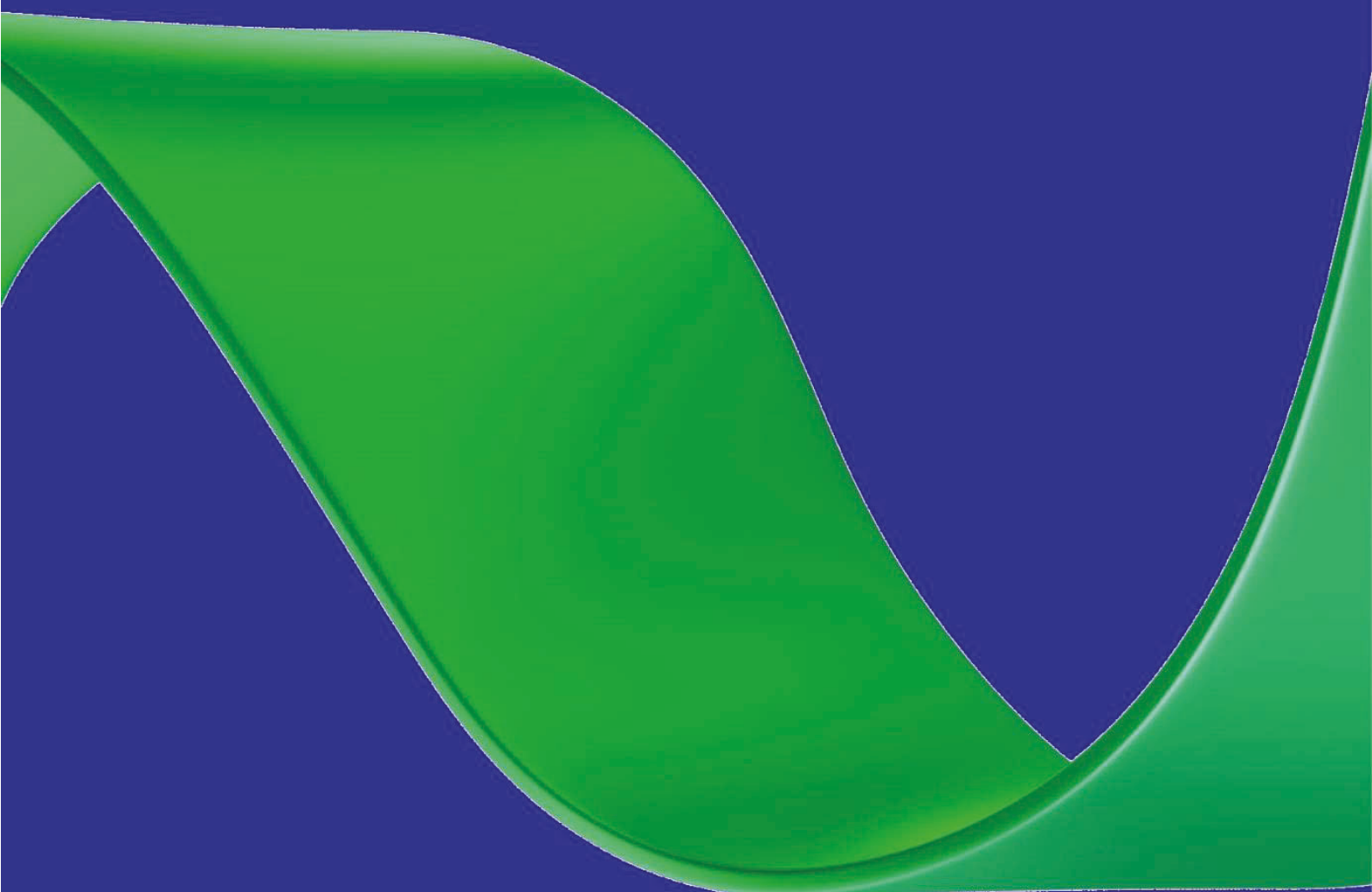


# *Financial Statements*

**Votorantim Cimentos International S.A.**

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





## **Report on Review of Condensed Consolidated Interim Financial Statements**

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

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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 June 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 six-month periods then ended, and a summary of significant accounting policies and other explanatory information.

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

The Management Board is responsible for the preparation and fair 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.

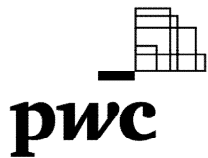
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### **Responsibility of the “Réviseur d’entreprises agréé”**

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.



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**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, 4 August 2023

Fabrice Goffin

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## Votorantim Cimentos Internacional S.A.

### Condensed consolidated interim balance sheet

All amounts in thousands of US Dollars, unless otherwise stated

Assets	Note	6/30/2023	12/31/2022	Liabilities and stockholders' equity	Note	6/30/2023	12/31/2022
Current assets				Current liabilities			
Cash and cash equivalents	11(a)	350,221	401,567	Borrowing	20(a)	38,920	30,216
Financial investments	12(a)	4,459	17,327	Lease liabilities	19(b)	27,237	26,182
Trade receivables	13(a)	218,707	144,674	Confirming payables		239,687	283,113
Inventory	14(a)	366,250	357,109	Trade payables		344,196	388,351
Taxes recoverable		10,407	26,900	Salaries and payroll charges		59,168	54,936
Other assets		39,715	34,609	Taxes payable		37,949	26,826
		989,759	982,186	Advances from customers		2,352	4,202
				Dividends payable	15(a)	344	436
				Other liabilities		25,965	33,456
Assets classified as held for sale	838		982,186			775,818	847,718
Non-current assets				Non-current liabilities			
Taxes recoverable		2,686	3,469	Borrowing	20(a)	1,158,838	1,055,802
Deferred tax assets	21(b)	75,154	80,605	Lease liabilities	19(b)	174,480	192,329
Securitization of receivables	13(d)	93,448	41,731	Deferred tax liabilities	21(b)	136,814	133,754
Pension plan		24,185	23,804	Provision	22(a)	65,470	65,994
Other assets		23,326	23,504	Pension plan		53,837	52,707
		218,799	173,113	Securitization of receivables	13(d)	26,764	21,928
				Other liabilities		22,715	26,132
				Total liabilities		1,638,918	1,548,646
						2,414,736	2,396,364
Investments in associates and joint ventures	16(a)	258,320	240,088	Shareholders' equity	23		
Investment property		14,799	14,349	Share capital		99,915	99,915
Property, plant and equipment	17(a)	2,053,027	2,027,330	Share premium		1,621,892	1,621,892
Intangible assets	18(a)	1,436,139	1,434,861	Consolidated reserves		1,478,182	1,454,082
Right-of-use assets	19(a)	189,074	204,444	Other comprehensive income (loss)		(831,115)	(878,713)
		3,951,359	3,921,072	Total equity attributable to the Company owners		2,368,874	2,297,176
				Non-controlling interests		377,145	382,831
				Total equity		2,746,019	2,680,007
Total assets		5,160,755	5,076,371	Total liabilities and shareholder's equity		5,160,755	5,076,371

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

	Note	4/1/2023 to 6/30/2023	4/1/2022 to 6/30/2022	1/1/2023 to 6/30/2023	1/1/2022 to 6/30/2022
<b>Continuing operations</b>					
Revenue from contracts with customers		762,793	734,702	1,327,668	1,174,654
Cost of goods sold and services rendered	24	(584,125)	(599,818)	(1,115,894)	(1,053,864)
<b>Gross profit</b>		<u>178,668</u>	<u>134,884</u>	<u>211,774</u>	<u>120,790</u>
<b>Operating income (expenses)</b>					
Selling expenses	24	(11,752)	(15,628)	(30,313)	(28,716)
General and administrative expenses	24	(32,530)	(27,310)	(64,618)	(54,624)
Other operating income, net		6,062	1,222	9,579	5,794
		<u>(38,220)</u>	<u>(41,716)</u>	<u>(85,352)</u>	<u>(77,546)</u>
<b>Operating profit before equity interest and financial results</b>		<u>140,448</u>	<u>93,168</u>	<u>126,422</u>	<u>43,244</u>
<b>Results of investees</b>					
Share of net profit/ (loss) of associates and joint ventures	16(a)	(771)	2,779	6,019	11,218
<b>Financial income (expenses)</b>					
Financial income	25	8,885	4,251	15,150	17,707
Financial expenses		(34,629)	(58,665)	(62,080)	(98,810)
Exchange variations and hyperinflation effects, net		(22,110)	12,575	(21,042)	8,572
		<u>(47,854)</u>	<u>(41,839)</u>	<u>(67,972)</u>	<u>(72,531)</u>
<b>Profit (loss) before income tax</b>		<u>91,823</u>	<u>54,108</u>	<u>64,469</u>	<u>(18,069)</u>
<b>Income tax</b>	21(a)	<u>(34,611)</u>	<u>(18,469)</u>	<u>(34,817)</u>	<u>(11,576)</u>
<b>Profit (loss) for the period</b>		<u>57,212</u>	<u>35,639</u>	<u>29,652</u>	<u>(29,645)</u>
<b>Attributable to the</b>					
Company owners		45,697	24,129	24,668	(31,948)
Non-controlling interests		<u>11,515</u>	<u>11,510</u>	<u>4,984</u>	<u>2,303</u>
<b>Profit (loss) for the period</b>		<u>57,212</u>	<u>35,639</u>	<u>29,652</u>	<u>(29,645)</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 and six-month periods ended June 30**  
**All amounts in thousands of US Dollars, unless otherwise stated**

	Note	4/1/2023 to 6/30/2023	4/1/2022 to 6/30/2022	1/1/2023 to 6/30/2023	1/1/2022 to 6/30/2022
<b>Profit (loss) for the period</b>		<u>57,212</u>	<u>35,639</u>	<u>29,652</u>	<u>(29,645)</u>
<b>Components of other comprehensive income (expenses) for subsequent reclassification to the statement of income</b>					
<b>Attributable to the owner of the Company</b>					
Currency exchange differences on translation of foreign operations	23	6,677	(51,544)	36,872	(49,155)
Currency translation in hedge accounting for net investments in foreign operations	23	8,271	(10,312)	10,143	(6,169)
Share of other comprehensive income of associates and joint ventures		(1,852)	(264)	(1,852)	(233)
Recycling of other components of comprehensive income					(52)
Other components of comprehensive income (loss)		2,412	4,639	2,435	3,344
<b>Attributable to non-controlling shareholders</b>					
Currency exchange differences on translation of foreign operations		3,393	(4,312)	6,716	(1,998)
Currency translation in hedge accounting for net investments in foreign operations		1,693	(2,110)	2,077	(1,262)
Other components of other comprehensive income (loss)		26	(43)	27	(300)
		<u>20,620</u>	<u>(63,946)</u>	<u>56,418</u>	<u>(55,825)</u>
<b>Total comprehensive income (loss) for the period</b>		<u>77,832</u>	<u>(28,308)</u>	<u>86,070</u>	<u>(85,470)</u>
<b>Comprehensive income (loss) from</b>					
Continuing operations		<u>77,832</u>	<u>(28,306)</u>	<u>86,070</u>	<u>(85,470)</u>
		<u>77,832</u>	<u>(28,306)</u>	<u>86,070</u>	<u>(85,470)</u>
<b>Comprehensive income (loss) attributable to</b>					
Company owners		61,205	(33,352)	72,266	(84,213)
Non-controlling interests		16,627	5,046	13,804	(1,257)
		<u>77,832</u>	<u>(28,306)</u>	<u>86,070</u>	<u>(85,470)</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 six-month period ended June 30

**All amounts in thousands of US Dollars, unless otherwise stated**

	Attributable to the Company owners						
	Share capital	Share premium	Consolidated reserves	Other comprehensive income (loss)	Total	Non-controlling interests	Total stockholder's equity
At January 1, 2022, before effect of initial hyperinflation accounting adjustment - subsidiary	99,915	1,314,041	1,389,683	(842,277)	1,961,362	403,554	2,364,916
Effect of initial hyperinflation accounting adjustment - subsidiary			17,978		17,978	406	18,384
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			(31,948)		(31,948)	2,303	(29,645)
Profit (loss) for the period				(52,265)	(52,265)	(3,560)	(55,825)
Other comprehensive loss			(31,948)	(52,265)	(84,213)	(1,257)	(85,470)
Contributions from/ (distribution to) stockholders							
Capital increase		227,851			227,851	(22,297)	227,851
Capital reduction - subsidiary						(14)	(14)
Dividends paid		227,851			227,851	(22,311)	205,540
At June 30, 2022	99,915	1,541,892	1,375,713	(894,542)	2,122,978	380,392	2,503,370
At January 1, 2023, before opening balance adjustments	99,915	1,621,892	1,454,082	(878,713)	2,297,176	382,831	2,680,007
Adoption of Amendments to IAS 12 - Income taxes	4.1		(568)		(568)		(568)
At January 1, 2023, after opening balance adjustments	99,915	1,621,892	1,453,514	(878,713)	2,296,608	382,831	2,679,439
Comprehensive income (loss) for the period							
Profit for the period			24,668		24,668	4,984	29,652
Other comprehensive income				47,598	47,598	8,820	56,418
Contributions from/ (distribution to) stockholders			24,668	47,598	72,266	13,804	86,070
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

(i) In June 2023 the subsidiary St Marys Cement Inc. reduced its capital by USD 14,643, 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 six-month periods ended June 30 All amounts in thousands of US dollars, unless otherwise stated

	Note	1/1/2023 to 6/30/2023	1/1/2022 to 6/30/2022
<b>Profit (loss) before income tax</b>		64,469	(18,069)
Adjustments of items that do not represent changes in cash and cash equivalents			
Depreciation, amortization and depletion	24	121,703	117,036
Share in the net profit of associates and joint ventures	16 (b)	(6,019)	(11,218)
Impairment of PP&E		42	
Gain on the sale of PP&E and intangible assets		(821)	(3,413)
Allowance for doubtful accounts, net of reversals	13 (b)	273	225
Provision for obsolete inventories, net of reversals	14 (b)	2,492	(340)
Provision for legal claims and ARO, net of reversals	22 (a)	(14)	(83)
Accrued interest	25	34,687	39,952
Premium on repurchase of bonds	25		33,007
Net monetary gain on hyperinflationary subsidiary	25	(6,693)	(27,782)
Other components of net financial results		6,522	4,599
Other		(542)	(520)
		216,099	133,394
<b>Cash flow from operating activities</b>			
<b>Decrease (increase) in assets</b>			
Trade and other receivables		(133,549)	(108,985)
Inventory		(12,203)	(29,544)
Taxes recoverable		17,276	6,799
Other assets		(1,450)	(1,689)
<b>Increase (decrease) in liabilities</b>			
Trade payables		(44,155)	6,960
Confirming payables		(43,426)	13,656
Salaries and social charges		4,232	(13,183)
Taxes payable		7,174	(12,314)
Other accounts payable and other liabilities (i)		3,155	(4,552)
		13,153	(9,458)
Interest paid	20 (c)	(33,446)	(44,061)
Premium paid on repurchase of bonds	25		(33,007)
Income tax paid		(20,909)	(14,987)
<b>Net cash used in operating activities</b>		(41,202)	(101,513)
<b>Cash flow from investing activities</b>			
Financial investments		12,868	8,885
Proceeds from disposals of PP&E and intangible assets		1,013	9,698
Dividends received from associates and joint ventures		7,374	7,067
Acquisitions of PP&E and intangible assets	17 and 18	(93,341)	(67,650)
Payment for acquisition of subsidiary, net of cash received		(2,967)	
Payment for acquisition of joint venture	16 (b)	(5,411)	
Interest received		7,488	6,039
Capital increase - equity accounted investees	16 (b)	(500)	
<b>Net cash used in investing activities</b>		(73,476)	(35,961)
<b>Cash flow from financing activities</b>			
Proceeds from borrowing	20 (c)	131,372	375,343
Payments of borrowing	20 (c)	(27,472)	(447,964)
Derivative financial instruments		(377)	851
Capital increase			227,851
Dividends paid to non-controlling interests		(89)	(16)
Lease liability payments (i)	19 (b)	(25,764)	(23,253)
Capital reduction - subsidiary		(19,490)	(22,297)
<b>Net cash provided by financing activities</b>		58,180	110,515
Decrease in cash and cash equivalents		(56,498)	(26,959)
Effect of exchange rate changes on cash and cash equivalents		5,152	(8,701)
Cash and cash equivalents at the beginning of the period		401,567	505,593
Cash and cash equivalents at the end of the period		350,221	469,933
<b>Main non-cash transaction</b>			
Use of intangible asset for liability settlement	18 (a)	4,010	35,876

(i) The comparative balances were changed in the amount of USD 19,004 and USD (10,304), respectively, 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 June 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 August 4, 2023.

## 3 Supplementary information

### 3.1 Information by operating segment

	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)
<b>Gross profit</b>	<b>81,694</b>	<b>116,465</b>	<b>13,617</b>		<b>211,774</b>
<b>Operating expenses</b>	<b>(44,304)</b>	<b>(30,757)</b>	<b>(8,789)</b>	<b>(1,502)</b>	<b>(85,352)</b>
<b>Operating profit (loss) before equity interest and financial results</b>	<b>37,390</b>	<b>85,708</b>	<b>4,828</b>	<b>(1,504)</b>	<b>126,422</b>
<b>Results of investees</b>					
Share of net profit (loss) of associates and joint ventures	1,092	2,995	1,932		6,019
<b>Financial results, net</b>					
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)
<b>Profit (loss) before income tax</b>	<b>7,432</b>	<b>67,667</b>	<b>3,033</b>	<b>(13,663)</b>	<b>64,469</b>
<b>Income tax</b>	<b>(11,635)</b>	<b>(23,874)</b>	<b>692</b>		<b>(34,817)</b>
<b>Profit (loss) for the period</b>	<b>(4,203)</b>	<b>43,793</b>	<b>3,725</b>	<b>(13,663)</b>	<b>29,652</b>
<b>Depreciation, amortization and depletion</b>	<b>84,620</b>	<b>29,611</b>	<b>7,472</b>		<b>121,703</b>
Dividends received	2,285		4,444		6,729
Impairment of long term assets		42			42
<b>Adjusted EBITDA</b>	<b>124,295</b>	<b>115,361</b>	<b>16,744</b>	<b>(1,504)</b>	<b>254,896</b>
<b>Acquisition of PP&amp;E and intangible assets</b>	<b>75,923</b>	<b>12,012</b>	<b>5,406</b>		<b>93,341</b>
<b>Total assets</b>	<b>2,644,933</b>	<b>1,210,940</b>	<b>586,950</b>	<b>717,932</b>	<b>5,160,755</b>
<b>Total liabilities</b>	<b>1,245,676</b>	<b>641,753</b>	<b>185,898</b>	<b>341,409</b>	<b>2,414,736</b>
<b>Net debts</b>	<b>710,871</b>	<b>(20,866)</b>	<b>85,926</b>	<b>265,065</b>	<b>1,040,996</b>

# Votorantim Cimentos International S.A.



## Notes to the condensed consolidated interim financial statements as of June 30, 2023

All amounts in thousands of US dollars, unless otherwise stated

	1/1/2022 to 6/30/2022				
	North America	Europe, Asia and Africa	Latin America	Holding and eliminations	Total
Net revenue from goods sold and services rendered	617,543	479,502	77,609		1,174,654
Cost of goods sold and services rendered	(578,698)	(412,519)	(62,647)		(1,053,864)
<b>Gross profit</b>	<b>38,845</b>	<b>66,983</b>	<b>14,962</b>		<b>120,790</b>
<b>Operating expenses</b>	<b>(39,847)</b>	<b>(27,990)</b>	<b>(8,547)</b>	<b>(1,162)</b>	<b>(77,546)</b>
<b>Operating profit (loss) before equity interest and financial results</b>	<b>(1,002)</b>	<b>38,993</b>	<b>6,415</b>	<b>(1,162)</b>	<b>43,244</b>
<b>Results of investees</b>					
Share of net profit (loss) of associates and joint ventures	307	3,291	7,621	(1)	11,218
<b>Financial results, net</b>					
Interest payable on borrowing and other	(19,302)	(1,969)	(3,055)	(18,785)	(43,111)
Financial results, net, except interest payable on borrowing and other	(7,644)	15,210	(827)	(36,159)	(29,420)
	(26,946)	13,241	(3,882)	(54,944)	(72,531)
<b>Profit (loss) before income tax</b>	<b>(27,641)</b>	<b>55,525</b>	<b>10,154</b>	<b>(56,107)</b>	<b>(18,069)</b>
<b>Income tax</b>	<b>(2,036)</b>	<b>(7,794)</b>	<b>(1,746)</b>		<b>(11,576)</b>
<b>Profit (loss) for the period</b>	<b>(29,677)</b>	<b>47,731</b>	<b>8,408</b>	<b>(56,107)</b>	<b>(29,645)</b>
<b>Depreciation, amortization and depletion</b>	<b>83,084</b>	<b>26,240</b>	<b>7,703</b>	<b>9</b>	<b>117,036</b>
Dividends received	2,596	68	3,999		6,663
Other unusual items		21	3		24
	2,596	89	4,002		6,687
<b>Adjusted EBITDA</b>	<b>84,678</b>	<b>65,322</b>	<b>18,120</b>	<b>(1,153)</b>	<b>166,967</b>
<b>Acquisition of PP&amp;E and intangible assets</b>	<b>45,045</b>	<b>9,482</b>	<b>13,118</b>	<b>4</b>	<b>67,650</b>
<b>Total assets</b>	<b>2,880,568</b>	<b>1,112,954</b>	<b>563,971</b>	<b>645,344</b>	<b>5,202,837</b>
<b>Total liabilities</b>	<b>1,452,689</b>	<b>706,985</b>	<b>181,041</b>	<b>358,752</b>	<b>2,699,467</b>
<b>Net debts</b>	<b>821,187</b>	<b>(5,208)</b>	<b>77,798</b>	<b>247,216</b>	<b>1,140,993</b>

The following table reconciles the adjusted EBITDA:

	1/1/2023 to 6/30/2023	1/1/2022 to 6/30/2022	7/1/2022 to 6/30/2023	1/1/2022 to 12/31/2022
Revenue from contracts with customers	1,327,668	1,174,654	2,738,458	2,585,444
Profit (loss) for the period	29,652	(29,645)	136,882	77,585
Profit (loss) before income tax	64,469	(18,069)	182,267	99,729
Depreciation, amortization and depletion - continuing operations	121,703	117,036	247,279	242,612
Financial result, net	67,972	72,531	131,725	136,284
<b>EBITDA</b>	<b>254,144</b>	<b>171,498</b>	<b>561,271</b>	<b>478,625</b>
Share of net profit (loss) of associates and joint ventures	(6,019)	(11,218)	(7,394)	(12,593)
Dividends received	6,729	6,663	12,647	12,581
<b>Adjusted EBITDA items</b>				
Impairment of long term assets	42		42	
Business combination		20	378	398
Unusual items		4	(4)	
<b>Adjusted EBITDA</b>	<b>254,896</b>	<b>166,967</b>	<b>566,940</b>	<b>479,011</b>

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### 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	6/30/2023	12/31/2022
Borrowing	20(a)	1,197,758	1,086,018
Lease liabilities	19(b)	201,717	218,511
Cash and cash equivalents	11(a)	(350,221)	(401,567)
Financial investments	12(a)	(4,459)	(17,327)
Derivative financial instruments		(3,799)	340
Net debt - (A)		1,040,996	885,975
Adjusted EBITDA for the last 12 months - (B)		566,940	479,011
Financial leverage ratio - (A/B)		1.84	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 1<sup>st</sup>, 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 recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules published by the OECD (Organisation 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 July 1<sup>st</sup>, 2023 and did not identify material impacts to its operations and accounting policies.

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## 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 June 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 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 six-month period ended on June 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
	6/30/2023	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
Associates and jointly-controlled entities					
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.

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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 first six-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.

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**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 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..

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

Investor		Hedged item			Instrument		1/1/2022 to 6/30/2022	
		Underlying investment	Percentage designated	Net designated amount	Original amount	Amount in USD	Other comprehensive income	Loss
Entity	Currency	Investment	Currency	USD	USD	USD		
SMCI	CAD	VCNA US, Inc.	USD	44.90%	500,000	497,621		(7,431)

There was no ineffectiveness in the hedge relationships during the six-month period ended on June 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:

	6/30/2023	12/31/2022
High risk	17,034	17,593
Medium risk	34,463	19,943
Low risk	106,219	67,822
AAA	37,478	29,186
	<u>195,194</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
<b>At June 30, 2023</b>							
Borrowing		89,643	87,570	939,165	148,582	530,720	1,795,680
Lease liabilities		20,143	17,877	38,789	29,545	106,980	213,334
Confirming payables		239,687					239,687
Trade payables		344,196					344,196
Dividends payable	15(a)	344					344
		<u>694,013</u>	<u>105,447</u>	<u>977,954</u>	<u>178,127</u>	<u>637,700</u>	<u>2,593,241</u>
<b>At December 31, 2022</b>							
Borrowing		73,459	75,037	829,018	161,714	544,183	1,683,411
Lease liabilities		28,191	16,195	30,498	24,780	127,296	226,961
Confirming payables		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>2,923,032</u>

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**10 Financial instruments by category**
**(a) Analysis**

	Note	6/30/2023		
		Amortized cost	Fair value through profit and loss	Total
<b>Assets</b>				
Trade receivables	13(a)	218,707		218,707
Notes and capital related to SPE	13(d)	93,448		93,448
		312,155		312,155
<b>Liabilities</b>				
Cash and cash equivalents	11(a)		350,221	350,221
Financial investments	12(a)		4,459	4,459
Derivative financial instruments			3,800	3,800
			358,480	358,480
Borrowing	20(a)	1,197,758		1,197,758
Lease liabilities	19(b)	201,717		201,717
Confirming payables		239,687		239,687
Trade payables		344,196		344,196
Salaries and payroll charges		59,168		59,168
Notes and capital related to SPE	13(d)	26,764		26,764
		2,069,290		2,069,290

	Note	12/31/2022		
		Amortized cost	Fair value through profit and loss	Total
<b>Assets</b>				
Trade receivables	13(a)	144,674		144,674
Notes and capital related to SPE	13(d)	41,731		41,731
		186,405		186,405
<b>Liabilities</b>				
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
		2,052,858		2,052,858
Derivative financial instruments			340	340

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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		6/30/2023
		Price quoted in an active market	Valuation technique supported by observable prices	
		Level1	Level2	Fair value
<b>Assets</b>				
Cash and cash equivalents	11(a)	248,387	101,834	350,221
Financial investments	12(a)		4,459	4,459
Derivative financial instruments			3,800	3,800
		248,387	110,093	358,480
<b>Liabilities</b>				
Borrowing	20(a)	869,401	339,572	1,208,973
		869,401	339,572	1,208,973

	Note	Fair value measured based on		12/31/2022
		Price quoted in an active market	Valuation technique supported by observable prices	
		Level1	Level2	Fair value
<b>Assets</b>				
Cash and cash equivalents	11(a)	312,975	88,592	401,567
Financial investments	12(a)		17,327	17,327
		312,975	105,919	418,894
<b>Liabilities</b>				
Borrowing	20(a)	876,649	208,255	1,084,904
Derivative financial instruments			340	340
		876,649	208,595	1,085,244

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**

	6/30/2023	12/31/2022
Cash at bank	248,387	312,975
Time deposits (i)	101,834	88,592
	350,221	401,567

- (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

	6/30/2023	12/31/2022
Time deposits	4,459	17,327

## 13 Trade receivables

### (a) Analysis

	6/30/2023	12/31/2022
Trade accounts receivables	221,269	151,613
Related parties	5,039	2,600
Allowance for doubtful accounts	(7,601)	(9,539)
	218,707	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 6/30/2023	1/1/2022 to 6/30/2022
Balance at the beginning of the period	(9,539)	(9,605)
Additions	(982)	(922)
Reversals	709	697
Receivables written off as uncollectible	1,431	22
Exchange rate variations	121	396
Receivables transferred to securitization	659	
Balance at the end of the period	(7,601)	(9,412)

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.

	6/30/2023	12/31/2022
Current	200,233	137,144
Up to 3 months past due	15,801	9,734
From 3 to 6 months past due	1,603	273
Over 6 months past due	8,671	7,062
	226,308	154,213
Allowance for doubtful accounts	(7,601)	(9,539)
	218,707	144,674

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**(d) Securitization of receivables**

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

	6/30/2023	12/31/2022
Notes recognized	81,138	33,886
Capital contribution in the SPE	12,310	7,845
Notes and capital related to the SPE	93,448	41,731
Security guarantee	(22,753)	(17,515)
Junior note guarantee losses	(4,011)	(4,413)
Junior subordinated note	(26,764)	(21,928)
Net carrying amount of the continuing involvement	66,684	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**

	6/30/2023	12/31/2022
Finished products	30,730	29,505
Semi-finished products	128,642	110,035
Raw materials	55,599	59,437
Fuels	70,110	84,523
Auxiliary materials and consumables	113,344	102,559
Other	3,351	3,514
Provision for losses	(35,526)	(32,464)
	366,250	357,109

**(b) Changes in the provision for inventory losses**

	1/1/2023 to 6/30/2023	1/1/2022 to 6/30/2022
Balance at the beginning of the period	(32,464)	(32,641)
Addition	(3,799)	(2,655)
Reversals and write off	1,307	2,995
Exchange rate variations	(570)	1,297
Balance at the end of the period	(35,526)	(31,004)

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.

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### 15 Related parties

#### (a) Analysis

	Trade receivables and other assets		Trade payables and other liabilities		Dividends payable	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022	6/30/2023	12/31/2022
<b>Parent company</b>						
Votorantim Cimentos S.A.	20	10	395	1,708		
<b>Sister companies, associates or joint ventures</b>						
Canteira do Penedo, S.A.	4	4	166	88		
Cementos Avellaneda S.A.	504	506	994	1,014		
Cementos Granadilla	516	395	390	348		
CEISA Comercial Del Cemento,SL	358	281				
Cementos Especiales de las Islas, S.A.		17	98	49		
Compania Canaria de Materias Primas S.A.	6	6	241	287		
Great Lakes Slag Inc.	1,129					
Hormig. Y Áridos La Barca, S.A.	86	64	215	176		
Midway Group LLC	2,337	1,240	475	1,054		
Votorantim Cimentos N/NE S.A.				373		
VCNA SPE, LLC	93,448	41,731	26,764	21,928		
Other	79	77	55	71		
<b>Total controlling</b>	<b>98,487</b>	<b>44,331</b>	<b>29,793</b>	<b>27,096</b>	<b>-</b>	<b>-</b>
<b>Total non-controlling</b>					<b>344</b>	<b>436</b>
Current	5,039	2,600	3,029	5,168	344	436
Non-current	93,448	41,731	26,764	21,928		
	<b>98,487</b>	<b>44,331</b>	<b>29,793</b>	<b>27,096</b>	<b>344</b>	<b>436</b>

	Sales		Purchases		Other incomes (expenses)	
	1/1/2023 to 6/30/2023	1/1/2022 to 6/30/2022	1/1/2023 to 6/30/2023	1/1/2022 to 6/30/2022	1/1/2023 to 6/30/2023	1/1/2022 to 6/30/2022
<b>Parent company</b>						
Votorantim Cimentos S.A.						
<b>Sister companies, associates or joint ventures</b>						
Canteira do Penedo, S.A.	6	6	234	73		
Cementos Avellaneda S.A.	3,703					
CEISA Comercial Del Cemento,SL	1,687	938				
Cementos Especiales de las Islas, S.A.	3,702	3,598	163	96	(34)	
Cementos Granadilla	2,889	2,252	279	168		
Compania Canaria de Materias Primas S.A.	2	2	312	230	2	
Great Lakes Slag Inc.	7,623					
Hormig. Y Áridos La Barca, S.A.	33	31	442	268		
Hutton Transport Ltd.						
Midway Group LLC	4,131	3,521				
RMC Leasing, LLC						
VCNA SPE, LLC					(6,743)	(6,528)
Votorantim Cimentos N/NE S.A.	37,193	30,834				
Other	1,565	1,342				
	<b>62,534</b>	<b>42,524</b>	<b>1,430</b>	<b>835</b>	<b>(6,775)</b>	<b>(6,528)</b>

#### (b) Group's debts guaranteed by related parties

Instrument	Guarantor and % of debt guaranteed	6/30/2023	12/31/2022
Committed Credit Facility	VCSA (100%) / SMCI (100%)	101,550	
Eurobonds - USD (Voto 41)	VSA (100%) / VCSA (100%)	339,950	340,085
Eurobonds - USD (Voto 27)	VCSA (100%) / SMCI (100%)	512,139	512,139
Bilateral loan - VCEAA	VCSA (100%) / VCEAA (100%)	115,726	112,722
		<b>1,069,365</b>	<b>964,946</b>

Funding costs are not considered in these amounts.

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

Instrument	Debtor	Guarantor	Percentage guaranteed by the Company	Amount guaranteed	
				6/30/2023	12/31/2022
4131 - USD 50 MM	VCNNE	VCI, VCSA	100%	50,300	50,305
4131 - USD 100 MM	VCSA	VCI	100%	100,600	100,609
4131 - USD 50 MM	VCSA	SMCI	100%	50,023	50,025
				<u>200,923</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 June 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 6/30/2023		1/1/2022 to 6/30/2022	
Investments accounted for using the equity method								
Associates								
Cementos Especiales de las Islas S.A.	Spain	47,220	5,832	50.00	2,916	3,211	23,610	20,183
Cementos Avellaneda S.A. (i)	Argentina	297,141	11,937	49.00	1,932	7,620	145,599	139,415
Joint ventures								
Grundy-River Holdings LLC (ii)	United States	10,974		50.00			5,487	
Hutton Transport Limited	Canada	13,153	1,868	25.00	467	417	3,288	3,028
Midway Group, LLC	United States	12,174	1,104	50.00	552	(181)	6,087	7,535
RMC Leasing LLC	United States	7,588	148	50.00	74	71	3,794	3,720
Other investments					78	80	13,249	11,842
					6,019	11,218	201,114	185,723
Goodwill								
Cementos Avellaneda S.A.	Argentina						54,535	52,168
Hutton Transport Limited	Canada						2,247	2,197
Grundy-River Holdings LLC (ii)	United States						424	
					6,019	11,218	258,320	240,088

(i) Dividends received from its associate Avellaneda had associated financial costs in the amount of USD 3,917 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 recognised 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**

	<b>1/1/2023 to 6/30/2023</b>	<b>1/1/2022 to 6/30/2022</b>
Balance at the beginning of the period	240,088	216,190
Share of net profit of associates and joint ventures	6,019	11,218
Currency exchange differences on translation of foreign operations	15,160	16,946
Approved dividends	(10,923)	(10,528)
Issue costs with dividends Avellaneda	3,917	3,259
Effect of acquisition of additional interest - Grundy	5,411	
Capital increase - Grundy	500	
Other comprehensive results of the investees	(1,852)	
Balance at the end of the period	<u>258,320</u>	<u>237,085</u>

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## 17 Property, plant, and equipment

**(a) Analysis and changes**

			Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Construction in progress	Total	1/1/2023 to 6/30/2023	1/1/2022 to 6/30/2022
	Land	Buildings							
Balance at the beginning of the period									
Cost	180,216	1,026,889	3,194,272	279,031	29,063	232,123	5,076,844	(3,027,464)	4,993,819
Accumulated depreciation		(555,261)	(2,188,478)	(184,250)	(24,024)		(3,049,514)		(3,027,464)
Net balance	180,216	471,628	1,005,794	94,781	5,039	232,123	2,027,330		1,966,355
Effect of initial hyperinflation accounting adjustment									
Acquisitions		216	1,177	183	42	89,080	90,698	(686)	22,443
Reclassification to assets held for sale	(88)	(529)	(69)						61,573
Companies included in the consolidation (i)	249	561	417	635			1,862		
Disposals	(134)		(4)	(24)	(27)	(3)	(192)		(3,967)
Depreciation		(10,484)	(59,772)	(11,778)	(637)		(85,581)		(81,544)
Exchange variations	1,494	(2,901)	17,058	3,330	107	(256)	19,638		(36,386)
Provision of Impairment	(42)						(42)		
Transfer to intangible assets									(5,410)
Transfers (ii)		10,551	63,998	12,579	450	(88,137)			
Balance at the end of the period	181,695	469,042	1,028,599	99,706	4,974	232,807	2,053,027		1,923,064
Cost	181,695	1,037,048	3,296,996	295,444	30,104	232,807	5,210,709	(3,157,682)	4,974,672
Accumulated depreciation		(568,006)	(2,268,397)	(195,738)	(25,130)		(3,157,682)		(3,051,608)
Balance at the end of the period	181,695	469,042	1,028,599	99,706	4,974	232,807	2,053,027		1,923,064
Average annual depreciation rates - %	-	3	6	14	13				

(i) SMCI acquired a new ready-mix business in the United States in the first quarter of the year.

(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**

	<b>6/30/2023</b>	<b>12/31/2022</b>
Sustaining (i)	75,830	107,390
Industrial modernization (ii)	97,937	82,166
Environment and security	23,504	17,903
Expansion of cement production capacity (iii)	20,555	10,330
Other	14,982	14,334
	<b>232,807</b>	<b>232,123</b>

- (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 6/30/2023		1/1/2022 to 6/30/2022					
							Total	Total
	Rights over natural resources	Goodwill	Asset retirement obligation	Customer contracts and agreements	Software	Intangible in progress	Other	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
Accumulated depreciation and depletion	(236,401)		(34,097)	(81,003)	(42,621)		(7,138)	(401,260)
Net balance	407,050	909,709	49,588	42,800	9,601	10,822	5,291	1,434,861
Effect of initial hyperinflation accounting adjustment								114
Acquisitions	8				35	2,600		2,643
Companies included in the consolidation (i)		1,043						1,043
Disposals and write offs							(4,010)	(4,010)
Amortization and depletion	(4,210)		(3,948)	(3,203)	(2,302)		(58)	(13,721)
Exchange variations	4,607	8,899	82	57	198	97	145	14,085
Remeasurement of estimates			1,238					1,238
Transfers from property, plant and equipment								
Transfers	1,367		99		539	(2,072)	67	
Balance at the end of the period	408,822	919,651	47,059	39,654	8,071	11,447	1,435	1,436,139
Cost	650,782	919,651	85,553	123,897	53,115	11,447	9,029	1,853,474
Accumulated amortization and depletion	(241,960)		(38,494)	(84,243)	(45,044)		(7,594)	(417,335)
Balance at the end of the period	408,822	919,651	47,059	39,654	8,071	11,447	1,435	1,436,139
Average annual amortization and depletion rates - %	7		6	7	22		20	

(i) 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**

	<b>6/30/2023</b>	<b>12/31/2022</b>
North America	579,498	577,323
Europe, Asia and Africa	337,409	329,809
Latin America	2,744	2,577
	<u>919,651</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

	Machinery and equipment				1/1/2023 to 6/30/2023	1/1/2022 to 6/30/2022
	Land and improvements	Buildings	Vehicles	IT equipment	Barges	Total
Balance at the beginning of the period						
Cost	108,347	5,573	41,467	223	160,647	352,156
Accumulated depreciation and depletion	(17,181)	(3,034)	(30,239)	(55)	(72,585)	(147,712)
Net balance	91,166	2,539	11,228	168	88,062	204,444
Effect of initial hyperinflation accounting adjustment						341
Additions	908	4,057	1,011			5,976
Amortization	(2,854)	(392)	(2,272)	(29)	(12,119)	(22,401)
Disposals		(191)	(26)			(217)
Exchange variations	1,255	(1,037)	25	(7)	1,036	1,272
Balance at the end of the period	90,475	2,147	9,966	132	76,979	189,074
Cost	109,524	5,588	42,052	215	161,683	357,574
Accumulated amortization	(19,049)	(3,441)	(32,086)	(83)	(84,704)	(168,500)
Balance at the end of the period	90,475	2,147	9,966	132	76,979	189,074
Average annual depreciation rates - %	15	25	28	33	9	

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**(b) Analysis and changes of lease liabilities**

	<b>1/1/2023 to 6/30/2023</b>	<b>1/1/2022 to 6/30/2022</b>
Balance at the beginning of the period	218,511	228,791
Additions	5,976	16,982
Payments (i)	(25,764)	(23,253)
Present value adjustment	3,869	301
Disposals	(217)	
Exchange variations (i)	(658)	7,806
Balance at the end of the period	<u>201,717</u>	<u>230,627</u>
Current	27,237	41,367
Non-current	174,480	189,260
	<u>201,717</u>	<u>230,627</u>

(i) The comparative balances were changed in the amount of USD 10,304, to rectify a misrepresentation and allow comparability with 2023.

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## 20 Borrowing

### (a) Analysis and fair value

Type	Average annual cost	Current			Non-current			Total		Fair value	
		6/30/2023	12/31/2022	6/30/2023	12/31/2022	6/30/2023	12/31/2022	12/31/2022	6/30/2023	12/31/2022	6/30/2023
Eurobonds - USD	6.35% Fixed USD	16,375	16,554	829,953	829,201	846,328	845,755		869,402		876,649
	CDOR 1.20%/3.95% Fixed BOB/ 10.46% Fixed UYU/14.65% Fixed TRY/ SOFR 1.21%/1.62% Fixed EUR/ EURIBOR+1.61%										
Syndicated loans / Bilateral agreements		13,264	9,886	259,457	150,343	272,721	160,229		271,237		144,832
Local issuance in Bolivia	5.38%FixedBOB	8,603	2,712	68,725	75,362	77,328	78,074		66,954		61,466
Other		678	1,064	703	896	1,381	1,960		1,380		1,957
		38,920	30,216	1,158,838	1,055,802	1,197,758	1,086,018		1,208,973		1,084,904
Accrued interest		21,873	20,503								
Current portion of long-term borrowing (principal)		17,047	9,713								
Short-term borrowing (principal)		38,920	30,216								

CDOR – Canadian Dollar Offered Rate  
 BOB – Bolivianos  
 LIBOR – London Interbank Offered Rate  
 EUR – Euro  
 TRY – Turkish Lira  
 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	17,861				500,000				334,229	852,090
Syndicated loans/Bilateral agreements	8,511	11,462	12,327	61,205	164,520	2,716	2,716	2,716	9,504	275,677
Local issuance in Bolivia	1,859	6,744	10,644	12,228	21,398	12,227	12,227			77,327
Other	462	438	480							1,380
	28,693	18,644	23,451	73,433	685,918	14,943	14,943	2,716	343,733	1,206,474
% amortized per year	2.38%	1.55%	1.94%	6.09%	56.85%	1.24%	1.24%	0.23%	28.49%	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 6/30/2023	1/1/2022 to 6/30/2022
Balance at the beginning of the period		1,086,018	1,480,176
New borrowing		131,372	375,343
Accrued interest	25	34,687	39,952
Amortization of borrowing fees, net of additions		798	760
Interest paid		(33,446)	(44,061)
Debt renegotiation gain or loss		183	(1,459)
Payments		(27,472)	(447,964)
Exchange variation		5,618	(14,007)
Balance at the end of the period		1,197,758	1,388,740

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

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

During the first six months of 2023 a total amount of USD 122 million was withdrawn from the credit facility CCF, offset by repayments made totaling USD 23 million. These withdraws are recurring due to operations seasonality. As at June 30, 2023 the total amount of USD 201 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	
	6/30/2023	12/31/2022	6/30/2023	12/31/2022	6/30/2023	12/31/2022
US Dollar	16,669	16,555	854,954	829,201	871,623	845,756
Euro	947	528	114,820	112,176	115,767	112,704
Boliviano	12,703	5,450	94,822	102,779	107,525	108,229
Canadian dollar	1,502	1,064	76,134	896	77,636	1,960
Uruguayan peso	6,696	5,498	18,108	10,750	24,804	16,248
Turkish Lira	403	1,121			403	1,121
	38,920	30,216	1,158,838	1,055,802	1,197,758	1,086,018

**(e) Guarantees**

As of June 30, 2023, USD 1,069,365 (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.

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**(f) Credit line**

Credit line	Company	Date	Maturity	Credit limit	Withdrawn amount	Remainder amount
Global Revolving Credit Facility	VCSA/VCI/VCEAA/SMCI	Sept.21	Sept.26	250,000		250,000
Committed Credit Facility	VCI/VCEAA/SMCI	June.22	June.27	300,000	(99,435)	200,565
				<u>550,000</u>	<u>(99,435)</u>	<u>450,565</u>

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

Subsequently to June 30, 2023, and until the date of issuance of these interim financial statements, the outstanding amount due decreased by USD 15 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 June 30, 2023 and 2022 are reconciled as follows:

	1/1/2023 to 6/30/2023	1/1/2022 to 6/30/2022
Profit (loss) before taxes	64,469	(18,069)
Standard rate	24.94%	24.94%
Income tax at standard rates	(16,079)	4,506
Adjustments for the calculation of income tax at effective rate		
Tax incentives	259	65
Share of net profit of associates and joint ventures	1,501	2,798
Rate differences of foreign companies	(2,500)	289
Prior periods adjustments	(6,161)	(3,556)
Tax losses without recognition of deferred tax assets	(6,970)	(19,413)
Deductible temporary differences without recognition of deferred tax assets	947	959
State income tax expense	(2,767)	
Other non taxable / (deductible) items	(3,047)	2,776
Income tax	<u>(34,817)</u>	<u>(11,576)</u>
Current	(24,858)	(19,406)
Deferred	(9,959)	7,830
Income tax in the income statement	<u>(34,817)</u>	<u>(11,576)</u>

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**(b) Analysis of deferred tax balances**

	6/30/2023	12/31/2022
Tax credits on tax losses	148,810	159,595
Tax credits on temporary differences		
Investment tax credit (ITC)	16,545	15,846
Provision for social security obligations	7,022	7,224
Ontario (CA) minimum tax	7,071	6,881
Deductions - Moroccan and Spain law (Government benefit)	6,852	6,698
Provision for inventory losses	5,976	7,007
Market value adjustment	3,985	4,218
Provision for Co2	166	1,144
Allowance for doubtful accounts	917	661
Pension plan	892	606
Provision for legal claims	378	377
Asset retirement obligation	3,265	3,338
Provision for indemnities	132	192
Provision for taxes under litigation	7	17
Other credits	12,388	10,192
Tax debts on temporary differences		
Adjustment to useful life of property, plant and equipment (depreciation)	(205,974)	(206,435)
Fair value uplift on property, plant and equipment	(68,915)	(69,880)
Other debts	(1,177)	(830)
Net	(61,660)	(53,149)
Net deferred tax assets of the same legal entity	75,154	80,605
Net deferred tax liabilities of the same legal entity	(136,814)	(133,754)

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

	1/1/2023 to 6/30/2023	1/1/2022 to 6/30/2022
Balance at the beginning of the period	(53,149)	(65,924)
Effect on income	(9,959)	7,830
Effect on other comprehensive income - hedge accounting		1,073
Effect of exchange variations on other components of comprehensive income	1,524	(1,839)
Effect of initial hyperinflation accounting adjustment		(4,707)
Other	(76)	118
Balance at the end of the period	(61,660)	(63,449)

**22 Provision**
**(a) Analysis and changes**

					1/1/2023 to 6/30/2023	1/1/2022 to 6/30/2022
				Legal claims		
	ARO (i)	Tax	Civil	Labor	Total	Total
Balance at the beginning of the period	60,440	4,765	725	64	65,994	67,749
Additions			19		19	33
Reversals		(33)			(33)	(116)
Settlements	(4,260)	(66)	(98)		(4,424)	(3,579)
Exchange variation	540	80	36		656	(2,451)
Estimate remeasurement charged to intangible assets	1,238				1,238	1,235
Present value adjustment	2,020				2,020	763
Balance at the end of the period	59,978	4,746	682	64	65,470	63,634

**(i) Asset Retirement Obligation.**

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**(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.

	6/30/2023	12/31/2022
Civil	195	2,933
Tax	4,235	4,140
Other	817	828
	<u>5,247</u>	<u>7,901</u>

**23 Shareholders' equity**
**(a) Share capital and share premium**

As of June 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 June 30, 2023, the amount of share premium is USD 1,621,892 (December 31, 2022– 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		468				468
Currency translation adjustment		(103,441)				(103,441)
Hedge accounting of net investment in foreign operations			(7,242)			(7,242)
Interest in other comprehensive income of investees					(233)	(233)
Ongoing inflation adjustment for hyperinflationary economies - associates		53,818				53,818
Recycling of other components of comprehensive income		(52)				(52)
Deferred taxes	21(b)		1,073			1,073
Other comprehensive income					3,344	3,344
At June 30, 2022		<u>(871,408)</u>	<u>(27,423)</u>	<u>4,753</u>	<u>(464)</u>	<u>(894,542)</u>
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>

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

All amounts in thousands of US dollars, unless otherwise stated

**24 Expenses by nature**

<b>Expenses by nature</b>			
	<b>Note</b>	<b>1/1/2023 to 6/30/2023</b>	<b>1/1/2022 to 6/30/2022</b>
Raw materials and consumables used		174,125	149,869
Employee benefit expenses		224,962	198,331
Fuel costs		194,403	222,494
Freight costs		165,118	155,951
Depreciation, amortization and depletion	17, 18 and 19	121,703	117,036
Maintenance and upkeep		99,320	83,613
Electric power		59,968	70,798
Services, miscellaneous		74,904	49,933
Taxes, fees and contributions		17,178	15,529
Packaging materials		10,221	9,121
Rents and leases	19 (a)	7,966	5,883
Insurance		7,273	5,625
Technology and communication		7,744	6,515
Other expenses		45,940	46,506
		<u>1,210,825</u>	<u>1,137,204</u>
<b>Reconciliation</b>			
Cost of goods sold and services rendered		1,115,894	1,053,864
Selling expenses		30,313	28,716
General and administrative expenses		64,618	54,624
		<u>1,210,825</u>	<u>1,137,204</u>

**25 Financial income (expense)**

	<b>Note</b>	<b>1/1/2023 to 6/30/2023</b>	<b>1/1/2022 to 6/30/2022</b>
Financial income			
A/R securitization fees income		5,562	2,870
Income from financial investments		1,422	1,024
Interest on financial assets		504	2,145
Derivative financial instruments		4,180	789
Cross guarantee revenue		292	916
Other financial income		3,190	9,963
		<u>15,150</u>	<u>17,707</u>
Financial expenses			
Interest payable on borrowing	20(c)	(34,687)	(39,952)
Premium paid on repurchase of bonds			(33,007)
Commissions on financial transactions		(3,133)	(7,597)
A/R Securitizations fees expenses		(12,304)	(9,398)
Cross guarantee expenses		(2,318)	(2,317)
Amortization of prepaid financial results		(769)	(1,747)
Derivative financial instruments		(416)	(94)
Inflation adjustment charges on provision and other liabilities		(461)	(463)
Present value adjustment		(341)	(688)
Other financial expenses		(7,651)	(3,548)
		<u>(62,080)</u>	<u>(98,810)</u>
Exchange rate variations		(27,735)	(19,210)
Net monetary gain on hyperinflationary subsidiary		6,693	27,782
		<u>(67,972)</u>	<u>(72,531)</u>

## Votorantim Cimentos International S.A.



### Notes to the condensed consolidated interim financial statements as of June 30, 2023

All amounts in thousands of US dollars, unless otherwise stated

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## 26 Events after the reporting period

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

These interim financial statements were approved for issue by the Management Board on August 4, 2023 and were signed on behalf by:

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*Nuno Alves*

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Nuno Alves

Management Board Member

DocuSigned by:

*Carlos Boggio*

FEB92EB32D98404...

Carlos Boggio

Management Board Member



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