INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

InterCement | Building sustainable partnerships

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Independent auditor’s review report on interim financial information

To
Shareholders, Board of Directors and Officers of
InterCement Participações S.A.
São Paulo - SP, Brazil

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of InterCement Participações S.A. and subsidiaries (the “Company”), which comprises the condensed consolidated statement of financial position as of September 30, 2023 and the related condensed consolidated statements of profit or loss, of comprehensive income (loss), of changes in shareholders’ equity and of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements - ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards of Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the interim financial information, which indicates that as of and for the six-month period ended September 30, 2023, the Company incurred in losses from continuing operations of US$96,385 thousand, and current liabilities exceeded total assets in the amount of US$811,589 thousand, disregarding the “assets classified as held for sale” and “liabilities directly associated with assets classified as held for sale”. As presented in note 1, these events or conditions, together with other matters described in note 1, indicate the existence of material uncertainty that may raise significant doubt as to the Company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

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Emphasis of matter - Restatement of the corresponding financial information

As mentioned in note 2.4 to the interim financial information, as a result of the reclassification of the Company's operations in South Africa, Mozambique and Egypt to held for sale and discontinued operations as of September 30, 2023, the corresponding financial information as of September 30, 2022, presented for comparison purposes, have been adjusted and are being restated to present such operations as “Discontinued Operations” as required by International Financial Reporting Standard 5 (“IFRS 5”) - Non-Current Assets Held for Sale and Discontinued Operating Units. Our conclusion does not contain any modification in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information, is not prepared, in all material respects, in accordance with IAS 34 - Interim Financial Reporting.

São Paulo, November 21, 2023.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC SP-034519/O

Cezar Augusto Ansoain de Freitas
Contador CRC SP-246234/O

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Financial Position as of September 30, 2023 and December 31, 2022

(In thousands of U.S. Dollars - US$)

ASSETS	Notes	09.30.2023	12.31.2022
CURRENT ASSETS			
Cash and cash equivalents	4	158,160	218,871
Trade receivables	6	110,007	64,233
Inventories	7	192,656	230,306
Recoverable taxes		32,741	51,106
Other receivables		27,125	29,957
Total current assets		520,689	594,473
Assets classified as held for sale	2.4	372,547	180,512
Total current assets		893,236	774,985
NONCURRENT ASSETS			
Securities	5	8,371	7,403
Trade receivables	6	419	707
Inventories	7	46,733	53,490
Recoverable taxes		7,931	28,661
Deferred income tax and social contribution		107,203	95,315
Judicial deposits		16,356	16,284
Derivatives	22.10	206	1,567
Other assets and receivables		15,991	20,348
Right-of-use assets	14	59,402	28,843
Property, plant and equipment	8	1,329,568	1,457,837
Intangible assets:			
Goodwill	9	742,311	837,725
Other intangible assets	9	91,271	98,483
Total noncurrent assets		2,425,762	2,646,663
TOTAL ASSETS		3,318,998	3,421,648

LIABILITIES AND EQUITY	Notes	09.30.2023	12.31.2022
CURRENT LIABILITIES			
Trade payables		176,259	224,893
Obligations from confirming		29,154	71,271
Debentures	11	816,087	156,446
Borrowings and financing	10	75,270	106,094
Interest payable	10 and 11	112,603	31,915
Leases liabilities	14	14,000	11,151
Taxes payable		41,710	47,707
Payroll and related taxes		33,284	45,146
Advances from customers		11,011	12,195
Other payables		22,900	23,714
		1,332,278	730,532
Liabilities directly associated with assets classified as held for sale	2.4	126,083	140,512
Total current liabilities		1,458,361	871,044
NONCURRENT LIABILITIES			
Debentures	11	826,229	1,287,027
Borrowings and financing	10	9,242	113,610
Leases liabilities	14	49,885	20,628
Provision for tax, civil and labor risks	12	18,879	19,059
Provision for environmental recovery		11,797	14,397
Taxes payable		4,889	6,182
Deferred income tax and social contribution		231,795	236,458
Other payables		26,533	30,917
Total noncurrent liabilities		1,179,249	1,728,278
TOTAL LIABILITIES		2,637,610	2,599,322
SHAREHOLDER'S EQUITY			
Capital	15	1,445,943	1,445,943
Capital reserves	15	588,641	588,641
Earnings reserves	15	232,312	232,312
Accumulated loss		(175,932)	-
Other comprehensive loss	15	(1,733,260)	(1,797,684)
Equity attributable to the Company's owners		357,704	469,212
Non-controlling interests	15	323,684	353,114
Total equity		681,388	822,326
TOTAL LIABILITIES AND EQUITY		3,318,998	3,421,648

The accompanying notes are an integral part of this condensed consolidated interim financial information

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of profit or loss for the nine-month period ended September 30, 2023 and 2022

(In thousands of U.S. Dollars - US$, except per loss per share)

	Notes	09.30.2023	09.30.2022 (Restated - Note 2.4)
CONTINUING OPERATIONS			
NET SALES	17	1,138,200	1,205,989
COST OF SALES AND SERVICES	18	(904,527)	(924,605)
GROSS PROFIT		233,673	281,384
OPERATING INCOME (EXPENSES)			
Selling expenses	18	(51,644)	(56,929)
Administrative expenses	18	(66,823)	(59,216)
Other income/ (expenses)	18	(1,631)	10,195
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		113,575	175,434
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	19	(104,491)	(123,722)
Financial income	19	174,754	66,966
Financial expenses	19	(271,059)	(289,430)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(87,221)	(170,752)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	16	(7,750)	(26,308)
Deferred	16	(1,414)	(5,224)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(96,385)	(202,284)
DISCONTINUED OPERATIONS			
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.4	(35,491)	(5,253)
LOSS FOR THE PERIOD FROM CONTINUING AND DISCONTINUED OPERATIONS		(131,876)	(207,537)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO			
Company's owners		(175,932)	(204,100)
Non-controlling interests		44,056	(3,437)
LOSS PER SHARE FROM CONTINUING OPERATIONS			
Basic/diluted loss per share	21	(2.65)	(3.75)
LOSS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS			
Basic/diluted loss per share	21	(3.32)	(3.86)

The accompanying notes are an integral part of this condensed consolidated interim financial information

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (loss) for the nine-month period ended September 30, 2023 and 2022

(In thousands of U.S. Dollars - US$)

	Notes	09.30.2023	09.30.2022 (Restated - Note 2.4)
CONTINUING OPERATIONS			
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(96,385)	(202,284)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Employee benefits		(402)	576
Items that might be reclassified subsequently to profit or loss:			
Exchange differences from translation of foreign operations		(3,118,515)	(626,011)
Effects of hyperinflationary monetary adjustment	2.2	3,172,428	844,962
Derivative and hedging transactions		654	640
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS		(42,220)	17,883
DISCONTINUED OPERATIONS			
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.4	(35,491)	(5,253)
Other comprehensive income:			
Items that might be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		14,665	(41,016)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS		(20,826)	(46,269)
COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:			
Company's owners		(131,968)	(38,436)
Non-controlling interests		54,256	51,067
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO:			
Company's owners		(111,508)	(77,213)
Non-controlling interests		48,462	48,827

The accompanying notes are an integral part of this condensed consolidated interim financial information

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Changes in Shareholders' Equity for the nine-month period ended September 30, 2023 and 2022

(In thousands of U.S. Dollars - US$)

				Earnings reserves							
	Notes	Share capital	Capital Reserves	Legal	Capital Budget	Transactions with shareholders	Other comprehensive income (loss)	Accumulated profit / (losses)	Total attributable to Company's owners	Non-controlling interests	Total equity
BALANCE AS OF DECEMBER 31, 2021		1,445,943	603,095	13,071	235,036	246,044	(1,938,416)	-	604,773	377,359	982,132
Profit (loss) for the period		-	-	-	-	-	-	(204,100)	(204,100)	(3,437)	(207,537)
Other comprehensive income	15	-	-	-	-	-	126,887	-	126,887	52,264	179,151
Transactions with shareholders recorded directly in equity	15	-	-	-	-	(11,821)	-	-	(11,821)	(5,239)	(17,060)
Dividends declared to noncontrolling interests	15	-	-	-	-	-	-	-	-	(74,395)	(74,395)
BALANCE AS OF SEPTEMBER 30, 2022		1,445,943	603,095	13,071	235,036	234,223	(1,811,529)	(204,100)	515,739	346,552	862,291
BALANCE AS OF DECEMBER 31, 2022		1,445,943	588,641	-	-	232,312	(1,797,684)	-	469,212	353,114	822,326
Profit (loss) for the period		-	-	-	-	-	-	(175,932)	(175,932)	44,056	(131,876)
Other comprehensive income	15	-	-	-	-	-	64,424	-	64,424	4,406	68,830
Dividends declared to noncontrolling interests	15	-	-	-	-	-	-	-	-	(77,892)	(77,892)
BALANCE AS OF SEPTEMBER 30, 2023		1,445,943	588,641	-	-	232,312	(1,733,260)	(175,932)	357,704	323,684	681,388

The accompanying notes are an integral part of this condensed consolidated interim financial information

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows for the nine-month period ended September 30, 2023 and 2022

(In thousands of U.S. Dollars - US$)

	Notes	09.30.2023	09.30.2022
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before income tax and social contribution		(117,593)	(167,200)
Adjustments to reconcile income before income tax and social contribution with net cash generated by (used in) operating activities:			
Depreciation, amortization and impairment losses	18	128,046	151,052
Recognition (reversal) of expected credit losses, net		(280)	148
Recognition of allowance for inventories, net		635	567
Interest, accrued charges, and exchange differences		205,683	364,843
Loss (gain) on sale of long-lived assets	18	161	(5,513)
Exchange difference from translation of disposed discontinued operations	2.4	43,136	-
Other noncash operating losses, net		7,077	986
Decrease (increase) in operating assets:			
Related parties		175	171
Trade receivables		(71,095)	(43,799)
Inventories		(44,305)	(88,980)
Recoverable taxes		25,808	(8,767)
Other receivables		(4,945)	(6,660)
Increase (decrease) in operating liabilities:			
Related parties		(8)	(8)
Trade payables		17,202	111,693
Obligations from confirming		(45,129)	990
Payroll and vacation payable		240	7,485
Other payables		18,659	7,170
Taxes payable		5,213	13,738
Cash generated by operating activities before income tax and interest paid		168,680	337,916
Income tax and social contribution paid		(24,653)	(58,637)
Interest paid		(155,308)	(127,786)
Net cash generated (used) by operating activities		(11,281)	151,493
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in securities		3,557	27,066
Purchase of property, plant and equipment		(85,079)	(72,857)
Purchase of intangible assets		(6,424)	(3,937)
Cash received from discontinued operations		-	500
Cash received from sale of property, plant and equipment and discontinued operations		40,633	12,269
Other		(851)	(1,034)
Net cash generated (used) in investing activities		(48,164)	(37,993)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings, financing and debentures	10 and 11	397,698	364,790
Repayment of borrowings, financing and debentures	10 and 11	(246,095)	(243,726)
Acquisition of noncontrolling interests	15	-	(17,060)
Dividends paid by Argentinian subsidiary to non-controlling interests		(79,606)	(74,395)
Disbursements due to certains financial instruments liquidations	19	(23,370)	(96,730)
Payment of principal portion of lease liabilities	14	(23,195)	(20,457)
Other instruments		(2,126)	141
Net cash used in financing activities		23,305	(87,437)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(36,139)	26,063
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		1,820	(29,247)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	214,654	205,803
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	180,335	202,619

The accompanying notes are an integral part of this condensed consolidated interim financial information

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Information for the nine-month period ended September 30, 2023

(Amounts in thousands of U.S. Dollars - US$, unless otherwise stated)

1. General Information

InterCement Participações, S.A. (“Company” or “ICP”) is a privately-held company headquartered in the City of São Paulo, State of São Paulo, Brazil, engaged in holding equity interests and investments abroad, leading a business group operating in 4 countries (“ICP Group” or “Group”). Its ultimate parent company is Mover Participações S.A. The Group is primarily engaged in the manufacture and sale of cement and cement by-products, in addition to the extraction of the minerals used to manufacture these products.

The Company owns 31 cement plants, 21 concrete plants, and 5 aggregates plants, located in Brazil, Argentina, Mozambique and South Africa. As mentioned below, the businesses in Mozambique and South Africa were sold in June 2023 to Huaxin Cement Co. and corresponding transfer of control is now dependent on the resolution of certain precedent conditions, therefore, such operations were classified as “discontinued operations”. Disregarding such segments, the Company owns 23 cement plants, 15 concrete plans, and 2 aggregates plants. Additionally, in Brazil it holds participation in hydroelectric power generation equity interests and assets.

As of and for the nine-month period ended September 30, 2023, the Company incurred in losses from continuing operations of US$131,876 (losses of US$207,537 in 2022), and negative working capital in US$565,125 (negative in US$96,059 as of December 31, 2022). Disregarding the “assets classified as held for sale” and “liabilities directly associated with assets classified as held for sale”, the working capital is negative in US$811,589 of which US$549,201 comes from the reclassification of senior notes from long term to short term (see Note 11) - (negative in US$136,059 as of December 31, 2022), primarily a consequence of: i) A reduction in cement demand which increased the competitive pressure on sales prices; ii) the inflationary pressure on certain costs and expenses that occurred between 2022 and 2023, particularly in respect of pet coke, a relevant raw material, which cost increased significantly in the international market in 2022, with a slight reduction in 2023, having a negative effect on the operational margins and, consequently, on the cash flow; iii) the impact of the substantial increase of the interest rates since 2021, particularly the Selic rate in Brazil, on loans, financing, and debentures, resulting in a notable increase in the debt servicing costs; iv) the payment of financial obligations and dividends, combined with the issuance of new notes in the amount of US$259,983 by the Argentinian subsidiary, Loma Negra, in 2023, with 18-months maturity (see Note 11); v) the classification in the current trimester as current liabilities of the Senior Notes which are due in July 2024; and, vi) the classification as current liabilities of the debentures instalments to be due by June 2024 (including the instalments which were due in June 2023 and had the due dates initially extended to September and later on postponed to December 8, 2023, see Note 11 for further information).

In order to comply with Company's short-term obligations (within the next twelve-month period) and foreseeable future timeframe, as well as for reinvestments in our business, management is currently focused on actions to restore the gross margins and escalate our cash flow. This involves certain already implemented cost containment measures, as well as maintaining our market share, particularly in the most strategic regions of operations.

Considering the results achieved in the nine-month period ended on September 30, 2023, as well as the review of the most plausible assumptions utilized in the Company's business plan and budget for 2023, and the first nine months of 2024, management anticipates the recuperation of the gross margin and an escalation in cash generation in the next months. This assessment encompasses, apart from the actions undertaken by the management itself, considerations regarding certain macroeconomic assumptions that lie beyond the Company's purview, such as potential reductions in pet coke costs and the Selic rate, grounded in the most recent market expectations, as well as considerations on the competitive environment.

Additionally, management is engaged with the "Liability Management Plan" announced in prior years, which includes divestment actions. In January 2023, the Company concluded the sale of our Egypt segment. In June, 2023, the agreement for the sale of the segments in Mozambique and South Africa to Huaxin Cement Co. was signed. The closing of this sale is subject to regulatory analyses and approvals in South Africa, Mozambique and China, – some of which have already been granted and the ones pending are expected to be completed soon. The sales proceeds, once received, are expected to be used for our debt amortization.

Management is also continuously engaged in negotiations with Company's creditors to address the Group's current indebtedness. The Group obtained a waiver from our debenture holders postponing to December 8, 2023 the payments of instalments (principal and interest) which were due in June 2023, in the amount of US$ 108,992. In due course, the Company is also assessing alternatives to the Senior Notes, which are due in July 2024, once Group debentures could be redeemable in May 2024 by the debenture holders in the case the Company is not able to refinance the Senior Notes by then.

Due to these short-term commitments, the Company maintain negotiations with the corresponding creditors, aiming to extend the amortization of our debts and, based on the history of relationship and ongoing discussions with the creditors, combined with Group's divestment actions already carried out in the first half of the year (Sale of our business in Egypt) and those expected for the upcoming months (completion of sale of our businesses in South Africa and Mozambique), expects a positive outcome. In addition, the Company recently engaged legal and financial advisors to support the Company to evaluate more suitable alternatives in this context.

Furthermore, the Company is seeking additional opportunities to generate cash from the sales of other non-core and non-operating assets, accordingly. Therefore, the condensed consolidated interim financial statements were prepared on the basis of a going concern. This position will be revaluated every quarter, based on the progression of discussions with Company's creditors and the receipt of proceeds from the sale of Group assets, key factors for meeting the short-term obligations.

Disinvestment in Egypt business segment and classification of Mozambique and South Africa business segments as assets and liabilities held for sale

On January 27, 2023, the Company announced the signing of a definitive agreement to sell all of its operations in Egypt, with immediate transfer of control to the buyer. Such sale was aligned with the Group's ongoing liability management plan to deleverage the Company and focus on our core markets.

The net proceeds, received in January, 2023, were fully applied to repay existing debts in accordance with the trust deed agreements (see Note 11).

The sale resulted in the need to record an impairment loss on the net investment in the amount of US$12,560 as of December 31, 2022. Additionally, as per IAS 21, the cumulative translation adjustment (CTA), previously presented as "Other comprehensive income", was reclassified to profit or loss in January 2023 upon the transfer of control to the new shareholder, in the amount of US$43,136 (included in the "Loss for the period from discontinued operations").

Furthermore, during the first quarter of 2023 the Group decided to disinvest its operations in Mozambique and South Africa, and contracted external specialists to assist on the sale of such business. On June 27, 2023, the Company reached an agreement with Huaxin Cement Co. Ltd., regarding the sale of the corresponding businesses, collectively, the "African Business".

Following the sale of its operations in Egypt in January 2023, the sale of the remaining African Business will positively contribute to the group's ongoing liability management plans, as well as with the acceleration of the Company's broader strategic review to focus on the core markets in South America. This transaction is subject to customary precedent conditions, including, among others, regulatory and antitrust approvals in China, Mozambique and South Africa. The agreement sets the enterprise value of the African Business at US$ 265,000, therefore, no impairment loss provision was deemed necessary for quarter ended September 30, 2023.

The Company anticipates using the net proceeds from the sale, subject to price adjustments at closing, to repay a portion of its outstanding indebtedness (See Note 1 for further information). After the consummation of this sale, the Company will own 22 cement plants, with an aggregate installed capacity of approximately 29 million tons per year.

As required by International Financial Reporting Standards 5 ("IFRS 5") Non-Current Assets Held for Sale and Discontinued Operation, the results for the nine-months period ended September 30, 2023 arising from Egypt, Mozambique and South Africa were presented as "discontinued operations" in the Consolidated Statements of profit of loss and, accordingly, the comparative figures as of September 30, 2022 are being restated (for further information, see Note 2.4 below). In respect of the Consolidated statements of financial position, as of September 30, 2023, the Mozambique and South Africa segments were presented as "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale", while as of December 31 2022 only the Egypt segment had such classification (sale initiatives commence in late 2022 and the investment was fully derecognized as of March 31, 2023 upon the sale completion and transfer of control).

Russia x Ukraine conflict

Geopolitical events in Eastern Europe (Russia x Ukraine conflict) brought new challenges for the resilience of world economies, mainly related to inflation pressures and rapidly interest rates increasing across the world.

The Group does not have assets nor any financial and commercial operations with such countries, therefore, the Group was not directly impacted by such conflict. The Cement industry, even under rising inflation and interests increasing, is being resilient and continues to generate cash as expected, while assets fair values were not significantly impacted.

The main impact comes due to higher interest rates, since the Group has loans and debentures with floating rates, mainly Brazilian CDI (Interbank deposit certificates) and, therefore, interest expenses have increased as compared to prior periods. Sensitivity analysis are presented in Note 22.3.

Management continues to closely monitor the consequences and evolution of such events reassesses the net realizable values of financial and non-financial assets on an ongoing basis.

2. Basis of Preparation and Significant Accounting Policies

2.1. Basis of preparation

The condensed consolidated interim financial information as of and for the nine-month period ended September 30, 2023 has been prepared based on the International Standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), which allows the entities to present selected notes to the financial statements, in cases of redundant information already disclosed in the Annual Financial Statements. Accordingly, this Interim Financial Information should be read together with Company´s consolidated financial statements for the year ended December 31, 2022.

All relevant information in the financial statements is being evidenced and corresponds to that used by management in the conduction of the Company.

2.2. Significant accounting policies

The accounting policies adopted are consistent with those considered in the consolidated financial statements for the year ended as of December 31, 2022 and disclosed in the corresponding notes.

Reference also to the application of hyperinflation accounting for our Argentinean subsidiaries. As described in the consolidated financial statements as of for the year ended December 31, 2022, Note 2.1, applying IAS 29 rules requires that the financial statements recorded in a hyperinflationary currency are adjusted by applying a general price index and expressed in the measuring unit (the hyperinflationary currency) current at the end of the reporting period prior to conversion to the Company´s functional currency.

As a result of the above, our condensed consolidated interim financial information for the nine-month period ended September 30, 2023, reflects an equity increase of US$3,172,428 (US$1,178,994 for the nine-month period ended September 30, 2022), with reference to the opening balance, reported in other comprehensive income (loss), and also the positive monetary adjustment for the nine-month period ended September 30, 2023, presented in financial income, in the amount of US$157,023 (US$46,593 for the nine-month period ended September 30, 2022) see Note 19.

2.3. Functional, reporting and presentation currencies

The Company's functional currency is the Brazilian Reais (R$); however, the financial information is presented in U.S. Dollars (presentation currency), for the convenience of readers outside Brazil. As prescribed by IAS 21, paragraph 38 - The Effects of Changes in Foreign Exchange Rates, the Company may present its financial information in any currency.

For the translation into the presentation currency, changes in equity were translated from functional currency considering the historical exchange rates of each transaction. The financial position was translated from functional currency considering the closing exchange rates of the reporting periods, while the statements of profit or loss, comprehensive income and cash flows were translated considering the average exchange rates of the reporting periods.

The main exchange rates used to translate the financial information were as follows:

		Closing exchange rate (R$)		Average exchange rate (R$)	
Currency		09.30.2023	12.31.2022	09.30.2023	09.30.2022
USD	US Dollar	5.00760	5.21710	5.00430	5.12264
EUR	Euro	5.30000	5.56940	5.41964	5.40941
MZN	Mozambique Metical	0.07920	0.08251	0.07865	0.08158
EGP	Egyptian Pound (*)	0.17411	0.21090	0.17216	0.28974
ZAR	South African Rand	0.26520	0.30770	0.26831	0.31833
ARS	Argentinian Peso (**)	0.01431	0.02945	0.01431	0.03670

(*) The closing exchange rate refers to January 23, 2023 (date we derecognized our investment) and the average exchange rate was calculated for the period from January 1 to January 23, 2023. See Note 2.4 for further considerations on the sale of Egypt.

(**) As a result of the application of IAS 29, non-monetary assets and liabilities, shareholders' equity and statements of profit or loss of subsidiaries operating in highly inflationary economies shall be expressed in terms of the unit of measurement current at the balance sheet date and translated at the period-end exchange rate (rather than the average rate), thus resulting in year-to-date effects on the income statement of both inflation and currency conversion.

2.4. IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations

As a result of the classification of our segments in Egypt, South Africa and Mozambique as discontinued operations (See Note 1), the following main changes in relation to the normal presentation of the remaining continuing operations were applied:

- Total profit or loss for the periods from “Discontinued Operations” are presented in a single line in the Consolidated Statements of Profit or Loss under the caption “Profit / (Loss) for the period from Discontinued Operations” (including comparative figures, which are being restated);
- Assets and liabilities related to the segments subject to sale are also separately presented in the Consolidated Statements of Financial Position, under the captions “Assets classified as held for sale” and “Liabilities directly associated with assets classified as held for sale” (Mozambique and South Africa as of September 30, 2023 and Egypt as of December 31, 2022);
- Notes to the condensed consolidated interim financial statements were adjusted to present the profit or loss, assets and liabilities of the continuing operations only, even if in some cases, whenever considered significant for a proper understanding of the effects, details on the “Discontinued operations” are also presented therein;
- “Discontinued operations” correspond to the Group’s businesses (segments) in Egypt, Mozambique and South Africa and are consistent with the Group’s operating geographic segments as demonstrated in Note 23 - “Operating Segments”;
- The valuation criteria used for the “Discontinued operations” are consistent with those used for continuing operations.

“Discontinued Operations” and “Assets and Liabilities of Discontinued Operations” details, as well as information on the cash flow generated by discontinued operations; are presented below:

Details of the net loss from our discontinued operations:

DISCONTINUED OPERATIONS	09.30.2023	09.30.2022
NET SALES	176,004	294,391
COST OF SALES AND SERVICES	(144,645)	(254,657)
GROSS PROFIT	31,359	39,734
OPERATING INCOME (EXPENSES)		
Selling expenses	(1,232)	(6,039)
Administrative expenses	(14,879)	(15,661)
Other income/(expenses), net	4,065	4,175
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	19,313	22,209
FINANCIAL INCOME (EXPENSES)		
Foreign exchange gains/(losses), net	1,998	(2,529)
Financial income	1,076	1,412
Financial expenses	(9,622)	(17,540)
Reversal of accumulated exchange differences	(43,136)	-
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(30,371)	3,552
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	(4,366)	(8,069)
Deferred	(754)	(736)
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	(35,491)	(5,253)
LOSS FOR THE PERIOD ATTRIBUTABLE TO		
Company’s owners	(35,597)	(5,745)
Non-controlling interests	106	492

The net result for the nine-month period ended September 30, 2023 for Egypt, Mozambique and South Africa are, respectively, loss of US$43,136 (due to the recycling at the disposal date of the cumulative translation adjustment previously recorded as “other comprehensive income”), gain of U$3,975 and gain of US$3,670 (loss of US$22,186, gain of U$5,236 and gain of US$12,327 for the nine-month period ended September 30, 2022).

The reconciliation from the original financial information presented to the restated statement profit or loss for the nine-month period ended September 30, 2022, is presented below:

	09.30.2022		
	Originally presented	Discontinued operations	Restated
NET SALES	1,500,380	294,391	1,205,989
COST OF SALES AND SERVICES	(1,179,262)	(254,657)	(924,605)
GROSS PROFIT	321,118	39,734	281,384
OPERATING INCOME (EXPENSES)			
Selling expenses	(62,968)	(6,039)	(56,929)
Administrative expenses	(74,877)	(15,661)	(59,216)
Other income/(expenses), net	14,370	4,175	10,195
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	197,643	22,209	175,434
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	(126,251)	(2,529)	(123,722)
Financial income	68,378	1,412	66,966
Financial expenses	(306,970)	(17,540)	(289,430)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(167,200)	3,552	(170,752)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	(34,377)	(8,069)	(26,308)
Deferred	(5,960)	(736)	(5,224)
LOSS FOR THE PERIOD	(207,537)	(5,253)	(202,284)

The contribution of these operations to the Group´s discontinued operations cash flow is as follows:

.	09.30.2023			09.30.2022		
	Presented	Discontinued operation	Continued operation	Presented	Discontinued operation	Continued operation
Net cash used in (generated by) operating activities	(11,281)	14,386	(25,667)	151,493	48,219	103,274
Net cash used in (generated by) investing activities	(48,164)	(7,849)	(40,315)	(37,993)	(3,965)	(34,028)
Net cash used in (generated by) financing activities	23,305	(18,265)	41,570	(87,437)	(42,061)	(45,376)
Decrease in cash and cash equivalents	(36,139)	(11,728)	(24,412)	26,063	2,193	23,870
Exchange differences on cash and cash equivalents	1,820	(1,592)	3,413	(29,247)	839	(30,086)
Cash and cash equivalents at the beginning of the year	214,654	35,495	179,159	205,803	44,816	160,987
Cash and cash equivalents at the end of the year	180,335	22,175	158,160	202,619	47,848	154,771

Details of the assets and liabilities related to our discontinued operations:

	09.30.2023	12.31.2022
ASSETS	**Mozambique and South Africa**	**Egypt**
CURRENT ASSETS		
Cash and cash equivalents	22,175	4,216
Securities	-	516
Trade receivables	9,164	611
Inventories	30,522	55,708
Recoverable taxes	10,617	8,273
Other receivables	4,333	8,580
Total current assets	76,811	77,904
NONCURRENT ASSETS		
Related parties	162	-
Inventories	11,703	22,457
Deferred income tax and social contribution	6,306	119
Other receivables	1,225	5,161
Investments	432	-
Right-of-use assets	5,650	198
Property, plant and equipment	136,530	74,673
Intangible assets:		
Goodwill	116,290	-
Other intangible assets	10,098	-
Total noncurrent assets	288,396	102,608
Total assets	365,207	180,512
LIABILITIES		
CURRENT LIABILITIES		
Trade payables	25,738	65,191
Borrowings and financing	5,561	13,277
Interest payable	797	88
Leases liabilities	3,149	-
Taxes payable	4,740	7,240
Payroll and related taxes	3,532	9
Advances from customers	6	12,302
Other payables	6,301	3,258
Total current liabilities	49,824	101,365
NONCURRENT LIABILITIES		
Borrowings and financing	41,237	2,538
Leases liabilities	3,359	104
Provision for tax, civil and labor risks	358	21,474
Provision for environmental recovery	3,341	-
Deferred income tax and social contribution	27,402	6,119
Other payables	562	8,912
Total noncurrent liabilities	76,259	39,147
Total liabilities	126,083	140,512
Net assets	239,124	40,000

It should be noted that the amount of the net assets of Mozambique and South Africa does not include the value of the intra-groups with the continuing operations, which were eliminated in the consolidation process, amounting of US$3,341. Considering this amount, the equity value of Africa's segment as of September 30, 2023 was US$235,783.

Assets classified as held for sale also includes the amount of US$7,340 (BRL36,756 thousand), related with the sale of concrete units to third parties along with machinery, equipment, land and other fixed assets in the Brazilian segment. The sale is expected to be complete in the coming months.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainties

Estimates and judgments are continually evaluated and are based on historical experience and on other factors, including expectations of future events that are believed to be reasonable under the circumstances. There were no changes in relation to what was presented in Note 2.3 to the Company's Consolidated Financial Statements as of December 31, 2022.

4. Cash and Cash Equivalents

	09.30.2023	12.31.2022
Cash and bank accounts	63,048	71,469
Short-term investments	95,112	147,402
Total cash and cash equivalents	158,160	218,871
Cash and cash equivalents from discontinued operations (Note 2.4)	22,175	4,216
	180,335	223,087

Short-term investments were as follows:

	09.30.2023	12.31.2022
Short Term Investment in Brazilian Reais (a)	68,957	105,957
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean Pesos (b)	27	3,749
Short-term investments in U.S. Dollars (c)	60	20,221
Short-term investments in South African Rand (d)	-	7,986
Short-term investments in Mozambique Metical (e)	-	9,489
Public Debit Securities in U.S Dollars (f)	26,068	-
Total short-term investments	95,112	147,402

a) Short-term investments in Brazilian Reais have a yield between 70% and 101% interbank interest rate "CDI" per year (70% and 105% per year as of December 31, 2022).

b) Represents short-term investments in Argentinean pesos with interest of 99.1% per year (59.2% per year as of December 31, 2022).

c) Short-term investments in U.S. Dollars with interest of 0.14% per year held by Argentinian segment (0.14% per year as of December 31, 2022).

d) Deposits in Rands with floating interest between 6.8% and 7.0% as of December 31, 2022. Floating interests are indexed to the Repo rate (“South African repurchase rate”). As of September 30, 2023, the amount of US$5,305 is classified as “assets held for sale” (see Note 2.4) bearing interests between 8.05% and 8.25%.

e) Short-term investments in Mozambique Metical with interest of 15.7% of December 31, 2022. As of September 30, 2023, the amount of US$5,141 is classified as “assets held for sale” (see Note 2.4).

f) Public Debit Securities in U.S Dollars are held by the Argentinian subsidiary as a short-term investment that yield interest of 5.7% per year.

Short-term investments are available for immediate withdraws, without significant risks of changes in value.

5. Securities

Securities are classified as financial assets, as follows:

	09.30.2023	12.31.2022
Market investments	8,371	7,403
Total	8,371	7,403

Market investments” are held by the Brazilian subsidiaries, which are composed by (i) investments in Brazilian Reais amounting US$7,248 (US$6,326 as of December 31, 2022) yielding 101% of interbank interest rate “CDI” per annum with maturity in 2024, given as collateral to borrowings and financings (see Note 10); and (ii) remaining amount of US$1,122 composed by escrow accounts that do not bear interests (US$1,077 as of December 31, 2022).

6. Trade Receivables

	09.30.2023	12.31.2022
Current		
Domestic and foreign customers (a)	116,984	75,631
(-) Expected Credit Losses	(6,977)	(11,398)
Trade receivables	110,007	64,233
Noncurrent		
Domestic and foreign customers	419	1,411
(-) Expected Credit Losses	-	(704)
Trade receivables	419	707

(a) In June, 2023 and December, 2022, our Brazilian subsidiary sold to financial institutions trade receivables in the amounts of US$9,985 (with a discount of US$ 140) and US$39,047 (with a discount of US$ 363), respectively, recorded as “Financial Expenses”. The sale is irrevocable and without co-obligation to the Brazilian subsidiary (true-sale), therefore, such amounts were derecognized on such months. No similar sale of trade receivables took place in September, explaining the larger receivables outstanding balances in such period.

Additionally, as a result of the classification of Mozambique and South Africa segments as discontinued (see Note 2.4 above) as of September 30, 2023, trade receivables related to those segments totalling US$9,164 were reclassified to the caption “Assets classified as held for sale” in the Statements of financial position (US$611 as of December 31, 2022, related to Egypt segment).

7. Inventories

	09.30.2023	12.31.2022
Current:		
Finished products	14,531	21,297
Work in process	47,974	63,983
Raw material	53,504	63,803
Fuel	35,355	50,513
Supplies and consumable materials	61,610	53,916
Advances to suppliers	916	1,064
Packaging and other	1,651	4,977
Allowance for impairment losses	(22,885)	(29,247)
Total	192,656	230,306
Noncurrent:		
Raw material	-	1,722
Supplies and consumable materials	51,461	64,863
Packaging and other	-	428
Allowance for impairment losses	(4,728)	(13,523)
Total	46,733	53,490

As a result of the classification of Mozambique and South Africa segments as discontinued (see Note 2.4 above) as of September 30, 2023, current and non-current inventories (gross) related to those segments totalling US$36,465 and US$19.885, respectively, and impairment losses of US$5,944 and US$8,181 were reclassified to the caption “Assets classified as held for sale” in the Statements of financial position (US$55,708 of gross inventories and US$22,457 of impairment losses as of December 31, 2022, related to Egypt segment).

8. Property, Plant and Equipment

	09.30.2023			12.31.2022
	Cost	Depreciation & Impairment	Net book value	Net book value
Land	47,632	(13,645)	33,987	43,372
Buildings	728,077	(496,984)	231,093	252,378
Machinery and equipment	1,775,538	(956,880)	818,658	938,395
Vehicles	147,323	(133,443)	13,880	13,657
Furniture and fixtures	43,182	(41,994)	1,188	2,176
Mines and ore reserves	272,796	(212,586)	60,210	53,383
Reservoirs, dams and feeders	56,109	(26,877)	29,232	29,223
Spare parts	17,447	(7,722)	9,725	18,481
Other	11,562	(1,832)	9,730	2,630
Advances to suppliers	16,048	(12,579)	3,469	9,338
Construction in progress	215,940	(97,544)	118,396	94,804
Total	3,331,654	(2,002,086)	1,329,568	1,457,837

As a result of the classification of Mozambique and South Africa segments as discontinued (see Note 2.4 above), as of September 30, 2023, property, plant and equipment related to those segments totalling US$136,530 (net of depreciation and impairment losses), were reclassified to the caption “Assets classified as held for sale” in the Statements of financial position (US$74,673 as of December 31, 2022, related to Egypt segment).

Construction in progress

As of September 30, 2023, construction in progress mainly relates to: (i) US$16,665 (US$9,239 as of December 31, 2022) in Argentinian business segment mainly explained by certain improvements in L’amali cement plant (namely an adaptation process for bags), and in railways; and (ii) US$101,731, net of impairment losses of US$97,544 (US$74,672 as of December 31, 2022, net of impairment losses of US$92,262), in Brazilian business segment mainly due to projects for expansion of units and improvements in the production process, with some of these projects being temporarily suspended and adjusted to recoverable value. Such impairment losses are revised on an annual basis and might be reversed once the expansion projects are finalized and the expected future cash flows are sufficient to cover their respective costs.

As of September 30, 2023, there are assets in Brazil business segment given as collateral for loans obtained for their own acquisition in the amount of approximately US$75 thousands (US$2,318 as of December 31, 2022).

In addition, in Brazil business segment, two cement plants were given as guarantee as part of “CADE” litigation, as referred in Note 12.

Changes in property, plant and equipment were as follows:

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Mines and ore reserves	Reservoirs, dams and feeders	Spare parts	Other	Construction in progress	Advances to suppliers	Total
Balance as of December 31, 2021	54,896	246,984	962,585	15,304	2,404	48,956	28,973	14,397	3,680	111,467	10,658	1,500,304
Effects of hyperinflationary monetary adjustment (Note 2.1)	4,853	64,938	270,493	7,042	450	23,818	-	3,909	488	8,970	-	384,961
Additions	-	839	6,864	-	4	-	-	2,926	38	63,064	-	73,735
Disposals	(4,524)	(1,754)	(3,980)	(104)	(7)	-	-	(664)	(4)	(35)	-	(11,072)
Depreciation	(176)	(18,210)	(72,255)	(8,046)	(995)	(14,986)	(1,404)	(242)	(1,038)	-	-	(117,352)
Impairment reversal (provision)	264	(3,540)	155	-	-	-	-	-	-	(2,368)	-	(5,489)
Effect of changes in exchange rates	(6,882)	(42,719)	(197,236)	(4,460)	(395)	(16,052)	1,005	(480)	(1,005)	(7,790)	(91)	(276,105)
Transfers	286	8,244	34,765	1,885	570	14,329	-	(1,928)	1,495	(59,569)	(77)	-
Balance as of September 30, 2022	48,717	254,782	1,001,391	11,621	2,031	56,065	28,574	17,918	3,654	113,739	10,490	1,548,982
Balance as of December 31, 2022	43,372	252,378	938,395	13,657	2,176	53,383	29,223	18,481	2,630	94,804	9,338	1,457,837
Effects of hyperinflationary monetary adjustment (Note 2.1)	5,882	75,009	322,701	6,793	544	27,911	-	8,471	514	4,875	-	452,700
Additions	2	1,783	6,963	-	58	-	12	2,568	9	67,556	-	78,951
Disposals	(3,272)	(95)	(845)	(393)	(1)	-	-	(1,454)	-	-	(13)	(6,073)
Depreciation	(163)	(15,616)	(65,042)	(2,829)	(523)	(10,296)	(1,226)	(1,883)	(942)	-	-	(98,520)
Impairment reversal (provision)	3,011	-	14	-	-	-	-	-	-	(2,712)	-	313
Effect of changes in exchange rates	(5,192)	(67,844)	(300,135)	(6,445)	(550)	(26,398)	1,223	(10,046)	3,267	7,541	(5,856)	(410,435)
Assets classified as held for sale	(2,809)	(1,052)	(2,306)	(46)	(2)	-	-	(35)	-	(1,075)	-	(7,325)
Transfers	24	7,320	12,314	3,408	171	15,610	-	(4,693)	4,510	(40,014)	-	(1,350)
Discontinued operations (Note 2.4)	(6,868)	(20,790)	(93,401)	(265)	(685)	-	-	(1,684)	(258)	(12,579)	-	(136,530)
Balance as of September 30, 2023	33,987	231,093	818,658	13,880	1,188	60,210	29,232	9,725	9,730	118,396	3,469	1,329,568

Additions

Argentina business segment:
Disbursements in the total amount of US$33,396 for the nine-month period ended September 30, 2023 (US$28,177 for the nine-month period ended September 30, 2022), primarily due to the increase of the quarry recovery of US$15,599 (US$13,662 for the nine-month period ended September 30, 2022), improvements in railways and locomotives of US$4,199 (US$2,081 for the nine-month period ended September 30, 2022) and an adaptation process for 25 kg bags of US$4,843.

Brazil business segment:
Disbursements in the total amount of US$41,735 for the nine-month period ended September 30, 2023 (US$35,383 for the nine-month period ended September 30, 2022), primarily due to projects for expansion of units and improvements in the production process, with some of these projects being temporarily suspended and adjusted to recoverable value.

Impairment

The Group performs its property, plant and equipment impairment test annually or when the circumstances indicate that the carrying amount may be impaired.

The Group's impairment test for property, plant and equipment is based on estimates of the recoverable amount per cash-generating unit, as the higher of fair value less cost to sell and value in use. To estimate the value in use, the estimated future cash flows are discounted using a discount rate that reflects market appreciations at the end of the period regarding the time value of money considering the risks specific to the assets involved.

The Group has considered various factors when reviewing the impairment indicators, such as market capitalization, participation in each of the operating segments, unused installed capacity, trends in industry, among other factors.

As of September 30, 2023, there are no relevant indicators that property, plant and equipment could be impaired, even considering the matters from Company's going concern analysis, including impacts from raising interest rates and inflation, and indirect impact of the conflict between Russia-Ukraine, further commented in Note 1 above, with exception of impairment losses recognized to specific assets that were impaired in the nine-month period ended September 30, 2023, due to their market value depreciation, mainly in Brazil. See Note 18 for further information.

Transfers

As of September 30, 2023, there are transfers from property, plant and equipment to other intangible assets in the amount of US$1,350.

9. Other intangible assets and goodwill

	09.30.2023	12.31.2022
Other intangible assets:		
Software licenses	7,186	7,917
Mining rights and concession related assets	76,302	83,837
Project development costs	123	227
Trademarks, patents and others	7,660	6,502
	91,271	98,483

	06.30.2023	12.31.2022
Goodwill per operating segments:		
Brazil	548,894	526,853
Argentina	193,417	185,657
Mozambique	-	37,756
South Africa	-	87,459
	742,311	837,725

Goodwill is subject to impairment tests annually in the last quarter of the year, or whenever there are indications of impairment. The impairment tests are prepared based on the recoverable amounts of each of the corresponding business segments (cash generating units). As of September 30, 2023, there are no relevant indicators that goodwill could be impaired, even considering the matters from Company's going concern analysis, including impacts from raising interest rates and inflation, and indirect impact of the conflict between Russia-Ukraine, further commented in Note 1 above.

As a result of the classification of Mozambique and South Africa segments as discontinued operations (see Note 2.4 above) as of September 30, 2023, goodwill related to those segments totalling US$37,758 and US$78,532, respectively, were reclassified to the caption "Assets classified as held for sale" in the Statements of financial position.

Changes in intangible assets for the nine-month period ended September 30, 2023 and 2022 were as follows:

	Software licenses	Mining rights and concession related assets	Project development costs	Trademarks, patents and others	Goodwill	Total
Balance as of December 31, 2021	5,625	83,885	914	16,586	802,209	909,219
Effects of hyperinflationary monetary adjustment (Note 2.1)	1,368	-	-	-	248	1,616
Additions	1,949	6,065	111	3,749	-	11,874
Disposals	-	(1,172)	(100)	(335)	-	(1,607)
Amortization	(2,013)	(9,145)	(506)	(393)	-	(12,057)
Impairment reversal (provision)	-	1,172	-	139	-	1,311
Effect of changes in exchange rates	(723)	1,333	30	(2,894)	9,264	7,010
Balance as of September 30, 2022	6,206	82,138	449	16,852	811,721	917,366
Balance as of December 31, 2022	7,917	83,837	227	6,502	837,725	936,208
Effects of hyperinflationary monetary adjustment (Note 2.1)	1,386	-	-	-	301	1,687
Additions	1,310	2,571	-	4,583	-	8,464
Disposals	(25)	-	-	(3)	-	(28)
Amortization	(2,742)	(6,390)	(122)	(354)	-	(9,608)
Impairment provision	-	-	-	-	-	-
Effect of changes in exchange rates	(1,092)	2,161	9	265	20,575	21,918
Assets classified as held for sale	(3)	-	(4)	(14)	-	(21)
Transfers	436	4,003	13	(3,102)	-	1,350
Discontinued operations (Note 2.4)	(1)	(9,880)	-	(217)	(116,290)	(126,388)
Balance as of September 30, 2023	7,186	76,302	123	7,660	742,311	833,582

10. Borrowings and Financing

Functional Currency	Business unit	Type of financing	Currency	Annual Interest rates	Contract date	Maturity	09.30.2023 Current	09.30.2023 Noncurrent	12.31.2022 Current	12.31.2022 Noncurrent
BRL	Holdings and Financial Vehicles (*)	Promissory note (**)	BRL	3% + 100% CDI		Mar-23	-	-	13,417	-
BRL	Holdings and Financial Vehicles (*)	Bilateral	BRL	3% + 100% CDI		May-23	-	-	19,168	-
ARS	U.N. Argentina	Bilateral	USD	US Libor + (7.5% to 8.0%)		Jul-24	47,975	-	3,900	56,000
ARS	U.N. Argentina	Bilateral	ARS	17%-112%		Nov-23	10,461	-	-	-
ARS	U.N. Argentina	Bilateral	USD	17%-28%		Jul-24	193	-	425	-
ARS	U.N. Argentina	Working capital	ARS	112.3% - 117.0%		Oct-23	5,356	-	52,899	-
BRL	U.N. Brazil	Subsidised loan	BRL	2.50% - 5.00%		Dec-24	1,728	441	1,876	1,545
BRL	U.N. Brazil	Bilateral (***)	BRL	IPCA		Jul-26	9,557	8,801	8,511	7,811
MZN	U.N. Mozambique	Bilateral (**)	MZN	Prime Rate - 3%		Mar-25	-	-	-	15,815
ZAR	U.N. South Africa	Bilateral (**)	ZAR	Jibar + 2.9%		Dec-27	-	-	5,898	32,439
					Continuing operations		75,270	9,242	106,094	113,610
MZN	U.N. Mozambique (discontinued operations - note 2.4)	Bilateral (**)	MZN	Prime Rate - 3%		Mar-25	-	15,816		
ZAR	U.N. South Africa (discontinued operations - note 2.4)	Bilateral (**)	ZAR	Jibar + 2.9%		Dec-27	5,561	25,421		
					Discontinued operations		5,561	41,237		

(*) Takes into consideration the set of companies included in the holding companies' segment and business support, corporate and trading entities.

(**) The borrowings contain certain restrictive financial covenants, which are describe in section “covenants” below.

(***) Bilateral indexed to Extended National Consumer Price Index (“IPCA”) is partially guaranteed by a financial investment in the amount of US$8,352 as of September 30, 2023 (US$6,326 as of December 31, 2022) – see Note 5 above.

As of September 30, 2023 and December 31, 2022, the incurred interest expenses related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to US$1,245 and US$7,206, respectively.

Changes in Borrowings and Financing for the nine-month period ended September 30, 2023 and 2022 were as follows (continued operations only):

	Borrowings and financing
Balance as of December 31, 2021	161,364
New borrowings and financing	364,790
Payments	(243,726)
Effect of changes in exchange rates	(31,018)
Balance as of September 30, 2022	251,410
Balance as of December 31, 2022	219,704
New borrowings and financing	192,714
Payments	(207,854)
Discontinued operations (Note 2.4)	(46,798)
Effect of changes in exchange rates	(73,253)
Balance as of September 30, 2023	84,512

Maturity schedule

As of September 30, 2023, the non-current portion of the borrowings and financing related to the continuing operations mature as follows (continued operations only):

Period	09.30.2023
2024	2,921
2025	3,992
2026	2,329
	9,242

Covenants

The loans and financing agreements contain certain restrictive covenants, including change of control clauses and those requiring the maintenance of certain financial ratios, namely a Net Debt versus Adjusted EBITDA ratio, within pre-established parameters.

The Company and its subsidiaries monitor these ratios systematically and constantly to make sure the requirements are met. Such measurements are performed annually or quarterly, which depends on conditions agreed upon on each contract entered into with the financial institutions.

The Mozambique (presented as discontinued operations – see Note 2.4) bilateral in the amount of US$15,816 requires the following ratios at stand-alone figures and in a twelve-month basis range at the end of each fiscal year (December 31st): (a) Senior Debt / EBITDA to be no higher than 1,5x and (b) EBITDA / Total Accrued Interest to be no lower than 4x.The promissory note in the amount of US$13,417 required Net Debt / Adjusted EBITDA ratio to be no higher than 4.5x as of December 31, 2022. Such financing was fully liquidated in 2023.

As of December 31, 2022, the covenants conditions of the borrowings and financing mentioned above were met.

Additionally, the South Africa (presented as discontinued operations – see Note 2.4) bilateral in the amount of US$30,982 requires the following ratios at stand-alone figures and in a twelve-month basis range at the end of each quarter (March 31, June 30, September 30 and December 31): (a) Senior Debt / EBITDA to be no higher than 2x; (b) EBITDA / Total Accrued Interest (Interest Cover Ratio) to be no lower than 3x; (c) Free cash Flow / Debt service to be no lower than 1.3x for 2021 and 2022; 1.4x for 2023 and 1.5x for 2024 and 2025; and (d) current assets / current liabilities no lower than 1.3x. As of September 30, 2023, the covenants conditions were met, and such obligation will be remeasured on December 31, 2023.

11. Debentures

Functional Currency	Business unit	Instrument	Currency	Annual interest rate	Final maturity		09.30.2023 Current	09.30.2023 Noncurrent	12.31.2022 Current	12.31.2022 Noncurrent
EUR	Holdings and Financial Vehicles (*)	Senior Notes	USD	5.75%	July-24	a)	549,201	-	-	548,217
BRL	Holdings and Financial Vehicles (*)	Debenture	BRL	CDI + 3.75%	June-27	b)	59,213	295,602	66,304	312,578
BRL	U.N. Brazil	Debenture	BRL	CDI + 3.75%	June-27	b)	84,879	254,637	57,029	268,853
BRL	U.N. Brazil	Debenture	BRL	CDI + 3.75%	June-27	c)	49,537	149,267	33,113	157,379
ARS	U.N. Argentina	Senior Notes	ARS	Badlar + 2%	August-24	d)	73,257	-	-	-
ARS	U.N. Argentina	Senior Notes	USD	6.5%	December-25	e)	-	71,723	-	-
ARS	U.N. Argentina	Senior Notes	USD	7.49%	March-26	f)	-	55,000	-	-
							816,087	826,229	156,446	1,287,027

(*) Takes into consideration the set of companies included in the holding companies segment and business support, corporate, and trading entities.

(a) In July 2014, the Senior Notes ("Notes") were issued by InterCement Financial Operations, B.V., with a payment maturity of 10 years. The notes were launched with coupon of 5.75% per annum and are listed at the Singapore Stock Exchange. As of September 30, 2023 and December 31,2022, the Group holds bonds at the face value of US$199,812.

(b) On June 8, 2020, the Company issued two Debentures, one by InterCement Participações S.A in the amount of US$579,502 (R$2,976,666 thousands) and another by InterCement Brasil S.A. in the amount of US$330,989 (R$1,700,161 thousands). The interest expenses are presented separately in the statements of financial position as 'Interest payable'. On September 30, 2021, InterCement Participações S.A. partially prepaid a principal amount of US$183,844 (R$1,000,000 thousands) and on February 02, 2023, partially prepaid a principal amount of US$39,611 related to the instalment that is due in June, 2023, with proceedings coming from the sale of Egypt business segment (see Note 1).

(c) On September 30, 2021, InterCement Brasil S.A. issued new Debentures in the amount of US$183,844 (R$1,000,000 thousands). The commission fees were US$1,697 (R$9,230 thousands) and are being amortized during the lifetime of the loan using the effective interest method.

(d) On February 22, 2023, Loma Negra tendered its Class 1 Negotiable Obligations, obtaining as a result a face value of ARS 25,636,250 thousand (equivalent to US$133,261), with interest rate of BADLAR + 2%, and a 18 months maturity.

(e) On June 21, 2023, Loma Negra tendered its Class 2 Negotiable Obligations, obtaining as a result a face value of US$71,723 with interest rate of 6.5%, and a 30-month maturity.

(f) On September 1, 2023, Loma Negra tendered its Class 3 Negotiable Obligations, obtaining as a result a face value of US$55,000 with interest rate of 7.49%, and a 30-month maturity.

The instruments mentioned in items "b" and "c" are guaranteed by Loma Negra shares held by the Company. The debentures will be mandatorily redeemable in May 2024 if the Group is unable to refinance its existing senior notes due in July, 2024.

On June 7, 2023, the Company successfully concluded an arrangement with the debenture holders regarding the temporary deferment of payments (principal and interest) due on the series of debentures issued by InterCement Participações ("ICP") and InterCement Brasil ("ICB"). Under the terms of the agreement, the debenture holders of ICP reached a consensus to accept a partial payment amounting to US$20,359 (R$100,000 thousand). This payment was applied over the accumulated interest of US$30,742 (R$151,000 thousand), which was originally scheduled for disbursement on June 8, 2023. Simultaneously, the debenture holders of ICB agreed to postpone the collection of US$46,815 (R$229,952 thousand) of accrued interest and US$54,972 (R$270,016 thousand) of principal which were also due on June 8, 2023. These outstanding balances are now expected to be settled on December 8, 2023. See Note 1 for more details on the Company's action plan.

As of September 30, 2023 and December 31, 2022, the incurred interest expenses classified as current liabilities and presented as ‘Interest payable’ amount to US$111,358 and US$24,709, respectively.

Changes in debentures and senior notes in the nine-month period ended September 30, 2023 and 2022 were as follows (continued operations only):

	Debentures
Balance as of December 31, 2021	1,384,628
Effect of changes in Exchange rates, comissions and other	27,088
Balance as of September 30, 2022	1,411,716
Balance as of December 31, 2022	1,443,473
New debts	204,984
Payments	(38,241)
Effect of changes in exchange rates	32,099
Balance as of September 30, 2023	1,642,316

Maturity schedule

As of September 30, 2023, the non-current portion of debentures and senior notes mature as follows (continued operations only):

Period	09.30.2023
2024	115,790
2025	305,209
2026	288,484
2027	116,746
	826,229

Covenants

Debentures and Senior Notes contain certain restrictive covenants that require compliance with financial ratios calculated based on the Company’s consolidated financial statements.

Debentures

The financial covenants are measured by the Net Debt over Adjusted EBITDA. For 2023, the limit is 4.85X in 2023; 3.85X in 2024 and 3.35X from 2025 until 2027.

Also, for the new debentures issued on September 30, 2021, the Company agreed with the debenture holders’ compliance with net leverage, measured by the Net Debt over Adjusted EBITDA based on consolidated financial information of InterCement Brasil S.A. (Company’s subsidiary in Brazil). In 2023, the limit is 2.75X in 2023; 2.50X in 2024 and 2.00X from 2025 until 2027.

As of December 31, 2022, the covenants conditions were met. Next measurement is on December 31, 2023.

<u>Senior notes</u>

The non-compliance with financial covenant (ratio Net Debt / EBITDA of 4.5) foresees that the Company operates with certain restrictions, being the principal ones:

i) Limitation in US$500,000 for new debts, provided it is not used to refinance the existing debt;
ii) Restrictions on certain payments, such as dividends to shareholders above the statutory minimum legal required amount;
iii) Dividends limitation of US$25,000 per year, on a cumulative basis, for preferred shareholders after the Senior Notes issuance (July/2014).

As of December 31, 2022, the conditions were met, therefore, restrictions are not applicable until the next measurement period that will be based on the financial figures for the year to be ended December 31, 2023.

12. Provisions for tax, civil and labor risks and judicial deposits

Provisions

The Group is subject to labor and social security, tax, civil and other risks. Management periodically reviews known contingencies and group tax positions, assesses the likelihood of losses and recognizes corresponding provisions based on its legal counsel's opinion and other available data at the date of the reporting period.

The provision for risks is demonstrated as follows:

	09.30.2023	12.31.2022
Labor and social security	9,672	7,359
Tax (a)	8,735	12,023
Civil and other (b)	2,086	2,322
	20,493	21,704
Judicial deposit (b)	(1,614)	(2,645)
Total	18,879	19,059

(a) Brazil: Refer to tax assessment notices and lawsuits amounting to US$590 (US$1,305 as of December 31, 2022) mainly related to discussions of: (i) Income Tax (IRPJ) / Social Contribution (CSLL) update by the SELIC rate and Unconstitutionality of monetary correction, and (ii) Social Security Contribution: Accident Prevention Factor (FAP).

InterCement Participações S.A: Refers to legal dispute regarding the charging of financial transaction services over purchasing and reselling InterCement Portugal´s shares occurred in 2014 in the amount of US$3,757 (US$3,371 as of December 31, 2022).

InterCement Portugal: Refers basically to the provisions for tax risks related to income tax, amounting to US$3,683 as of September 30, 2023 (US$6,582 as of December 31, 2022), which are being challenged in courts. In the first quarter of 2023, InterCement Portugal obtained a favourable decision related to an income tax dispute, reverting a provision in the amount of US$2,909 against income tax expenses (see Note 16 below).

(b) The Group has escrow deposits related to the labor and social security, tax, civil and other risks as follows:

	09.30.2023	12.31.2022
Labor and social security	953	1,089
Tax	470	1,180
Civil and other	88	279
Environmental	103	97
Total	1,614	2,645

Changes in the provision for risks for the nine-month period ended September 30, 2023 and 2022 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance as of December 31, 2021	6,739	17,940	23,431	(1,947)	46,163
Effects of hyperinflationary monetary adjustment (Note 2.1)	1,122	188	(137)	-	1,173
Recognition/deposit	4,220	1,384	2,784	(528)	7,860
Payment	(3,567)	(1,024)	(536)	336	(4,791)
Reversal	-	(5)	(179)	-	(184)
Transfers	-	(911)	911	-	-
Exchange differences	(518)	(2,285)	(4,495)	(53)	(7,351)
Balance as of September 30, 2022	7,996	15,287	21,779	(2,192)	42,870
Balance as of December 31, 2022	7,359	12,023	2,322	(2,645)	19,059
Effects of hyperinflationary monetary adjustment (Note 2.1)	1,131	321	238	-	1,690
Recognition/deposit	4,720	474	565	(118)	5,641
Payment	(2,285)	(387)	(541)	1,259	(1,954)
Reversal	-	(3,536)	-	-	(3,536)
Discontinued operations (Note 2.4)	-	(16)	(343)	-	(359)
Effect of changes in exchange rates	(1,253)	(144)	(155)	(110)	(1,662)
Balance as of September 30, 2023	9,672	8,735	2,086	(1,614)	18,879

Contingent liabilities

In the normal course of its business the Group is involved in several legal cases and complaints relating to its labor and social security, tax, civil and other risks, which the likelihood of loss is assessed as possible or less likely than not of loss for uncertain income tax positions as per IFRIC 23.

As of September 30, 2023, and December 31, 2022, the Group has the following exposure:

	09.30.2023	12.31.2022
Labor and social security	13,735	14,376
Tax and uncertain income tax position (a)	1,512,208	1,389,524
Civil, administrative and other (b)	232,413	226,295
	1,758,356	1,630,195

The most significant contingent liabilities are:

a) Tax and uncertain income tax position

Brazil – InterCement Brasil S.A.

Risk exposure amounts to US$1,118,696 as of September 30, 2023 (US$1,022,996 as of December 31, 2022) and refers mainly to administrative and judicial proceedings related to: administrative and judicial proceedings related to (i) PIS/COFINS – omission of revenue; (ii) PIS/COFINS - undue credit arising from freight expenses in the transfer of goods between industrial establishments and distributors; (iii) PIS/COFINS - non-approved compensation due to insufficient balance credits; (iv) PIS/COFINS – alleged non-payment; (v) COFINS – Interest on Equity; (vi) ICMS – use of credit; (vii) ICMS – rate differential (viii) ICMS – electricity; (ix) ICMS – freight; (x) ICMS – alleged lack of payment; (xi) ICMS – tax substitution; (xii) ISS – withholding tax; (xiii) ISS - reduction of the calculation basis; (xiv) ISS – non-payment; (xv) CFEM - absence of collection; (xvi) CFEM - difference in collection; (xvii) Social Security Contribution - Improper use of credit; (xviii) AFRMM – Merchant Marine Freight Supplement; (xviii) Social Security Contribution.

Brazil - InterCement Participações S.A.

Risk exposure amounts to US$289,382 as of September 30, 2023 (US$263,092 as of December 31, 2022) and refers mainly to ongoing challenges of taxable income earned abroad by subsidiaries and affiliated entities.

Other holdings

Risk exposure is US$20,922 as of September 30, 2023 (US$18,359 as of December 31, 2022) and refers to claims for withholding taxes not collected.

Management and Company´s legal counsel believe the risk of an unfavourable outcome of this dispute is “less likely than not” and no provision was recorded.

Portugal

Under the Consolidated Income Tax Regime (RETGS), applicable to the Company and other Portuguese entities of the Group until the year 2000, intra-group results ("eliminated results"), amounting to US$280,474 as of September 30, 2023 and US$282,895 as of December 31, 2022 (equivalent to €265,000 thousand in both periods), were generated due to property, plant and equipment sales between group companies.

During the Corporate Income tax (CIT) inspection of the fiscal year 2016, the Tax Authority requested the provision of information relating to such property, plant and equipment sales, with the purpose of assessing the need for possible adjustments to the Group's taxable profit in that fiscal year and in the fiscal years ending in 2017 and 2018, due to the transitional rules successively inserted in the State Budget Laws of the years 2016, 2017 and 2018, which required partial or total incorporation (in the event of termination of the Group) in those years of any taxable income that were still pending from taxation.

In previous years, the final Income tax inspection Report for the year 2016 incorporated a correction of €98,926 thousands to the Group's Taxable base, corresponding to 25% (cf. Law No. 7-A / 2016, of December 31) of the eliminated results calculated by the Tax Authority by reference to December 31, 2015 and for that year an additional tax assessment of €4,201 thousands was received and is being contested. Even so, the amount of €4,100 thousands was already compensated with a Company tax credit. Therefore, there is no provision as of 2023 and 2022 related to 2016 inspection report.

The final Income tax inspection Report for the years 2017 and 2018 incorporated corrections to the Group available tax losses, and also for the above referred “eliminated results” partial incorporation, and accordingly additional tax assessments of US$21,701 (equivalent to €20,504 thousands) and US$60,310 (equivalent to €56,983 thousands), respectively for those years, were received and both are being contested, resulting in an exposure risk (plus interest) of US$82,012 as of September 30, 2023 and US$82,720 as of December 31, 2022 (equivalent to €77,487 thousands).

Based on the opinion of the Company´s legal advisors, the risk of an unfavourable outcome on these disputes is “less likely than not”, therefore, no contingency provision was recorded.

b) Civil

Brazil

The main lawsuit relates to infraction against the economic order (“CADE), as described below:

Administrative Council for Economic Defence (“CADE”)

The Company, along with other companies in the industry, is part of administrative proceedings related to antitrust regulation in progress at the Administrative Council for Economic Defense (“CADE”). In July 2015, CADE’s tribunal judged the administrative appeal presented by the Group under the process initiated in 2007 regarding competition in Brazil (as well by other involved companies), maintaining the condemnation decision about cartel formation and the imposition of a pecuniary fine and other accessory penalties. As of September 30, 2023, the fines imposed to the Group corresponds to US$208,586 and as of December 31, 2022, fines correspond to US$182,002, besides the obligation to sell 20% of its installed capacity of the concrete assets in the relevant Brazilian markets in which the Company operates, among other accessory penalties.

After the referred administrative CADE’s decision became final, the Group appealed judicially, having obtained, on October 22, 2015, the grant of the preliminary injunction to suspend all penalties imposed by CADE, by the presentation of real guarantees (two plants), until the final judgment decision. Such preliminary injunction decision was judicially appealed by CADE and was rejected. The proceeding did not have any significant change until September 30, 2023. Based on the opinion of the legal advisors, the risk of loss in court has been considered as possible, therefore, no provision was recorded for this contingent liability.

13. Related Parties

Transactions and balances between Group companies consolidated upon the full consolidation method were eliminated in the consolidation process and therefore are not disclosed herein. The balances and transactions between the Group and associated companies and with other related parties fall within normal operational activities, and include advances, loan agreements, sales and purchases of products and services.

14. Right-of-use assets and lease liabilities

The changes of rights-of-use assets in the nine-month period ended September 30, 2023 and 2022 are demonstrated as follows:

Changes in right-of-use assets

	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other	Total
Cost						
As of December 31, 2021	12,758	76,666	3,700	32	595	93,751
Additions	283	14,955	-	-	318	15,556
Write-offs	(1,377)	(4,039)	(55)	-	-	(5,471)
Exchange difference	890	1,486	213	5	2	2,596
As of September 30, 2022	12,554	89,068	3,858	37	915	106,432
As of December 31, 2022	15,819	90,634	4,884	-	989	112,326
Additions	331	45,926	6,061	-	492	52,810
Write-offs (a)	(73)	-	(54)	-	-	(127)
Discontinued operations (2.4)	(2,216)	(1,031)	(7,419)	-	-	(10,666)
Exchange difference	198	3,592	17	-	41	3,848
As of September 30, 2023	14,059	139,121	3,489	-	1,522	158,191
(-) Accummulated depreciation						
As of December 31, 2021	(6,298)	(54,557)	(2,255)	(32)	(360)	(63,502)
Additions	(1,444)	(15,358)	(538)	23	(148)	(17,465)
Write-offs	1,377	3,239	29	-	-	4,645
Exchange difference	(378)	(1,434)	455	9	3	(1,345)
As of September 30, 2022	(6,743)	(68,110)	(2,309)	-	(505)	(77,667)
As of December 31, 2022	(7,078)	(73,216)	(2,588)	-	(601)	(83,483)
Additions	(1,739)	(12,486)	(2,695)	-	(217)	(17,137)
Write-offs (a)	73	-	36	-	-	109
Discontinued operations (2.4)	1,320	392	3,304	-	-	5,016
Exchange difference	(119)	(3,130)	(20)	-	(25)	(3,294)
As of September 30, 2023	(7,543)	(88,440)	(1,963)	-	(843)	(98,789)
Balance as of September 30, 2023	6,516	50,681	1,526	-	679	59,402
Balance as of December 31, 2022	8,741	17,418	2,296	-	388	28,843

(a) Refers primarily of early termination of the lease contracts in Mozambique business segment in the amount of US$18.

The changes in obligations under finance leases in the nine-month period ended September 30, 2023 and 2022 are demonstrated below:

Changes in lease liabilities:

	Lease Liabilities
As of December 31, 2021	34,319
Additions, net of write-offs	14,730
Payments	(20,457)
Present value adjust	2,522
Exchange difference	571
As of September 30, 2022	31,685
As of December 31, 2022	31,779
Additions, net of write-offs	52,792
Payments	(23,195)
Present value adjust	7,587
Discontinued operations (2.4)	(6,508)
Exchange difference	1,430
As of September 30, 2023	63,885

The obligations under finance leases are broken-down as current and non-current and are aged as demonstrated below:

Lease liabilities included in the statement of financial position:

	09.30.2023	12.31.2022
Current	14,000	11,151
Non-current	49,885	20,628
Lease liabilities	63,885	31,779

Lease liabilities - Maturity analysis:

	Lease Liabilities
Less than one year	14,000
One to five years	48,470
More than five years	1,415
Lease liabilities	63,885

15. Shareholder's Equity

Share Capital

As of September 30, 2023 and December 31, 2022 share capital is represented by 55,279,765 registered shares without par value, of which 52,920,764 are common shares and 2,359,001 are preferred shares Class A.

Preferred Shares – InterCement Participações

Class A

The preferred shares (Class A) grant their holders the right to receive minimum dividends, not accumulating losses, do not grant voting rights in the Company's shareholders' meetings, and can be redeemed by decision of the Board of Directors. Any contractual obligations are guaranteed and recorded at Company's Parent Company; consequently, the Company does not have any contractual obligation assumed with such holders of the preferred shares.

Earning Reserves – Transaction with non-controlling interests

a) Brazilian subsidiary – acquisition of non-controlling interests

In the nine-month period ended September, 2022, InterCement Brasil acquired from minority shareholders 5,360,083 preferred shares (equivalent to 2,95% equity interest) of its subsidiary Estreito, disbursing cash in the amount of US$8,669 (R$43,787 thousands). The transaction resulted in a loss of US$7,602 (R$38,400 thousands) recorded as transaction with non-controlling interests.

b) Argentinian subsidiary – acquisition of non-controlling interests of Loma Negra own shares in prior periods

For the nine-month period ended September 30, 2022, Loma Negra acquired 2,029,326 own shares for a total cash disbursement of US$5,487, of which US$3,959 were attributed to Company´s owners. On the nine-month period ended September 30, 2023, there was no purchase of own shares.

As of September 30, 2022, Loma Negra had acquired 10,625,520 own shares for a total value of US$29,394, which is equivalent to 1,78% of total shares.

As of September 30, 2023 and December 31, 2022, Loma Negra had acquired 12,352,329 own shares for a total value of US$33,600, which is equivalent to 3.52% of total shares.

c) Others transactions with non-controlling interests

For the nine-month period ended September 30, 2022, the Group realized some minor restructuring in Mozambique business segment that resulted in an increase in non-controlling interests of US$260 (non-cash transaction), recorded as a decrease in transactions with non-controlling interests.

Dividends

The shareholders are entitled to annual minimum mandatory dividends equivalent to 25% of adjusted profit for the year as provided by the bylaws and the Brazilian Corporate Law. In 2022, due to losses for the year attributable to Company´s owners, the Company did not constitute any minimum mandatory dividends.

Other comprehensive income (loss) attributable to the Company´s owners

Other comprehensive income attributable to Company´s owners of US$64,424 (US$126,887 for the nine-month period ended September 30, 2022) corresponds to: i) equity recognition of actuarial losses on the employee benefits plan in the amount of US$211 (gain of US$389 for the nine-month period ended September 30,2022); ii) negative equity recognition of exchange differences from translation of foreign operations in the amount of US$1,582,290 (negative US$483,456 for the nine-month period ended September 30, 2022) of which a positive amount of US$18,798 relates to discontinued operations (see Note 2.4); (iii) positive equity recognition of derivative and hedging transactions amounting to US$652, net of taxes (US$638 for the nine-month period ended September 30, 2022); and (iv) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US$1,646,273(US$569,678 for the nine-month period ended September 30, 2022).

The exchange differences from translation of foreign operations from discontinued operation aforementioned (US$18,798) refers to the reversal of an accumulated loss of US$43,136 to the statement of profit or loss as a result of the Egypt segment disposal (see Note 2.4). Such reversal is partially offset by the negative exchange variation from translation of Mozambique and Africa of US$24,338 for the nine-month period ended September 30, 2023, which will be recycled to the statement of profit or loss only at the disposal.

Non-controlling interests

Changes in non-controlling interests

a) Other comprehensive income: the amount of US$4,406 (US$52,264 for the nine-month period ended September 30, 2022) corresponds to: i) equity recognition of actuarial loss on the liability to employees in the amount of US$191 (gain of US$187 for the nine-month period ended September 30,2022); ii) negative exchange differences from translation of foreign operations in the amount of US$1,521,561 (negative of US$517,603 for the nine-month period ended September 30, 2022) of which a negative amount of US$1,454 relates to discontinued operations (see Note 2.4); iii) positive equity recognition of derivative, hedging and actuarial transactions amounting to US$2 (positive of US$2 for the nine-month period ended September 30, 2022); and (iv) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US$1,526,156 (positive of US$569,678 for the nine-month period ended September 30, 2022).

b) Dividends declared to non-controlling interests:

i. For the nine-month period ended September 30, 2023, special purposes entities (SPEs) controlled by Brazilian subsidiaries declared dividends to non-controlling interests in the amount of US$7,680 (R$37,869 thousands) related to 2022 results (US$13,515 for the nine-months period ended September 30, 2022 related to 2021 results).

ii. The Argentinian subsidiary (Loma Negra) paid in January, 2023 dividends of US$9,458 declared in December, 2022.

iii. On May and June, 2023, Argentinean subsidiary (Loma Negra) announced payment of dividends for a total amount of US$146,063. The payments occurred on May 5, 2023 and July 4, 2023, of which US$44,525 and US$25,623 respectively was paid to non-controlling shareholders.

iv. African entities declared dividends to non-controlling interests in the amount of US$63.

16. Income Tax and Social Contribution

For the nine-month period ended September 30, 2023 and 2022, the reconciliation between the nominal and the effective income tax was as follows:

	09.30.2023	09.30.2022 (Restated)
Loss before income tax and social contribution	(87,221)	(170,752)
Group Tax rate	34%	34%
Income tax and social contribution at statutory rates	29,655	58,056
Adjustments to calculate income tax and social contribution at effective rate:		
Consumption of losses from liquidation of certain financial instruments in Argentina	2,819	(33,941)
Non-deductible financial expenses in Spanish subsidiary	(18,598)	(9,116)
Effect of differences in foreigner tax rates to Group tax rate (34%)	(10,332)	(15,498)
Permanent additions / (deductions), net	(3,140)	(28,325)
Deferred income tax and social contribution not recognized (a)	(25,439)	(942)
Other (b)	15,871	(1,766)
	(9,164)	(31,532)
Current Income tax and social contribution expense	(7,750)	(26,308)
Deferred Income tax and social contribution gain	(1,414)	(5,224)

(a) For the period ended September 30, 2023, it includes the effect from tax losses and/or tax temporary differences mainly in Brazil business segment, where deferred tax assets were not recognized, as a consequence of the deterioration of the projected taxable results mainly explained by the increase of financial expenses due to rising interest rates. Considering the going concern basis, additional deferred tax assets in such subsidiary will only be recognized when utilization of existing deferred taxes are observed and future projections demonstrate the full utilization will be accelerated, not exceeding the ten years period established at the initial recognition, ending in December 31, 2031 when the Company recognized US$175,531 (R$878,990 thousand) of previously unrecognized deferred taxes.

Despite the tax losses incurred during the year 2022 and the first half of 2023, primarily due to inflationary pressure on certain costs and expenses and the effect of the increase in the SELIC rate on Company's loans, financing, and debentures, as mentioned in Note 1 to the quarterly information, the realization assessment conducted as of September 30, 2023, indicates that the recorded deferred tax assets, particularly those arising from tax losses, which were recognized up to the realization limit according to the Company's accounting policy, will still be realized within the 10-year period set by the Company ending 2031. Since January 2023, the Company has refrained from recognizing new deferred tax assets until taxable profits are generated in amounts that support the recognition of additional tax losses generated in 2023. Additionally, projections of future taxable profits depend on the success of ongoing negotiations with Company's creditors, as mentioned in Note 1, which directly impacts the deferred tax utilization. The Company will continue to assess the realization of the deferred tax asset every quarter, and any potential effects of discussions with the creditors on the projections will be recognized prospectively.

(b) For the nine-month period ended September 30, 2023, it mainly refers to (i) positive amount of US$4,716 related to the impact of monetary adjustment in Argentina due to hyperinflationary economy (negative amount of US$3,809 for the nine-month period ended September 30,2022); (ii) a negative impact of US$18,598 related to results recorded in our Spanish subsidiary that were eliminated for consolidation purposes as they were transactions between group entities (negative impact of US$2,380 for the nine-month period ended September 30, 2022). Such results are deductible for tax purposes in local books and, therefore, represent a permanent difference in the group effective tax rate; (iii) positive amount of US$6,972 mainly generated by entities in Brazilian segment taxed under the presumed profit tax rules and other permanent differences in Brazil (positive amount of US$5,456 for the nine-month period ended September 30, 2022); and (iv) income tax gains of US$3,098 in our Portuguese holding as a result of a favourable judicial decision (see Note 12 above).

As mentioned in Note 2.4, Egypt, Mozambique and South Africa segments were classified as discontinued operations, therefore, an expense of US$5,120 was reclassified from current and deferred income tax expenses to "loss for the period from discontinued operation" within the Statements of profit or loss for the nine-month period ended September 30, 2023 (US$8,805 for the nine-month period ended September 30, 2022).

Deferred income tax and social contribution

As indicated above, deferred income tax and social contribution were recognized on tax losses carryforwards and temporary differences in the recognition of revenues and expenses between tax books and corporate records, to the extent considered realizable by the subsidiaries.

17. Net Sales

The breakdown of the Company's net sales for the nine-month period ended September 30, 2023 and 2022 are as follows:

	09.30.2023	09.30.2022 (Restated)
Products sold	1,558,789	1,612,405
Services provided	49,080	54,478
(-) Taxes on sales	(173,440)	(169,721)
(-) Discounts	(296,229)	(291,173)
Total	1,138,200	1,205,989

18. Information on the Nature of the Costs and Expenses Recognized in the statement of profit or loss

The consolidated statements of profit or loss are presented based on a classification of expenses according to their function. Information on the nature of such expenses is as follows:

	09.30.2023	09.30.2022 (Restated)
Depreciation and amortization	(112,334)	(123,854)
Impairment losses, net (a)	(3,012)	(625)
Salaries and employee benefits	(158,990)	(160,421)
Raw materials and consumables	(184,358)	(173,894)
Tax expenses	(26,332)	(23,900)
Outside services	(80,922)	(77,075)
Rental	(1,997)	(2,156)
Freight expenses	(117,605)	(127,655)
Maintenance costs	(69,020)	(64,237)
Fuel	(186,770)	(190,069)
Electricity	(55,655)	(64,466)
Recognition of inventories and trade receivable impairments	(351)	(715)
Gain (Loss) on sale of property, plant and equipment	(161)	5,513
Other	(27,118)	(27,001)
Total	(1,024,625)	(1,030,555)
Cost of sales and services	(904,527)	(924,605)
Selling expenses	(51,644)	(56,942)
Administrative expenses	(66,823)	(59,203)
Other income/(expenses) (b)	(1,631)	10,195
Total	(1,024,625)	(1,030,555)

(a) The nine-month period ended September 30, 2023 and 2022 refers to impairment losses recognized to certain fixed assets in Brazil due to market value depreciation.

(b) The nine-month period ended September 30, 2023, it substantially refers to i) the recognition of extemporaneous tax credit in Brazil in the amount of US$3,296, resulting from a favourable court decision from a dispute regarding the possibility to reduce from tax basis interests and fines; and ii) the recognition of discount associated with the operation of sale of PIS/Cofins credits in the amount of US$ 6,657.

19. Financial Income (Expenses) and Foreign Exchanges Gain (Losses), net

	09.30.2023	09.30.2022 (Restated)
Foreign exchange gain (losses), net (a):		
Exchange gain	133,068	92,084
Exchange loss	(237,559)	(215,806)
Total	(104,491)	(123,722)
Financial income:		
Inflation adjustment	3,004	5,482
Effects of Hyperinflationary monetary adjustments (b)	157,023	46,593
Financial earnings	12,103	13,584
Interest income	296	267
Derivative financial instruments	225	535
Other income	2,103	505
Total	174,754	66,966
Financial expenses:		
Inflation adjustment (c)	(14,511)	(6,270)
Exchange rate difference on cancellation of foreign currency loans (d)	-	(108,709)
Expenses on interest and charges (e)	(224,163)	(158,796)
Expenses on banking commissions	(3,542)	(3,986)
Fines	(1,167)	(516)
Derivative financial instruments	(4,407)	(378)
Lease liabilities present value	(7,587)	(2,131)
Other expenses (f)	(15,682)	(8,644)
Total	(271,059)	(289,430)

(a) The exchange differences are mainly influenced by the appreciation and depreciation of functional currencies against other currencies (mainly US$ and Euro). The nine-month period ended September 30, 2022 was significantly impacted by the devaluation of Euro against Brazilian Reais and U.S.dollars. Afterwards, since the inception of the net investment concept in July, 2022 (see Note 22.4), such exchange variation exposure was eliminated.

On May 2, the Argentinian subsidiary (Loma Negra C.I.A.S.A.) distributed dividends in kind through the delivery of “LEDE” (Bills of the national treasury in pesos) in the amount of US$46,880 (ARS 22,200,000 thousands), with maturity in June 30, 2023. Those bills were discounted by Intercement Trading & Inversiones at Eurobank resulting in a foreign exchange loss of US$23,370.

(b) It relates to the application of hyperinflationary monetary adjustments in Argentinean business due to the application of IAS29 – Hyperinflationary economy (see Note 2.2). The variation is mainly explained by the increase in the monetary adjustments rates, which for the nine-month period ended September 30, 2023 it was 103,15% against 29.92% in the comparable period.

(c) In the nine-month period ended September 30, 2023, it substantially refers to the SELIC monetary accretion on the discount value resulting from the operation of sale of recoverable PIS/COFINS credit in the amount of US$8,959, since originally it was allocated to the financial result.

(d) For the nine-month period ended September 30, 2022, this caption primarily includes the loss of US$107,718 (cash disbursement of US$96,730 and related monetary adjustment due to hyperinflationary environment – IAS 29), recorded by the Argentinian subsidiary resulting from the liquidation of certain loans obtained in dollars. Such loss is only tax deductible under certain specific situation and, therefore, it was not recorded the equivalent deferred income tax assets of US$33,941.

(e) For the nine-month period ended September 30, 2023, includes interests on debentures in the amount of US$ 106,327 (US$106,510 for the nine-month period ended September 30, 2022).

(f) For the nine-month period ended September 30, 2023 it includes: i) US$956 related to PIS and COFINS on financial income in Brazilian business segment (US$634 for the nine-month period ended September 30, 2022), ii) US$2,394 related to PIS and COFINS on financial income in InterCement Participações S.A., (US$2,549 for the nine-month period ended September 30, 2022),and iii) US$1,009 related to financial transaction expenses (IOF) at InterCement Participações S.A. (US$312 for the nine-month period ended September 30, 2022). Furthermore, for the nine-month period ended September 30, 2022 it also includes realized loss in securities of US$2,387 in InterCement Reinsurance;

20. Commitments

Purchase agreements

The subsidiary InterCement Brasil S.A. has a contractual agreement for the acquisition of hydroelectric power until 2024 and contracts “take or pay contract” for rail transport services until 2023, logistics services for storage, transport and handling until 2029, sale of clinker in accordance with the minimum stipulated in the contract until 2024, purchase of limestone in accordance with the minimum stipulated in the contract until 2033, purchase of cement and plaster in accordance with the minimum stipulated in the contract until 2023, and purchase of fuel in accordance with the minimum stipulated in the contract until 2024, whose estimated cash disbursements, in amounts nominal amounts are as follows:

	09.30.2023	12.31.2022
2023	18,008	71,188
2024	43,563	27,046
2025	18,664	1,245
2026	18,664	1,245
After 2026	125,035	3,733
Total	223,934	104,457

Other subsidiaries are parties to contractual agreements for the purchase of inventories and property, plant and equipment, and the operation of facilities located in third-party properties, as follows (includes continued and discontinued operations):

	09.30.2023	12.31.2022
2023	28,138	71,624
2024	63,568	46,237
2025	48,841	38,395
2026	31,617	25,870
After 2026	80,493	77,337
Total	252,657	259,463

The above balances refer mainly to the contracts signed by Loma Negra as detailed below:

The Argentina segment contains certain contractual commitments for the purchase of slag with effect until 2027, with estimated future cash flows of approximately US$1,620 (ARS 567,145 thousand) during 2023, and US$25,930 (ARS 9,074,349 thousand) between 2024 and 2027.

The Argentina segment also signed contracts (i) for the supply of gas, assuming payment commitments in the total amount of approximately US$14,897 (ARS 5,213,242 thousand) to be paid during 2023 and US$82,339 (ARS 28,814,733 thousand) to be paid between 2024 and 2027; and (ii) for the supply of energy in the amount of US$3,538 (ARS 1,238,391 thousand) to be paid during 2023 and US$113,090 (ARS 39,575,805 thousand) to be paid between 2024 and 2038.

21. Earnings (loss) Per Share

The table below shows the reconciliation of loss for each period with the amounts used to calculate basic and diluted loss per share:

	09.30.2023	09.30.2022 (Restated)
Loss for the period from continuing and discontinuing operations attributable to Company's owners	(175,932)	(204,100)
Loss for the period attributable to common shares	(175,932)	(204,100)
Weighted average number of common shares	52,920,764	52,920,764
Basic/diluted loss per common share	(3.32)	(3.86)
Loss for the period from continuing operations attributable to Company's owners	(140,335)	(198,356)
Loss for the period attributable to common shares	(140,335)	(198,356)
Weighted average number of common shares	52,920,764	52,920,764
Basic/diluted loss per common share	(2.65)	(3.75)

22. Financial Instruments

The Group conduct transactions involving financial instruments, including derivatives, all of which recorded in balance sheet accounts, which are intended to meet their operating and financial needs. The Company contracts short-term investments, borrowings and financing, debentures as well as derivatives.

22.1. Capital risk management

The Group capital structure consists on net debt and equity. The net debt comprises borrowings and financing and debentures less the cash and cash equivalents, current securities and derivatives. Interest payable and obligations under finance leases are not included within the net debt.

As mentioned in Note 10 and 11, the Company is subject to certain covenants metrics, as the ratio Net Debt / Adjusted EBITDA. The breach of such covenants can lead to the anticipation due date of the borrowings and financing and debentures.

For the purpose to determine the metrics aforementioned, the Adjusted EBITDA is calculated as profit or loss from continuing and discontinuing operations adjusted by (i) financial income (expenses), (ii) income taxes and depreciation and amortization costs and expenses; (iii) plus or minus impairment loss and reversal, plus taxes on financial transactions in Argentinian businesses segment, plus or minus non-recurring expenses.

Gross Debt is calculated as the sum of current and non-current borrowings and financings and debentures (excluding interest payable, current and non-current obligations under finance leases and other financing liabilities, such as confirming).

Senior Debt is calculated as the sum of Gross Debt and the obligations under finance leases.

22.2. Financial risk management

General principles

During its normal business activities, ICP Group is exposed to a variety of financial risks likely to change its net worth, which can be grouped, according to their nature, in the following categories:

- Interest rate risk;
- Exchange rate risk;
- Liquidity risk;
- Credit risk;
- Counterparty risk.

Financial risk means the probability of obtaining a positive or negative outcome different to that expected, and which materially and unexpectedly alters the Group's net worth.

All risk management, focused on that objective, is conducted according to two core concerns:

- Reducing, whenever possible, fluctuations in profit/loss and cash flows that are exposed to risk situations;

- Curbing deviation from forecast financials by means of strict financial planning based on multi-year budgets.

Furthermore, another concern of the Group is that the processes for managing these risks meet internal information requirements and external requirements (regulators, auditors, financial markets and all other stakeholders).

The Group, as a rule, does not take speculative positions and so the sole aim of all operations carried out with the purpose of managing financial risks is to control existing risks to which the Group is unavoidably exposed.

Hedging the interest-rate risk and exchange-rate risk normally means contracting financial derivatives on the over-the-counter market (for reasons of flexibility), involving a limited number of counterparties with high ratings. These operations are undertaken with financial entities with which International Swaps and Derivatives Association (ISDA) contracts were completed in advance, in accordance with international standards.

The treasury department is responsible for managing financial risks, including identifying, assessing and hedging such risks. This risk management is conducted under the guidance of the Executive Committee, in particular of the director responsible for the financial risk area (whose approval is required prior to any operation).

22.3. Interest rate risk

The Group's exposure to interest-rate risk arises from the fact that its balance sheet includes financial assets and liabilities that may have been contracted at fixed interest rates or at variable interest rates. In the former case, the Group runs the risk of variation in the fair value of those assets and liabilities, whereby any change in market rates involves a (positive or negative) opportunity cost. In the latter case, such change has a direct impact on the amount of interest paid/received, resulting in cash account changes.

Interest-rate swaps can be contracted to hedge this type of risk, in accordance with the Group's expectations concerning the development of market rates.

As of September 30, 2023, and December 31, 2022, there were no hedge instruments contracted to protect such risks.

Exposure to interest rate risks and to floating and fixed rates

The Group is exposed to floating interest rates and inflation rates mainly related to changes in the IGP-M, CDI, Libor, Prime-rate, Jibar, IPCA and Badlar on borrowings and debentures. Interest rates on short-term investments are mostly linked to the CDI fluctuation. These positions are as follows:

	Continuing Operations						
	Borrowings and financing	Debentures	Cash and cash equivalents	Securities	Other payables	09.30.2023	12.31.2022
Assets:							
CDI	-	-	68,957	7,248	-	76,205	112,283
Total	-	-	68,957	7,248	-	76,205	112,283
Liabilities:							
IGP-M	-	-	-	-	10,470	10,470	10,567
CDI	-	893,135	-	-	-	893,135	927,841
LIBOR	47,975	-	-	-	-	47,975	59,900
Badlar	-	73,257	-	-	-	73,257	-
IPCA	18,358	-	-	-	-	18,358	16,322
Total	66,333	966,392	-	-	10,470	1,043,195	1,014,630

	Discontinued Operations						
	Borrowings and financing	Debentures	Cash and cash equivalents	Securities	Other payables	09.30.2023	12.31.2022
Assets:							
Repo Rate	-	-	26,564	-	-	26,564	7,986
Total	-	-	26,564	-	-	26,564	7,986
Liabilities:							
Prime Rate	15,816	-	-	-	-	15,816	15,815
JIBAR	30,982	-	-	-	-	30,982	38,337
Total	46,798	-	-	-	-	46,798	54,152

As of September 30, 2023, and December 31, 2022, the Group's liability by type of interest rate, considering derivative financial instruments, between floating and fixed rate, are as follows (continuing and discontinuing operations):

	09.30.2023	12.31.2022
Floating rates	61%	63%
Fixed rates	39%	37%

22.4. Exchange rate risk

The Group is exposed to the exchange-rate risk for the currencies of different countries due to the amounts of capital invested in those countries where functional currency is different from Group functional currency.

The exchange effects of the translation of local financial statements in the Group's consolidated financial statements can be mitigated by hedging the net investments in such countries, when applicable.

When hedging the exchange-rate risk, swaps and forward contracts and with maturities equivalent to the instrument that serves as a hedging basis, are contracted.

The Group does not carry out exchange-rate operations that do not adequately cover existing or contracted positions.

The fact that the Group operates in countries with significant interest rate differentials in relation to the consolidation currency, results in the search for natural hedge strategies. In this respect there was a seeking to increase the debt of the Business Units in order to obtain better correspondence between assets and liabilities in the same currency, thus decreasing the Group's overall exposure.

Additionally, considering the current exchange regulations existing in Argentina, the official exchange rates, which are considered by the Argentinian subsidiary to record any unrealized gain or loss resulting from changes in exchange rates as per IAS 21 — The Effects of Changes in Foreign Exchange Rates, might be considerable different from the exchange rates actually used when collecting financial assets or liquidating financial liabilities in a foreign currency (mainly U.S. dollars). This is mainly due to the U.S. dollars and other foreign currencies constrains in Argentina market, causing the effect "dollar blue" where the U.S. dollar can be worth twice as much in peso terms when exchanged.

Therefore, the Group is constantly monitoring the alternatives to collect financial assets and liquidate financial liabilities in foreign currency (other currencies than Argentinian Pesos) and their corresponding impacts. The realized profit or loss derived from the use of alternative financial instruments to liquidate operations in foreign currency is recognized at the time the Argentinian subsidiaries unconditionally commits or executes such financial asset or liability in kind ("cash"). As of September 30, 2023, in case such instruments were used for the liquidation of the aforementioned operations, would result in a negative impact of approximately 134% over the net position in dollars.

For the nine-month period ended September 30, 2023 and 2022, there was no collection or liquidation of financial assets or liabilities in foreign currency in Argentina, therefore, no impact in the Statement of profit or loss for the periods.

Exposure to foreign exchange risk

The Group has assets and liabilities in currencies other than their own functional currencies, mainly the US Dollars and Brazilian Reais, and their individual financial results may be materially impacted by exchange rate fluctuations.

The main account groups exposed to foreign exchange risk are as follows (as mentioned in Note 1 above, Egypt segment was sold on January 23, 2023, and, therefore, was excluded from the table below. Differently, as Mozambique and South Africa segments are yet classified as held for sale, those segments balances were included in the table below):

	09.30.2023	12.31.2022
Assets:		
Cash, cash equivalents and securities	84,329	50,548
Trade receivables	100	80
Related parties (a)	776,468	770,205
Other assets	4	5
Exposed assets	860,901	820,838
Liabilities:		
Borrowings, financing and debentures (Note 10 and 11)	724,092	608,542
Interest payable	7,822	16,841
Foreign trade payables	35,082	22,563
Related parties (a)	239,071	237,223
Other liabilities	6,728	9,023
Exposed liabilities	1,012,795	894,192
Exposed net position liabitity	(151,894)	(73,354)

(a) Include balances between related parties with currency exposure for creditor, debtor or both. Risk arises when the currency determined in the transaction is different from entities functional currencies and even though balances (assets and liabilities) are eliminated during the consolidation process; exchange variation results are not eliminated and are recognized directly into profit or loss, except when the monetary asset or liability is accounted as net investment in a foreign operation in light with IAS 21 – The Effect of changes in Foreign Exchange Rates. Furthermore, from the table above, a net asset position amount of US$16,865 refers to Mozambique and Africa segments, which per Note 2.4 above, is presented in the financial position as "Assets held for sale" or "liabilities from assets held for sale" (see Note 22.8 below for breakdown of such amount and respective sensitive analysis).

Starting in July 01, 2022, certain Related Parties loans that are payable to or receivable from a foreign operation within the Group were accounted as part of entity´s net investment in light with IAS 21 – The Effect of changes in Foreign Exchange Rates. Accordingly, exchange differences arising from such related parties loans were recognized as “Exchange differences from translation of foreign operations” within “other comprehensive income”. Such results will be reclassified from equity to profit or loss on disposal of the corresponding net investment. As of September 30, 2023, the Related Parties payables and receivables of US$1,098,381 and US$199,812, respectively, were determined to be part of entity´s net investment and the exchange difference since inception of US$3,803 were recorded within “other comprehensive income” (a decrease of US$14,205 for the nine-month period ended September 30, 2022).

The presentation of cash and cash equivalents and related foreign exchange exposures are as follows (continued and discontinued operations):

		09.30.2023		12.31.2022	
Functional currency	**Currency**	**Currency**	**USD**	**Currency**	**USD**
ARS	USD	25,811,607	73,759	3,583,770	20,228
BRL	USD	12	2	55,797	10,695
EUR	USD	9,694	10,260	17,644	18,835
MZN	USD	-	-	12,505	198
ARS	EUR	5,578	16	1,903	11
BRL	EUR	-	-	1	-
MZN	EUR	39	1	40	1
EUR	EGP	83	88	-	-
MZN	ZAR	12,852	203	10,540	167
EUR	ARS	-	-	387	413
Amount exposed to foreign exchange risks			84,329		50,548
BRL	BRL	350,948	49,632	554,447	106,275
EUR	EUR	17,736	18,772	22,163	23,660
ARS	ARS	1,970,219	5,630	1,324,224	7,475
MZN	MZN	725,976	11,482	1,018,950	16,115
ZAR	ZAR	198,076	10,490	250,902	14,798
Amount by functional currency			96,006		168,323
			180,335		218,871

The amounts which the functional currency is MZN or ZAR totalling US$22,175 refers to discontinued operations, as mentioned in Note 2.4 above.

The main debt instruments (essentially related with loans and debentures) as of September 30, 2023 and December 31, 2022, were denominated in the following currencies (includes continuing and discontinuing operations):

	09.30.2023	**12.31.2022**
USD	41%	37%
BRL	52%	56%
Other	8%	7%

22.5. Liquidity risk

Liquidity risk management means maintaining an appropriate level of cash resources and contracting credit limits that not only ensure the normal pursuit of the Group's activities but also meet the needs of any extraordinary operations.

Management is continually working in its liability Management Plan announced in previous years and, as detailed mentioned in Note 1, Management believes that there is sufficient financial resources to liquidate its liabilities in a predictable future.

22.6. Credit risk

The market view of Group's credit risk in regards to financing operations is naturally reflected in the financial costs associated to such operations. The Group's influence in such matters is merely ancillary, embodying the prudent and balanced management of the business in order to lessen the probability of defaulting on its obligations.

The Group's level of solvency is also reflected in its Leverage ratio (Net Debt / EBITDA). As described in Notes 10 and 11, as of December 31, 2022, the Company complied with restrictive covenants. Furthermore, in 2020, the Company successfully refinanced some of its debts, extending debts maturities to 2024 and releasing financing pressures in a short term. Furthermore, covenants metrics were reviewed and management does not foresee any issue in complying with them at year end (see Notes 10 and 11 above) in accordance with current and expected Adjusted EBITDA.

Financial instruments that potentially subject the Company and its subsidiaries to concentrations of credit risk consist primarily of short-term investments. The Company and its subsidiaries maintain bank accounts and short-term investments with financial institutions approved by Management, and only carry out sale transactions according to credit approval criteria for minimizing default risks.

22.7. Counterparty risk

When the Group establishes different contractual relations with third parties, it takes on the risk of the probability of non-fulfilment or even, in an extreme scenario, default by a counterparty.

The Group endeavours to limit its exposure to this risk, when making bank deposits and other cash investments and also, when contracting derivative instruments, by carefully selecting the counterparties, based on their rating and taking into account the nature, maturity and scope of the operations.

22.8. Sensitivity analysis of financial instruments

Exposure to interest-rate risk results in the variability of the Group's net financial expenses. The results of a sensitivity analysis of exposure as of September 30, 2023 were as follow:

a) Sensitivity analysis - Interest rates with CDI index, US Libor, IPCA, Badlar, Jibar and Prime Rate.

A parallel change of +/- in the interest rate curves applied on principal amounts as of September 30, 2023, with all the other assumptions remaining constant would result in an increase in annual financial costs (before taxes) as shown in table below:

Indexing	Currency	Asset (Liability)	1%	2%	3%
US Libor	USD	(47,975)	(480)	(960)	(1,439)
CDI	BRL	(816,646)	(8,166)	(16,333)	(24,499)
IPCA	BRL	(18,358)	(184)	(367)	(551)
Badlar	ARS	(73,257)	(733)	(1,465)	(2,198)
JIBAR (discontinued operations)	ZAR	(30,982)	(310)	(620)	(929)
Prime Rate (discontinued operations)	MZN	(15,816)	(158)	(316)	(474)

b) Exchange rates

In the debt balances, considering the currency distribution aforementioned, the exchange rate risks from exchange rate volatility may result in significant impacts on consolidated financial results.

Considering the Group's companies financial asset and liability profile (including intercompany balances, with the exception of balances considered as net investment in a foreign operation) as of September 30, 2023, the significant impacts on net financial results would be as follows:

Transaction Currency	Amount in US$ Asset (liability)	Local Currency	FX rate	USD depreciation		USD appreciation	
			Local / Transaction	-10%	-5%	5%	10%
US$	45,473	EUR	0.94	(4,547)	(2,274)	2,274	4,547
US$	(131,085)	ARS	349.95	13,108	6,554	(6,554)	(13,108)
US$	(36,450)	BRL	5.01	3,645	1,822	(1,822)	(3,645)
US$	42,264	ZAR (discontinued operations)	18.88	(4,226)	(2,113)	2,113	4,226
US$	(21,430)	MZN (discontinued operations)	63.23	2,143	1,072	(1,072)	(2,143)
	(101,228)	Total exposure US$ dollars x local currency					

Transaction Currency	Amount in US$ Asset (liability)	Local Currency	FX rate	EUR depreciation		EUR appreciation	
			Local / Transaction	-10%	-5.0%	5.0%	10.0%
EUR	(663)	ZAR (discontinued operations)	19.98	59	30	(30)	(59)
EUR	(18,757)	BRL	5.30	1,674	837	(837)	(1,674)
EUR	(3,051)	ARS	370.38	272	136	(136)	(272)
EUR	(81)	MZN (discontinued operations)	66.92	7	4	(4)	(7)
	(22,552)	Total exposure EURO x local currency					

Transaction Currency	Amount in US$ Asset (liability)	Local Currency	FX rate	EGP depreciation		EGP appreciation	
			Local / Transaction	-10%	-5.0%	5.0%	10.0%
EGP	73	EUR	0.03	(8)	(4)	4	8
	73	Total exposure EGP x local currency					

Transaction Currency	Amount in US$ Asset (liability)	Local Currency	FX rate	ZAR depreciation		ZAR appreciation	
			Local / Transaction	-10%	-5.0%	5.0%	10.0%
ZAR	(81)	MZN (discontinued operations)	3.35	1	0	(0)	(1)
	(81)	Total exposure ZAR x local currency					

Transaction Currency	Amount in US$ Asset (liability)	Local Currency	FX rate	BRL depreciation		BRL appreciation	
			Local / Transaction	-10%	-5.0%	5.0%	10.0%
BRL	(27,974)	EUR	0.19	2,543	1,332	(1,332)	(2,543)
	(27,974)	Total exposure BRL x local currency					

Transaction Currency	Amount in US$ Asset (liability)	Local Currency	FX rate	ARS depreciation		ARS appreciation	
			Local / Transaction	-10%	-5.0%	5.0%	10.0%
ARS	(144)	EUR	0.003	13	7	(7)	(13)
	(144)	Total exposure ARS x local currency					

22.9. Categories of financial instruments

	09.30.2023	12.31.2022
Current assets:		
Cash and bank accounts (Note 4)	63,048	71,469
Financial assets at amortized cost:		
Trade receivables (Note 6)	110,007	64,233
Other receivables	26,757	29,957
Financial assets at fair-value through profit & Loss:		
Short-term investments - financial asset (Note 4)	95,112	147,402
Non-current assets:		
Financial assets at amortized cost:		
Trade receivables (Note 6)	419	707
Other receivables	15,990	20,347
Long-term investments - financial asset (Note 5)	8,371	7,403
Financial assets at fair-value through profit & loss:		
Derivatives (Note 22.10)	206	1,567
Current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 11)	816,087	156,446
Borrowings and financing (Note 10)	75,270	106,094
Trade payables	176,259	224,893
Obligations from confirming	29,154	71,271
Interest payable (Notes 10 and 11)	112,603	31,915
Lease liabilities (Note 14)	14,000	11,151
Other payables	22,900	23,714
Non-current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 11)	826,229	1,287,027
Borrowings and financing (Note 10)	75,270	113,610
Lease liabilities (Note 14)	49,885	20,628
Other payables	26,533	30,917

22.10. Derivative transactions

It is represented by trading derivatives options in connection with "Baes", "Machadinho" and "Estreito" operations, whose assets and liabilities fair value as of September 30, 2023 and December 31, 2022 are demonstrated below:

	Assets	
	Non-current	
	09.30.2023	12.31.2022
Written-put options ("Baesa", "Machadinho" and "Estreito" operations)	206	1,567
	206	1,567

22.11. Market values

Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value as of September 30, 2023 in accordance with the following fair value seniority levels:

- Level 1: the fair value of financial instruments is based on listings on net active markets as of the date of the financial information;
- Level 2: the fair value of financial instruments is not based on listings on net active markets but rather based valuation models;
- Level 3: the fair value of financial instruments is not based on listings on net active markets but rather on valuation models, the principal inputs of which are not observable in the market.

Category	Item	Level 2	Level 3
Assets:			
Financial assets at fair value	Short-term investments	95,112	-
Financial assets at fair value	Financial derivative instruments	-	206

The valuation technique to determine the fair value measurement of the financial instruments categorized within Level 3 of the fair value hierarchy, which comprises the derivative options of "Baesa", "Machadinho" and "Estreito" operations, was Black-Scholes. The significant unobservable inputs to the measurement include: expected future dividends payments based upon on discounted cash flows projections; benchmarking information of comparative listed entities volatility, among others. We have also used the Monte Carlo valuation technique to create a probability distribution (or risk assessment) in the determination of the exercise of the put options, which assumption was also used in the determination of the fair value.

Estimated fair value – assets and liabilities not measured at fair value

Measurement of fair value of derivatives financial instruments is based on criteria extracted from external database agencies, and the results obtained faced with the corresponding evaluations made by counterparties.

Except as regards lease liabilities, borrowings financing and debentures, financial assets and liabilities mature in the short term and so their fair value is considered to be the same as their book values.

The valuation to fair value in relation to their book value (amortized cost) being as follows:

	09.30.2023		12.31.2022	
	Amortized cost	Fair value	Amortized cost	Fair value
Borrowing and financing (Note 10)	84,512	80,878	219,704	217,782
Debentures (Note 11)	1,642,316	1,585,762	1,443,473	1,321,108
Leases liabilities (Note 14)	63,885	67,279	31,779	27,355

23. Operating Segment

The operating segments are identified based on the internal reports on the Company's components, periodically reviewed by the Chief Executive Officer (CEO), the chief operating decision-maker, so that funds can be allocated to the segments and their performances assessed.

To manage its business taking into consideration its financial and operating activities, the Company classified its business into each geographical area where the Company operates.

The Statement of profit or loss information (continuing operations) are as follows:

	09.30.2023				09.30.2022 (Restated)			
	Net Revenue				Net Revenue			
	Foreign sales	Intersegment sales	Total	Results	Foreign sales	Intersegment sales	Total	Results
Operating segments:								
Brazil	536,809	-	536,809	31,689	526,757	17,872	544,629	57,094
Argentina	602,101	-	602,101	90,633	661,921	-	661,921	115,602
Total	1,138,910	-	1,138,910	122,322	1,188,678	17,872	1,206,550	172,696
Unallocated (a)	(710)	(18)	(728)	(8,747)	17,310	18	17,328	2,738
Eliminations	-	18	18	-	-	(17,890)	(17,890)	-
Sub-total	1,138,200	-	1,138,200	113,575	1,205,988	-	1,205,988	175,434
Income before financial income (expenses)				113,575				175,434
Foreign exchange, net				(104,491)				(123,722)
Financial income				174,754				66,966
Financial expenses				(271,059)				(289,430)
Loss before income tax and social contribution				(87,221)				(170,752)
Income tax and social contribution				(9,164)				(31,532)
								-
Loss for the period from continuing operations				(96,385)				(202,284)
Loss for the period from discontinued operations (note 2.4)				(35,491)				(5,253)
								-
Loss for the period				(131,876)				(207,537)

(a) This caption includes holding companies and trading companies not attributable to specific segments.

The profit or loss for each nine-month period above includes the full amount of the Company's segments disregarding the following amounts attributable to non-controlling interests:

	Noncontrolling interests	
	09.30.2023	09.30.2022 (Restated)
Operating segments:		
Brazil	17,726	14,247
Argentina	26,548	(17,479)
	44,274	(3,232)
Unallocated	(323)	(697)
	43,951	(3,929)
Discontinued operating segments (note 2.4)	105	492
Profit/(Loss) for the year attributable to non-controlling interests	44,056	(3,437)

Other information:

	09.30.2023		09.30.2022 (Restated)	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Operating segments:				
Brazil	49,355	68,210	43,715	62,347
Argentina	34,241	46,896	28,387	61,897
	83,596	115,106	72,102	124,244
Unallocated	(2)	240	323	235
	83,594	115,346	72,425	124,479
Discontinued operating segments (note 2.4)	3,821	12,700	13,184	-
Total	87,415	128,046	85,609	124,479

The impairment losses, when it occurs, respects to impairment losses on goodwill, tangible and intangible assets.

In addition, segment assets and liabilities reconciled with the consolidated balances as of September 30, 2023 and December 31, 2022 are as follows:

	09.30.2023			12.31.2022		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	1,583,115	926,178	656,937	1,499,307	817,376	681,931
Argentina	1,395,130	616,608	778,522	1,328,436	488,845	839,591
Mozambique	-	-	-	157,830	94,499	63,331
South Africa	-	-	-	276,317	94,517	181,800
Total	2,978,245	1,542,786	1,435,459	3,261,890	1,495,237	1,766,653
Unallocated	124,639	1,124,778	(1,000,139)	154,097	1,138,424	(984,327)
Eliminations	(104,179)	(104,179)	-	(134,806)	(134,806)	-
Total	2,998,705	2,563,385	435,320	3,281,181	2,498,855	782,326
Discontinued operating segments (note 2.4)	363,949	117,881	246,068	180,512	140,512	40,000
Eliminations	(42,820)	(42,820)	-	-	-	-
Total discontinued segments (note 2.4)	321,129	75,061	246,068	180,512	140,512	40,000
Inter-segment eliminations	(836)	(836)	-	(40,045)	(40,045)	-
Total	3,318,998	2,637,610	681,388	3,421,648	2,599,322	822,326

The unallocated assets and liabilities include assets and liabilities not attributable to specific segments basically allocated to holding and trading companies.

24. Events After the Reporting Period

Loma Negra – Issued new Debentures

On November 2, 2023, Loma Negra tendered its Class 4 Negotiable Obligations, obtaining as a result a face value of US$10,000 with interest rate of 6%, and maturing on May 2, 2026. This issuance of negotiable bonds in US dollars has been carried out within the scope of the local public offering in Argentina.

Loma Negra - Pre-payment of loan

On October 4, 2023, Loma Negra prepaid the outstanding balance of the loan with the Industrial and Commercial Bank of China for a total amount of US$ 48,208, including interest.

Sale of Concrete Plants in Brazil

On October 16, 2023, the Administrative Council for Economic Defense (CADE) approved the sale of the concrete plants located in São Paulo, Guarulhos and São Bernardo do Campo, with completion of the operation and cash inflow in the coming months, the total amount of the receipt being US$ 8,721, considering official exchange rates as of September 30, 2023.

25. Authorization for issuance of the Condensed consolidated financial information

At the meeting held on November 21, 2023, the Audit Committee recommended the issuance of this condensed consolidated interim financial information, which was endorsed by the Board of Directors.