INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

InterCement

Building sustainable partnerships

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Independent auditor's report on the consolidated financial statements

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

Opinion

We have audited the consolidated financial statements of InterCement Participações S.A. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statements of profit or loss, of comprehensive income (loss), of changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of InterCement Participações S.A. as of December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the *Code of Professional Ethics for Accountants* (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Brazil, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Restatement of the corresponding financial information

As mentioned in note 2.24, as a result of the sale of Company's operations in Egypt on January 27, 2023, which was highly probable as of December 31, 2022, the corresponding financial information for the year ended December 31, 2021, presented for comparison purposes, have been adjusted and are being restated to present the Egyptian operating segment as Discontinued Operations as required by International Financial Reporting Standard 5 ("IFRS 5") – Non-Current Assets Held for Sale and Discontinued Operating Units. Our opinion does not contain any modification in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Goodwill impairment test

As of December 31, 2022, as described in Note 8, the Company has recorded goodwill of US$837,725 thousand, generated in business combinations from prior years, representing 24% of total assets, on that date. At least once a year, the Company performs impairment test of goodwill, based on estimates of future profitability that take in consideration the business plans and annual budget, adopted by management. The methodology and modeling used to determine the recoverable value of this asset, which was based on the Company's discounted cash flows of each cash-generating unit, refer to estimates that include subjective assumptions that were used by Management and involve a high degree of judgment, information and expected market and economic conditions, determination of discount rates, country risks and company specific risk premiums (at the component levels), among others.

The monitoring of this matter was considered significant for our audit due to the relevance of the amounts involved in relation to the total assets and the potential risks to the Company's profit and loss for the year, in the event of identification of impairment of this asset, in addition to the uncertainties inherent to the determination of the estimate of expected recovery values, given the use of market information and a high degree of judgment exercised by management, in determining the assumptions on the different impairment models. A change in any of these assumptions may have a significant impact on the Company's consolidated financial statements.

How our audit conducted this matter

Our audit procedures included, but were not limited to, the involvement of valuation specialists to assist the audit team in the analysis and review of the methodologies and models used by management, evaluation of the assumptions that supported the projections that determined the business plan, budget, technical studies and analyzes of the recoverable amount of the Company's asset related to each cash-generating unit. Our procedures also included an evaluation of the reasonableness and consistency of the data and assumptions used in the preparation of such models, including discount rates, country risk, company specific risk premiums and cash flow projections, among others, as provided by Company's management, and we also analyzed corresponding accuracy of arithmetic calculations of the models and a retrospective review of the assertiveness of the projections and actual results. We analyzed information that could contradict the most significant assumptions and methodologies selected.

Additionally, we compared the recoverable amounts determined by Company's management, based on the discounted cash flows for each cash-generating unit, with the corresponding carrying amounts, and evaluated the adequacy of the disclosures in Note 8 to the consolidated financial statements as of December 31, 2022.

Based on the results of the auditing procedures performed on the goodwill impairment test, which is consistent with management's assessment, we considered the criteria and assumptions of goodwill impairment test used by management, as well as the respective disclosures in Note 8, are reasonable, in the context of the consolidated financial statements taken as a whole.

<u>Restrictive clauses on borrowings, financing and debentures - “covenants”</u>

As of December 31, 2022, as described in Notes 9 and 10, the Company has recorded borrowings, financing and debentures contracts in the total amount of US$1,663,177 thousand, out of which US$1,400,637 thousand classified as non-current liabilities, representing 49% and 41%, respectively, of total liabilities and equity on that date. These borrowings, financing and debentures are subject of compliance with annual restrictive covenants, which are calculated using certain financial ratios, as agreed with the creditors. The failure to comply with these covenants may result in the declaration of early maturity of such contracts, as well as other borrowings and financing due to cross default, which would require the Company to pay the respective outstanding amounts immediately on the date of any default, significantly impacting its financial position, reason why we considered the compliance with the referred restrictive clauses as a significant risk to our audit.

How our audit conducted this matter

Our audit procedures included, among others: (i) reading and understanding the restrictive clauses (“covenants”) from such borrowings, financing and debentures, including any new contracts in the current year; (ii) analysis and review of the covenants' calculation performed by management, and; (iii) confirmation of the restrictive clauses through available information from the fiduciary agents. We also assessed the adequacy of the disclosures in Notes 9 and 10 to the consolidated financial statements as of December 31, 2022.

Based on the result of the audit procedures carried out on the covenants compliance, we considered that the criteria and premises adopted by management, as well as the respective disclosures in Notes 9 and 10, are reasonable, in the context of the consolidated financial statements taken as a whole.

<u>Deferred tax assets impairment test</u>

As of December 31, 2022, as described in Note 16, the Company has recorded deferred tax assets in the amount of US$191,367 thousand, which recognition and recoverability are based on analysis prepared by the management, in respect of generation of future taxable income. The preparation of such a study requires significant judgment in determining the projection of future taxable income.

The monitoring of this matter was considered significant for our audit due to the relevance of the amounts involved and the potential effects on the Company’s profit and loss for the year, and the degree of judgment used in the projections of future taxable income, its estimates and assumptions, and the potential impact that any changes in these estimates and assumptions could bring to the deferred tax assets recorded in the consolidated financial statements.

How our audit conducted this matter

Our auditing procedures included, but were not limited to, the use of specialized tax professionals to analyze the income tax bases according to current tax legislation. Additionally, we performed analysis and evaluation of the assumptions and methodology used by management in the projections of future taxable income, such as changes in sales and costs, tax rates and arithmetic mathematical calculations, as well as comparing certain projection data, when available, with other external sources and alignment of these premises with the business plans approved by the Company's management and consistent with those from the Goodwill impairment test. We also performed a retrospective review of the assertiveness of the projections and actual results. Additionally, we have analyzed the adequacy of the disclosures made in Note 16 to the consolidated financial statements.

Based on the results of the audit procedures performed on the recognition, measurement and recoverability of deferred tax assets through the availability of future taxable income, which is consistent with management's assessment, we considered that the criteria and assumptions of recoverable values of deferred tax assets adopted by the Company’s management, as well as the respective disclosures in Note 16, are reasonable, in the context of the consolidated financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercised professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including significant deficiencies in internal control that we may have identified during our audit.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 30, 2023.

ERNST & YOUNG
Auditores Independentes S.S. Ltda.
CRC-SP034519/O

Cezar Augusto Ansoain de Freitas
Accountant CRC-SP246234/O

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated statements of financial position as of December 31, 2022 and 2021

(In thousands of U.S. Dollars – US$)

ASSETS	Notes	12.31.2022	12.31.2021
CURRENT ASSETS			
Cash and cash equivalents	3	218,871	205,803
Securities	4	-	40,899
Trade receivables	5	64,233	82,032
Inventories	6	230,306	222,739
Recoverable taxes		51,106	42,629
Other receivables		29,957	29,529
Total current assets		594,473	623,631
Assets classified as held for sale	2.24	180,512	-
Total current assets		774,985	623,631
NONCURRENT ASSETS			
Securities	4	7,403	1,103
Trade receivables	5	707	372
Inventories	6	53,490	81,942
Recoverable taxes		28,661	23,285
Deferred income tax and social contribution	16	95,315	82,845
Judicial deposits		16,284	12,490
Derivatives	24.10	1,567	1,303
Other assets and receivables		20,348	35,258
Right-of-use assets	14	28,843	30,249
Property, plant and equipment	7	1,457,837	1,500,304
Intangible assets:			
Goodwill	8	837,725	802,209
Other intangible assets	8	98,483	107,010
Total noncurrent assets		2,646,663	2,678,370
TOTAL ASSETS		3,421,648	3,302,001

LIABILITIES AND EQUITY	Notes	12.31.2022	12.31.2021
CURRENT LIABILITIES			
Trade payables		224,893	211,732
Obligations from confirming	2.16	71,271	46,735
Debentures	10	156,446	-
Borrowings and financing	9	106,094	122,618
Interest payable	9 and 10	31,915	24,503
Leases liabilities	14	11,151	19,069
Taxes payable		47,707	64,099
Payroll and related taxes		45,146	38,883
Advances from customers		12,195	19,539
Other payables		23,714	26,758
		730,532	573,936
Liabilities directly associated with assets classified as held for sale	2.24	140,512	-
Total current liabilities		871,044	573,936
NONCURRENT LIABILITIES			
Debentures	10	1,287,027	1,384,628
Borrowings and financing	9	113,610	38,746
Leases liabilities	14	20,628	15,250
Provision for tax, civil and labor risks	11	19,059	46,163
Provision for environmental recovery	12	14,397	12,688
Taxes payable		6,182	7,470
Deferred income tax and social contribution	16	236,458	215,391
Other payables		30,917	25,597
Total noncurrent liabilities		1,728,278	1,745,933
TOTAL LIABILITIES		2,599,322	2,319,869
SHAREHOLDER'S EQUITY			
Capital	15	1,445,943	1,445,943
Capital reserves	15	588,641	603,095
Earnings reserves	15	232,312	494,151
Other comprehensive loss		(1,797,684)	(1,938,416)
Equity attributable to the Company's owners		469,212	604,773
Non-controlling interests	15	353,114	377,359
Total equity		822,326	982,132
TOTAL LIABILITIES AND EQUITY		3,421,648	3,302,001

The accompanying notes are an integral part of this consolidated financial statements

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated statements of profit or loss for the years ended December 31, 2022 and 2021

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

	Notes	12.31.2022	12.31.2021 (Restated - Note 2.24)
CONTINUING OPERATIONS			
NET SALES	17	1,799,558	1,583,935
COST OF SALES AND SERVICES	18	(1,405,095)	(1,151,393)
GROSS PROFIT		394,463	432,542
OPERATING INCOME (EXPENSES)			
Selling expenses	18	(74,257)	(64,451)
Administrative expenses	18	(98,831)	(95,883)
Other income	18	45,877	16,721
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		267,252	288,929
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	19	(129,756)	(19,805)
Financial income	19	110,026	50,956
Financial expenses	19	(375,778)	(162,531)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(128,256)	157,549
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	16	(38,352)	(76,848)
Deferred	16	(16,829)	108,533
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(183,437)	189,234
DISCONTINUED OPERATIONS			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	2.24	(55,083)	(1,856)
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING AND DISCONTINUED OPERATIONS		(238,520)	187,378
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO			
Company's owners		(262,561)	139,282
Non-controlling interests		24,041	48,096
EARNINGS (LOSS) PER SHARE FOR CONTINUING OPERATIONS			
Basic/diluted earnings (loss) per share	21	(3.93)	2.67
EARNINGS (LOSS) PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS			
Basic/diluted earnings (loss) per share	21	(4.96)	2.63

The accompanying notes are an integral part of this consolidated financial statements

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated statements of comprehensive income (loss) for the years ended December 31, 2022 and 2021

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

	Notes	12.31.2022	12.31.2021 (Restated - Note 2.24)
CONTINUING OPERATIONS			
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(183,437)	189,234
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Employee benefits		739	346
Items that might be reclassified subsequently to profit or loss:			
Exchange differences from translation of foreign operations		(1,443,464)	(493,089)
Effects of hyperinflationary monetary adjustment	2.1	1,639,487	613,334
Derivative and hedging transactions		856	959
TOTAL COMPREHENSIVE INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		14,181	310,784
DISCONTINUED OPERATIONS			
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	2.24	(55,083)	(1,856)
Other comprehensive income:			
Items that might be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		(7,196)	1,388
TOTAL COMPREHENSIVE INCOME FOR THE YEAR FROM DISCONTINUED OPERATIONS		(62,279)	(468)
COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:			
Company's owners		(59,379)	213,009
Non-controlling interests		73,560	97,775
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO:			
Company's owners		(121,829)	212,594
Non-controlling interests		73,731	97,722

The accompanying notes are an integral part of this consolidated financial statements

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated statements of changes in shareholders' equity for the years ended December 31, 2022 and 2021

(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, 2020		1,445,943	603,095	6,107	111,417	264,161	(2,011,728)	-	418,995	295,937	714,932
Profit for the year		-	-	-	-	-	-	139,282	139,282	48,096	187,378
Appropriation of profit for the year to reserves	15	-	-	6,964	132,318	-	-	(139,282)	-	-	-
Other comprehensive income	15	-	-	-	-	-	73,312	-	73,312	49,626	122,938
Dividends to preferred shares	15	-	-	-	(8,699)	-	-	-	(8,699)	-	(8,699)
Transactions with shareholders recognized directly in equity	15	-	-	-	-	(18,117)	-	-	(18,117)	(5,910)	(24,027)
Dividends declared and paid to noncontrolling interests	15	-	-	-	-	-	-	-	-	(10,390)	(10,390)
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
Loss (profit) for the year		-	-	-	-	-	-	(262,561)	(262,561)	24,041	(238,520)
Capital reserve reduction through loss absorption	15	-	(14,454)	-	-	-	-	14,454	-	-	-
Loss absortion throught earnings reserves	15	-	-	(13,071)	(235,036)	-	-	248,107	-	-	-
Other comprehensive income	15	-	-	-	-	-	140,732	-	140,732	49,690	190,422
Transactions with shareholders, recorded directly in equity	15	-	-	-	-	(13,732)	-	-	(13,732)	(7,534)	(21,266)
Dividends declared and partially paid to noncontrolling interests	15	-	-	-	-	-	-	-	-	(90,442)	(90,442)
BALANCE AS OF DECEMBER 31, 2022		1,445,943	588,641	-	-	232,312	(1,797,684)	-	469,212	353,114	822,326

The accompanying notes are an integral part of this consolidated financial statements

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Consolidated statements of cash flows for the years ended December 31, 2022 and 2021

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

	Notes	12.31.2022	12.31.2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before income tax and social contribution		(187,394)	167,527
Adjustments to reconcile income before income tax and social contribution with net cash generated by (used in) operating activities:			
Depreciation, amortization and impairment losses	25	206,651	171,955
Recognition (reversal) of expected credit losses, net		1,109	1,057
Recognition of allowance for inventories, net		1,823	7,894
Interest, accrued charges, and exchange differences		445,297	121,987
Loss (gain) on sale of long-lived assets	18	(24,324)	5,764
Other noncash operating losses, net		1,087	1,217
Decrease (increase) in operating assets:			
Related parties		169	162
Trade receivables		1,898	(14,540)
Inventories		(63,059)	(56,578)
Recoverable taxes		(7,841)	(17,289)
Other receivables		2,532	(625)
Increase (decrease) in operating liabilities:			
Related parties		(8)	(8)
Trade payables		123,812	63,344
Obligations from confirming		(21,518)	(28,319)
Payroll and vacation payable		14,075	6,131
Other payables		17,204	(21,962)
Taxes payable		5,014	(15,249)
Cash generated by operating activities before income tax and interest paid		516,527	392,468
Income tax and social contribution paid		(72,833)	(79,409)
Interest paid		(221,914)	(111,200)
Net cash generated by operating activities		221,780	201,859
CASH FLOW FROM INVESTING ACTIVITIES			
Redemption (investments) in securities		22,130	(24,413)
Purchase of property, plant and equipment		(114,171)	(129,722)
Purchase of intangible assets		(6,045)	(8,465)
Cash received from discontinued operations (Paraguay disinvestment in 2020)		500	4,000
Cash received from sale of property, plant and equipment		33,140	10,919
Other		(1,084)	(920)
Net cash used in investing activities		(65,530)	(148,601)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings, financing and debentures	9	416,500	326,002
Repayment of borrowings and financing	9	(289,570)	(342,011)
Acquisition of noncontrolling interests	15	(21,266)	(24,027)
Dividends paid	15	(80,984)	(20,433)
Disbursements due to certains financial instruments liquidations	19	(96,730)	-
Payment of principal portion of lease liabilities	14	(27,014)	(27,482)
Other instruments		1,172	987
Net cash used in financing activities		(97,892)	(86,964)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		58,358	(33,706)
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		(41,074)	552
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3	205,803	238,957
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3	223,087	205,803

The accompanying notes are an integral part of this consolidated financial statements

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Notes to the consolidated financial statements for the year ended December 31, 2022 and 2021

(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 5 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 6 aggregates plants (located in Brazil, Argentina, Mozambique and South Africa). Additionally, in Brazil it holds participation in hydroelectric power generation equity interests and assets.

As of December 31, 2022, the working capital is negative in the amount of US$96,059, having the Company incurred in losses of US$238,520 in the year then ended (profits of US$187,378 as of December 31, 2021), primarily as a result of pressure over our margins in certain locations due to inflation; raising interest rates impacting certain of our floating debts, combined with significant losses incurred in the liquidation of operations in foreign currency in Argentina and negative exchange variation (see note 19).

Nevertheless, considering different assumptions and scenarios when projecting our expected free cash flows for the next twelve-month period, Management considers the negative working capital as punctual and seasonable, as certain costs which had an abnormal accretion (particularly fuel and petcoke) already presented a significant reduction starting in the second half of the year resulting in margins recoveries.

Furthermore, the subsequent events occurred in January 2023, including the issuance of new debentures in Argentina in the amount of US$133,300 with 18-months maturity date (see note 26) and the proceedings from the sale of Egypt business segment (explained below), which was used to prepay some of our short-term debts (see note 26), will significantly release the short-term financial pressure of the Group.

Considering the above and the fact our cash projections do not foresee difficulties to manage our business and liquidate our obligations in a predictable future, Management has prepared Company's consolidated financial statements on the ongoing basis.

Additionally, the disinvestment of Egypt business segment demonstrates the Company´s commitment with its Liability Management Program, to deleverage the Group which continuous to seek for opportunities to disinvest certain assets or business in order to improve our cash generation and manage our debts.

Disinvestment in Egypt business segment

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. The sale resulted in the need to record an impairment loss on the net investment in the amount of US$12,560 and will positively contribute to the Group's ongoing liability management plans and for a more focused strategy on core markets.

The net proceeds received in January, 2023 of this sale was applied to repay existing debt in accordance with existing trust deed agreements (see note 10 and note 26 for further information).

As a result, losses for the years 2022 and 2021 arising from Egypt segment were presented as “discontinued operations” in the Consolidated Statements of profit or loss, and as “Assets classified as held for sale” and “Liabilities directly associated with assets classified as held for sale” in the Consolidated statements of financial position as of December 31, 2022, as required by International Financial Reporting Standards 5 (“IFRS5”) – Non Current Assets Held for Sale and Discontinued Operating Units. Additionally, as per IAS 21, the cumulative translation adjustment (CTA) which is currently presented as “Other comprehensive income” as of December 31, 2022 in the amount of US$43,000, will the reclassified to profit or loss in January 2023 upon the transfer of control to the new shareholder.

Effects of the Coronavirus pandemic (COVID-19)

Management is continually analysing the impacts in the Company’s business in respect of the pandemic scenario. As part of the preparation of the consolidated financial statements for the year ended December 31, 2022, management assessed all relevant estimates, the critical accounting judgments and any indicative of loss on the net realizable values of financial and non-financial assets, concluding that no additional provisions and allowances were deemed necessary due to COVID-19. In fact, even though COVID-19 continues to be classified as a pandemic World Health Organization (WHO), all of our business are running since early 2022 without restrictions and delivering volumes compared to the pre-pandemic scenario.

Russia x Ukraine conflict

The recent geopolitical events in Eastern Europe (Russia x Ukraine conflict) continue to be a challenge for the resilience of world economies and Management closely monitors the evolution of these threats. As a result of such event, inflation is pressured, and interest rates rapidly increased across the world. Furthermore, financial and commercial operations between Russia or Ukraine with and other countries were significantly impacted. The Group does not have assets nor any financial and commercial operations with both countries, therefore, the Group was not directly impacted by such war. 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 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 contributing to Group losses in 2022. Sensitivity analysis are presented in Note 24.3.

2. Basis of Preparation and Significant Accounting Policies

2.1. Basis of presentation

The accompanying consolidated financial statements were prepared on a going concern basis from the books and accounting records of the Company and the companies included in the consolidation prepared in accordance with International Financial Reporting Standards (“IFRS”). Such standards include the IFRS issued by the International Accounting Standards Board (“IASB”), the International Accounting Standards (“IAS”) issued by the Accounting Standards Committee (“IASC”) and the interpretations issued by the IFRS Interpretation Committee (“IFRIC”). These standards and interpretations are hereinafter referred to collectively as “IFRS”.

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

The Company's functional currency is the Brazilian real (R$) and the financial statements are presented in U.S. Dollars (presentation currency), for the convenience of stakeholders outside Brazil. As prescribed by IAS 21, paragraph 38 - The Effects of Changes in Foreign Exchange Rates, the Company may present its financial statements in any currency. The selection of U.S. Dollars for presentation currency consider (i) the fact the Brazilian Real presents certain challenges for benchmarking certain business operations; (ii) that world trade reference prices for clinker and cement are denominated in U.S. Dollars, and; (iii) the importance and relevance to our stakeholders to have the financial information presented in U.S. Dollars, which the currency is a benchmark that trades against other major currencies (including Euro, Japanese yen, and British pound).

<u>Note on the accounting practice for the effects of inflation on the financial statements of Loma Negra CIASA.</u>

Inflation levels in Argentina have been high these past years and the inflation rate accumulated over these past three years has exceeded 100% without the expectation of a significant decrease in the short-term. Therefore, such situation had trigged the requirement to transition to hyperinflation accounting as prescribed by IAS 29 Financial Reporting in Hyperinflationary Economies, or IAS 29, applicable to our segment whose functional currency is the Argentine peso. Such adjustments were required to be shown from July 1, 2018 (date at which hyperinflation was identified).

IAS 29 requires that the financial statements recorded in a hyperinflationary currency be adjusted by applying a general price index and expressed in the measuring unit (the hyperinflationary currency) current at the end of the reporting period. As a result of the above, our consolidated financial statements for the year end December 31, 2022 and 2021 reflect hyperinflation accounting for our Argentinean subsidiaries applying IAS 29 rules.

The impacts of such accounting standard in our consolidated financial statements for the year ended December 31, 2022 were an equity increase of US$1,639,487 (US$613,334 as of December 31, 2021), with reference to the opening balance, reported in other comprehensive income (loss), mainly arising from the revaluations of Property, plant and equipment and Intangible assets (Notes 7 and 8) and also the impact of the year presented as financial income, amounting of US$78,463 (US$18,855 as of December 31, 2021) (Note 19).

2.2. New standards and interpretations, revisions and amendments

a) New standards and interpretations came into effect during the year ended December 31, 2022:

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1st January 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Management evaluated the respective amendments to the pronouncements and concluded that no adjustments were required to the consolidated financial statements for the year ended December 31, 2022 due to the corresponding adoptions (where applicable).

b) New standards and interpretations that will take effect in future years

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard	Effective date	Description
IFRS 17 – Insurances Contracts	January 1st, 2023	In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by: • A specific adaptation for contracts with direct participation features (the variable fee approach) • A simplified approach (the premium allocation approach) mainly for short-duration contracts Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	January 1st, 2023	In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Standard	Effective date	Description
Definition of Accounting Estimates - Amendments to IAS 8	January 1st, 2023	In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group's financial statements.
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 1st, 2023	In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 1st, 2023	In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The Group is currently assessing the impact of the

Standard	Effective date	Description
		amendments.

2.3. Critical accounting judgements/estimates

The preparation of the consolidated financial statements in accordance with IFRS recognition and measurement principles requires the Board of Directors (”Management”) to make judgements, estimates and assumptions that can affect the presented amount of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as of income and expenses.

These estimates are based on the best knowledge existing at each moment and the planned actions, and are regularly reviewed based on the information available. Changes in facts and circumstances can lead to a revision of the estimates and so actual results may differ from these estimates.

The significant estimates and assumptions made by Management in preparing these financial statements include assumptions used in estimating the following items:

• Impairment of non-current assets (excluding Goodwill)

The determination of a potential impairment loss can arise as result from the occurrence of several events, many of them external to the ICP Group, such as macroeconomic conditions, industry and market considerations, cost factors, financial performance or any other changes, either internal or external, to ICP Group.

The identification of impairment indicators and the determination of the assets' recoverable amount, are subject to a Management's judgement referring to the identification and evaluation of the different impairment indicators, cash-generating units, expected cash flows, applicable discount rates, growth rates, useful lives and transaction values.

• Impairment of goodwill

Goodwill is subjected to annual impairment tests or whenever there are indications of a possible loss in value. The recoverable amounts of the cash-generating units to which goodwill has been allocated, is the higher between the market value, determined according with recent transaction multiples, and the value in use, determined according to the expected future discounted cash flows. The calculation of these amounts requires the use by Management of estimates regarding the projections of expected future discounted cash flows and the determination of discount rates considered.

• Accounts receivable allowances for expected credit losses

The expected credit losses associated to accounts receivable is evaluated at the end of each reporting period, taking into consideration the debtor's historical information and his risk profile and the economic environment. The accounts receivable are adjusted by the assessment of the expected credit losses at the reporting periods dates, which might differ from the effective risk to incur.

• Useful lives of intangible and property, plant and equipment.

The useful life of an asset is the time period during which an entity expects that an asset will be available for use and it must be reviewed at least at the end of each year.

The determination of the assets useful lives, amortization/depreciation methods to be applied, residual values and estimated losses resulting from the early replacement of equipment, due to technological obsolescence, is essential to determine the amount of amortization/depreciation charge to the statements of profit or loss of each year.

These parameters are defined according to Management's best estimate, for the assets and businesses in question, also considering the best practices adopted by companies operating in the same business activity.

• Provisions recognition and contingent liabilities disclosure

The Group periodically analyses possible obligations that arise from past events that should be recognized or disclosed. The inherent subjectivity to the determination of the probability and amount of internal resources required to settle the obligations, might lead to significant adjustments, either by the variation of the assumptions used or by the future recognition of provisions previously disclosed as contingent liabilities.

• Recognition of deferred tax assets

Deferred tax assets are only recognised when it is probable that there will be sufficient future taxable income to utilise the corresponding deferred tax assets or when there are deferred tax liabilities whose reversal is expected to occur in the same period of the reversal of the deferred tax assets. The carrying amount of deferred tax assets is reviewed by Management at the end of each reporting period, at each jurisdiction.

• Measurement of derivative financial instruments

The measurement of derivative financial instruments involves a number of estimates and assumptions, in particular expectations about interest rate and exchange rates, as well as estimates of the Group's credit risk and the various involved counterparties, which may differ from the original ones.

2.4. Basis for consolidation

a) Controlled entities – Subsidiaries

Subsidiary companies have been consolidated in each accounting period. The Group controls a company when it is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Although the Group generally holds a majority of voting rights in the companies that are controlled, this applies irrespective of the percentage of interest in the share capital if control is obtained through agreements with other shareholders.

Third party participation in shareholders' equity and net profit of such companies is presented separately in the consolidated statements of financial position and consolidated statement of comprehensive income under the caption "Non-controlling interests".

The results of controlled companies acquired or sold during the period are included or excluded in the consolidated statement of comprehensive income from the date of their control is obtained to the date of their control is lost, respectively.

Significant balances and transactions between controlled companies are eliminated in the consolidation process. Capital gains or losses within the Group on the sale of subsidiary and associated companies are also eliminated.

Whenever necessary, adjustments are made to the financial statements of subsidiaries and associated companies to conform to the Group's accounting policies.

b) Business combinations

Business combinations, namely the acquisition of controlled companies are recorded in accordance with the purchase method.

Acquisition cost is determined by the sum of the fair value of the assets given, liabilities and contingent liabilities incurred or assumed and equity instruments issued by the Group in exchange for the assumption of control in the entity acquired. Costs relating to the acquisition are recognized as expenses when incurred. Where applicable, cost includes the fair value of the contingent payments measured as of the date of acquisition. Subsequent changes in the value of the contingent payments or deferred payments, measured in accordance with IFRS 13, are recorded in the statements of operations.

The identifiable assets, liabilities and contingent liabilities of a subsidiary that meet the criteria to be recognised in accordance with IFRS 3 - Business Combinations ("IFRS 3"), are measured by their fair value as of the purchase date, except for non-current assets (or groups of assets) that are identified as held for sale in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"), which are recognised and measured by their respective fair values less costs to sell.

Any excess of cost plus the amount of the non-controlling interests over the fair value of the identifiable assets and liabilities acquired as of the purchase date is recorded as Goodwill. Where acquisition cost increased with non-controlling interests is lower than the fair value of the net assets identified, the difference is recorded as a gain in the statements of profit and loss for the period in which the acquisition is made after reconfirmation of the fair value attributed.

If the process for recording combinations of business activities is incomplete at the end of the year in which the combination occurs, the Group discloses the situation and the amounts provided can be adjusted during the provisional measuring period (the period between the date of acquisition and the date the Group obtains complete information on the facts and circumstances that existed as of the date of acquisition, up to a maximum of 12 months).

Non-controlling interests are reflected separately in equity from the interests of the shareholders. Non-controlling interests can initially be measured at their fair value or by the proportion of the fair value of the assets and liabilities of the subsidiary acquired. This option is made separately for each transaction.

After initial recognition, the book value of the non-controlling interests is determined as the amount initially recognized plus the proportion of changes in equity of the subsidiary. Comprehensive income of a subsidiary is attributed to non-controlling interests even if it is negative.

The results of subsidiaries acquired or sold during the period are included in the statement of comprehensive income (loss) as from the date of acquisition or up to the date of sale.

In specific situations in which the Group has in substance control of other entities created for a specific purpose, even if it does not have participations directly in the entities, they are consolidated.

Changes in the percentage of control over subsidiaries that do not result in loss of control are recorded as equity transactions. The value of the Group's non-controlling interests is adjusted to reflect changes in percentages. Any difference between the amount for which the non-controlling interests is adjusted and the fair value of the transaction is recorded directly in equity and attributed to the shareholders of the Parent Company.

When the Group loses control over a subsidiary, the gain or loss on the sale is calculated as the difference between (i) the aggregated amount of the fair value of the assets received and the fair value of the interests retained and (ii) the book value of the assets (including goodwill) and liabilities of the subsidiary and the non-controlling interests. Amounts previously recognized in equity as "Other comprehensive income (loss)", namely the exchange effect resulting from the translation of foreign currency financial statements are transferred to the statements of profit or loss or to retained earnings in the same way as would happen if related assets or liabilities were sold. The fair value of the interests retained corresponds to the fair value at the initial recognition for purposes of the subsequent recording in accordance with IAS 39 – Financial instruments or, where applicable, cost for purposes of the initial recognition of an investment in an associate or joint venture.

c) Goodwill

Differences between the cost of investments in subsidiaries, plus the fair value of non-controlling interests, and the fair value of the identifiable assets, liabilities and contingent liabilities of these companies as of the date of acquisition, if positive, are recognized as goodwill.

Goodwill is stated in the functional currency of the respective cash-generating unit, being translated to the Company functional currency (Brazilian Reais) at the rate of exchange as of the balance sheet date. Exchange differences generated in that translation are recorded in the equity caption "Currency translation adjustments".

Goodwill on acquisition prior to December 31, 2008 was maintained at the former amount and denominated in Reais, being subject to annual impairment tests as from that date.

Where cost is lower than the fair value of the net assets and contingent liabilities identified, the difference is recorded as a gain in the consolidated statement of profit or loss and other comprehensive income (loss) for the period in which the acquisition takes place.

2.5. Intangible assets

Intangible assets, which comprise essentially contractual rights and costs incurred on specific projects with future economic value, are stated at cost less accumulated amortisation and impairment losses. Intangible assets are only recognised if it is probable that they will produce future economic benefits for the Group, they are controlled by the Group and their value can be determined reliably.

Internally generated intangible assets, namely current research and development costs, are recognised as costs when incurred.

Internal costs relating to the maintenance and development of software are recorded as costs in the statements of profit or loss and other comprehensive income (loss) when incurred, except where such costs relate directly to projects which will probably generate future economic benefits. In such cases these costs are capitalised as intangible assets.

Amortization of such assets is provided on a straight-line basis as from the date the assets are available for use, in accordance with their estimated useful life, as follows:

	Useful life in years
Software licenses	3 to 5
Project development costs	3 to 5
Mining rights and concession related assets	10 to 35

2.6. Property, Plant and Equipment

Property, plant and equipment used in production, rendering services or for administrative use are stated at cost, including expenses incurred with their purchase, less accumulated depreciation and impairment losses, when applicable.

Depreciation of tangible fixed assets is provided on a straight-line basis over their estimated useful lives (reviewed when evidence of inadequacy exists), except when another method is shown to be more adequate based on its use, as from the date the assets become available for their intended use and in the proper place, in accordance with the following estimated periods of useful lives:

	Useful life in years
Buildings and other constructions	5 to 50
Machinery and equipment	4 to 40
Vehicles	4 to 32
Furniture and fixtures	2 to 14
Mines and ore reserves	(*)
Reservoirs, dams, and feeders	50
Furnaces, mils and silos	50 to 100

(*) The depletion of mines and ore reserves is conducted: (a) based on actual output as compared to total expected yield; or (b) on a straight-line basis over the mine's useful lives.

Land relating to stone quarry operations and mineral resources is depreciated on a straight-line basis over their expected operating periods less, where applicable, their residual amount.

The amount subject to depreciation does not include, when determinable and significant the estimated residual value of the assets at the end of their useful lives. Additionally, the assets stop being depreciated when they are classified as assets held for sale.

Improvements are only recognised as assets when they increase the useful life or efficiency of the assets, resulting in increased future financial benefits.

Tangible assets in progress correspond to tangible assets under construction/production and are recorded at acquisition or production cost less possible impairment losses. These assets are depreciated as from the date they become available for their intended use.

Gains and losses arising from the sale or write-off of tangible assets, which are determined by the difference between the proceeds of the sale of the assets and their net book value at the date of sale, are recognised by its net amount in the statements of profit or loss as "Other operating income" or "Other operating expenses".

2.7. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of Use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (Note 2.6).

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. See accounting policies for impairment of non-financial assets in Note 2.8.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate (nominal rate) at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and low value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.8. Impairment of non-current assets, excluding goodwill

Impairment valuations are made whenever an event or change in circumstances is identified that indicates that the book value of an asset may not be recovered. Where such indications exist, the Group determines the recoverable value of the asset, so as to determine the possible extent of the impairment loss. In situations in which the individual asset does not generate cash flows independently of other assets, the recoverable value is estimated for the cash generating unit to which the asset belongs.

Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognised by charge to the consolidated statement of profit or loss, caption “impairment losses on goodwill, tangible and intangible assets”.

The recoverable amount is the higher between the net selling price (selling price, less costs to sell) and the value in use. Net selling price is the amount that would be obtained from selling the asset in a transaction between knowledgeable independent entities, less the costs directly attributable to the sale. The value in use is the present value of the estimated future cash flows resulting from the continued use of the asset and sale thereof at the end of its useful life. The recoverable amount is estimated for each asset individually or, where this is not possible, for the unit generating the cash flows to which the asset belongs.

Impairment losses recognised in prior periods are reversed when there are indications that such losses no longer exist or have decreased. The reversal of impairment losses are recognised in the statement of profit or loss, caption “impairment losses on goodwill, tangible and intangible assets”. However, the impairment loss is reversed up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior periods.

2.9. Foreign currency assets, liabilities and transactions

Transactions in currencies other than the functional currency of the respective subsidiary are recorded at the exchange rates in force on the date of the transaction. Foreign currency monetary assets and liabilities at the balance sheet dates are translated to the functional currency of the respective subsidiary at the rates of exchange in force on those dates.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised directly in shareholders´s equity ("Other comprehensive income (loss)).

The foreign currency financial statements of subsidiary and associated companies are translated as follows: assets and liabilities at the exchange rates in force on the balance sheet dates; shareholders' equity captions at the historical exchange rates; and consolidated statements of profit or loss, other comprehensive income (loss) and statement of cash-flows captions at the average exchange rates, with the exception of Argentinean segment that profit or loss, other comprehensive income (loss) and statement of cash-flows are translated at the exchange rate on the balance sheet dates due to hyperinflationary accounting required per IAS 29 (see Note 2.1 above) .

The exchange differences arising on translating foreign operations are recognized in the shareholders' equity within "Other comprehensive income (loss)" caption in the case of subsidiary companies and in the shareholders' equity caption "Reserves - Adjustments in investments in associates", when applicable, in the case of investments in associated companies, and is transferred to the statements of profit or loss when the corresponding investments are sold.

In accordance with IAS 21, goodwill and fair value corrections determined on the acquisition of foreign entities are considered in the reporting currency of such entities, and are translated to Brazilian Reais at the exchange rate in force on the Financial Position date. Exchange differences arising from these translations are reflected in the equity caption "Other comprehensive income (loss)", except when they correspond to a discontinued operation, in which case they are included in net result of discontinued operations.

2.10. Borrowing costs

Costs incurred on loans obtained directly to finance the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for its intended use or sale ("qualifying assets") are capitalised as part of the cost of the assets during that period.

To the extent that variable interest rate loans, attributable to finance the acquisition, construction or production of qualifying assets, are being covered through a cash flow hedge relation, the effective portion of fair value of the derivative financial instrument is recognized in Reserves and transferred to the statements of profit or loss when the qualifying asset has an impact on results. Additionally, to the extent that fixed interest rate loans used to finance a hedged item are covered by a fair value hedge relation, the financial burden in addition to the cost of the asset should reflect the interest rate covered.

Any financial income generated by loans obtained in advance to finance specific capital expenditure is deducted from the capital expenditure subject to capitalisation.

2.11. Inventories

Raw materials and consumable materials are stated at average cost using the average cost as the costing method.

Finished and semi-finished products and work in progress are stated at production cost, which includes the cost of the raw materials incorporated, labour and production overheads.

Inventories are adjusted when net realizable value is lower than book value, through the recognition of an impairment loss, the reduction being reversed when the reasons that gave rise to it cease to exist.

2.12. Non-current assets held for sale and discontinued operations

Non-current assets (or disposal group) are classified as held for sale if their value is realizable through a sale transaction rather than through its continued use. This situation is only considered to arise when: (i) the sale is highly probable; (ii) the asset is available for immediate sale in its present condition; (iii) the management is committed to a plan of sale; and (iv) the sale is expected to take place within a period of twelve months.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of the book value or their fair value less the costs incurred in their sale, and are presented separately in the consolidated statements of financial position.

A discontinued operation is a component of an entity which was either sold or is classified as available for sale and:

- Represents a significant separate operating or geographic business line;
- Is part of a single coordinated plan to sell a significant separate business line or geography;
- Is a subsidiary acquired exclusively to be resold.

The amounts included in the consolidated statements of profit or loss and other comprehensive income (loss) and consolidated statement of cash flows relating to these discontinued operations are presented separately for the current period and all earlier periods that are presented in the financial statements.

Assets and liabilities relating to discontinued operations (not yet sold) are presented in separate lines for the latest year presented, without readjustment of prior years.

2.13. Segment reporting

An operating segment is a distinguishable component of an entity that is engaged in providing a product or service or a group of related products or services which are different from those of other segments.

The Group reports its assets and liabilities, as well as its operations, as geographical segments, following the way Management carries out the business.

2.14. Balance sheet classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or;

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.15. Provisions

Provisions are recognised when: (i) exists an obligation (legal or constructive) resulting from a past event; (ii) under which it is probable that it will have an outflow of resources to settle the obligation; and (iii) the amount of the obligation can be reasonably estimated. At each balance sheet date provisions are reviewed and adjusted to reflect the best estimate as of that date.

When one of the conditions described is not completed the Group disclosures the events in question as contingent liabilities, unless the possibility of outflow of resources is remote, in which case they are not subject to disclosure.

a) Onerous contracts

If the Group has a contract that is onerous (i.e. take or pay), the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract (if applicable).

An onerous contract is a contract under which the unavoidable costs (i.e. take or pay contracts, which the costs cannot be avoid because it has contract) of meeting the obligation under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from the failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e. both incremental costs and an allocation of costs directly related to contract activities).

b) Provisions for restructuring costs

Provisions for restructuring costs are recognised by the Group whenever there is a formal detailed restructuring plan which has been communicated to the parties involved.

c) Environmental recovery

In accordance with current legislation and practices in force in several business segments in which the Group operates, land used for quarries must be environmentally rehabilitated.

In this regard, provisions are recorded to cover the estimated cost of environmentally recovering and rehabilitating the land used for quarries, whenever this can be reasonably determined. Such provisions are recorded together with a corresponding increase in the amount of the underlying assets, based on the conclusions of landscape rehabilitation studies, being recognised in the statements of profit or loss as the corresponding assets are depreciated.

In addition, the Group has the procedure of progressively rehabilitating the areas freed up by the quarries, using the recorded provisions.

2.16. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial measurement of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income(loss) - OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

• Financial assets at amortised cost (debt instruments);
• Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);

• Financial assets at fair value through profit or loss

The main financial assets as of December 31, 2022 and 2021 are:

a) Cash and cash equivalents and securities

The caption “Cash and cash equivalents” includes cash, bank deposits, and financial investments which mature or are redeemable in the short-term (three months or less), highly liquid and immediately convertible into cash with insignificant risk of change in value. Securities includes mainly by investments funds and bonds investments, which are determined as amortized cost or at fair value depending on its characteristics and portfolio.

b) Accounts receivable

Accounts receivable are measured at fair value on the initial recognition and are subsequently stated at amortised cost in accordance with the effective interest rate method. Correspond to receivable from sale in the normal course of business, net of the expected credit losses, which is evaluated at the end of each reporting period, taking into consideration the debtor’s historical information and his risk profile and economic environment. The accounts receivable are adjusted by the assessment of the expected credit losses at the reporting period dates, which might differ from the effective risks when incurred.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contract independently of its legal form. Equity instruments are contracts that have a residual interest in the Group’s assets after deducting its liabilities.

Equity instruments issued are recorded at the amount received net of costs incurred to issue them.

The Company also has contracts, which contains components of equity instruments and financial instruments, these components are classified separately according to their contractual characteristics. Equity instruments are measured at historical cost and derivative financial instruments at fair value through profit or loss.

The main financial liabilities and equity instruments as of December 31, 2022 and 2021 are as follows:

a) Borrowings, financing and debentures

Borrowing, financing and debentures are initially recorded as liabilities at the amount received, net of loan issuing costs, which corresponds to their fair value on that date. Borrowing, financing and debentures are subsequently measured at amortised cost, being the corresponding financial costs calculated at the effective interest rate.

Accrued interest is recognized on an accruals basis and is presented in the consolidated statements of financial position caption “Interest payable”.

b) Trade payables, obligations from confirming and other payables

Trade payables, obligations from confirming and other payables are initially recognised at fair value and subsequently measured at amortised cost in accordance with the effective interest rate method. Trade and other payables relates to payables to services rendered or goods received in the normal course of business.

Obligations from confirming refers to obligations to be paid to financial institutions arising mainly from the acquisition of raw materials, consumable materials, and transportation services from suppliers in Brazil who opted to anticipate its cash collections at a discount with the financial institutions which operate such credit lines in such country. This operation does not substantially modify the characteristics of the original obligation with the supplier (trade payable), even with the change in counterparty (obligation changes from trade payables due to suppliers to financial institutions), by means it does not extend and/or changes the original payment terms established in the invoices, including the maturity dates (typically between 90 days and 120 days, in line with the cycle normal payment of the Company), and the purchase price from the suppliers, who are solely responsible for the financial costs associated to the referred discounts. Additionally, as from December 31, 2022, aiming to better present such operation, the Company is presenting obligations from confirming (due to financial institutions) separately from trade payables in the consolidated statements of financial position and in the consolidated statements of cash flows, having reclassified the corresponding financial information accordingly.

As of December 31, 2022 and 2021, obligations from confirming amounted to US$71,271 and US$46,735, respectively.

c) Derivative financial instruments and hedge accounting

The Group has the policy of using financial derivative instruments to hedge the financial risks to which it is exposed as a result of changes in interest and exchanges rates, when deemed necessary.

The Group contracts financial derivative instruments in accordance with internal policies set and approved by the Board of Directors.

Financial derivative instruments are measured at fair value. The method of its recognition depends on the nature and purpose of the transaction.

Hedge instruments

Derivative financial instruments are designated as hedging instruments in accordance with the provisions of IFRS 9, as regards their documentation and effectiveness.

Changes in the fair value of derivative instruments designated as “fair value hedging” are recognised as financial income or expense for the period, together with changes in the fair value the asset or liability subject to the risk.

Changes in the fair value of derivative financial instruments designated as “cash flow hedging” instruments are recorded in “Other comprehensive income (loss)” as hedging operations reserves regarding their effective component and in financial income or expense for the period regarding their non-effective component. The amounts recorded are transferred to financial income or expense in the period in which the effect on the hedged item is also reflected in the statements of profit or loss.

Changes in the fair value of derivative financial instruments hedging net investments in a foreign entity are recorded in “Other comprehensive income (loss)” as currency translation adjustments regarding their effective component. The ineffective component of such changes is recognised immediately as net financial expenses for the period. If the hedging instrument is not a derivative, the corresponding variations resulting from changes in the exchange rate are recorded in “Other comprehensive income (loss)” as currency translation adjustments.

Hedge accounting is discontinued when the hedging instrument matures, is sold or exercised, or when the hedging relationship ceases to comply with the requirements of IFRS 9.

Trading instruments

Changes in the fair value of derivative financial instruments which are contracted for financial hedging purposes in accordance with the Group’s risk management policies, but do not comply with all the requirements of IFRS 9 to qualify for hedge accounting, are recorded as net financial expenses in the statements of profit or loss for the year in which they occur.

Determination of Fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;

- The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices from observable current market transactions;

Derecognition of financial assets and liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in the statements of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at Fair Value through Other Comprehensive Income “FVTOCI”, the cumulative gain or loss previously accumulated in the investments revaluation reserve is recycled to the statements of profit or loss. In contrast, on derecognition of an investment in equity instrument, which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the statements of profit or loss, but is transferred to retained earnings.

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statements of profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in the statements of profit or loss as the modification gain or loss within other gains and losses.

2.17. Impairment of financial assets

The Group recognises expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and other receivables. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises expected credit losses for trade receivables and other receivables as mentioned in Note 2.3 above. For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the expected credit losses for that financial instrument at an amount equal to 12-month expected credit losses.

Lifetime expected credit losses represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month expected credit losses represents the portion of lifetime expected credit losses that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2.18. Contingent assets and liabilities

A contingent liability is (i) a possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events; or (ii) a present obligation that arises from past events, but that is not recognized because an outflow of funds are not probable or the amount cannot be reliably measured.

Contingent liabilities are not recognised in the financial statements but are disclosed in their notes, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events.

Contingent assets are not recognised in the financial statements, but are disclosed in the notes to the financial statements when a future economic benefit is probable.

2.19. Revenue recognition and costs and income accruals basis

Income resulting from sales is recognised in the statements of profit or loss when delivered has occurred and the transfer of control of the goods or services has being completed and there are no other significant performance obligation to be fulfilled thereafter. Sales are recognised at the fair amount received or receivable, net of taxes, discounts and other costs incurred to realise them, by the fair value of the amount received or receivable.

Income from services rendered is recognised in the statements of profit or loss operations in the period in which they are rendered considering the phase of completion of the transaction as of the balance sheet date.

Interest and financial income are recognised on an accrual basis in accordance with the effective interest rate.

Costs and income are recognised in the period to which they relate regardless the date of invoicing. Costs and income, the amount of which is not known, are estimated.

Costs and income attributable to the current period which will only be paid or received in future periods, as well as amounts paid and received in the current period that relate to future periods and will be attributed to each of the periods by the amount corresponding to them, are recorded in the captions “Other current assets” and “Other current liabilities”.

Dividends relating to investments recorded at cost or in accordance with IFRS9 are recognized when is given the right to receive them.

2.20. Income tax

Tax on income for the year is calculated based on the taxable results of the companies included in the consolidation and takes into consideration deferred taxation.

Current income tax is calculated based on the taxable results (which could differ from the accounting results) of the companies included in the consolidation, in accordance with the tax rules applicable to the area in which the tax jurisdiction of each Group Company.

Deferred taxes refer to temporary differences between the amounts of assets and liabilities for accounting purposes and the corresponding amounts for tax purposes and are recorded in the statements of profit or loss, except when they are related with items registered as other comprehensive income recognised directly in equity, in which case the deferred tax is recorded in equity.

Deferred tax assets and liabilities are calculated and assessed periodically using the tax rates expected to be in force when the temporary differences reverse, and are not subject to discounting.

Deferred tax liabilities are recognised for all the taxable temporary differences. Deferred tax assets are only recognised when there is probable that there will be sufficient future taxable income to utilise them. At each reporting period an assessment is made of the temporary differences underlying the deferred tax assets so as to recognize or adjust them based on the current expectations of their future recovery. The compensation of deferred tax assets and liabilities is not allowed, except if: i) there is a legal right to compensate such assets and liabilities or there is the intention and its allowed to do such compensation; ii) such assets and liabilities are related to income taxes due to the same tax authority; iii) there is an intention to clear those balances for settlement purposes.

Deferred income taxes assets are recognized over unused tax losses when it is probable that future income subject to taxation will be available and against which they will be used in accordance with each subsidiary's tax regulations.

2.21. Earnings (loss) per share

Earnings (loss) per share are calculated dividing the result attributable to the ordinary shareholders of the parent company, by the weighted average number of shares in circulation during the period.

The diluted earnings per share are calculated dividing the result attributable to the ordinary shareholders of the parent company, by the weighted average number of shares in circulation during the period, adjusted by potential ordinary diluting shares.

Potential ordinary diluting shares can result from options over shares and other financial instruments issued by the Group, convertible to shares of the Parent Company.

2.22. Exchange rates

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

		Closing exchange rate (R$)		Average exchange rate (R$)	
Currency		12.31.2022	12.31.2021	12.31.2022	12.31.2021
USD	US Dollar	5.21710	5.58050	5.15957	5.38058
EUR	Euro	5.56940	6.32100	5.40100	6.36563
MZN	Mozambique Metical	0.08251	0.08830	0.08180	0.08180
EGP	Egyptian Pound	0.21090	0.35640	0.27339	0.34417
ZAR	South African Rand	0.30770	0.34980	0.31168	0.36641
ARS	Argentinian Peso (*)	0.02945	0.05433	0.02945	0.05433

(*) As a result of the application of IAS 29, non-monetary assets and liabilities, shareholders' equity and statement 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 statement of profit or loss of both inflation and currency conversion.

2.23. Consolidation

The consolidated financial statements incorporate the following direct and indirect subsidiaries and joint operations:

				12.31.2022		12.31.2021	
				Equity interest - %		Equity interest - %	
				Direct	Indirect	Direct	Indirect
SUBSIDIARIES:							
HOLDINGS AND CORPORATE SUPPORT COMPANIES SEGMENT							
InterCement Portugal, S,A,	1	Portugal		99.68	0.01	99.68	0.01
Intercement Trading e Inversiones S.A.	2	Spain		-	99.69	-	99.69
Intercement Trading e Inversiones Argentina S.L.	3	Spain		-	99.69	-	99.69
Intercement Financial Operations B.V.	4	Netherlands		-	99.69	-	99.69
Intercement Reinsurance S.A.	5	Luxembourg		-	99.69	-	99.69
Intercement Luxembourg Reinsurance S.A.	6	Luxembourg	b)	-	99.69	-	-
Intercement Imobiliária S.A.	7	Portugal		100	-	100	-
InterCement Atividades Imobiliarias S.A.	8	Brazil	a)	100	-	-	99.69
BRAZIL SEGMENT							
InterCement Brasil S.A.	9	Brazil		-	99.69	-	99.69
Neogera Investimentos em Inovação Ltda.	10	Brazil		-	99.56	-	99.56
Barra Grande Participações, S.A.	11	Brazil		-	79.82	-	79.82
Estreito Participações S.A.	12	Brazil	c)	-	83.51	-	80.57
Machadinho Participações S.A	13	Brazil		-	79.90	-	79.90
Ecoprocessa - Tratamento de residuos, Ltda.	14	Brazil		-	99.69	-	99.69
Comican - Companhia de Mineração Candiota, Ltda.	15	Brazil		-	99.69	-	99.69
ARGENTINA SEGMENT							
Loma Negra C.I.A. S.A.	16	Argentina	d)	-	51.97	-	51.63
Cofesur S.A.	17	Argentina	d)	-	51.97	-	51.63
Recycomb S.A.	18	Argentina	d)	-	51.97	-	51.63
Ferrosur Roca S.A.	19	Argentina	d)	-	41.55	-	41.30
Cementos del Plata S.A.	20	Uruguay	d)	-	0.10	-	0.09
MOZAMBIQUE SEGMENT							
Cimentos de Moçambique, S.A.	21	Mozambique	g)	-	95.66	-	92.21
Cimbetão - Moçambique S.A.	22	Mozambique	g)	-	95.66	-	92.32
Imopar - Imobiliária de Moçambique, S.A.	23	Mozambique	f)	-	-	-	100.00
Cimentos de Nacala, S.A.	24	Mozambique	g)	-	95.66	-	92.25
SOUTH AFRICA SEGMENT							
Natal Portland Cement Company (Pty) Ltd.	25	South Africa		-	99.69	-	99.69
NPC Intercement (Pty) Limited.	26	South Africa		-	73.77	-	73.77
Simuma Rehabilitation Trust	27	South Africa		-	36.52	-	36.52
NPC Concrete (Pty) Ltd.	28	South Africa		-	73.77	-	73.77
South Coast Stone Crushers (Pty) Ltd.	29	South Africa		-	54.59	-	54.59
Sterkspruit Aggregates (Pty) Ltd.	30	South Africa		-	54.59	-	54.59
Intercement South Africa (Pty) Ltd.	31	South Africa		-	99.69	-	99.69
JOINT OPERATIONS:							
BRAZIL SEGMENT							
BAESA - Energética Barra Grande S.A.	32	Brazil		-	7.18	-	7.18
CONSORTIUM:							
BRAZIL SEGMENT							
Consórcio Estreito Energia - OESTE	33	Brazil		-	3.71	-	3.58
Consórcio Machadinho	34	Brazil		-	4.22	-	4.22
DISCONTINUED OPERATIONS (See note 2.24 for further information)							
EGYPT SEGMENT							
Intercement Trading e Inversiones Egipto S.L.		Spain		-	99.69	-	99.69
InterCement Egypt for Cement Company SAE		Egypt	e)	-	-	-	99.69
Amreyah Cement Company, S.A.E.		Egypt		-	99.23	-	98.83
InterCement Amreyah Co. (IAC)		Egypt	e)	-	-	-	99.05
Cement Services Company, S.A.E.		Egypt		-	99.44	-	99.31
InterCement Sacs Co. (INTSACS)		Egypt	e)	-	-	-	99.59
Amreyah Dekheila Terminal Company, S.A.E.		Egypt	e)	-	-	-	99.06
Amreyah Cimpor Ready Mix Company, S.A.E.		Egypt			99.23	-	98.94

Changes in ownership in 2022 were as follow:

a) In 2021, InterCement Trading Inversiones S.A. acquired a "shelf entity" located in Brazil denominated InterCement Atividades Imobiliárias S.A. Such entity is engaged in Real Estate activities. On September 28, 2021, some group properties were transferred from InterCement Brasil S.A. to InterCement Atividades Imobiliárias S.A. and since both entities were indirectly wholly-controlled by the Company, such transaction did not have any impact on the consolidated financial statements. In 2022, InterCement Atividades Imobiliárias S.A. was sold to InterCement Participações S.A. No gains/losses on the sale transaction took place as it refers to intra-group transaction.

b) Entity legally created in 2022 to start operations in 2023 with the object to carry out any reinsurance operations in any branches to the group or third parties.

c) InterCement Brasil S.A. acquired from non-controlling shareholders equity interests equivalent to 2,94% of its subsidiary Estreito. See Note 15 – "Earnings reserves – Transaction with shareholders - item a" for further information.

d) Loma Negra repurchased certain of its own-shares from non-controlling shareholders resulting in an increase of Company's indirect participation of 0.3404% in Loma Negra´s equity and respective equity´s participation increases in Loma Negra's subsidiaries. See Note 15 – "Earnings reserves – Transaction with shareholders - item b" for further information.

e) During 2022, these entities were merged into Amreyah Cement. The transaction also resulted in changes of equity interests in the remaining entities, but with no impact on consolidated financial figures.

f) During 2022, InterCement Imobiliária S.A. sold to Cimentos de Moçambique S.A. its equity interests on Imopar – Imobiliária de Moçambique, S.A. No gains/losses on the sale transaction took place as it refers to intra-group transaction. Subsequently in the year, such entity was merged into its Parent Company.

g) In December, 2022, Natal Porland Cement Company Ltd. increased its equity participation in Cimentos de Moçambique S.A. in 3,45% through a capital contribution diluting minority interests, without relevant impact on consolidated financial figures. Such transaction also resulted in changes of equity interests in remaining Mozambique´s entities wholly-controlled by Cimentos de Moçambique.

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

As explained in Note 1, on January 27, 2023, considering the sale agreement relating to Egypt segment disposal and other factors, Management concluded that as of December 31, 2022 the sale was highly probable and, therefore, considered such segment was a "discontinued operation". Therefore, financial information became subjected to the requirements of IFRS 5, and as a result the following main changes in relation to the normal presentation of the remaining continuing operations where applied:

- Total profit or loss for the years from "Discontinued Operations" are presented in a single line in the Consolidated Statements of Profit or Loss under the caption "Profit / (Loss) for the year from Discontinued Operations" (including comparable year, which is being restated);
- Assets and liabilities included in the Group subject to sale are also presented in two lines 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" (only December 31, 2022);
- Notes to the consolidated 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 business in Egypt segment and are consistent with the Group's operating geographic segments as stated in Note 27 - "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:

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

	12.31.2022			12.31.2021		
	Presented	Discontinued operation	Continued operation	Presented	Discontinued operation	Continued operation
Net cash generated by operating activities	221,780	18,226	203,554	201,859	6,325	195,534
Net cash used in investing activities	(65,530)	(1,124)	(64,406)	(148,601)	(4,203)	(144,398)
Net cash used in (generated by) financing activities	(97,892)	(15,869)	(82,023)	(86,964)	860	(87,824)
Increase (Decrease) in cash and cash equivalents	58,358	1,233	57,125	(33,706)	2,982	(36,688)
Exchange differences on cash and cash equivalents	(41,074)	(5,104)	(35,969)	552	72	480
Cash and cash equivalents at the beginning of the year	205,803	8,087	197,716	238,957	5,033	233,924
Cash and cash equivalents at the end of the year	223,087	4,216	218,871	205,803	8,087	197,716

Details of the net loss from our discontinued operations:

DISCONTINUED OPERATIONS	12.31.2022	12.31.2021
NET SALES	148,594	110,438
COST OF SALES AND SERVICES	(134,093)	(102,674)
GROSS PROFIT	14,501	7,764
OPERATING INCOME (EXPENSES)		
Selling expenses	(6,996)	(6,500)
Administrative expenses	(2,228)	(3,016)
Other income/(expenses), net	(14,627)	2,336
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	(9,350)	584
FINANCIAL INCOME (EXPENSES)		
Foreign exchange gains/(losses), net	(38,172)	5,772
Financial income	(3,739)	8,434
Financial expenses	(7,877)	(4,812)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(59,138)	9,978
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	(1,290)	(4,023)
Deferred	5,345	(7,811)
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	(55,083)	(1,856)
LOSS FOR THE YEAR ATTRIBUTABLE TO		
Company’s owners	(54,704)	(1,813)
Non-controlling interests	(379)	(43)

The reconciliation from the original presented to the restated statement profit of loss for the year ended December 31, 2021 is presented below:

	12.31.2021		
	Original presented	Discontinued operations	Restated
NET SALES	1,694,373	110,438	1,583,935
COST OF SALES AND SERVICES	(1,254,067)	(102,674)	(1,151,393)
GROSS PROFIT	440,306	7,764	432,542
OPERATING INCOME (EXPENSES)			
Selling expenses	(70,951)	(6,500)	(64,451)
Administrative expenses	(98,899)	(3,016)	(95,883)
Other income/(expenses), net	19,057	2,336	16,721
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	289,513	584	288,929
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	(14,033)	5,772	(19,805)
Financial income	59,390	8,434	50,956
Financial expenses	(167,343)	(4,812)	(162,531)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	167,527	9,978	157,549
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	(80,871)	(4,023)	(76,848)
Deferred	100,722	(7,811)	108,533
PROFIT (LOSS) FOR THE YEAR	187,378	(1,856)	189,234

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

	12.31.2022
ASSETS	**Egypt**
CURRENT ASSETS	
Cash and cash equivalents	4,216
Securities	516
Trade receivables	611
Inventories	55,708
Recoverable taxes	8,273
Other receivables	8,580
Total current assets	77,904
NONCURRENT ASSETS	
Inventories	22,457
Deferred income tax and social contribution	119
Other receivables	5,161
Right-of-use assets	198
Property, plant and equipment	74,673
Total noncurrent assets	102,608
Total assets	180,512
LIABILITIES	
CURRENT LIABILITIES	
Trade payables	65,191
Borrowings and financing	13,277
Interest payable	88
Taxes payable	7,240
Payroll and related taxes	9
Advances from customers	12,302
Other payables	3,258
Total current liabilities	101,365
NONCURRENT LIABILITIES	
Borrowings and financing	2,538
Leases liabilities	104
Provision for tax, civil and labor risks	21,474
Deferred income tax and social contribution	6,119
Other payables	8,912
Total noncurrent liabilities	39,147
Total liabilities	140,512
Net assets	40,000

As of December 31, 2022, it was recorded impairment of US$12,560 within non-current assets.

3. Cash and Cash Equivalents

	12.31.2022	12.31.2021
Cash and bank accounts	71,469	77,510
Short-term investments	147,402	128,293
Total cash and cash equivalents	218,871	205,803
Cash and cash equivalents from discontinued operations (Note 2.24)	4,216	-
	223,087	205,803

Short-term investments were as follows:

	12.31.2022	12.31.2021
Short Term Investment in Brazilian Reais (a)	105,957	83,004
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean Pesos (b)	3,749	28,963
Short-term investments in U.S. Dollars (c)	20,221	-
Short-term investments in Egyptian Pounds (d)	-	1,964
Short-term investments in South African Rand (e)	7,986	14,362
Short-term investments in Mozambique Metical (f)	9,489	-
Total short-term investments	147,402	128,293

a) Short-term investments in Brazilian Reais have a yield between 70% and 105% interbank interest rate “CDI” per year (70% and 107% per year as of December 31, 2021).

b) Represents short-term investments in Argentinean pesos with interest of 59.2% per year (between 34% and 38.5% per year as of December 31, 2021).

c) Short-term investments in U.S. Dollars with interest of 0.14% per year held by Argentinian segment.

d) Deposit in Egyptian pounds with interest between 1.15% and 12.30% as of December 31, 2021. The amount of US$1,493 is included in Cash and cash equivalents from discontinued operations above and presented as “assets classified as held for sale” (see Note 2.24) in the Statements of financial position, with interest between 0.68% and 2.25% as of December 31, 2022.

e) Deposits in Rands with floating interest between 6.8% and 7.0% per year (between 3.55% and 3.75% as of December 31, 2021). Floating interests are indexed to the Repo rate (“South African repurchase rate”).

f) Short-term investments in Mozambique Metical with interest of 15.7% per year.

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

4. Securities

Securities are classified as financial assets, as follows:

	12.31.2022	12.31.2021
Market investments	7,403	1,103
Investment funds	-	20,929
Bonds investments	-	19,134
Treasury Bills	-	836
Total	7,403	42,002
Total - current	-	40,899
Total - noncurrent	7,403	1,103

“Market investments” are held by the Brazilian subsidiaries, which are composed by (i) investments in Brazilian Reais amounting US$6,326 yielding 101% of interbank interest rate “CDI” per annum with maturity in 2025 given as collateral to borrowings and financings (see Note 9); and (ii) remaining amount of US$1,077 composed by escrow accounts that do not bear interests (US$1,103 as of December 31, 2021).

“Investment funds” consisted in a portfolio of investment funds held by InterCement Reinsurance, which was presented at fair value as of December 31, 2021. In May, 2022 full amount was realized by US$17,337, resulting in an accumulated realized gain of US$6,076 (for the year ended December 31, 2022 a realized loss of US$2,387). For the year ended December 31, 2021, the funds resulted in an unrealized gain of US$0,873.

“Bonds investments” consisted in short-term government bonds in Argentinean pesos indexed to dollar plus of 0.2% per year as of December 31, 2021. The full amount was realized in July, 2022 in the context of dividends distribution by Loma Negra. See Note 15 for further information.

“Treasury bills” consisted in a short-term investment held by the Egyptian subsidiary that yield interest of 13.10% per year as of December 31, 2021. The amount of US$516 is presented as “assets classified as held for sale” in the Statements of financial position (see Note 2.24) as of December 31, 2022.

5. Trade Receivables

	12.31.2022	12.31.2021
Current		
Domestic and foreign customers (a)	75,631	94,121
(-) Expected Credit Losses	(11,398)	(12,089)
Trade receivables	64,233	82,032
Noncurrent		
Domestic and foreign customers	1,411	1,100
(-) Expected Credit Losses	(704)	(728)
Trade receivables	707	372

a) On December 29, 2022, Brazilian subsidiary sold to financial institutions trade receivables in the amount of US$39,047, with a discount of US$363, recorded as "Financial expenses". The sale is irrevocable and with no co-obligation remaining to the Brazilian subsidiary, therefore, such amount was derecognized on such date.

As a result of Egypt business divestment (see Note 1), as of December 31, 2022, trade receivables related to "Discontinued operations", totalling US$611, were classified to the caption "Assets classified as held of sale" in the Statements of financial position (Note 2.24).

Aging list of trade receivables (current and noncurrent) by maturity

	12.31.2022	12.31.2021
Current	43,909	64,606
Past-due:		
0 to 30 days	16,415	12,662
31 to 60 days	3,012	1,656
61 to 90 days	579	687
91 to 180 days	4,352	6,557
181 days or more	8,775	9,053
Total	77,042	95,221

Changes in expected credit losses (current and noncurrent)

	12.31.2022	12.31.2021
Opening balance	12,817	19,249
Effects of hyperinflationary adjustments (Note 2.1)	1,747	360
Recognitions	1,928	1,986
Derecognitions	(952)	(929)
Amounts written off in the year as uncollectible	(300)	(8,212)
Exchange gains or losses	(3,138)	363
Closing balance	12,102	12,817

6. Inventories

	12.31.2022	12.31.2021
Current:		
Finished products	21,297	17,677
Work in process	63,983	63,870
Raw material	63,803	68,694
Fuel	50,513	39,742
Supplies and consumable materials	53,916	63,011
Advances to suppliers	1,064	154
Packaging and other	4,977	5,148
Allowance for impairment losses	(29,247)	(35,557)
Total	230,306	222,739
Noncurrent:		
Raw material	1,722	28,461
Supplies and consumable materials	64,863	58,187
Packaging and other	428	281
Allowance for impairment losses	(13,523)	(4,987)
Total	53,490	81,942

As a result of Egypt business divestment (see Note 1), in the year ended December 31, 2022, current and non-current inventories related to "Discontinued operations", totalling US$55,708 and US$22,457, respectively, were classified to the caption "Assets classified as held for sale" in the Statements of financial position (Note 2.24).

<u>Changes in the allowance for impairment losses (current and noncurrent)</u>

	12.31.2022	12.31.2021
Opening balance	40,544	40,169
Effects of hyperinflationary monetary adjustment (Note 2.1)	1,178	400
Recognitions	6,268	7,894
Derecognitions/Write-off	(4,445)	(5,789)
Exchange variation gains or losses	249	(606)
Discontinued operations (Note 2.24)	(1,024)	-
Transfers	-	(1,524)
Closing balance	42,770	40,544

Mozambique business recorded an impairment losses of US$5,426 for the year ended December 31, 2022 due to the obsolescence of hydrated clinker. Due to downsizing in the cement demand in current year and considering the expectation of upcoming years, associated with a low quality clinker, the expected consumption of such raw material was considerably reduced and turned obsolete. Such loss was partially compensated by a reversal in the impairment losses of US$2,268 due to the increase in the selling price that positively influenced the net realizable value in 2022. In 2021, an allowance for impairment losses was deemed necessary in the amount of US$2,556 due to downsizing in cement demand and prices compared to prior periods (LCM).

7. Property, Plant and Equipment

	12.31.2022			12.31.2021
	Cost	Depreciation & Impairment	Net book value	Net book value
Land	60,567	(17,195)	43,372	54,896
Buildings	761,143	(508,765)	252,378	246,984
Machinery and equipment	2,020,048	(1,081,653)	938,395	962,585
Vehicles	146,019	(132,362)	13,657	15,304
Furniture and fixtures	46,487	(44,311)	2,176	2,404
Mines and ore reserves	250,088	(196,705)	53,383	48,956
Reservoirs, dams and feeders	53,844	(24,621)	29,223	28,973
Spare parts	21,790	(3,309)	18,481	14,397
Other	13,353	(10,723)	2,630	3,680
Advances to suppliers	15,416	(6,078)	9,338	10,658
Construction in progress	187,066	(92,262)	94,804	111,467
Total	3,575,821	(2,117,984)	1,457,837	1,500,304

Construction in progress

As of December 31, 2022, construction in progress mainly relates to: (i) US$9,239 (US$18,449 as of December 31, 2021) in Argentinian business segment mainly explained by certain improvements in L'amali cement plant and in railways; and (ii) US$74,672, net of impairment losses of US$92,262 (US$61,464 as of December 31, 2021, net of impairment losses of US$83,448), in Brazilian business segment mainly due to expansion projects on production lines that were ceased for an undetermined period due to current demand. 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 December 31, 2022, there are assets in Brazil business segment given as collateral for loans obtained for their own acquisition in the amount of approximately US$2,318 (US$2,498 as of December 31, 2021).

In addition, in Brazil business segment, two cement plants were given as guarantee as part of "CADE" litigation, as referred in Note 11.

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, 2020	55,405	231,630	586,098	16,665	2,089	48,041	32,928	6,754	2,614	394,634	11,415	1,388,273
Effects of hyperinflationary monetary adjustment (Note 2.1)	3,494	49,814	65,131	6,515	266	17,084	-	-	291	132,915	-	275,510
Additions	98	4,533	25,847	5	170	-	2	977	1,059	99,714	-	132,405
Disposals	(3,852)	(1,491)	(8,085)	(72)	(26)	(314)	-	(89)	(57)	(5)	-	(13,991)
Depreciation	(234)	(20,367)	(76,306)	(8,254)	(1,007)	(21,787)	(1,758)	(1,883)	(844)	-	-	(132,440)
Impairment reversal (provision)	1,696	(1,281)	(4,032)	-	7	-	-	-	(41)	6,252	-	2,601
Effect of changes in exchange rates	(4,062)	(26,298)	(59,646)	(2,896)	(66)	(9,054)	(2,201)	(545)	(1,518)	(43,236)	(6,745)	(156,267)
Transfers	2,351	10,444	433,578	3,341	971	14,986	2	9,183	2,176	(478,807)	5,988	4,213
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)	5,548	74,225	308,058	8,049	514	27,224	-	5,568	558	10,253	-	439,997
Additions	50	3,513	17,181	-	114	428	16	5,661	125	91,686	-	118,774
Disposals	(4,602)	(2,378)	(5,906)	(190)	(69)	(171)	-	(1,249)	(166)	(68)	(60)	(14,859)
Depreciation	(245)	(23,242)	(88,282)	(9,539)	(1,418)	(20,563)	(1,806)	(785)	(1,217)	-	-	(147,097)
Impairment reversal (provision)	262	(3,295)	304	-	4	-	-	-	-	(3,191)	-	(5,916)
Effect of changes in exchange rates	(7,987)	(53,859)	(258,614)	(6,133)	(551)	(20,864)	2,038	(793)	(1,694)	(10,141)	(13)	(358,611)
Transfers	404	13,296	53,003	6,166	1,386	18,373	2	(2,670)	1,890	(91,546)	(304)	-
Discontinued operations (Note 2.24)	(4,954)	(2,866)	(49,934)	-	(208)	-	-	(1,648)	(546)	(13,656)	(943)	(74,755)
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

As a result of Egypt business divestment (see Note 1), in the year ended December 31, 2022, property, plant and equipment related to “Discontinued operations”, totalling US$74,755, were classified to the caption “Assets classified as held for sale” in the Statements of financial position (Note 2.24).

Additions

Argentina business segment:

Disbursements in the total amount of US$49,356 for the year ended December 31, 2022 (US$67,354 for the year ended December 31, 2021), primarily due to the increase of the installed capacity at L'Amalí plant amounting to US$5,457 (US$43,167 for the year ended December 31, 2021) and quarry recovery of US$18,153 (US$14,278 for the year ended December 31, 2021).

Brazil business segment:

Disbursements in the total amount of US$53,272 for the year ended December 31, 2022 (US$46,824 for the year ended December 31, 2021), primarily due to improvements in the production process for the full utilization of the capacity of certain units and optimization of existing machines with future benefits.

Impairment provision

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 December 31, 2022, even considering the impacts from pressure over our margins in certain locations due to inflation and indirect impacts from Russia x Ukraine conflict as commented in Note 1, there were no relevant indicators that property, plant and equipment could be impaired, with exception of impairment losses in Brazil and Egypt of US$2,590 and US$3,330, respectively, recognized to specific assets that were impaired due to their market value depreciation.

As of December 31, 2021, an impairment reversal of US$3,885 was recognized in Brazilian segment due appreciation market values of certain fixed assets located at paralyzed units (value at market) and an impairment loss of US$1,543 recorded in Argentina business segment due to decrease in demand for railway logistics services provided by the Argentinean subsidiary.

8. Other intangible assets and goodwill

	12.31.2022	12.31.2021
Other intangible assets:		
Software licenses	7,917	5,625
Mining rights and concession related assets	83,837	83,885
Project development costs	227	914
Trademarks, patents and others	6,502	16,586
	98,483	107,010

Impairment analysis

Goodwill and "trademarks, patents and others" are subject to impairment tests annually and whenever there are indications of possible impairment, which are made based on the recoverable amounts of each of the corresponding business segments (see Note 25).

Attending to business model and considering the financial statement structure adopted for management purposes, goodwill is attributed generally to each operating segment, due to the existence of synergies between the units of each segment in a perspective of vertical integration of business.

The recoverable value of each group of cash-generating units is compared, in the tests performed, with the respective recognized value of assets and liabilities ("book value"). An impairment loss is only recognized when the book value exceeds the higher of the value in use and transaction value, based on cash flow projections under medium and long term business plans approved by the Board of Directors, plus perpetuity.

Due to the disinvestment announced on January 27, 2023 of the Egypt´s segment (see Note 1 above), Management considered the transaction value in order to perform the recoverability testing. Based on such, Management concluded that the transaction value is higher than the book value and, therefore, no impairment was deemed necessary.

Cash Flow projections

The Group annually or when there is impairment indicatives revises assumptions underlying to the determination of recoverable amount of liquid assets, considering the estimate of future cash flows which reflect, among others, a set of estimates related to market growth, market share, investments and costs.
In general, the plan was projected by applying growth rates for the markets, considering estimated GDP growth for related economies, leading to expected demand growth for building materials.

Brazilian and Argentina business segments considered a cash flow projection of 10 years, since Management believes periods above 5-year can be reasonably projected and a 10-year cash flows better reflects the market cycles. Additionally, the new plant L'Amalli in Argentina commenced its operations in 2021 and the 10-year cash flows better reflect the ramp-up of such plant and, consequently, the value in use of the cash generating unit.

All remaining business units considered a cash flow projection of 5-year. Management also considered in the perpetuity a growth rate that represents the inflation rates projected to each of our cash generating units.

In preparing the cash flow projections, Management considered the best assumptions available as of December 31, 2022. In assessing such best assumptions, Management took into consideration the Russia x Ukraine conflict and its impact in global market (increases in interest rates, inflation, country risks, etc) and COVID-19 pandemic situation, which is substantially controlled all across the world and it is not expected to significantly impact the business anymore. See Note 1 above for further consideration.

Determination of discount rate

Discount rates are calculated for each cash generating unit based on risk-free rate adjusted by the country risk premium, among other parameters.

The determination of the value in use was based on discounted cash flows calculated in local currency, using the corresponding Weight Average Capital Cost ("WACC") and perpetuities rates, for each segment business, as follows:

	12.31.2022		12.31.2021	
Goodwill per operating segments:	**Goodwill**	**"WACC" rate (*)**	**Goodwill**	"WACC" rate (*)
Brazil	526,853	12.90%	492,544	10.33%
Argentina	185,657	105.76% - 61.63%	173,538	66,8% - 50,67%
Egypt	-	-	5,401	12.82%
Mozambique	37,756	17.60%	37,775	13.60%
South Africa	87,459	13.30%	92,951	8.80%
	837,725		802,209	

(*) Discount rate calculated after taxes.

For Argentina business segment, due to hyperinflationary environment, "WACC" rate is built through a multi-year composition, referring to the first year of the projection, and varies thereafter according to the inflation rate and country risk premium variations ("Rolling WACC").

In 2022, other intangible assets and goodwill related to "Discontinued operations", totalling US$12,477 related to Egypt were classified to the caption "Assets classified as held for sale" in the Statements of financial position (Note 2.24). Goodwill testing for such location was completed using subsidiary's selling price instead of using discounted future cashflows.

Based on discounted future cash flow determined by Management, as of December 31, 2022 and 2021, considering the premises above mentioned, the expected cash flow generation for each business segment is larger than the corresponding carrying amounts resulting in no need of impairment losses in both years, with exception of Mozambique business operation, where an impairment loss of US$4,142 was recorded in 2021, due to the depreciation in the market conditions and increase in competition in the south region, resulting in a lower value in use when compared to the carrying amount of the cash generating unit where Goodwill was allocated. In 2022, the market conditions considerable improved in Mozambique and no additional impairment losses were necessary.

Sensitive analysis

Considering the discounted future cash flows of December 31, 2022, the Group calculated the eventual impact of changes in the discount rates and EBITDA margins on all our business segments projections. As a result, an increase on the below percentages to our discount rates or a decrease of the below percentages to our EBITDA margins would generate the need to record additional impairment losses in the following amounts (if needed):

WACC sensitive analyzes	1.00%	2.00%	3.00%	4.00%	5.00%	8.00%
Impairment BR	-	-	-	(51,326)	(120,797)	(282,296)
Impairment AR	-	-	-	-	-	(35,217)
Impairment AS	-	-	-	-	(233)	(29,717)
Impairment MZ	-	-	-	(2,515)	(9,038)	(24,719)
EBITDA Margin sensitive analyzes	**-1.00%**	**-2.00%**	**-4.00%**	**-8.00%**	**-10.00%**	**-13.00%**
Impairment BR	-	-	-	(123,490)	(247,634)	(417,236)
Impairment AR	-	-	-	(188,923)	(308,907)	(488,883)
Impairment AS	-	-	-	(31,571)	(62,959)	(110,040)
Impairment MZ	-	-	-	(21,418)	(35,535)	(57,352)

Changes in intangible assets in the year ended December 31, 2022 and 2021 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, 2020	5,546	86,673	3,954	16,676	857,128	969,977
Effects of hyperinflationary monetary adjustment (Note 2.1)	989	-	-	-	131	1,120
Additions	2,731	18,855	-	733	-	22,319
Disposals	-	(4,609)	(774)	(216)	-	(5,599)
Amortization	(3,012)	(13,941)	(870)	(253)	-	(18,076)
Impairment reversal (provision)	(5)	1,733	(1,239)	(244)	(4,142)	(3,897)
Effect of changes in exchange rates	(624)	(4,826)	(157)	(110)	(50,908)	(56,625)
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)	1,564	-	-	-	284	1,848
Additions	4,240	7,359	112	6,170	-	17,881
Disposals	-	(1,169)	(94)	(1,805)	-	(3,068)
Amortization	(2,543)	(11,864)	(662)	(527)	-	(15,596)
Impairment reversal	-	1,164	-	138	-	1,302
Effect of changes in exchange rates	(931)	4,462	23	(5,106)	38,651	37,099
Discontinued operations (Note 2.24)	(38)	-	(66)	(8,954)	(3,419)	(12,477)
Balance as of December 31, 2022	7,917	83,837	227	6,502	837,725	936,208

9. Borrowings and Financing

						12.31.2022		12.31.2021	
Functional Currency	**Business unit**	**Type of financing**	**Currency**	**Annual Interest rates**	**Maturity**	**Current**	**Noncurrent**	**Current**	**Noncurrent**
EUR	Holdings and Financial Vehicles (*)	Bilateral	USD	US Libor + 4.40%	Jan-22	-	-	14,000	-
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	3.20%	Apr-22	-	-	18,689	-
BRL	Holdings and Financial Vehicles (*)	Promissory note (**)	BRL	3% + 100% CDI	Mar-23	13,417	-	17,920	-
BRL	Holdings and Financial Vehicles (*)	Bilateral	BRL	3% + 100% CDI	May-23	19,168	-	17,920	-
ARS	U.N. Argentina	Bilateral	USD	US Libor + (7.5% to 8.0%)	Jul-24	3,900	56,000	18,374	3,900
ARS	U.N. Argentina	Bilateral	USD	13.5%-37.0%	May-23	425	-	-	-
ARS	U.N. Argentina	Working capital	ARS	52.0% - 69.0%	Jan-23	52,899	-	1,684	-
MZN	U.N. Mozambique	Bilateral (**)	MZN	Prime Rate - 3%	Mar-25	-	15,815	5,851	-
BRL	U.N. Brazil	Subsidised loan	BRL	2.50% - 5.00%	Dec-24	1,876	1,545	1,554	3,352
BRL	U.N. Brazil	Bilateral	BRL	15.34%	Dec-22	-	-	2,643	-
BRL	U.N. Brazil	Bilateral (***)	BRL	IPCA	Jul-25	8,511	7,811	-	-
EGP	U.N. Egypt (discontinued operations - note 2.24)	Bilateral	EGP	Corridor + 1.50%	Aug-25	-	-	1,764	6,421
EGP	U.N. Egypt (discontinued operations - note 2.24)	Working capital	EGP	18.00%-20.30%	Aug-23	-	-	15,951	-
ZAR	U.N. South Africa	Bilateral (**)	ZAR	Jibar + 2.9%	Dec-27	5,898	32,439	6,268	25,073
						106,094	113,610	122,618	38,746

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

(**) The borrowings contains 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$6,326 – see Note 4 above.

As of December 31, 2022 and 2021, the incurred interest related to those financing agreements classified in current liabilities and presented as ‘Interest payable’ amount to US$7,206 and US$3,138, respectively.

Changes in Borrowings and Financing were as follows:

	Borrowings and financing
Balance as of December 31, 2020	178,414
New borrowings and financing	142,158
Payments	(158,167)
Effect of changes in exchange rates	(1,041)
Balance as of December 31, 2021	161,364
New borrowings and financing	416,500
Payments	(289,570)
Discontinued operations (Note 2.24)	(15,815)
Effect of changes in exchange rates	(52,775)
Balance as of December 31, 2022	219,704

Maturity schedule

As of December 31, 2022, the non-current portions mature as follows:

Period	12.31.2022
2024	71,844
2025	23,777
2026	8,552
2027	9,437
	113,610

Covenants

The loans and financing agreements contain certain annual 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, which depends on conditions agreed upon on each contract entered into with the financial institutions.

The Mozambique bilateral in the amount of US$15,815 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 requires that Net Debt / Adjusted EBITDA ratio to be no higher than 4.5x as of December 31, 2022. The amount was fully liquidated on January 26, 2023, see Note 26.

As of December 31, 2022, the covenants conditions of the borrowings and financing mentioned above were met and such obligations will only be remeasured again based on the financial figures as of December 31, 2023.

Additionally, the South Africa bilateral in the amount of US$38,337 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 December 31, 2022, the covenants conditions were met and such obligation will be remeasured on March 31, 2023.

10. Debentures

							12.31.2022		12.31.2021
Functional Currency	Business unit	Instrument	Currency	Annual interest rate	Final maturity		Current	Noncurrent	Noncurrent
EUR	Holdings and Financial Vehicles (*)	Senior Notes	USD	5.75%	July-24	a)	-	548,217	548,107
BRL	Holdings and Financial Vehicles (*)	Debenture	BRL	CDI + 3.75%	June-27	b)	66,304	312,578	354,209
BRL	U.N. Brazil	Debenture	BRL	CDI + 3.75%	June-27	b)	57,029	268,853	304,661
BRL	U.N. Brazil	Debenture	BRL	CDI + 3.75%	June-27	c)	33,113	157,379	177,651
							156,446	1,287,027	1,384,628

(*) 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 December 31, 2022 and 2021, the Group holds bonds at the face value of US$199,812 (US$198,812 as of December 31, 2021).

(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 due in July, 2023 with financial resources coming from the sale of Egypt´s business segment (see Note 26 – subsequent event).

(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 it will be amortized during the lifetime of the loan using the effective interest method.

The instrument 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.

As of December 31, 2022 and 2021, the incurred interest classified in current liabilities and presented as 'Interest payable' amount to US$24,709 and US$21,365, respectively.

Changes in Debentures were as follows:

	Debentures
Balance as of December 31, 2020	1,446,648
New debentures	183,844
Payments	(183,844)
Effect of changes in Exchange rates, comissions and other	(62,020)
Balance as of December 31, 2021	1,384,628
Effect of changes in exchange rates	58,845
Balance as of December 31, 2022	1,443,473

Maturity schedule

As of December 31, 2022, the debentures mature as follows:

Period	12.31.2022
2024	727,322
2025	223,882
2026	223,882
2027	111,941
	1,287,027

Covenants

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

Debentures

Financial covenant are measured by the Net Debt over Adjusted EBITDA. In 2021, the limit was 5.85X, and for the following years is 5.35X in 2022; 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 debentures 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 2021, the limit was 3.25X and, for the following years, limits is 3.00X in 2022; 2.75X in 2023; 2.50X in 2024 and 2.00X from 2025 until 2027.

As of December 31, 2022, the covenants condition were met. The next measurement is on December 31, 2023.

Senior notes

The non-compliance with 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.

11. Provisions and Contingent assets and liabilities

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

The provision for risks is demonstrated as follows:

	12.31.2022	12.31.2021
Labor and social security	7,359	6,739
Tax (a)	12,023	17,940
Civil and other	2,322	23,431
	21,704	48,110
Judicial deposit (b)	(2,645)	(1,947)
Total	19,059	46,163

(a) Brazil: Refer to tax assessment notices and lawsuits amounting to US$1,305 (US$0,898 as of December 31, 2021) mainly related to discussions on: (i) CFEM – discussion on the correct calculation basis; (ii) IRPJ and CSLL – on the value of moratoriums on the basis of compliance for the term of obligations assumed by third parties, updating of Selic tax and (iii) Social Security contribution.

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$3,371 (US$2,873 as of December 31, 2021).

InterCement Portugal: Refers basically to the provisions for tax risks related to income tax, amounting to US$6,582 as of December 31, 2021 (US$6,406 as of December 31, 2021), which are being challenged in courts.

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

	12.31.2022	12.31.2021
Labor and social security	1,089	963
Tax	1,180	762
Civil and other	279	134
Environmental	97	88
Total	2,645	1,947

Changes in the provision for risks for the years ended December 31, 2022 and 2021 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance as of December 31, 2020	8,583	19,789	39,846	(1,900)	66,318
Effects of hyperinflationary monetary adjustment (Note 2.1)	11	37	193	-	241
Recognition/deposit	1,743	3,629	1,585	(1,859)	5,098
Payment	(2,947)	(3,168)	(990)	1,674	(5,431)
Reversal	-	(1,262)	(16,744)	-	(18,006)
Transfers	-	-	(270)	-	(270)
Exchange differences	(651)	(1,085)	(189)	138	(1,787)
Balance as of December 31, 2021	6,739	17,940	23,431	(1,947)	46,163
Effects of hyperinflationary monetary adjustment (Note 2.1)	1,421	265	(137)	-	1,549
Recognition/deposit	4,634	2,156	6,102	(973)	11,919
Payment	(3,948)	(1,124)	(1,549)	404	(6,217)
Reversal	-	(5)	(199)	-	(204)
Transfers	-	(853)	853	-	-
Discontinued operations (Note 2.24)	(690)	(3,617)	(17,167)	-	(21,474)
Effect of changes in exchange rates	(797)	(2,739)	(9,012)	(129)	(12,677)
Balance as of December 31, 2022	7,359	12,023	2,322	(2,645)	19,059

As a result of Egypt business divestment (see Note 1), as of December 31, 2022, provisions and contingent assets and liabilities related to "Discontinued operations", totalling US$21,474, were classified to the caption "Assets classified as held for sale" in the Statements of financial position (Note 2.24).

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 as per IAS 37, or less likely than not of loss for uncertain income tax positions (in respect of income taxes) as per IFRIC 23.

As of December 31, 2022, the Group has the following exposure:

	12.31.2022	12.31.2021
Labor and social security	14.376	15.116
Tax and uncertain income tax position (a)	1.389.524	1.415.792
Civil, administrative and other (b)	226.295	191.902
	1.630.195	1.622.810

The most significant contingencies are:

a) Tax and uncertain income tax position

Brazil – InterCement Brasil S.A.

Risk exposure amounts to US$1,022,966 as of December 31, 2022 (US$872,938 as of December 31, 2021) and refers mainly to administrative and judicial proceedings related to: : (i) collection of alleged difference or non-payment of CFEM, a financial compensation paid to the Federal Government for the economic use of mineral resources; (ii) several discussions related to the ICMS: rate differential, absence of payment in different operations, applicability of tax agenda and transfer of goods between plants of the same taxpayer, improper credits taken upon intermediate materials and fixed assets considered for use and consumption; (iii) several discussions related to the PIS/COFINS, such as exclusion from the calculation basis, credits resulting from freight expenses on goods transfers between industrial plants and distributors, compensation not approved due to insufficient balance credits and alleged non-payment; and interest on Equity; (iv) undue charge of a municipal tax (Services Taxes - “ISS”); (v) disallowance of credits for allegedly undue deduction of the IRPJ and CSLL calculation base, as goodwill amortization resulting from the acquisition of other companies; (vi) non-ratified IRPJ credit compensation resulting from the improper application of the tax incentive granted by Authorities and credits resulting from the lower calculation of the negative tax balance; (vii) alleged taxation of interest on capital not paid by the Company; (viii) Additional freight for Merchant Marine renewal ("AFRMM"); and (ix) alleged non-payment of federal taxes resulting from non-approved deductible expenditures resulting in lower negative tax balances.

Brazil - InterCement Participações S.A.

Risk exposure amounts to US$263,092 as of December 31, 2022 (US$229,787 as of December 31, 2021) and refers mainly to ongoing challenges of taxable income earned abroad by subsidiaries and affiliated entities.

Other holdings

Risk exposure is US$18,359 as of December 31, 2022 (US$224,772 as of December 31, 2021) and refers to 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$282,895 as of December 31, 2022 and US$300,164 as of December 31, 2021 (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 2022 and 2021 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$21,889 (equivalent to €20,504 thousands) and US$60,831 (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$82,720 (equivalent to €77,487 thousands) as of December 31, 2022. As of December 31, 2021, the year of 2018 inspection was still in course and total exposure risk (plus interest) was estimated in US$85,523 (equivalent to €75,504 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 lawsuits relate to: (i) reparation of damages due to contractual breach; (ii) indemnity for accidents at work in the civil sphere and for undue collection; (iii) non-compliance with operating license conditions and alleged lack of licensing; (iv) air and soil pollution; and (v) 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 December 31, 2022, the fines imposed to the Group corresponds to US$182,002 and as of December 31, 2021, fines corresponds to US$151,449, 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 December 31, 2022. 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.

12. Provision for Environmental Recovery

Changes in the provisions for environmental recovery in the years ended December 31, 2022 and 2021 are as follows:

	Environmental recovery
Balance as of December 31, 2020	18,798
Hyperinflationary monetary adjustment (Note 2.1)	1,125
Recognition	2,116
Payment	(1,204)
Reversal	(8,379)
Transfers	270
Effect of changes in exchange rates	(38)
Balance as of December 31, 2021	12,688
Hyperinflationary monetary adjustment (Note 2.1)	2,129
Recognition	2,475
Payment	(1,408)
Effect of changes in exchange rates	(1,487)
Balance as of December 31, 2022	14,397

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.

The outstanding balance recorded within "Other Receivables" as non-current assets against HM Engenharia e Construções S.A., refers to properties (land) sold in 2019, with final maturity in 2028, and the balance recorded against Camargo Corrêa Desenvolvimento Imobiliário S.A., refers to properties (buildings) sold in 2021, which will be cash collected in 2024.

Balances as of December 31, 2022 and 2021 with related parties, are as follows:

	Current assets	Non current assets	Current liabilities		
	Other receivables	Other receivables	Trade payables	Other payables	Dividends payable
Affiliates:					
HM Engenharia e Construções S.A.	-	4,055	-	-	-
Camargo Corrêa Desenvolvimento Imobiliário S.A.	-	1,622	-	-	-
Construções e Comércio Camargo Corrêa S.A.	228	-	10	5	-
Camargo Corrêa Investimentos em Infra-estrutura S.A.	-	-	-	26	-
Vexia Administradora Ltda.	-	-	67	-	-
Controlling shareholders:					
Participações Morro Vermelho S.A.	-	-	-	10	-
Total as of December 31, 2022	228	5,677	77	41	-
Total as of December 31, 2021	1,808	4,889	321	47	280

Transactions conducted in the years ended December 31, 2022 and 2021 are as follows:

	Sales	Other operating income	Purchases/ expenses	Financial income
Affiliates:				
CCR S.A.	-	-	(62)	-
Construções e Comércio Camargo Corrêa S.A.	-	-	(24)	-
Instituto InterCement	-	-	(449)	-
Camargo Corrêa Investimentos em Infra-estrutura S.A.	-	-	(440)	-
Vexia Administradora Ltda.	-	-	(205)	-
H.M Engenharia e Construções S.A.	-	-	-	275
Total as of December 31, 2022	-	-	(1,180)	275
Total as of December 31, 2021	1	2,409	2,675	572

Management compensation

The amount of US$3,409 was paid in the year ended December 31, 2022 and refers to short-term benefits, such as salaries, profit sharing and other benefits (US$3,732 for the year ended December 31, 2021). A long-term incentive plan for Senior Management of the Group was set for a period of 4 years (2021 through 2024) and the benefit is mainly determined based on financial and operational indicators. The constructive obligation as of December 31, 2022 is US$3,040 (US$1,224 as of December 31, 2021) and expenses incurred for the year ended December 31, 2022 is US$1,750 (US$ US$1,270 for the year ended December 31, 2021).

14. Right-of-use assets and lease liabilities

The changes of rights-of-use assets in the year ended December 31, 2022 and 2021 are demonstrated as follows:

Composition and movements of right-of-use assets

	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other	Total
Cost						
As of December 31, 2020	12,779	79,063	3,849	34	322	96,047
Additions	1,776	3,853	-	-	308	5,937
Write-offs	(3,875)	(802)	(13)	-	-	(4,690)
Impairment	(89)	45	-	-	-	(44)
Exchange difference	2,167	(5,493)	(136)	(2)	(35)	(3,499)
As of December 31, 2021	12,758	76,666	3,700	32	595	93,751
Additions	4,181	14,794	927	-	356	20,258
Write-offs (a)	(1,300)	(4,007)	(55)	-	-	(5,362)
Impairment	-	(121)	-	-	-	(121)
Discontinued operations (2.24)	(560)	(1,378)	-	(19)	-	(1,957)
Exchange difference	740	4,680	312	(13)	38	5,757
As of December 31, 2022	15,819	90,634	4,884	-	989	112,326
(-) Accummulated depreciation						
As of December 31, 2020	(4,335)	(37,137)	(1,821)	(12)	(234)	(43,539)
Additions	(2,548)	(20,953)	(511)	(20)	(146)	(24,178)
Write-offs	1,021	257	13	-	-	1,291
Exchange difference	(436)	3,276	64	-	20	2,924
As of December 31, 2021	(6,298)	(54,557)	(2,255)	(32)	(360)	(63,502)
Additions	(2,447)	(19,778)	(754)	(5)	(223)	(23,207)
Write-offs (a)	1,300	3,215	27	-	-	4,542
Discontinued operations (2.24)	498	1,231	-	30	-	1,759
Exchange difference	(131)	(3,327)	394	7	(18)	(3,075)
As of December 31, 2022	(7,078)	(73,216)	(2,588)	-	(601)	(83,483)
Balance as of December 31, 2022	8,741	17,418	2,296	-	388	28,843
Balance as of December 31, 2021	6,460	22,109	1,445	-	235	30,249

(a) Refers primarily of early termination of the lease contracts in Brazil business segment in the amount of US$4,007 and Argentina business segment in the amount of US$1,355.

Changes in lease liabilities are as follows:

	Lease Liabilities
As of December 31, 2020	57,477
Additions, net of write-offs	1,247
Payments	(27,482)
Present value adjust	4,282
Exchange difference	(1,205)
As of December 31, 2021	34,319
Additions, net of write-offs	19,438
Payments	(27,014)
Present value adjust	3,423
Discontinued operations (2.24)	(104)
Exchange difference	1,717
As of December 31, 2022	31,779

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The lease liabilities are broken-down as current and non-current and is aged as demonstrated below:

Lease liabilities included in the statements of financial position

	12.31.2022	12.31.2021
Current	11,151	19,069
Non-current	20,628	15,250
Lease liabilities	31,779	34,319

Lease liabilities - Maturity analysis

	Lease Liabilities
Less than one year	11,151
One to five years	20,269
More than five years	359
Lease liabilities	31,779

15. Shareholder's Equity

Share Capital

As of December 31, 2022 and 2021 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.

Capital Reserves

Per Brazilian statutory law, after earnings reserves were fully consumed to absorb the losses of the year, the remaining losses, if any, should be absorbed by Capital Reserves. As of December 31, 2022, it was utilized US$14,454 to absorb the loss of the year, after fully utilizing Earnings Reserves.

Earning reserves – Legal

Based on Brazilian Corporate Law, the Company constituted a Legal Reserve in the amount of US$6,964 for the year ended December 31, 2021, which represented 5% of net income for the year. For the year ended December 31, 2022, Legal Reserve was fully consumed to absorb the losses of the year.

Earning reserves – Capital Budget

The Board of Director recommended the constitution of a retention reserve based on the capital budget of the Company in the amount of US$132,318 for the year ended December 31, 2021. In the same year, US$8,699 was utilized to distribute dividends to non-controlling shareholders. Due to losses in 2022, such reserve was fully utilized to absorb losses of the year.

Earnings reserves – Transaction with shareholders

a) Brazilian subsidiary – acquisition of non-controlling interests

In June, 2022, InterCement Brasil acquired from minority shareholders 5,360,083 preferred shares (equivalent to 2,94% 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 shareholders.

b) Argentinian subsidiary - acquisition of non-controlling interest of Loma Negra

On February 12, 2021, the Argentinean subsidiary´s Board of Director approved a repurchase plan of own shares to efficiently manage the cash excess, aiming to return a greater value for the shareholders considering the attractive current value of the share. The plan was extended for 2022.

The acquisition cannot exceed the limit of 10% of the share capital in conformity with article 64 of the Argentinian Capital Market Law.

For the year ended December 31, 2022, Loma Negra acquired 3,043,500 own shares for a total cash disbursement of US$9,693, of which a loss of US$5,870 were attributed to Company´s owners and recorded as “Transactions with shareholders” (8,596,194 owns shares for a total value of US$23,907, of which a loss of US$19,425 were attributed to Company´s owners for the year ended December 31, 2021).

As of 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 (8,596,194 for a total value of US$23,907 as of December 31, 2021, which is equivalent to 1.44% of total shares).

c) Others transaction with non-controlling interest

In 2021, the acquisition from minority shareholders of an additional stake of 0.01% of InterCement Portugal shares in the amount of US$120 led to a gain of US$1,308 recognized directly in equity attributed to Company´s owners.

In 2022, the Group realized some minor restructuring in Mozambique business segment that resulted in an increase in non-controlling interest and a decrease in transaction with shareholders of US$260 (non-cash transaction).

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. In

2021, considering the current leverage of the Company and the cash need in the following years to pay interests and principals, the Board of Directors suggested to not distribute dividends and retain the net income for the year as earnings reserve for capital budget, which is allowed by Brazilian Law under certain circumstances.

In 2021, at the Ordinary General Assembly held on April 30, 2021, it was declared dividends to preferred shares holders in the amount of US$8,699 (R$47,001 thousands), which was paid on May 07, 2021.

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

Other comprehensive income (loss) attributable to Company´s owners of US$140,732 (US$73,312 for the year ended December 31, 2021) corresponds to: (i) positive equity recognition of actuarial losses on the liability to employees in the amount of US$515, net of taxes (positive of US$346 for the year ended 2021), (ii) negative equity recognition of exchange differences from translation of foreign operations in the amount of US$710,506 (negative of US$242,767 for the year ended 2021) (iii) positive equity recognition of derivative and hedging transactions amounting to US$853, net of taxes (positive US$956 for the year ended December 31, 2021); and (iv) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US$849,870 (positive US$314,777 for the year ended December 31, 2021).

Non-controlling interests

Changes in non-controlling interests for the year ended December 31, 2022:

a) Other comprehensive income: the amount of US$49,690 corresponds to: i) equity recognition of actuarial gain on the liability to employees in the amount of US$224, ii) negative exchange differences from translation of foreign operations in the amount of US$740,154, iii) positive equity recognition of derivative, hedging and actuarial transactions amounting to US$3 and (iv) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US$789,617.

b) Transaction with shareholders recorded directly in equity, following aforementioned transactions:

i. Acquisition of 3,043,500 own shares of Loma Negra during the year ended December 31, 2022 for a total cash disbursement of US$9,693, of which a loss of US$3,823 were attributed to noncontrolling interests;

ii. The Brazilian subsidiary InterCement Brasil S.A. and non-controlling shareholders of the special purposes entities (Barra Grande, Estreito and Participações) decided to reduce the share capital proportionally to their interests in these entities. The share capital reduction by cash disbursement to the non-controlling interests amounted to US$2,904 (R$14,673 thousands);

iii. The Brazilian subsidiary acquired from non-controlling shareholders 5,360,083 shares of Estreito Participações S.A. with a book value of U$1,067 (R$5,387 thousands), reducing non-controlling interests – see Note 2.23 above;

iv. Other transactions with non-controlling interests resulting in an increase of US$260 in minority interests.

c) Dividends declared and paid to non-controlling interests:

i. In April, July and December, Argentinean subsidiary (Loma Negra) declared dividends to non-controlling shareholders of US$21,566, US$39,161 and US$9,458, respectively, totaling US$70,185, of which US$60,727 were paid in 2022 and US$9,458 in 2023 (see Note 26 – Events after the Reporting Period). The liability is recorded within "other payables" as of December 31, 2022.

ii. Special purposes entities (SPEs) controlled by Brazilian subsidiaries paid dividends to non-controlling interests in the amount of US$20,104;

iii. African entities declared and paid dividends to non-controlling interests in the amount of US$153.

Changes in non-controlling interests for the year ended December 31, 2021:

a) Other comprehensive income: the amount of US$49,626 corresponds to: i) negative exchange differences from translation of foreign operations in the amount of US$248,934 (ii) positive equity recognition of derivative and hedging transactions amounting to US$3 and (iii) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US$298,557.

b) Transaction with shareholders recognized directly in equity:

i. Acquisition of 8,596,194 own shares of Loma Negra during the year ended December 31, 2021 for a total cash disbursement of US$23,907, of which US$4,482 were attributed to noncontrolling interests;

ii. Acquisition from minority shareholders of an additional stake of 0.01% of InterCement Portugal shares in the amount of US$120 which US$1,428 were attributed to non-controlling interests.

c) Dividends declared and paid to non-controlling interests:

i. Special purposes entities (SPEs) controlled by Brazilian subsidiaries declared and paid dividends to non-controlling interests in the amount of US$10,285 related to 2021. On May 12, 2021, it also paid by the Brazilian subsidiary an amount of US$1,344 related to dividends declared in 2020;

ii. South African subsidiaries declared and paid dividends to non-controlling interests in the amount of US$105.

Preferred shares of special purposes entities (Brazilian segment)

Preferred shares for its special purpose entities ("SPE") of Barra Grande Participações, Machadinho Participações and Estreito Participações are held by non-controlling entities. These preferred shares have certain specific characteristics, in particular, in terms of:

• Right to priority dividends of the profit and/or reserves distributed in each year;

• Absence of voting rights (except for specific matters established in the corresponding statutes);

• Priority relating to the common shares in case of liquidation;

• Be converted into common shares (conversion rights);

• Non-participation in future capital increases.

There is also contracts clauses establishing a set of assumptions which regulate terms of an eventual divestment by the holders, including rights to receive minimum dividends, as well as rights to convert preferred shares into common shares. The Company is not required or obligated to repurchase these preferred shares any time.

Considering all contract characteristics, attending to the disposals of IAS 32, the referred instruments (either Barra Grande, Machadinho and Estreito) acquire characteristics of equity and financial instruments components, taking into account that those instruments simultaneously incorporate components that can be classified as an equity instrument and a financial instrument (financial asset or liability). Consequently, these components were measured and recognized separately in the financial statements, as follows:

a) The initial contribution received as a consideration of such preferred shared by InterCement Brasil was classified as an equity instrument, taking into consideration that, under the terms established, there is no obligation to repurchase those shares (obligation to deliver cash or other financial assets), as well as convertibility clauses in common shares (by option of the shareholders) and their respective dividends;

b) There are also contractual clauses regarding to options of minimum return and possible coverage of significant devaluation of these investments, for a period up to seven years or by the holders during that period, respectively. Such options generated gain or loss for the Company and such instruments were classified as derivative financial instruments and measured at fair value at the date of the financial statements.

As aforementioned, in the years ended December 31, 2022 and 2021, the SPEs declared and paid dividends to non-controlling interests.

16. Income Tax and Social Contribution

For the years ended December 31, 2022 and 2021 the reconciliation between the nominal and the effective income tax was as follows:

	12.31.2022	12.31.2021 (Restated)
Profit (loss) before income tax and social contribution	(128,256)	157,549
Group Tax rate	34%	34%
Income tax and social contribution at statutory rates	43,607	(53,567)
Adjustments to calculate income tax and social contribution at effective rate:		
Non-deductible losses due to liquidation of certain financial instruments in Argentina (note 19)	(24,926)	-
Non-deductible financial expenses in Spanish subsidiary	(29,879)	(12,220)
Effect of differences in foreigner tax rates to Group tax rate (34%)	(17,521)	(11,563)
Permanent additions / (deductions), net	(9,369)	(3,742)
Interest on capital, net	-	2,522
Effect of changes in tax rates in Argentinian business (a)	-	(38,955)
Deferred income tax and social contribution recognized (not recognized) (b)	(4,908)	148,593
Other (c)	(12,185)	617
Income tax and social contribution expense	(55,181)	31,685
Current Income tax and social contribution expense	(38,352)	(76,848)
Deferred Income tax and social contribution expense	(16,829)	108,533

(a) In 2021, Argentina authorities approved a tax reform resulting in a nominal tax rate of 35% from the previously 30%. Due to that, deferred income tax assets and liabilities were remeasured resulting in a loss of US$38,955 not deductible for tax purposes for the year ended December 31, 2021.

(b) For the year ended December 31, 2021, due to business recoverability in Brazil segment, the Company recorded deferred tax assets from taxable losses and temporary differences not recognized in prior years in amount of US$160,963. Such amount was partially offset by deferred tax assets not recognized in other regions due to lack of positive evidences that future taxable income would be available to justify the corresponding recoverability in a foreseeable future. For the year ended December 31, 2022, it relates to deferred tax assets not recognized due to lack of available future taxable income in the holding companies and Mozambique segment.

(c) For the year ended December 31, 2022, it mainly refers to (i) negative amount of US$4,714 related to the impact of monetary adjustment in Argentina due to hyperinflationary economy (a negative amount of US$1,714 for the year ended December 31, 2021); (ii) a negative impact of US$14,444 related to results recorded in our Spanish subsidiary that were eliminated for consolidation purposes as they were transactions between intragroup entities (a negative impact of US$720 for the year ended December 31, 2021). Such results are deductible for tax purposes in local books and, therefore, represent a permanent difference in the group effective tax rate; and (iii) positive amount of US$10,712 mainly generated by entities in Brazilian segment taxed under the presumed profit tax rules and other permanent differences in Brazil (positive amount of US$9,627 for the year ended December 31, 2021). In 2021, it was also impacted by negative amount of US$3,166 related to impairments recognized in Mozambique and Spain that were not deductible for tax purposes.

As mentioned in Note 2.24, Egypt segment operation was discontinued, therefore, an expense of US$11,834 was reclassified from current and deferred income tax expenses to “loss for the year from discontinued operation” within the statements of profit or loss for the year ended December 31, 2021.

For the year ended December 31, 2022, the current and deferred income tax gain of US$4,055 is presented as “loss for the year from discontinued operation”.

Deferred income tax and social contribution

Deferred income tax and social contribution were recognized on tax losses carry forwards and temporary differences in the recognition of revenues and expenses between tax and corporate books, to the extent considered realizable by the subsidiaries.

Deferred income tax and social contribution are demonstrated as follows:

	12.31.2022	12.31.2021
Assets:		(a)
Tax loss carryforwards	100,303	89,646
Tax, labor and civil contingencies	8,554	7,718
Valuation of the useful lives of property, plant and equipment	44,826	41,621
Expected credit losses (accounts receivable)	1,946	2,035
Allowance for impairment losses (inventories)	10,285	10,886
Financial Instruments derivatives	9,604	10,190
Other temporary provisions	15,849	19,572
Total assets	191,367	181,668
Goodwill amortization (future earnings)	40,041	40,906
Exchange rate changes taxed on a cash basis	23,023	24,041
Deemed cost of property, plant and equipment	10,332	27,538
Useful life estimate of property, plant and equipment	185,021	132,672
Measurement of assets acquired at fair value (b)	44,899	51,187
Unrealized gain in reinsurance activities	4,009	8,949
Other temporary provisions	25,185	28,921
Total liabilities	332,510	314,214
Noncurrent assets	95,315	82,845
Noncurrent liabilities	236,458	215,391

(a) Recognition of deferred income tax assets over tax losses and temporary differences in Brazil

Deferred income taxes assets over tax losses and temporary differences are recognized when it is probable that future taxable profits will be available to compensate such credits.

The future taxable profits projections are derived from the business plan properly approved by the Board of Directors, carried out at nominal bases, observing the period of 10 year (which coincides with the business cycle), using as assumptions historical information, market sources and Management´s best estimate to realize the temporary differences at current tax rates. The projections are not discounted to present value.

Based on the respective assessment, on December 31, 2021, the Brazilian subsidiary concluded that it was probable to generate sufficient future taxable income to record unrecognized deferred tax assets from prior periods, including temporary differences (whose realization was considered in the projections), having recognized in that year US$163,363 of deferred taxes not recognized in previous years. In 2022, despite tax losses recognized in current year which resulted in the increase in deferred income tax assets over tax losses of US$5,718, mainly due to inflation pressure on costs and rising interest expenses due to the increase in the interbank interest rate (“CDI”) in Brazil, the future taxable profits projections prepared by Management for the year ended December 31, 2022 still demonstrated that the entire amount will be recoverable within 10 year-periods of the initial recognition, as determined in 2021 as a reasonable period. The Company is quarterly reassessing such realization testing.

(b) Refers mainly to the revaluation of assets at fair value on the purchase price allocation resulted from the acquisition of former CIMPOR occurred in 2012.

As of December 31, 2022, the deferred income tax assets over tax losses is US$100,303 (US$89,646 as of December 31, 2021), which corresponds to a tax losses bases of approximately US$280,435 (US$263,011 as of December 31, 2021). The expected recovery of such assets is as follows and they are substantially concentrated in Brazilian business segment:

	12.31.2022
2023	2%
2024	7%
2025	9%
2026	13%
2027	15%
After 2027	53%

The Company has additional US$952,672 (US$791,698 as of December 31, 2021) consolidated tax losses basis among the segments and holding entities and jurisdictions (primarily in holding entities), for which corresponding deferred tax assets where not recognized due to the lack of availability of probable future taxable income.

17. Net sales

The breakdown of the Company's net sales for the years ended December 31, 2022 and 2021 is as follows:

	12.31.2022	12.31.2021 (Restated)
Products sold	2,308,753	2,005,787
Services provided	83,565	81,864
(-) Taxes on sales	(226,071)	(185,968)
(-) Discounts	(366,689)	(317,748)
Total	1,799,558	1,583,935

Taxes on sales comprise federal, state and municipal taxes such as Federal VAT, State VAT, Taxes on Revenues, and Service Tax.

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

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

	12.31.2022	12.31.2021 (Restated)
Depreciation and amortization	(176,646)	(155,120)
Impairment losses, net (a)	(1,163)	(1,340)
Salaries and employee benefits	(234,519)	(202,542)
Raw materials and consumables	(333,989)	(272,102)
Tax expenses	(32,316)	(30,216)
Outside services	(96,830)	(83,484)
Rental	(4,898)	(5,465)
Freight expenses	(174,172)	(137,956)
Maintenance costs	(84,899)	(76,079)
Fuel	(248,840)	(175,220)
Electricity	(98,220)	(99,319)
Specialized work	(45,289)	(38,079)
Recognition of inventories and trade receivable impairments	(2,932)	(8,951)
Gain (Loss) on sale of property, plant and equipment	24,324	(5,764)
Other (b)	(21,917)	(3,369)
Total	(1,532,306)	(1,295,006)
Cost of sales and services	(1,405,095)	(1,151,393)
Selling expenses	(74,257)	(64,451)
Administrative expenses	(98,831)	(95,883)
Other income	45,877	16,721
Total	(1,532,306)	(1,295,006)

(a) In the year ended December 31, 2022 refers to impairment of certain fixed assets in Brazilian business segment in the amount of US$1,163.

In the year ended December 31, 2021 refers to property, plant and equipment, intangible, goodwill and right-of-use asset impairment loss, net (Notes 7, 8 and 14), which mainly relates to impairments losses in goodwill of US$4,142 in Mozambique business segment; property, plant and equipment of US$1,543 in Argentina, and reversal of impairment loss of property, plant and equipment of US$4,040 in Brazil. The remaining amount of US$305 is pulverized in other assets or business segments.

(b) In the year ended December 31, 2021 includes a gain of US$8,843 (equivalent to R$47,580 thousands) related to extemporaneous tax credits of PIS/COFINS (sales taxes), including an earnout on the sale of the corresponding legal proceeding in prior years, upon the ruling per Brazilian Supreme Court of the exclusion of ICMS (state VAT) from the computation basis of such sales taxes occurred on May 2021. Additionally, such transaction resulted in an interest income of US$8,938 which was recorded as financial income (see Note 19).

19. Financial Income (expenses) and Foreign exchanges gains/(losses), net

	12.31.2022	12.31.2021 (Restated)
Foreign exchange gain (losses), net (a):		
Exchange gain	187,871	182,245
Exchange loss	(317,627)	(202,050)
Total	(129,756)	(19,805)
Financial income:		
Inflation adjustment (b)	8,182	18,024
Effects of Hyperinflationary monetary adjustments (c)	78,463	18,855
Financial earnings	17,160	4,403
Interest income	350	447
Derivative financial instruments	550	-
Other income	5,321	9,227
Total	110,026	50,956
Financial expenses:		
Inflation adjustment	(8,166)	(5,259)
Exchange rate difference on cancellation of foreign currency loans (d)	(108,709)	-
Expenses on interest and charges (e)	(226,650)	(112,129)
Expenses on banking commissions	(4,839)	(5,159)
Fines	(633)	(2,332)
Derivative financial instruments	(376)	(3,240)
Lease liabilities present value	(3,676)	(4,106)
Other expenses (f)	(22,729)	(30,306)
Total	(375,778)	(162,531)

(a) The exchange differences are mainly influenced by the appreciation and depreciation of functional currencies against other currencies (mainly U.S. Dollars, Euro and Brazilian Reais).

(b) For the year ended December 31, 2022 and 2021, includes a gain related to extemporaneous tax credits of PIS/COFINS in the amount of US$2,442 and US$8,938, respectively, as mentioned in Note 18 (b) above.

(c) It relates to the application of hyperinflationary monetary adjustments in Argentinean business due to the application of IAS29 – Hyperinflationary economy (Note 2.1).

(d) This caption primarily includes the loss of US$107,718 (cash disbursement of US$96,730 recorded by the Argentinian subsidiary resulting from the liquidation of certain loans obtained in dollars (see Note 24.4 for further information). Such loss is only tax deductible under certain specific situation and, therefore, it was not recorded the equivalent deferred income tax assets of US$24,926.

(e) The main increase in the interest expenses line item is related to the rising of the floating interest rate (CDI) when compared to 2021. The Brazilian annual average basic interest rate (SELIC) was 12.63% and 4.81% in 2022 and 2021, respectively.

(f) For the year ended December 31, 2022, other expenses includes (i) expenses incurred of US$4,247 related to PIS and COFINS on financial income in Brazilian business segment and (ii) as mentioned in Note 4, realized loss in securities of US$2,387 in InterCement Reinsurance.

For the year ended December 31, 2021, other expenses mainly includes (i) losses of US$11,239 in Argentinian business segment related to investments in securities, (ii) US$3,889 related to PIS and COFINS on financial income and (iii) US$2,723 related to financial operations taxes paid over intercompany loans transactions in the period.

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" 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 cement in accordance with the minimum stipulated in the contract until 2023, purchase of limestone 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:

	12.31.2022
2023	71,188
2024	27,046
2025	1,245
2026	1,245
After 2026	3,733
Total	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:

	12.31.2022
2023	71,624
2024	46,237
2025	38,395
2026	25,870
After 2026	77,337
Total	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$6,819 (ARS 1,208,057 thousands) during 2023, and US$27,276 (ARS 4,832,226 thousands) 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$47,568 (ARS 8,427,212 thousands) to be paid during 2023 and US$47,637 (ARS 8,439,364 thousands) to be paid between 2024 and 2027; and (ii) for the supply of energy in the amount of US$14,129 (ARS 2,503,039 thousands) to be paid during 2023 and US$112,904 (ARS 20,002,049 thousands) to be paid between 2024 and 2038.

21. Earnings (losses) Per Share

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

	12.31.2022	12.31.2021 (Restated)
Profit (loss) for the year from continuing and discontinuing operations attributable to Company's owners	(262,561)	139,282
Profit (loss) for the year attributable to common shares	(262,561)	139,282
Weighted average number of common shares	52,920,764	52,920,764
Basic/diluted profit (loss) per common share	(4.96)	2.63
Profit (Loss) for the year from continuing operations attributable to Company's owners	(207,857)	141,094
Profit (Loss) for the year attributable to common shares	(207,857)	141,094
Weighted average number of common shares	52,920,764	52,920,764
Basic/diluted profit (loss) per common share	(3.93)	2.67

22. Insurance

The businesses of InterCement Group are covered through a Master Policy with international insurance company for property damage and business interruption with indemnity limits up to US$160,129 (€150.000 thousands) per insured event and liability risks with indemnity limits up to US$26,688 (€25,000 thousands) per insured event.

Argentinian and Brazilian business´s liability risk is not covered by this Master Policy and insurances is contracted directly by Loma Negra and its subsidiaries and by InterCement Brasil S.A. and its subsidiaries.

The scope of the work of our auditors does not include the issuance of an opinion on the sufficiency of the insurance coverage, which was determined by Management and which considers it sufficient to cover any claims.

23. Guarantees

The comfort letters and guarantees given within the Group, in the amount of US$1,573,000 (US$1,485,000 as of December 31, 2021), relates to financial liabilities already reflected in the consolidated financial position. In addition, as of December 31, 2022, several Group companies has given guarantees with third parties, mainly related with tax legal disputes in the business segment of Brazil and Spain, in the amount of US$214,000 (US$199,000 as of December 31, 2021).

24. 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 Group contracts short-term investments, borrowings and financing, as well as derivatives.

24.1 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 lease liabilities are not included within the net debt.

As mentioned in Note 9 and 10, 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 calculate 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 or gains.

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.

24.2 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 is deemed to mean the probability of obtaining a positive or negative outcome different to that expected, and which materially and unpredictability may result in changes in 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 forecasted financial information by means of meticulous financial planning based on multi-year budgets.

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

The Group, as a rule, does not take speculative positions. Therefore 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 whole 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).

24.3 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 later 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 expectation concerning the development of market rates.

As of December 31, 2022 and 2021, there were no hedge instruments contracted to protect such risk.

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 and IPCA on borrowings and debentures. Interest rates on short-term investments are mostly linked to the CDI fluctuation. These positions are as follows:

	Borrowings and financing	Debentures	Cash and cash equivalents	Securities	Other payables	12.31.2022	12.31.2021
Assets:							
CDI	-	-	105,957	6,326	-	112,283	83,129
Repo Rate	-	-	7,986	-	-	7,986	-
Total	-	-	113,943	6,326	-	120,269	83,129
Liabilities:							
IGP-M	-	-	-	-	10,567	10,567	9,359
CDI	32,585	895,256	-	-	-	927,841	872,361
LIBOR	59,900	-	-	-	-	59,900	36,274
Prime Rate	15,815	-	-	-	-	15,815	5,851
JIBAR	38,337	-	-	-	-	38,337	31,341
IPCA	16,322	-	-	-	-	16,322	-
Total	162,959	895,256	-	-	10,567	1,068,782	955,186

As of December 31, 2022, the Group is exposed to Corridor rate in the amount of US$4,067 (US$8,185 as of December 31, 2021). As Egypt´s segment was sold on January 27, 2023 (see Note 1 above) and presented as discontinued operation, such amount was excluded from the interest risk exposure above.

As of December 31, 2022 and 2021 the Group's borrowings and financing and debentures by type of interest rate, considering derivative financial instruments, when applicable, between floating and fixed rate, is as follows:

	12.31.2022	12.31.2021
Floating rates	63%	62%
Fixed rates	37%	38%

24.4 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 made in those countries.

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 December 31, 2022, in case such instruments were used for the liquidation of the aforementioned operations, would result in a negative impact of approximately 94% over the net position in dollars.

Likewise, for the year ended December 31, 2022, the loss from the use of such instruments for the liquidation of certain financial loans was US$107,718 and is recorded in the Consolidated Statement of profit or loss within the financial expenses as "Loss on liquidation of certain financial instruments". (see Note 19 item d).

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 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 27, 2023, therefore, it was excluded from the table below the exchange risks related to Egypt´s business segment):

	12.31.2022	12.31.2021
Assets:		
Cash, cash equivalents and securities	50,548	39,962
Trade receivables	80	2,910
Related parties (a)	770,205	763,750
Other assets	5	1,068
Exposed assets	820,838	807,690
Liabilities:		
Borrowings, financing and debentures (Note 9 and 10)	608,542	584,381
Interest payable	16,841	15,338
Foreign trade payables	22,563	25,179
Related parties (a)	237,223	1,177,362
Other liabilities	9,023	91
Exposed liabilities	894,192	1,802,351
Exposed net position liabitity	(73,354)	(994,661)

(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 IAS21 – The Effect of changes in Foreign Exchange Rates.

Starting in July 1st, 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 December 31, 2022, the Related Parties payables and receivables of US$1,122,003 and US$199,812, respectively, were determined to be part of entity´s net investment and the exchange difference since inception is positive in US$16,660 and it were recorded within “other comprehensive income”.

The presentation of cash and cash equivalents and securities by currencies and related foreign exchange exposures are as follows:

		12.31.2022		12.31.2021	
Functional currency	**Currency**	**Currency**	**USD**	**Currency**	**USD**
ARS	USD	3,583,770	20,228	612	612
BRL	USD	55,797	10,695	-	-
EGP	USD	-	-	1,587	1,587
EUR	USD	17,644	18,835	36,810	36,810
MZN	USD	12,505	198	383	383
ARS	EUR	1,903	11	14	12
EGP	EUR	-	-	97	85
MZN	EUR	40	1	338	299
EUR	EGP	-	-	2,725	174
MZN	ZAR	10,540	167	-	-
EUR	ARS	387	413	-	-
Amount exposed to foreign exchange risks			50,548		39,962
BRL	BRL	554,447	106,275	474,128	84,962
EUR	EUR	22,163	23,660	31,115	27,470
ARS	ARS	1,324,224	7,475	5,219,633	50,814
MZN	MZN	1,018,950	16,115	1,096,321	17,347
EGP	EGP	-	-	94,360	6,026
ZAR	ZAR	250,902	14,798	320,991	20,121
Amount by functional currency			168,323		206,740
			218,871		246,702

The main debt instruments (essentially loans and debentures) as of December 31, 2022 and 2021, and considering the effect of the existing cross currency swaps, when applicable, were denominated in the following currencies:

	12.31.2022	12.31.2021
USD	37%	38%
BRL	56%	57%
Other	7%	5%

24.5 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.

The table below summarizes the maturity profile of the Company's financial liabilities undiscounted payments:

	12.31.2022					
	Up to 1 year	1-2 years	3-5 years	More than 5 years	Total	12.31.2021
Borrowings and financing and debentures	317,419	851,094	639,612	-	1,808,124	1,746,829
Trade payables	224,893	-	-	-	224,893	211,732
Obligations from confirming	71,271	-	-	-	71,271	46,735
Obligations under finance leases	13,975	7,753	15,598	1,737	39,063	37,907
	627,558	858,847	655,210	1,737	2,143,351	2,043,203

25.6 Credit risk

The markets 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 reduce the probability of non-performance of its obligations.

The Group's level of solvency is also reflected in its Leverage ratio (Net Debt / EBITDA). As described in Notes 9 and 10, as of December 31, 2022, the Company and its subsidiaries complied with restrictive covenants.

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.

24.7 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 endeavors 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.

Due to COVID-19 crisis, Management reassessed the assumption related to the risk of defaults by its clients by each business units in order to determine if the expected credit losses reflected Management´s expected losses, which are based on historical losses for each aging list bucket and prospective data. The prospective data are obtained from Legal, Credit and Accounts Receivable departments. Furthermore, Management implemented more restrictive rules to authorize new sales due to COVID-19, which still running in current year.

Moreover, due to the fact that the Company operates in several countries and the type of the customer´s portfolio, the accounts receivable balances are not concentrated in any specific customer or in a few customers, significantly reducing the overall credit risk.

24.8 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 December 31, 2022 were as follow:

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

A parallel change of +/- in the interest rate curves applied on principal amounts as of December 31, 2022, 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	(59,900)	(599)	(1,198)	(1,797)
CDI	BRL	(815,558)	(8,156)	(16,311)	(24,467)
JIBAR	ZAR	(38,337)	(383)	(767)	(1,150)
Prime Rate	MZN	(15,815)	(158)	(316)	(474)
IPCA	BRL	(16,322)	(163)	(326)	(490)

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 December 31, 2022, the significant impacts on net financial results would be as follows:

Amount in USD	Transaction Currency	Amount in US$ Asset (liability)	Local Currency	FX rate Local / Transaction	USD depreciation -10%	USD depreciation -5%	USD appreciation 5%	USD appreciation 10%
24,161	US$	24,161	EUR	0.94	(2,416)	(1,208)	1,208	2,416
(59,700)	US$	(59,700)	ARS	177.16	5,970	2,985	(2,985)	(5,970)
3,232	US$	3,232	BRL	5.22	(323)	(162)	162	323
41,325	US$	41,325	ZAR	16.96	(4,133)	(2,066)	2,066	4,133
(21,178)	US$	(21,178)	MZN	63.23	2,118	1,059	(1,059)	(2,118)
		(12,160)	Total exposure US$ dollars x local currency					

Amount in EUR	Transaction Currency	Amount in US$ Asset (liability)	Local Currency	FX rate Local / Transaction	EUR depreciation -10%	EUR depreciation -5.0%	EUR appreciation 5.0%	EUR appreciation 10.0%
(460)	EUR	(491)	ZAR	18.10	43	22	(22)	(43)
(18,720)	EUR	(19,984)	BRL	5.57	1,754	877	(877)	(1,754)
(1,965)	EUR	(2,098)	ARS	189.12	184	92	(92)	(184)
(10,521)	EUR	(11,231)	MZN	67.50	986	493	(493)	(986)
		(33,804)	Total exposure EURO x local currency					

Amount in ZAR	Transaction Currency	Amount in US$ Asset (liability)	Local Currency	FX rate Local / Transaction	ZAR depreciation -10%	ZAR depreciation -5.0%	ZAR appreciation 5.0%	ZAR appreciation 10.0%
(2,799)	ZAR	(165)	MZN	3.73	1	1	(1)	(1)
		(165)	Total exposure ZAR x local currency					

Amount in BRL	Transaction Currency	Amount in US$ Asset (liability)	Local Currency	FX rate Local / Transaction	BRL depreciation -10%	BRL depreciation -5.0%	BRL appreciation 5.0%	BRL appreciation 10.0%
(140,083)	BRL	(26,851)	EUR	5.57	2,441	1,279	(1,279)	(2,441)
(173)	BRL	(33)	ZAR	3.25	3	2	(2)	(2)
		(26,884)	Total exposure BRL x local currency					

Amount in ARS	Transaction Currency	Amount in US$ Asset (liability)	Local Currency	FX rate Local / Transaction	ARS depreciation -10%	ARS depreciation -5.0%	ARS appreciation 5.0%	ARS appreciation 10.0%
(60,490)	ARS	(341)	EUR	0.01	31	16	(16)	(31)
		(341)	Total exposure ARS x local currency					

24.9 Categories of financial instruments

	12.31.2022	12.31.2021
Current assets:		
Cash and bank accounts (Note 3)	71,469	77,510
Financial assets at amortized cost:		
Securities - bonds investments and others (Note 4)	-	19,134
Trade receivables (Note 5)	64,233	82,032
Other receivables	29,957	29,529
Financial assets at fair-value through profit & Loss:		
Short-term investments - financial asset (Note 3)	147,402	128,293
Securities - Investments funds (Note 4)	-	21,765
Non-current assets:		
Financial assets at amortized cost:		
Trade receivables (Note 5)	707	372
Other receivables	20,347	35,258
Long-term investments - financial asset (Note 4)	7,403	1,103
Financial assets at fair-value through profit & loss:		
Derivatives (Note 24.10)	1,567	1,303
Current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	156,446	-
Borrowings and financing (Note 9)	106,094	122,618
Trade payables	224,893	211,732
Obligations from confirming	71,271	46,735
Interest payable (Notes 9 and 10)	31,915	24,503
Lease liabilities (Note 14)	11,151	19,069
Other payables	23,714	26,758
Non-current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	1,287,027	1,384,628
Borrowings and financing (Note 9)	113,610	38,746
Lease liabilities (Note 14)	20,628	15,250
Other payables	30,917	25,597

24.10 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 December 31, 2022 and 2021 are demonstrated below:

As of December 31, 2022 and 2021, the fair value of derivatives is as follows:

	Assets	
	Non-current	
	12.31.2022	12.31.2021
Written-put options ("Baesa", "Machadinho" and “Estreito” operations)	1,567	1,303
	1,567	1,303

24.11 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 December 31, 2021 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 statements;

– 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	Securities	147,402	-
Financial assets at fair value	Financial derivative instruments	-	1,567

The valuation technique to determine the fair value measurement of the financial statements categorized within Level 3 of the fair value hierarchy, which comprises the derivative options of the Baesa", "Machadinho" and “Estreito” operations, was Black-Scholes. The significant unobservable inputs to the measurement include: expected 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 – financial instruments 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:

	12.31.2022		12.31.2021	
	Amortized cost	Fair value	Amortized cost	Fair value
Borrowing and financing (Note 9)	219,704	217,782	161,364	143,587
Debentures (Note 10)	1,443,473	1,321,108	1,384,628	1,339,415
Leases liabilities (Note 14)	31,779	27,355	34,319	30,873

25. 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 profit information are as follows:

	12.31.2022				12.31.2021 (Restated)			
	Net Revenue				Net Revenue			
	Foreign sales	Intersegment sales	Total	Results	Foreign sales	Intersegment sales	Total	Results
Operating segments:								
Brazil	722,616	-	722,616	80,261	568,536	17,398	585,934	108,441
Argentina	828,394	-	828,394	163,314	743,859	-	743,859	164,280
Mozambique	96,391	-	96,391	10,922	103,458	-	103,458	5,165
South Africa	148,971	-	148,971	18,708	146,904	-	146,904	21,865
Total	1,796,372	-	1,796,372	273,205	1,562,757	17,398	1,580,155	299,751
Unallocated (a)	3,186	3,365	6,551	(5,953)	21,178	23,971	45,149	(10,822)
Eliminations	-	(3,365)	(3,365)	-	-	(41,369)	(41,369)	-
Sub-total	1,799,558	-	1,799,558	267,252	1,583,935	-	1,583,935	288,929
Income before financial income (expenses)				267,252				288,929
Foreign exchange, net				(129,756)				(19,805)
Financial income				110,026				50,956
Financial expenses				(375,778)				(162,531)
Profit (loss) before income tax and social contribution				(128,256)				157,549
Income tax and social contribution				(55,181)				31,685
Profit (loss) for the year from continuing operations				(183,437)				189,234
Loss for the year from discontinued operations (note 2.24)				(55,083)				(1,856)
Profit (loss) for the year				(238,520)				187,378

This caption includes holding companies and trading companies not attributable to specific segments.
The profit for each years above includes the full amount of the Company's segments disregarding the following amounts attributable to noncontrolling interests:

	Noncontrolling interests	
	12.31.2022	12.31.2021 (Restated)
Operating segments:		
Brazil	19,995	17,419
Argentina	4,546	29,900
Mozambique	292	596
South Africa	231	620
	25,064	48,535
Unallocated	(644)	(396)
	24,420	48,139
Discontinued operating segments (note 2.24)	(379)	(43)
Profit for the year attributable to non-controlling interests	24,041	48,096

Other information:

	12.31.2022		12.31.2021 (Restated)	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Operating segments:				
Brazil	64,532	81,015	60,117	68,172
Argentina	51,427	78,963	70,320	65,482
Mozambique	1,229	6,487	1,475	9,973
South Africa	10,932	10,727	9,489	12,536
	128,120	177,192	141,401	156,163
Unallocated	(73)	617	803	297
	128,047	177,809	142,204	156,460
Discontinued operating segments (note 2.24)	8,608	28,842	12,520	15,495
Total	136,655	206,651	154,724	171,955

In addition, segment assets and liabilities reconciled with the consolidated balances as of December 31, 2022 and 2021 are as follows:

	12.31.2022			12.31.2021		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	1,499,307	817,376	681,931	1,374,340	704,231	670,109
Argentina	1,328,436	488,845	839,591	1,193,825	314,861	878,964
Egypt	-	-	-	257,053	238,639	18,414
Mozambique	157,830	94,499	63,331	167,714	132,161	35,553
South Africa	276,317	94,517	181,800	499,318	269,741	229,577
Total	3,261,890	1,495,237	1,766,653	3,492,250	1,659,633	1,832,617
Unallocated	154,097	1,138,425	(984,327)	19,356	869,840	(850,485)
Eliminations	(134,806)	(134,807)	-	(209,605)	(209,604)	-
Total	3,281,181	2,498,855	782,326	3,302,001	2,319,869	982,132
Egypt Discontinued operating segments (note 2.24)	180,512	140,512	40,000	-	-	-
Inter-segment eliminations	(40,045)	(40,045)	-	-	-	-
Total	3,421,648	2,599,322	822,326	3,302,001	2,319,869	982,132

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

26. Events After the Reporting Period

Bonds Interest payment

On January 16, 2023, the Company paid interests in the amount of US$15,818 to Senior Notes holders.

Promissory notes liquidation

On January 26, 2023, the Company fully anticipated the liquidation of the Promissory notes in the amount of US$13,417 that was due in March 2023.

Debenture´s principal and interest anticipation

On February 02, 2023, the Company partially anticipated the liquidation of the debenture installment that is due in July 2023, disbursing an amount of US$39,611 (R$197.667 thousands) as principal and US$1,076 (R$5,373 thousands) as interests.

Dividends paid by Argentina

On December 27, 2022, the Argentinian subsidiary (Loma Negra C.I.A.S.A.) announced payment of dividends for a total amount of US$19,756 (ARS3,500,000 thousands, which is equivalent to ARS5.9964 per outstanding share, excluding the treasury shares). The payment occurred in January, 2023, of which US$10,297 (ARS1,824,336,524 thousands) was paid to the Group and US$9,458 (ARS1,675,663 thousands) to minority interests.

Debentures issued by Argentina

On January 27, 2023, the Board of Directors of the Company approved the issuance of simple negotiable obligations not convertible into shares under the Global Program for the Issuance of Negotiable Obligations not convertible into shares for up to an amount of US$150,000 that was approved by the Ordinary and Extraordinary General Shareholders' Meeting held on April 16, 2020, and whose terms and conditions were approved by the Board of Directors at its meeting on the same day.

On February 16, 2023, the Company tendered its Class 1 Negotiable Obligations, obtaining as a result a face value to be issued of ARS25,636.3 million (equivalent to US$133,300), with an interest rate of BADLAR + 2% and maturity at 18 months.

Egypt´s disinvestment

As mentioned in Note 1, on January 27, 2023, the Company announced the signing of a definitive agreements to sell of its operations in Egypt, with immediate transfer of control to the buyer.

Brazilian Supreme Court Decision regarding temporal effectiveness of judged judicial disputes

On February 08, 2023, the Brazilian Supreme Court decided that judged judicial disputes could be reassessed based on subsequent decisions from the Court on similar judicial disputes that is different from the final judged cases (“Coisa Julgada”). Group management and the Brazilian subsidiary assessed major judged disputes from past years and based on such analysis no additional provision or disclosure was necessary to these consolidated financial statements. Management is awaiting judicial developments of such decision to properly conclude its assessment.

27. Authorization for Completion of Financial Statements

The Board of Directors authorized the completion of this consolidated financial statements dated as March 30, 2023.