI had made repurchases of principal amounting to USD 21.5 million and USD 9.5 million, respectively.

(iv) Bonds repurchase

In June 2024, VCI repurchased the amount of USD 3.7 million of principal of its bond Voto 41, that matures in 2041. The total outstanding balance after this repurchase amounts to USD 330.5 million.

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Notes to the condensed consolidated interim financial statements as of June 30, 2024

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(d) Analysis by currency

	Current		Non-current		Total	
	6/30/2024	12/31/2023	6/30/2024	12/31/2023	6/30/2024	12/31/2023
US Dollar	244,685	16,329	892,668	808,844	1,137,353	825,172
Euro	1,105	1,158	112,886	116,456	113,991	117,614
Boliviano	10,545	9,755	84,396	93,328	94,941	103,083
Canadian dollar	554	669	236	34,388	790	35,057
Uruguayan peso	9.171	8,184	8,494	13,003	17,665	21,188
Turkish Lira	7.818				7,818	
	<u>273,878</u>	<u>36,095</u>	<u>1,098,680</u>	<u>1,066,019</u>	<u>1,372,558</u>	<u>1,102,114</u>

(e) Guarantees

As of June 30, 2024, USD 1,261,785 (December 31, 2023 – USD 1,003,448) of the borrowings balance of the Group was guaranteed by sureties from related parties, as shown in Note 16 (c), while USD 26,181 (December 31, 2023 – USD 27,543) was collateralized by liens on property, plant and equipment items and mortgage, and there are no bank guarantees.

(f) Credit line

Credit line	Company	Date	Maturity	Credit limit	Withdrawn amount at 6/30/2024	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	(70,000)	230,000
				<u>550,000</u>	<u>(70,000)</u>	<u>480,000</u>

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

Subsequently to June 30, 2024, and until the date of issuance of these interim financial statements, the Group made new withdrawals totaling USD 130 million, increasing the outstanding balance by the same amount.

22 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 June 30, 2024 and 2023 are reconciled as follows:

	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
Profit (loss) before taxes	66,090	64,469
Standard rate	24.94%	24.94%
Income tax at standard rates	(16,483)	(16,079)
Adjustments for the calculation of income tax at effective rate		
Tax incentives		259
Hyperinflation tax adjustment	11,383	
Tax losses without recognition of deferred tax assets	(2,634)	(6,970)
Recognition of deferred tax asset on unused tax losses	8,301	(6,161)
Share of net profit of associates and joint ventures	3,194	1,501
State income tax expense	(1,868)	(2,767)
Rate differences of foreign companies	1,098	(2,500)
Deductible temporary differences without recognition of deferred tax assets	947	947
Other non taxable / (deductible) items	(5,396)	(3,047)
Income tax	<u>(1,458)</u>	<u>(34,817)</u>
Current	(9,683)	(24,858)
Deferred	8,225	(9,959)
Income tax in the income statement	<u>(1,458)</u>	<u>(34,817)</u>

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The Group falls within the scope of Pillar Two model rules as published by the OECD (Organization for Economic Co-operation and Development) which aims to implement a global minimum tax of 15%. In the jurisdictions the Group operates, Pillar Two legislation was adopted and enacted in Luxembourg and Canada, effective from 1 January 2024, and a bill was published in Spain with final approval expected along 2024.

The Group is in the process of assessing the potential exposure arising from Pillar Two legislation and the preliminary assessment based on the preliminary assessment made with the financial data for the six-months period ended 30 June 2024, it is expected that most jurisdictions will not be subject to top-up tax, due to qualifying for one of the three transitional safe harbors rules prescribed in the guidelines.

(b) Analysis of deferred tax balances

	6/30/2024	12/31/2023
Tax credits on tax losses	157,945	169,008
Tax credits on temporary differences		
Market value adjustment and hyperinflation	45,206	40,506
Investment tax credit (ITC)	36,639	36,544
Ontario (CA) minimum tax	7,668	7,900
Provision for social security obligations	7,330	7,123
Pension plan	6,903	6,501
Provision for inventory losses	6,895	5,995
Deductions - Moroccan and Spain law (Government benefit)	3,816	2,641
Allowance for doubtful accounts	974	1,008
Asset retirement obligation	5,391	793
Provision for indemnities	145	370
Provision for legal claims	195	324
Provision for taxes under litigation	17	13
Other credits	14,577	13,690
Tax debts on temporary differences		
Adjustment to useful life of property, plant and equipment (depreciation)	(228,543)	(228,298)
Fair value uplift on property, plant and equipment	(54,100)	(55,146)
Other debts	(230)	(693)
Net	<u>10,828</u>	<u>8,279</u>
Net deferred tax assets of the same legal entity	<u>161,109</u>	<u>161,949</u>
Net deferred tax liabilities of the same legal entity	<u>(150,281)</u>	<u>(153,670)</u>

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

	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
Balance at the beginning of the period	8,279	(53,149)
Effect on income	8,225	(9,959)
Effect of exchange variations on other components of comprehensive income	(6,299)	1,524
Effect on other comprehensive income - hedge accounting	(14)	
Other	637	(76)
Balance at the end of the period	<u>10,828</u>	<u>(61,660)</u>

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23 Provision

(a) Analysis and changes

	1/1/2024 to 6/30/2024				1/1/2023 to 6/30/2023	
	ARO (i)	Tax	Civil	Labor	Total	Total
	Legal claims					
Balance at the beginning of the period	42,072	4,790	706	64	47,632	65,994
Additions		99	21		120	19
Reversals		(32)			(32)	(33)
Settlements	(4,039)	(2,417)			(6,456)	(4,424)
Exchange variation	(916)	(116)	(26)		(1,058)	656
Estimate remeasurement charged to intangible assets						1,238
Present value adjustment	1,125				1,125	2,020
Balance at the end of the period	<u>38,242</u>	<u>2,324</u>	<u>701</u>	<u>64</u>	<u>41,331</u>	<u>65,470</u>

(i) Asset Retirement Obligation.

(b) Lawsuits with likelihood of loss considered possible

	6/30/2024	12/31/2023
Civil	248	190
Tax	4,155	4,445
Other	858	838
	<u>5,261</u>	<u>5,473</u>

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 Shareholders' equity

(a) Share capital and share premium

As of June 30, 2024 and December 31, 2023, the Company's fully subscribed and paid-up capital is USD 99,915, consisting of 99,915,432 common shares.

As of June 30, 2024, the amount of share premium is USD 1,516,892 (December 31, 2023, USD 1,621,892) decreasing by USD 105 million during the period. Refer to Note 3 for additional details.

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

	Currency exchange differences on translation of foreign operations	Hedge of net investments	Remeasurement of retirement benefits	Other comprehensive income	Total
At January 1, 2023	(840,929)	(47,660)	9,955	(79)	(878,713)
Ongoing inflation adjustment for hyperinflationary economies - subsidiary	418				418
Ongoing inflation adjustment for hyperinflationary economies - associates	84,642				84,642
Currency translation adjustment	(48,188)				(48,188)
Hedge accounting of net investment in foreign operations		10,143			10,143
Interest in other comprehensive income of investees				(1,852)	(1,852)
Other comprehensive income				2,435	2,435
At June 30, 2023	<u>(804,057)</u>	<u>(37,517)</u>	<u>9,955</u>	<u>504</u>	<u>(831,115)</u>
At January 1, 2024	(849,702)	(37,966)	6,182	(1,554)	(883,040)
Ongoing inflation adjustment for hyperinflationary economies - subsidiary	17,255				17,255
Ongoing inflation adjustment for hyperinflationary economies - associates	99,394				99,394
Currency translation adjustment	(67,541)				(67,541)
Hedge accounting of net investment in foreign operations		(12,379)			(12,379)
Interest in other comprehensive income of investees				(141)	(141)
At June 30, 2024	<u>(800,594)</u>	<u>(50,345)</u>	<u>6,182</u>	<u>(1,695)</u>	<u>(846,452)</u>

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All amounts in thousands of US dollars, unless otherwise stated

25 Expenses by nature

	Note	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
Raw materials and consumables used		166,803	174,125
Employee benefit expenses		227,967	224,962
Fuel costs		117,604	194,403
Freight costs		158,824	165,118
Depreciation, amortization and depletion	18, 19 and 20	127,238	121,703
Maintenance and upkeep		92,400	99,320
Electric power		63,828	59,968
Services, miscellaneous		78,527	74,904
Taxes, fees and contributions		15,712	17,178
Packaging materials		9,155	10,221
Rents and leases		7,361	7,966
Insurance		7,259	7,273
Technology and communication		7,059	7,744
Other expenses		48,097	45,940
		<u>1,127,834</u>	<u>1,210,825</u>
Reconciliation			
Cost of goods sold and services rendered		1,023,265	1,115,894
Selling expenses		30,259	30,313
General and administrative expenses		74,310	64,618
		<u>1,127,834</u>	<u>1,210,825</u>

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as of June 30, 2024**

All amounts in thousands of US dollars, unless otherwise stated

26 Financial income (expense)

	Note	1/1/2024 to 6/30/2024	1/1/2023 to 6/30/2023
Financial income			
A/R securitization fees income		3,321	5,562
Derivative financial instruments		199	1,422
Income from financial investments		4,940	504
Interest on financial assets		2,180	4,180
Cross guarantee income		147	292
Other financial income		6,407	3,190
		<u>17,194</u>	<u>15,150</u>
Financial expenses			
Interest payable on borrowing	21(c)	(40,242)	(34,687)
A/R Securitizations fees expenses		(17,919)	(12,304)
Commissions on financial transactions		(7,680)	(3,133)
Cross guarantee expense		(2,791)	(2,318)
Inflation adjustment charges on provision and other liabilities		(1,292)	(461)
Amortization of prepaid financial results		(4,148)	(769)
Derivative financial instruments		(19)	(416)
Present value adjustment		(426)	(341)
Premium paid on repurchase of bonds		(2,931)	
Other financial expenses		(8,214)	(7,651)
		<u>(85,662)</u>	<u>(62,080)</u>
Exchange rate variations			
Net monetary gain on hyperinflationary subsidiary		(5,691)	(27,735)
		<u>13,193</u>	<u>6,693</u>
		<u>(60,966)</u>	<u>(67,972)</u>

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27 Events after the reporting period

(a) Settlement of Voto 27 Make-Whole

The settlement of Voto 27 Make Whole transaction occurred on July 11, 2024, as detailed in Note 3.

(b) Sale agreement for business in Tunisia

In July 2024, VCSA's Board of Directors approved the conditions for the disposal of the business carried in Tunisia, that includes one fully integrated cement plant, and some aggregate facilities, being part of the operating segment of VCEAA. An agreement with the buyer Sinoma Cement Co. Ltd. was subsequently signed on July 26, 2024, for the sale of the entirety of this business, with the completion being subject to customary closing requirements, including the approval by regulatory authorities.

This divestment transaction is aligned with VCSA and the Group's investment strategy, that seeks to maximize shareholder's value and improve the investment's risk management by balancing the geographical presence between mature and emerging markets.

With the approval by VCSA's Board of Directors the criteria for the application of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations became entirely fulfilled. Being an event occurred after the reporting period, and a non-adjusting event as per IAS 10 – Events After the Reporting Period, the required classification will be applied in the next condensed consolidated interim financial statements for the period ending on 30 September 2024.

(c) Share premium reimbursement to VCSA

After the reporting period, the Company reimbursed a total amount of USD 55 million in cash to its sole shareholder VCSA, out of its share premium account.

These interim financial statements were approved for issue by the Management Board on August 8, 2024, and were signed on behalf by:

DocuSigned by:
Nuno Alexandre Fernandes Alves
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Nuno Alves

Management Board Member

DocuSigned by:
Carlos Eduardo Boggio
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Carlos Boggio

Management Board Member



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