





Building sustainable partnerships



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## Independent auditor's review report on interim financial information

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

#### Introduction

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

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

### Scope of review

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

## Material uncertainty related to going concern

We draw attention to note 1 to the interim financial information, which indicates that as of and for the six-month period ended June 30, 2023, the Company incurred in losses from continuing operations of US\$81,682 thousand, and current liabilities exceeded total assets in the amount of US\$215,859 thousand, disregarding the "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale". As presented in note 1, these events or conditions, together with other matters described in note 1, indicate the existence of material uncertainty that may raise significant doubt as to the Company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.



## Emphasis of matter - Restatement of the corresponding financial information

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

#### Conclusion

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

São Paulo, August 17, 2023

ERNST & YOUNG Auditores Independentes S/S Ltda.

CRC-SP 034519/O

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



Condensed Consolidated Statements of Financial Position as of June 30, 2023 and December 31, 2022 (In thousands of U.S. Dollars - US\$)

| ASSETS  | Notes | 06.30.2023 | 12.31.2022 | LIABILITIES AND EQUITY  | Notes     | 06.30.2023  | 12.31.2022  |
|---|-------|------------|------------|---|-----------|-------------|-------------|
| CURRENT ASSETS                                      |       |            |            | CURRENT LIABILITIES   |           |             |             |
| Cash and cash equivalents                           | 4     | 153,859    | 218,871    | Trade payables  |           | 188,745     | 224,893     |
| Trade receivables                                   | 6     | 95,062     | 64,233     | Obligations from confirming   |           | 22,626      | 71,271      |
| Inventories   | 7     | 212,803    | 230,306    | Debentures  | 11        | 201,174     | 156,446     |
| Recoverable taxes                                   |       | 36,288     | 51,106     | Borrowings and financing  | 10        | 89,343      | 106,094     |
| Other receivables                                   |       | 19,926     | 29,957     | Interest payable  | 10 and 11 | 82,846      | 31,915      |
|   |       | 517,938    | 594,473    | Leases liabilities  | 14        | 15,445      | 11,151      |
|   |       |            | <u> </u>   | Taxes payable   |           | 42,614      | 47,707      |
|   |       |            |            | Payroll and related taxes   |           | 32,769      | 45,146      |
|   |       |            |            | Advances from customers   |           | 11,452      | 12,195      |
|   |       |            |            | Other payables  | -         | 46,783      | 23,714      |
|   |       |            |            |   |           | 733,797     | 730,532     |
| Assets classified as held for sale                  | 2.4   | 368,768    | 180,512    | Liabilities directly associated with assets classified as held for sale | 2.4       | 126,445     | 140,512     |
| Total current assets                                |       | 886,706    | 774,985    | Total current liabilities   | -         | 860,242     | 871,044     |
| NONCURRENT ASSETS                                   |       |            |            | NONCURRENT LIABILITIES  |           |             |             |
| Securities  | 5     | 8,462      | 7,403      | Debentures  | 11        | 1,447,502   | 1,287,027   |
| Trade receivables                                   | 6     | 654        | 707        | Borrowings and financing  | 10        | 23,469      | 113,610     |
| Inventories   | 7     | 47,899     | 53,490     | Leases liabilities  | 14        | 54,858      | 20,628      |
| Recoverable taxes                                   |       | 8,142      | 28,661     | Provision for tax, civil and labor risks                                | 12        | 18,687      | 19,059      |
| Deferred income tax and social contribution         |       | 108,649    | 95,315     | Provision for environmental recovery                                    |           | 11,513      | 14,397      |
| Judicial deposits                                   |       | 16,955     | 16,284     | Taxes payable   |           | 4,674       | 6,182       |
| Derivatives   | 22.10 | 1,930      | 1,567      | Deferred income tax and social contribution                             |           | 224,851     | 236,458     |
| Other assets and receivables                        |       | 21,641     | 20,348     | Other payables  | -         | 28,238      | 30,917      |
| Right-of-use assets                                 | 14    | 66,323     | 28,843     | Total noncurrent liabilities  |           | 1,813,792   | 1,728,278   |
| Property, plant and equipment<br>Intangible assets: | 8     | 1,354,054  | 1,457,837  | TOTAL LIABILITIES   | Ē         | 2,674,034   | 2,599,322   |
| Goodwill  | 9     | 771,314    | 837,725    |   |           |             |             |
| Other intangible assets                             | 9     | 95,925     | 98,483     | SHAREHOLDER'S EQUITY  |           |             |             |
| Total noncurrent assets                             |       | 2,501,948  | 2,646,663  | Capital   | 15        | 1,445,943   | 1,445,943   |
|   |       |            | <u>.</u>   | Capital reserves  | 15        | 588,641     | 588,641     |
|   |       |            |            | Earnings reserves   | 15        | 232,312     | 232,312     |
|   |       |            |            | Accumulated loss  |           | (148,483)   | -           |
|   |       |            |            | Other comprehensive loss  | 15        | (1,714,808) | (1,797,684) |
|   |       |            |            | Equity attributable to the Company's owners                             | -         | 403,605     | 469,212     |
|   |       |            |            | Non-controlling interests   | 15        | 311.015     | 353,114     |
|   |       |            |            | Total equity  |           | 714,620     | 822,326     |
| TOTAL ASSETS  |       | 3,388,654  | 3,421,648  | TOTAL LIABILITIES AND EQUITY  | -         | 3,388,654   | 3,421,648   |



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

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

|  | Notes          | 06.30.2023                      | 06.30.2022<br>(Restated -<br>Note 2.4) |
|--|----------------|---------------------------------|--|
| CONTINUING OPERATIONS  |                |                                 | ,                                      |
| NET SALES  | 17             | 718,332                         | 740,052                                |
| COST OF SALES AND SERVICES   | 18             | (573,779)                       | (562,510)                              |
| GROSS PROFIT   | -              | 144,553                         | 177,542                                |
| OPERATING INCOME (EXPENSES) Selling expenses Administrative expenses Other income/ (expenses)        | 18<br>18<br>18 | (33,871)<br>(44,258)<br>(1,723) | (35,723)<br>(40,914)<br>12,614         |
| INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION                        | -              | 64,701                          | 113,519                                |
| FINANCIAL INCOME (EXPENSES) Foreign exchange gains/(losses), net Financial income Financial expenses | 19<br>19<br>19 | (56,957)<br>86,357<br>(167,768) | (105,855)<br>22,931<br>(108,381)       |
| LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION   | -              | (73,667)                        | (77,786)                               |
| INCOME TAX AND SOCIAL CONTRIBUTION Current Deferred  | 16<br>16       | (14,327)<br>6,312               | (21,444)<br>(2,659)                    |
| LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS   | -<br>-         | (81,682)                        | (101,889)                              |
| DISCONTINUED OPERATIONS  LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS                            | 2.4            | (39,906)                        | (11,876)                               |
| LOSS FOR THE PERIOD FROM CONTINUING AND DISCONTINUED OPERATIONS                                      | -              | (121,588)                       | (113,765)                              |
| PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO Company's owners Non-controlling interests              |                | (148,483)<br>26,895             | (144,654)<br>30,889                    |
| LOSS PER SHARE FROM CONTINUING OPERATIONS Basic/diluted loss per share                               | 21             | (2.05)                          | (2.50)                                 |
| LOSS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS Basic/diluted loss per share              | 21             | (2.81)                          | (2.73)                                 |



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

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

|  | Notes  | 06.30.2023                      | 06.30.2022<br>(Restated -<br>Note 2.4) |
|--|--------|---------------------------------|--|
| CONTINUING OPERATIONS  |        |                                 |  |
| LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS   |        | (81,682)                        | (101,889)                              |
| Other comprehensive income:<br>Items that will not be reclassified subsequently to profit or loss:<br>Employee benefits  |        | (286)                           | 262                                    |
| Items that might be reclassified subsequently to profit or loss:  Exchange differences from translation of foreign operations  Effects of hyperinflationary monetary adjustment  Derivative and hedging transactions | 2.2    | (2,141,797)<br>2,227,099<br>432 | (286,482)<br>501,576<br>435            |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS   | -<br>- | 3,766                           | 113,902                                |
| DISCONTINUED OPERATIONS  |        |                                 |  |
| LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS   | 2.4    | (39,906)                        | (11,876)                               |
| Other comprehensive income:<br>Items that might be reclassified subsequently to profit or loss:<br>Exchange differences arising on translating foreign operations  |        | 6,262                           | (24,103)                               |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS   | -      | (33,644)                        | (35,979)                               |
|  | =      | (30,044)                        | (33,313)                               |
| COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO: Company's owners Non-controlling interests   |        | (38,344)<br>42,110              | 47,379<br>66,523                       |
| COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO: Company's owners Non-controlling interests  |        | (65,607)<br>35,729              | 9,238<br>68,685                        |

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



Condensed Consolidated Statements of Changes in Shareholders' Equity for the six-month period ended June 30, 2023 and 2022 (In thousands of U.S. Dollars - US\$)

|   |                |                     |                     | E           | arnings reserve  | S                              |                                   |                               |  |   |  |
|---|----------------|---------------------|---------------------|-------------|------------------|--------------------------------|-----------------------------------|-------------------------------|--|---|--|
|   | Notes          | Share capital       | Capital<br>Reserves | Legal       | Capital Budget   | Transactions with shareholders | Other comprehensive income (loss) | Accumulated profit / (losses) | Total attributable<br>to Company's<br>owners | Non-controlling interests               | Total equity                                 |
| BALANCE AS OF DECEMBER 31, 2021   |                | 1,445,943           | 603,095             | 13,071      | 235,036          | 246,044                        | (1,938,416)                       |                               | 604,773                                      | 377,359                                 | 982,132                                      |
| Profit (loss) for the period Other comprehensive income Transactions with shareholders recorded directly in equity Dividends declared to noncontrolling interests | 15<br>15<br>15 | -<br>-<br>-         | -<br>-<br>-<br>-    | -<br>-<br>- | -<br>-<br>-<br>- | -<br>-<br>(11,821)<br>         | -<br>153,892<br>-<br>-            | (144,654)<br>-<br>-<br>-      | (144,654)<br>153,892<br>(11,821)             | 30,889<br>37,796<br>(5,239)<br>(30,121) | (113,765)<br>191,688<br>(17,060)<br>(30,121) |
| BALANCE AS OF JUNE 30, 2022   |                | 1,445,943           | 603,095             | 13,071      | 235,036          | 234,223                        | (1,784,524)                       | (144,654)                     | 602,190                                      | 410,684                                 | 1,012,874                                    |
| BALANCE AS OF DECEMBER 31, 2022 Profit (loss) for the period Other comprehensive income Dividends declared to noncontrolling interests                            | 15<br>15       | 1,445,943<br>-<br>- | 588,641<br>-<br>-   |             |                  | 232,312                        | (1,797,684)<br>-<br>82,876        | (148,483)                     | 469,212<br>(148,483)<br>82,876               | 353,114<br>26,895<br>8,834<br>(77,828)  | 822,326<br>(121,588)<br>91,710<br>(77,828)   |
| BALANCE AS OF JUNE 30, 2023   |                | 1,445,943           | 588,641             |             |                  | 232,312                        | (1,714,808)                       | (148,483)                     | 403,605                                      | 311,015                                 | 714,620                                      |

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



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

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

|  | Notes           | 06.30.2023 | 06.30.2022 |
|--|-----------------|------------|------------|
| CASH FLOW FROM OPERATING ACTIVITIES  |                 |            |            |
| Loss before income tax and social contribution   |                 | (110,522)  | (86,800)   |
| Adjustments to reconcile income before income tax and social contribution                  |                 |            |            |
| with net cash generated by (used in) operating activities:                                 |                 |            |            |
| Depreciation, amortization and impairment losses   | 18              | 84,409     | 101,443    |
| Recognition (reversal) of expected credit losses, net                                      |                 | 144        | (277)      |
| Recognition of allowance for inventories, net  |                 | 192        | 865        |
| Interest, accrued charges, and exchange differences  |                 | 140,231    | 208,500    |
| Loss (gain) on sale of long-lived assets   | 18              | (427)      | (8,543)    |
| Exchange difference from translation of disposed discontinued operations                   | 2.4             | 43,136     | 4 704      |
| Other noncash operating losses, net  |                 | 1,962      | 1,731      |
| Decrease (increase) in operating assets:  Related parties                                  |                 | 172        | 173        |
| Trade receivables  |                 | (44,558)   | (34,309)   |
| Inventories  |                 | (32,814)   | (68,375)   |
| Recoverable taxes  |                 | 13,826     | (1,955)    |
| Other receivables  |                 | 1,468      | (5,848)    |
| Increase (decrease) in operating liabilities:  |                 | 1,122      | (=,= :=)   |
| Related parties  |                 | (8)        | (8)        |
| Trade payables   |                 | (96,432)   | 73,118     |
| Obligations from confirming  |                 | 51,849     | 10,660     |
| Payroll and vacation payable   |                 | (5,361)    | 57         |
| Other payables   |                 | 13,541     | (12,462)   |
| Taxes payable  |                 | (2,249)    | 625        |
| Cash generated by operating activities before income tax and interest paid                 |                 | 58,559     | 178,595    |
| Income tax and social contribution paid  |                 | (15,670)   | (44,065)   |
| Interest paid  |                 | (89,882)   | (94,277)   |
| Net cash generated (used) by operating activities  |                 | (46,993)   | 40,253     |
| CASH FLOW FROM INVESTING ACTIVITIES  |                 |            |            |
| Investments in securities  |                 | 3,813      | 11,203     |
| Purchase of property, plant and equipment  |                 | (52,362)   | (42,889)   |
| Purchase of intangible assets  |                 | (3,982)    | (2,850)    |
| Cash received from sale of property, plant and equipment and discontinued operations       |                 | 40,750     | 8,322      |
| Other  |                 | (692)      | (777)      |
| Net cash generated (used) in investing activities  |                 | (12,473)   | (26,991)   |
| CASH FLOW FROM FINANCING ACTIVITIES  |                 |            |            |
| Borrowings, financing and debentures   | 10 and 11       | 316,299    | 158,745    |
| Repayment of borrowings, financing and debentures  | 10 and 11       | (191,123)  | (110,009)  |
| Acquisition of noncontrolling interests  | 15              | -          | (17,059)   |
| Dividends paid by Argentinian subsidiary to non-controlling interests                      |                 | (54,279)   | (30,121)   |
| Disbursements due to certains financial instruments liquidations                           | 19              | (23,370)   | -          |
| Payment of principal portion of lease liabilities  | 14              | (15,308)   | (14,251)   |
| Other instruments  |                 | 37         | 363        |
| Net cash used in financing activities  |                 | 32,256     | (12,332)   |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS   |                 | (27,210)   | 930        |
| EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS  |                 | (16,617)   | 3,839      |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD                                   | 4               | 214,654    | 205,803    |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD   | 4               | 170,827    | 210,572    |
| The accompanying notes are an integral part of this condensed consolidated interim finance | ial information |            |            |



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

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

## 1. General Information

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

The Company owns 31 cement plants, 22 concrete plants, and 5 aggregates plants, located in Brazil, Argentina, Mozambique and South Africa. As mentioned below, the businesses in Mozambique and South Africa were sold in June 2023 to Huaxin Cement Co. and corresponding transfer of control is now dependent on the resolution of certain precedent conditions, therefore, such operations were classified as "discontinued operations". Disregarding such segments, the Company owns 23 cement plants, 15 concrete plans, and 2 aggregates plants. Additionally, in Brazil it holds participation in hydroelectric power generation equity interests and assets.

As of and for the six-month period ended June 30, 2023, the Company incurred in losses from continuing operations of US\$81,682 (losses of US\$101,889 in 2022), and positive working capital in US\$26,464 (negative in US\$96,059 as of December 31, 2022). Disregarding the "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale", the working capital is negative in US\$215,859 (negative in US\$136,059 as of December 31, 2022), primarily a consequence of: i) the sector's seasonality and inflationary pressure on certain costs and expenses that occurred between 2022 and 2023, particularly in respect of pet coke, a relevant raw material, which cost increased significantly in the international market in 2022, with a projected decrease for 2023, having a negative effect on the operational margins and, consequently, on the cash flow; ii) the significant impact of the substantial increase of the interest rates since 2021, particularly the Selic rate in Brazil, on loans, financing, and debentures, resulting in a notable increase in relevant debt servicing costs; iii) the payment of financial obligations and dividends, combined with the issuance of new notes in the amount of US\$204,983 by the Argentinian subsidiary, Loma Negra, in 2023, with 18-months maturity (see Note 11); and iv) the classification as current liabilities of the debentures instalments due by June 2024 (including the instalments which were due in June 2023 and had the due dates extended to September 8, 2023, see Note 11 for further information).

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



Considering the results achieved in the six-month period ended on June 30, 2023, as well as the review of the most plausible assumptions utilized in the Company's business plan and budget for 2023, and the first half of 2024, management anticipates the recuperation of the gross margin and an escalation in cash generation, primarily in the latter half of 2023, with this trend continuing into 2024.

This assessment encompasses, apart from the actions undertaken by the management itself, considerations regarding certain macroeconomic assumptions that lie beyond the Company's purview, such as potential reductions in pet coke costs and the Selic rate, grounded in the most recent market expectations.

Such internal and external macroeconomic improvements are expected to contribute to the release of working capital pressure in the upcoming months and, with the infusion of funds (see below and Note 2.4 for further information), to contribute to the reduction of the Company's leverage.

Management is engaged with the "Liability Management Plan" announced in prior years, which has also comprised some divestment actions. In January 2023, the Company concluded the sale of our Egypt segment. In June, 2023, the agreement for the sale of the segments in Mozambique and South Africa to Huaxin Cement Co. was signed. The closing of this sale is subject to regulatory analyses and approvals in South Africa, Mozambique and China, and it is expected to be completed with the proceeds received during the second half of 2023.

Management is also continuously engaged in negotiations with Company's creditors to address the Group's current indebtedness. The Group obtained a waiver from our debenture holders for the principal and interest instalments of the debentures which were due in June 2023, in the amount of US\$ 91,732. The payment of such instalments is now due in September. In due course, the Company will also assess alternatives to address the Senior Notes, which are due in July 2024.

Furthermore, the Company is seeking additional opportunities to generate cash from the sales of other non-core and non-operating assets, and, along with the cash to be generated by the operations and some other financial possibilities, management believes it is reasonable to conclude that the Group will generate sufficient cash to liquidate our current obligations within the strategy to address the Group's current indebtedness. Therefore, the condensed consolidated interim financial statements were prepared on the basis of a going concern. This position will be revaluated every quarter, based on the progression of discussions with Company's creditors and the receipt of proceeds from the sale of Group assets, key factors for meeting the short-term obligations.

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

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

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

The sale resulted in the need to record an impairment loss on the net investment in the amount of US\$12,560 as of December 31, 2022. Additionally, as per IAS 21, the cumulative translation adjustment



(CTA), previously presented as "Other comprehensive income", was reclassified to profit or loss in January 2023 upon the transfer of control to the new shareholder, in the amount of US\$43,136 (included in the "Loss for the period from discontinued operations").

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

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

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

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

### Russia x Ukraine conflict\_

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

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

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



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

## 2. Basis of Preparation and Significant Accounting Policies

#### 2.1. Basis of preparation

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

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

## 2.2. Significant accounting policies

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

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

As a result of the above, our condensed consolidated interim financial information for the six-month period ended June 30, 2023, reflects an equity increase of US\$2,227,099 (US\$501,576 for the six-month period ended June 30, 2022), with reference to the opening balance, reported in other comprehensive income (loss), and also the positive monetary adjustment for the six-month period ended June 30, 2023, presented in financial income, in the amount of US\$71,220 (US\$13,454 for the six-month period ended June 30, 2022) see Note 19.

### 2.3. Functional, reporting and presentation currencies

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

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



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

|     |                       | Closing excha | nge rate (R\$) | Average excha | ange rate (R\$) |
|-----|-----------------------|---------------|----------------|---------------|-----------------|
|     | Currency              | 06.30.2023    | 12.31.2022     | 06.30.2023    | 06.30.2022      |
|     |                       |               |                |               |                 |
| USD | US Dollar             | 4.81920       | 5.21710        | 5.06836       | 5.05145         |
| EUR | Euro                  | 5.26260       | 5.56940        | 5.48010       | 5.49327         |
| MZN | Mozambique Metical    | 0.07623       | 0.08251        | 0.07985       | 0.08035         |
| EGP | Egyptian Pound (*)    | 0.17411       | 0.21090        | 0.17216       | 0.29913         |
| ZAR | South African Rand    | 0.25590       | 0.30770        | 0.27233       | 0.32814         |
| ARS | Argentinian Peso (**) | 0.01877       | 0.02945        | 0.01877       | 0.04183         |

- (\*) The closing exchange rate refers to January 23, 2023 (date we derecognized our investment) and the average exchange rate was calculated for the period from January 1 to January 23, 2023. See Note 2.4 for further considerations on the sale of Egypt.
- (\*\*) As a result of the application of IAS 29, non-monetary assets and liabilities, shareholders' equity and statements of profit or loss of subsidiaries operating in highly inflationary economies shall be expressed in terms of the unit of measurement current at the balance sheet date and translated at the period-end exchange rate (rather than the average rate), thus resulting in year-to-date effects on the income statement of both inflation and currency conversion.

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

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

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



 The valuation criteria used for the "Discontinued operations" are consistent with those used for continuing operations.

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

## Details of the net loss from our discontinued operations:

| DISCONTINUED OPERATIONS  | 06.30.2023                | 06.30.2022                     |
|--|---------------------------|--------------------------------|
| NET SALES  | 109,445                   | 186,801                        |
| COST OF SALES AND SERVICES   | (93,593)                  | (163,626)                      |
| GROSS PROFIT   | 15,852                    | 23,175                         |
| OPERATING INCOME (EXPENSES) Selling expenses Administrative expenses Other income/(expenses), net    | (833)<br>(9,354)<br>3,575 | (2,876)<br>(10,365)<br>(1,753) |
| INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION                        | 9,240                     | 8,181                          |
| FINANCIAL INCOME (EXPENSES) Foreign exchange gains/(losses), net Financial income Financial expenses | 2,589<br>768<br>(6,316)   | (8,596)<br>821<br>(9,420)      |
| Reversal of accumulated exchange differences   | (43,136)                  | -                              |
| PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION  INCOME TAX AND SOCIAL CONTRIBUTION          | (36,855)                  | (9,014)                        |
| Current Deferred   | (2,358)<br>(693)          | (3,876)<br>1,014               |
| LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS   | (39,906)                  | (11,876)                       |
| LOSS FOR THE PERIOD ATTRIBUTABLE TO<br>Company's owners<br>Non-controlling interests                 | (39,795)<br>(111)         | (12,143)<br>267                |

The net result for the six-month period ended June 30, 2023 for Egypt, Mozambique and South Africa are, respectively, loss of US\$43,136 (due to the recycling at the disposal date of the cumulative translation adjustment previously recorded as "other comprehensive income"), gain of U\$886 and gain of US\$2,344 (loss of US\$16,867, gain of U\$2,415 and gain of US\$2,576 for the six-month period ended June 30, 2022).



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

|  |                                  | 06.30.2022                     |                                  |
|--|----------------------------------|--------------------------------|----------------------------------|
|  | Originally presented             | Discontinued operations        | Restated                         |
| NET SALES  | 926,853                          | 186,801                        | 740,052                          |
| COST OF SALES AND SERVICES   | (726,136)                        | (163,626)                      | (562,510)                        |
| GROSS PROFIT   | 200,717                          | 23,175                         | 177,542                          |
| OPERATING INCOME (EXPENSES) Selling expenses Administrative expenses Other income/(expenses), net    | (38,599)<br>(51,279)<br>10,861   | (2,876)<br>(10,365)<br>(1,753) | (35,723)<br>(40,914)<br>12,614   |
| INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION                        | 121,700                          | 8,181                          | 113,519                          |
| FINANCIAL INCOME (EXPENSES) Foreign exchange gains/(losses), net Financial income Financial expenses | (114,451)<br>23,752<br>(117,801) | (8,596)<br>821<br>(9,420)      | (105,855)<br>22,931<br>(108,381) |
| LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION   | (86,800)                         | (9,014)                        | (77,786)                         |
| INCOME TAX AND SOCIAL CONTRIBUTION Current Deferred  | (25,320)<br>(1,645)              | (3,876)<br>1,014               | (21,444)<br>(2,659)              |
| LOSS FOR THE PERIOD  | (113,765)                        | (11,876)                       | (101,889)                        |

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

Net cash used in (generated by) operating activities
Net cash used in (generated by) investing activities
Net cash used in (generated by) financing activities
Decrease in cash and cash equivalents
Exchange differences on cash and cash equivalents
Cash and cash equivalents at the beginning of the year
Cash and cash equivalents at the end of the year

|           | 06.30.2023             |                     |
|-----------|------------------------|---------------------|
| Presented | Discontinued operation | Continued operation |
| (46,993)  | 3,508                  | (50,501)            |
| (12,473)  | (6,043)                | (6,430)             |
| 32,256    | (14,460)               | 46,716              |
| (27,210)  | (16,995)               | (10,215)            |
| (16,617)  | (1,532)                | (15,085)            |
| 214,654   | 35,495                 | 179,159             |
| 170,827   | 16,968                 | 153,859             |
|           |                        |                     |

|                                | 06.30.2022                    |                              |
|--------------------------------|-------------------------------|------------------------------|
| Presented                      | Discontinued operation        | Continued operation          |
| 40,253<br>(26,991)<br>(12,332) | 24,811<br>(4,393)<br>(29,041) | 15,443<br>(22,598)<br>16,709 |
| 930                            | (8,624)                       | 9,554                        |
| 3,839                          | 1,774                         | 2,065                        |
| 205,803                        | 44,816                        | 160,987                      |
| 210,572                        | 37,967                        | 172,605                      |



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

|  | 06.30.2023      | 12.31.2022 |  |
|--|-----------------|------------|--|
| ASSETS   | Mozambique and  | Equat      |  |
| ASSETS   | South Africa    | Egypt      |  |
| OUDDENT A COSTO                                |                 |            |  |
| CURRENT ASSETS                                 | 40,000          | 4.040      |  |
| Cash and cash equivalents                      | 16,968          | 4,216      |  |
| Securities                                     | - 0.254         | 516<br>611 |  |
| Trade receivables Inventories                  | 9,254<br>34,906 | 55,708     |  |
| Recoverable taxes                              | 8,777           | 8,273      |  |
| Other receivables                              | 2,858           | 8,580      |  |
| Total current assets                           | 72,763          | 77,904     |  |
| Total dullon addoto                            |                 | 77,001     |  |
| NONCURRENT ASSETS                              |                 |            |  |
| Related parties                                | 109             | -          |  |
| Inventories                                    | 11,712          | 22,457     |  |
| Deferred income tax and social contribution    | 3,973           | 119        |  |
| Other receivables                              | 1,228           | 5,161      |  |
| Investments                                    | 474             | -          |  |
| Right-of-use assets                            | 6,871           | 198        |  |
| Property, plant and equipment                  | 137,296         | 74,673     |  |
| Intangible assets:                             |                 |            |  |
| Goodwill                                       | 116,504         | -          |  |
| Other intangible assets                        | 10,211          | -          |  |
| Total noncurrent assets                        | 288,378         | 102,608    |  |
| Total assets                                   | 361,141         | 180,512    |  |
| LIADUITIE                                      |                 |            |  |
| LIABILITIES                                    |                 |            |  |
| CURRENT LIABILITIES                            |                 |            |  |
| Trade payables                                 | 29,246          | 65,191     |  |
| Borrowings and financing                       | 5,310           | 13,277     |  |
| Interest payable                               | 765             | 88         |  |
| Leases liabilities                             | 3,151           | -          |  |
| Taxes payable                                  | 2,958           | 7,240      |  |
| Payroll and related taxes                      | 2,327           | 9          |  |
| Advances from customers                        | 6               | 12,302     |  |
| Other payables                                 | 6,031           | 3,258      |  |
| Total current liabilities                      | 49,794          | 101,365    |  |
|  |                 |            |  |
| NONCURRENT LIABILITIES                         |                 | 0.700      |  |
| Borrowings and financing                       | 43,165          | 2,538      |  |
| Leases liabilities                             | 4,167           | 104        |  |
| Provision for tax, civil and labor risks       | 358             | 21,474     |  |
| Provision for environmental recovery           | 3,345           | - 0.440    |  |
| Deferred income tax and social contribution    | 25,058          | 6,119      |  |
| Other payables                                 | 558             | 8,912      |  |
| Total noncurrent liabilities Total liabilities | 76,651          | 39,147     |  |
| rutai iiauliities                              | 126,445         | 140,512    |  |
| Net assets                                     | 234,696         | 40,000     |  |
| 1101 000010                                    | 234,090         | 40,000     |  |

Assets classified as held for sale also includes the amount of US\$7,232 (BRL 36,756 thousand), related with the sale of concrete units to third parties along with machinery, equipment, land and other fixed assets in Brazilian segment. The sale is expected to be complete in the coming months.



## 3. Critical Accounting Judgments and Key Sources of Estimation Uncertainties

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

## 4. Cash and Cash Equivalents

|   | 06.30.2023 | 12.31.2022 |
|---|------------|------------|
| Cash and bank accounts  | 132,593    | 71,469     |
| Short-term investments  | 21,266     | 147,402    |
| Total cash and cash equivalents                                   | 153,859    | 218,871    |
| Cash and cash equivalents from discontinued operations (Note 2.4) | 16,968     | 4,216      |
|   | 170,827    | 223,087    |

Short-term investments were as follows:

|  | 06.30.2023 | 12.31.2022 |
|--|------------|------------|
| Short Term Investment in Brazilian Reais (a) Short-term investments in foreign subsidiaries: | 19,345     | 105,957    |
| Investment fund in Argentinean Pesos (b)   | 8          | 3,749      |
| Short-term investments in U.S. Dollars (c)   | 1,913      | 20,221     |
| Short-term investments in South African Rand (d)   | -          | 7,986      |
| Short-term investments in Mozambique Metical (e)   |            | 9,489      |
| Total short-term investments   | 21,266     | 147,402    |

- a) Short-term investments in Brazilian Reais have a yield between 70% and 103% interbank interest rate "CDI" per year (70% and 105% per year as of December 31, 2022).
- b) Represents short-term investments in Argentinean pesos with interest of 80,77% per year (59.2% per year as of December 31, 2022).
- c) Short-term investments in U.S. Dollars with interest of 0.14% per year held by Argentinian segment (0.14% per year as of December 31, 2022).
- d) Deposits in Rands with floating interest between 6.8% and 7.0% as of December 31, 2022. Floating interests are indexed to the Repo rate ("South African repurchase rate"). As of June 30, 2023, the amount of US\$3,262 is classified as "assets held for sale" (see Note 2.4) bearing interests between 8.05% and 8.25%.
- e) Short-term investments in Mozambique Metical with interest of 15.7% of December 31, 2022. As of June 30, 2023, the amount of US\$0,791 is classified as "assets held for sale" (see Note 2.4).



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

### 5. Securities

Securities are classified as financial assets, as follows:

|                          | 06.30.2023     | 12.31.2022     |
|--------------------------|----------------|----------------|
| Market investments Total | 8,462<br>8,462 | 7,403<br>7,403 |

"Market investments" are held by the Brazilian subsidiaries, which are composed by (i) investments in Brazilian Reais amounting US\$7,296 (US\$6,326 as of December 31, 2022) yielding 101% of interbank interest rate "CDI" per annum with maturity in 2024, given as collateral to borrowings and financings (see Note 10); and (ii) remaining amount of US\$1,166 composed by escrow accounts that do not bear interests (US\$1,077 as of December 31, 2022).

### 6. Trade Receivables

|                                    | 06.30.2023 | 12.31.2022 |
|------------------------------------|------------|------------|
| Current                            |            |            |
| Domestic and foreign customers (a) | 102,217    | 75,631     |
| (-) Expected Credit Losses         | (7,155)    | (11,398)   |
| Trade receivables                  | 95,062     | 64,233     |
|                                    |            |            |
| <u>Noncurrent</u>                  |            |            |
| Domestic and foreign customers     | 654        | 1,411      |
| (-) Expected Credit Losses         | -          | (704)      |
| Trade receivables                  | 654        | 707        |

(a) In June, 2023 and December, 2022, our Brazilian subsidiary sold to financial institutions trade receivables in the amounts of US\$ 10,375 (with a discount of US\$ 145) and US\$39,047 (with a discount of US\$ 363), respectively, recorded as "Financial Expenses". The sale is irrevocable and without co-obligation to the Brazilian subsidiary (true-sale), therefore, such amounts were derecognized on such months.

As a result of the classification of Mozambique and South Africa segments as discontinued (see Note 2.4 above) as of June 30, 2023, trade receivables related to those segments totalling US\$ 9,254 were reclassified to the caption "Assets classified as held for sale" in the Statements of financial position (US\$611 as of December 31, 2022, related to Egypt segment).



## 7. Inventories

|                                   | 06.30.2023 | 12.31.2022 |
|-----------------------------------|------------|------------|
| Current:                          |            |            |
| Finished products                 | 16,971     | 21,297     |
| Work in process                   | 62,391     | 63,983     |
| Raw material                      | 57,172     | 63,803     |
| Fuel                              | 42,029     | 50,513     |
| Supplies and consumable materials | 57,024     | 53,916     |
| Advances to suppliers             | 243        | 1,064      |
| Packaging and other               | 1,810      | 4,977      |
| Allowance for impairment losses   | (24,837)   | (29,247)   |
| Total                             | 212,803    | 230,306    |
| Noncurrent:                       |            |            |
| Raw material                      | -          | 1,722      |
| Supplies and consumable materials | 52,998     | 64,863     |
| Packaging and other               | -          | 428        |
| Allowance for impairment losses   | (5,099)    | (13,523)   |
| Total                             | 47,899     | 53,490     |

As a result of the classification of Mozambique and South Africa segments as discontinued (see Note 2.4 above) as of June 30, 2023, current and non-current inventories (gross) related to those segments totalling US\$40,851 and US\$19,895, respectively, and impairment losses of US\$5,945 and US\$8,183 were reclassified to the caption "Assets classified as held for sale" in the Statements of financial position (US\$55,708 of gross inventories and US\$22,457 of impairment losses as of December 31, 2022, related to Egypt segment).



## 8. Property, Plant and Equipment

|                              |           | 06.30.2023                |                | 12.31.2022     |
|------------------------------|-----------|---------------------------|----------------|----------------|
|                              | Cost      | Depreciation & Impairment | Net book value | Net book value |
| Land                         | 49,152    | (14,147)                  | 35,005         | 43,372         |
| Buildings                    | 740,045   | (499,831)                 | 240,214        | 252,378        |
| Machinery and equipment      | 1,813,221 | (965,006)                 | 848,215        | 938,395        |
| Vehicles                     | 149,114   | (134,434)                 | 14,680         | 13,657         |
| Furniture and fixtures       | 44,213    | (42,978)                  | 1,235          | 2,176          |
| Mines and ore reserves       | 269,379   | (211,620)                 | 57,759         | 53,383         |
| Reservoirs, dams and feeders | 58,289    | (27,508)                  | 30,781         | 29,223         |
| Spare parts                  | 12,888    | (3,369)                   | 9,519          | 18,481         |
| Other                        | 12,688    | (10,430)                  | 2,258          | 2,630          |
| Advances to suppliers        | 16,676    | (6,579)                   | 10,097         | 9,338          |
| Construction in progress     | 206,032   | (101,741)                 | 104,291        | 94,804         |
| Total                        | 3,371,697 | (2,017,643)               | 1,354,054      | 1,457,837      |

As a result of the classification of Mozambique and South Africa segments as discontinued (see Note 2.4 above), as of June 30, 2023, property, plant and equipment related to those segments totalling US\$137,296 (net of depreciation and impairment losses), were reclassified to the caption "Assets classified as held for sale" in the Statements of financial position (US\$74,673 as of December 31, 2022, related to Egypt segment).

### Construction in progress

As of June 30, 2023, construction in progress mainly relates to: (i) US\$10,320 (US\$9,239 as of December 31, 2022) in Argentinian business segment mainly explained by certain improvements in L'amali cement plant and in railways; and (ii) US\$93,971, net of impairment losses of US\$101,741 (US\$74,672 as of December 31, 2022, net of impairment losses of US\$92,262), 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 June 30, 2023, there are assets in Brazil business segment given as collateral for loans obtained for their own acquisition in the amount of approximately US\$2,059 (US\$2,318 as of December 31, 2022).

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

Changes in property, plant and equipment were as follows:



|  | Land            | Buildings         | Machinery and equipment | Vehicles        | Furniture and fixtures | Mines and ore reserves | Reservoirs,<br>dams and<br>feeders | Spare parts     | Other        | Construction in progress | Advances to suppliers | Total                |
|--|-----------------|-------------------|-------------------------|-----------------|------------------------|------------------------|------------------------------------|-----------------|--------------|--------------------------|-----------------------|----------------------|
| Balance as of December 31, 2021  | 54,896          | 246,984           | 962,585                 | 15,304          | 2,404                  | 48,956                 | 28,973                             | 14,397          | 3,680        | 111,467                  | 10,658                | 1,500,304            |
| Effects of hyperinflationary monetary adjustment (Note 2.1)              | 3,069           | 41,068            | 171,414                 | 4,453           | 284                    | 15,063                 | -                                  | 2,169           | 309          | 5,673                    | -                     | 243,502              |
| Additions  | -               | 500               | 655                     | -               | -                      | -                      | -                                  | 1,502           | 31           | 35,363                   | -                     | 38,051               |
| Disposals  | (4,611)         | (706)             | (912)                   | (101)           | (7)                    | -                      | -                                  | (268)           | (5)          | (36)                     | -                     | (6,646)              |
| Depreciation   | (107)           | (11,573)          | (48,248)                | (5,031)         | (636)                  | (9,211)                | (1,004)                            | (490)           | (663)        | -                        | -                     | (76,963)             |
| Impairment reversal (provision)  | 268             | (3,973)           |                         | -               | -                      | -                      | -                                  | -               | -            | (1,644)                  | -                     | (4,922)              |
| Effect of changes in exchange rates                                      | (3,786)         | (21,023)          |                         | (2,614)         |                        | (9,289)                | 1,931                              | 698             | (708)        | (1,237)                  | 253                   | (141,843)            |
| Transfers  | 290             | 4,627             | 25,660                  | 1,491           | 154                    | 7,665                  | -                                  | (1,688)         | 1,297        | (39,496)                 | -                     | <u>-</u>             |
| Balance as of June 30, 2022  | 50,019          | 255,904           | 1,005,746               | 13,502          | 1,966                  | 53,184                 | 29,900                             | 16,320          | 3,941        | 110,090                  | 10,911                | 1,551,483            |
| Balance as of December 31, 2022<br>Effects of hyperinflationary monetary | 43,372<br>3,743 | 252,378<br>47,730 | 938,395<br>206,622      | 13,657<br>4,324 | 2,176<br>346           | 53,383<br>17,760       | 29,223                             | 18,481<br>4,109 | 2,630<br>327 |                          | 9,338                 | 1,457,837<br>288,063 |
| adjustment (Note 2.1)  | •               |                   |                         | 7,027           |                        | 17,700                 |                                    | ·               |              | · ·                      |                       |                      |
| Additions  | 2               | 1,512             |                         | -               |                        | -                      | -                                  | 1,000           | 4            | 36,035                   | -                     | 42,770               |
| Disposals  | (3,267)         | (8)               |                         | -               | (1)                    | -                      | -                                  | (1,02-1)        | -            | -                        | (13)                  | (5,008)              |
| Depreciation   | (108)           | (10,217)          |                         | (1,787)         | (331)                  | (6,763)                | (812)                              | (1,178)         | (556)        |                          | -                     | (65,585)             |
| Impairment reversal (provision)  | 3,006           | -                 | 10                      | -               | -                      | -                      | -                                  | -               | -            | (1,672)                  | -                     | 1,347                |
| Effect of changes in exchange rates                                      | (2,080)         | (35,551)          |                         | (3,774)         | , ,                    | (15,532)               | 2,370                              | (9,115)         | (1,305)      |                          | 772                   | (219,513)            |
| Assets classified as held for sale                                       | (2,773)         | (1,039)           |                         | (46)            | (2)                    | -                      | -                                  | (34)            | -            | (1,062)                  | -                     | (7,232)              |
| Transfers  | 24              | 6,490             | 8,469                   | 2,575           |                        | 8,911                  | -                                  | (1,000)         | 1,422        | , , ,                    | -                     | (1,329)              |
| Discontinued operations (Note 2.4)                                       | (6,914)         | (21,081)          | (95,778)                | (269)           | (709)                  | -                      | -                                  | (1,684)         | (264)        |                          | -                     | (137,296)            |
| Balance as of June 30, 2023  | 35,005          | 240,214           | 848,215                 | 14,680          | 1,235                  | 57,759                 | 30,781                             | 9,519           | 2,258        | 104,291                  | 10,097                | 1,354,054            |



#### Additions

### Argentina business segment:

Disbursements in the total amount of US\$16,897 for the six-month period ended June 30, 2023 (US\$14,664 for the six-month period ended June 30, 2022), primarily due to the increase of the quarry recovery of US\$9,373 (US\$7,391 for the six-month period ended June 30, 2022) and improvements in railways and locomotives of US\$2,933 (US\$1,383 for the six-month period ended June 30, 2022).

### Brazil business segment:

Disbursements in the total amount of US\$23,842 for the six-month period ended June 30, 2023 (US\$18,180 for the six-month period ended June 30, 2022), 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**

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



## 9. Other intangible assets and goodwill

| Other intangible assets:                    |
|---|
| Software licenses                           |
| Mining rights and concession related assets |
| Project development costs                   |
| Trademarks, patents and others              |

| 06.30.2023 | 12.31.2022 |
|------------|------------|
| 7,668      | 7,917      |
| 81,046     | 83,837     |
| 146        | 227        |
| 7,065      | 6,502      |
| 95,925     | 98,483     |

| Goodwill per operating segments: |
|----------------------------------|
| Brazil                           |
| Argentina                        |
| Mozambique                       |
| South Africa                     |

| 06.30.2023 | 12.31.2022 |
|------------|------------|
| 570,353    | 526,853    |
| 200,961    | 185,657    |
| -          | 37,756     |
|            | 87,459     |
| 771,314    | 837,725    |

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

As a result of the classification of Mozambique and South Africa segments as discontinued operations (see Note 2.4 above) as of June 30, 2023, goodwill related to those segments totalling US\$37,763 and US\$78,741, respectively, were reclassified to the caption "Assets classified as held for sale" in the Statements of financial position.

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

| Balance as of December 31, 2021  |
|--|
| Effects of hyperinflationary monetary adjustment (Note 2.1)  |
| Additions  |
| Disposals  |
| Amortization   |
| Impairment reversal (provision)  |
| Effect of changes in exchange rates  |
| Balance as of June 30, 2022  |
|  |
|  |
| Balance as of December 31, 2022  |
| Effects of hyperinflationary monetary adjustment (Note 2.1)  |
| Effects of hyperinflationary monetary adjustment (Note 2.1) Additions  |
| Effects of hyperinflationary monetary adjustment (Note 2.1) Additions Amortization   |
| Effects of hyperinflationary monetary adjustment (Note 2.1) Additions<br>Amortization<br>Impairment provision  |
| Effects of hyperinflationary monetary adjustment (Note 2.1)<br>Additions<br>Amortization<br>Impairment provision<br>Effect of changes in exchange rates  |
| Effects of hyperinflationary monetary adjustment (Note 2.1) Additions Amortization Impairment provision Effect of changes in exchange rates Assets classified as held for sale                             |
| Effects of hyperinflationary monetary adjustment (Note 2.1)<br>Additions<br>Amortization<br>Impairment provision<br>Effect of changes in exchange rates<br>Assets classified as held for sale<br>Transfers |
| Effects of hyperinflationary monetary adjustment (Note 2.1) Additions Amortization Impairment provision Effect of changes in exchange rates Assets classified as held for sale                             |

| Total     | Goodwill  | Trademarks,<br>patents and<br>others | Project<br>development costs | Mining rights and<br>concession<br>related assets | Software licenses |
|-----------|-----------|--------------------------------------|------------------------------|---|-------------------|
| 909,219   | 802,209   | 16,586                               | 914                          | 83,885  | 5,625             |
| 1,022     | 157       | -                                    | -                            | -   | 865               |
| 9,245     | -         | 2,994                                | -                            | 4,419   | 1,832             |
| (1,521)   | -         | (253)                                | (79)                         | (1,189)   | -                 |
| (8,589)   | -         | (259)                                | (345)                        | (6,601)   | (1,384)           |
| 1,326     | -         | 137                                  | -                            | 1,189   | -                 |
| 42,465    | 40,510    | (2,306)                              | 55                           | 4,540   | (334)             |
| 953,167   | 842,876   | 16,899                               | 545                          | 86,243  | 6,604             |
|           |           |                                      |                              |   |                   |
| 936,208   | 837,725   | 6,502                                | 227                          | 83,837  | 7,917             |
| 1,074     | 192       | -                                    | -                            | -   | 882               |
| 5,995     | -         | 3,004                                | -                            | 2,335   | 656               |
| (5,914)   | -         | (237)                                | (103)                        | (4,321)   | (1,253)           |
| (40)      | -         | -                                    | -                            | (40)  | -                 |
| 55,322    | 49,901    | 532                                  | 13                           | 5,256   | (380)             |
| (20)      | -         | (13)                                 | (4)                          | -   | (3)               |
| 1,329     | -         | (2,506)                              | 13                           | 3,951   | (129)             |
| (126,715) | (116,504) | (217)                                | -                            | (9,972)   | (22)              |
| 867,239   | 771,314   | 7,065                                | 146                          | 81,046  | 7,668             |



## 10. Borrowings and Financing

|                        |  |                      |          |                           |                | 06.30   | .2023      | 12.31.  | .2022      |
|------------------------|--|----------------------|----------|---------------------------|----------------|---------|------------|---------|------------|
| Functional<br>Currency | Business unit  | Type of financing    | Currency | Annual Interest rates     | Maturity       | Current | Noncurrent | Current | Noncurrent |
| BRL                    | Holdings and Financial Vehicles (*)                    | Promissory note (**) | BRL      | 3% + 100% CDI             | Mar-23         | -       | -          | 13,417  | -          |
| BRL                    | Holdings and Financial Vehicles (*)                    | Bilateral            | BRL      | 3% + 100% CDI             | May-23         | -       | -          | 19,168  | -          |
| ARS                    | U.N. Argentina   | Bilateral            | USD      | US Libor + (7.5% to 8.0%) | Jul-24         | 39,283  | 18,667     | 3,900   | 56,000     |
| ARS                    | U.N. Argentina   | Bilateral            | ARS      | 70,2%-85,0%               | Jul-23         | 2,038   | -          | -       | -          |
| ARS                    | U.N. Argentina   | Bilateral            | EUR      | 18%                       | Jul-23         | 41      | -          | -       | -          |
| ARS                    | U.N. Argentina   | Bilateral            | USD      | 10.6%-18.0%               | Jul-23         | 16,860  | -          | 425     | -          |
| ARS                    | U.N. Argentina   | Working capital      | ARS      | 90.5% - 107.0%            | Jul-23         | 19,915  | -          | 52,899  | -          |
| BRL                    | U.N. Brazil  | Subsidised loan      | BRL      | 2.50% - 5.00%             | Dec-24         | 1,967   | 940        | 1,876   | 1,545      |
| BRL                    | U.N. Brazil  | Bilateral (***)      | BRL      | IPCA                      | Dec-24         | 9,239   | 3,862      | 8,511   | 7,811      |
| MZN                    | U.N. Mozambique  | Bilateral (**)       | MZN      | Prime Rate - 3%           | Mar-25         | -       | -          | -       | 15,815     |
| ZAR                    | U.N. South Africa                                      | Bilateral (**)       | ZAR      | Jibar + 2.9%              | Dec-27         | -       | -          | 5,898   | 32,439     |
|                        |  |                      |          | Continu                   | ing operations | 89,343  | 23,469     | 106,094 | 113,610    |
| MZN                    | U.N. Mozambique (discontinued operations - note 2.4)   | Bilateral (**)       | MZN      | Prime Rate - 3%           | Mar-25         | -       | 15,818     |         |            |
| ZAR                    | U.N. South Africa (discontinued operations - note 2.4) | Bilateral (**)       | ZAR      | Jibar + 2.9%              | Dec-27         | 5,310   | 27,347     |         |            |
|                        |  |                      |          | Discontin                 | ued operations | 5,310   | 43,165     |         |            |

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

<sup>(\*\*)</sup> The borrowings contains certain restrictive financial covenants, which are describe in section "covenants" below.

<sup>(\*\*\*)</sup> Bilateral indexed to Extended National Consumer Price Index ("IPCA") is partially guaranteed by a financial investment in the amount of US\$7,296 as of June 30, 2023 (US\$6,326 as of December 31, 2022) – see Note 5 above.



As of June 30, 2023 and December 31, 2022, the incurred interest expenses related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to US\$1,507 and US\$7,206, respectively.

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

|                                     | Borrowings and financing |
|-------------------------------------|--------------------------|
| Balance as of December 31, 2021     | 161,364                  |
| New borrowings and financing        | 158,745                  |
| Payments                            | (110,009)                |
| Effect of changes in exchange rates | (4,939)                  |
| Balance as of June 30, 2022         | 205,161                  |
| Balance as of December 31, 2022     | 219,704                  |
| New borrowings and financing        | 111,315                  |
| Payments                            | (152,882)                |
| Discontinued operations (Note 2.4)  | (48,475)                 |
| Effect of changes in exchange rates | (16,850)                 |
| Balance as of June 30, 2023         | 112,812                  |

### **Maturity schedule**

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

| Period | 06.30.2023 |
|--------|------------|
| 2024   | 23,469     |
|        | 23,469     |

## Covenants

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

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

The Mozambique (presented as discontinued operations – see Note 2.4) bilateral in the amount of US\$15,818 requires the following ratios at stand-alone figures and in a twelve-month basis range at the end of each fiscal year (December 31st): (a) Senior Debt / EBITDA to be no higher than 1,5x and (b) EBITDA / Total Accrued Interest to be no lower than 4x.



The promissory note in the amount of US\$13,417 required that Net Debt / Adjusted EBITDA ratio to be no higher than 4.5x as of December 31, 2022. Such financing was fully liquidated in 2023.

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

Additionally, the South Africa (presented as discontinued operations – see Note 2.4) bilateral in the amount of US\$32,657 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 June 30, 2023, the covenants conditions were met and such obligation will be remeasured on September 30, 2023.



#### 11. Debentures

| Functional<br>Currency | Business unit                       | Instrument   | Currency | Annual interest rate | Final maturity |
|------------------------|-------------------------------------|--------------|----------|----------------------|----------------|
| EUR                    | Holdings and Financial Vehicles (*) | Senior Notes | USD      | 5.75%                | July-24        |
| BRL                    | Holdings and Financial Vehicles (*) | Debenture    | BRL      | CDI + 3.75%          | June-27        |
| BRL                    | U.N. Brazil                         | Debenture    | BRL      | CDI + 3.75%          | June-27        |
| BRL                    | U.N. Brazil                         | Debenture    | BRL      | CDI + 3.75%          | June-27        |
| ARS                    | U.N. Argentina                      | Senior Notes | ARS      | Badlar + 2%          | August-24      |
| ARS                    | U.N. Argentina                      | Senior Notes | USD      | 6.5%                 | December-25    |

|      | 06.30.2023 |            | 12.31.2022 |            |  |  |
|------|------------|------------|------------|------------|--|--|
|      | Current    | Noncurrent | Current    | Noncurrent |  |  |
| a) • | -          | 548,683    | -          | 548,217    |  |  |
| b)   | 61,525     | 307,624    | 66,304     | 312,578    |  |  |
| b)   | 88,197     | 264,592    | 57,029     | 268,853    |  |  |
| c)   | 51,452     | 155,011    | 33,113     | 157,379    |  |  |
| d)   | -          | 99,869     | -          | -          |  |  |
| e)   | -          | 71,723     | -          | -          |  |  |
|      | 201,174    | 1,447,502  | 156,446    | 1,287,027  |  |  |

- (\*) Takes into consideration the set of companies included in the holding companies segment and business support, corporate, and trading entities.
- (a) In July 2014, the Senior Notes ("Notes") were issued by InterCement Financial Operations, B.V., with a payment maturity of 10 years. The notes were launched with coupon of 5.75% per annum and are listed at the Singapore Stock Exchange. As of June 30, 2023, the Group holds bonds at the face value of US\$199,812 as of December 31, 2022).
- (b) On June 8, 2020, the Company issued two Debentures, one by InterCement Participações S.A in the amount of US\$579,502 (R\$2,976,666 thousands) and another by InterCement Brasil S.A. in the amount of US\$330,989 (R\$1,700,161 thousands). The interest expenses are presented separately in the statements of financial position as 'Interest payable'. On September 30, 2021, InterCement Participações S.A. partially prepaid a principal amount of US\$183,844 (R\$1,000,000 thousands) and on February 02, 2023, partially prepaid a principal amount of US\$39,611 related to the instalment that is due in June, 2023, with proceedings coming from the sale of Egypt business segment (see Note 1).
- (c) On September 30, 2021, InterCement Brasil S.A. issued new Debentures in the amount of US\$183,844 (R\$1,000,000 thousands). The commission fees were US\$1,697 (R\$9,230 thousands) and are being amortized during the lifetime of the loan using the effective interest method.
- (d) On February 22, 2023, Loma Negra tendered its Class 1 Negotiable Obligations, obtaining as a result a face value of ARS 25,636,250 thousands (equivalent to US\$133,261), with interest rate of BADLAR + 2%, and a 18 months maturity.
- (e) On June 21, 2023, Loma Negra tendered its Class 2 Negotiable Obligations, obtaining as a result a face value of US\$71,723 with interest rate of 6,5%, and a 30 month maturity.

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.

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



As of June 30, 2023, and December 31, 2022, the incurred interest expenses classified in current liabilities and presented as 'Interest payable' amounts to US\$81,339 and US\$24,709, respectively.

Changes in debentures in the six-month period ended June 30, 2023 and 2022 were as follows (continued operations only):

|   | Debentures |
|---|------------|
| Balance as of December 31, 2021                           | 1,384,628  |
| Effect of changes in Exchange rates, comissions and other | 55,484     |
| Balance as of June 30, 2022                               | 1,440,112  |
| Balance as of December 31, 2022                           | 1,443,473  |
| New debts   | 204,984    |
| Payments  | (38,241)   |
| Effect of changes in exchange rates                       | 38,460     |
| Balance as of June 30, 2023                               | 1,648,676  |

## **Maturity schedule**

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

| Period | 06.30.2023 |
|--------|------------|
| 2024   | 769,736    |
| 2025   | 314,155    |
| 2026   | 242,424    |
| 2027   | 121,187    |
|        | 1,447,502  |

#### Covenants

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

### **Debentures**

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

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

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



#### Senior notes

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

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

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

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

## **Provisions**

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

The provision for risks is demonstrated as follows:

|                           | 06.30.2023 | 12.31.2022 |
|---------------------------|------------|------------|
| Labor and social security | 9,139      | 7,359      |
| Tax (a)                   | 8,661      | 12,023     |
| Civil and other           | 2,578      | 2,322      |
|                           | 20,378     | 21,704     |
| Judicial deposit (b)      | (1,691)    |            |
| Total                     | 18,687     | 19,059     |

(a) Brazil: Refer to tax assessment notices and lawsuits amounting to US\$556 (US\$1,305 as of December 31, 2022) mainly related to discussions of: (i) Income Tax (IRPJ) / Social Contribution (CSLL) update by the SELIC rate and Unconstitutionality of monetary correction, and (ii) Social Security Contribution: Accident Prevention Factor (FAP).

InterCement Participações S.A: Refers to legal dispute regarding the charging of financial transaction services over purchasing and reselling InterCement Portugal's shares occurred in 2014 in the amount of US\$3,812 (US\$3,371 as of December 31, 2022).

InterCement Portugal: Refers basically to the provisions for tax risks related to income tax, amounting to US\$3,604 as of June 30, 2023 (US\$6,582 as of December 31, 2022), which are being challenged in courts. In the first quarter of 2023, InterCement Portugal obtained a favourable decision related to an



income tax dispute, reverting a provision in the amount of US\$3,098 against income tax expenses (see Note 16 below).

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

|                           | 06.30.2023 | 12.31.2022 |
|---------------------------|------------|------------|
| Labor and social security | 847        | 1,089      |
| Tax                       | 424        | 1,180      |
| Civil and other           | 312        | 279        |
| Environmental             | 108        | 97         |
| Total                     | 1,691      | 2,645      |

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

|   | Labor and social security | Tax     | Civil<br>and other | Escrow<br>deposit | Total         |
|---|---------------------------|---------|--------------------|-------------------|---------------|
| Balance as of December 31, 2021   | 6,739                     | 17,940  | 22 424             | (4.047)           | 46 162        |
| Effects of hyperinflationary monetary adjustment (Note 2.1)                         | 342                       | 17,940  | 23,431<br>(77)     | (1,947)           | 46,163<br>394 |
| Recognition/deposit   | 2,046                     | 572     | 507                | -                 | 3,125         |
| Payment   | (2,231)                   | (385)   | (525)              | 67                | (3,074)       |
| Reversal  | -                         | -       | -                  | 78                | 78            |
| Exchange differences  | (76)                      | (1,526) | (3,490)            | (130)             | (5,222)       |
| Balance as of June 30, 2022   | 6,820                     | 16,730  | 19,846             | (1,932)           | 41,464        |
| Balance as of December 31, 2022<br>Effects of hyperinflationary monetary adjustment | 7,359                     | 12,023  | 2,322              | (2,645)           | 19,059        |
| (Note 2.1)  | 675                       | 151     | 258                | -                 | 1,084         |
| Recognition/deposit   | 2,843                     | 173     | 687                | 204               | 3,907         |
| Payment   | (1,398)                   | (316)   | (390)              | 910               | (1,194)       |
| Reversal  | -                         | (3,632) | -                  | -                 | (3,632)       |
| Discontinued operations (Note 2.4)  | -                         | (16)    | (343)              | -                 | (359)         |
| Effect of changes in exchange rates   | (340)                     | 278     | 44                 | (160)             | (178)         |
| Balance as of June 30, 2023   | 9,139                     | 8,661   | 2,578              | (1,691)           | 18,687        |

## **Contingent liabilities**

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



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

|   | 06.30.2023 | 12.31.2022 |
|---|------------|------------|
| Labor and social security                 | 15.823     | 14.376     |
| Tax and uncertain income tax position (a) | 1,547,788  | 1,389,524  |
| Civil, administrative and other (b)       | 235,548    | 226,295    |
|   | 1,799,159  | 1,630,195  |

The most significant contingent liabilities are:

a) Tax and uncertain income tax position

#### Brazil - InterCement Brasil S.A.

Risk exposure amounts to US\$1,144,967 as of June 30, 2023 (US\$1,022,996 as of December 31, 2022) and refers mainly to administrative and judicial proceedings related to: (i) PIS/COFINS – undue credit arising from freight expenses on transfers of goods between industrial establishment and distributor; (ii) PIS/COFINS – uncompensated offset due to insufficient credit balance; (iii) PIS/COFINS – alleged non-payment; (iv) PIS/COFINS – improper credit utilization; (v) COFINS – interest on own capital; (vi) ICMS – credit utilization; (vii) ICMS – tax substitution; (viii) ICMS – tax rate differential; (ix) ICMS – electrical energy; (x) ICMS – freight; (xi) ICMS – alleged non-payment; (xii) ICMS – transportation; (xiii) municipal tax (Services Taxes - "ISS") – withholding tax; (xiv) ISS – alleged non-payment; (xv) ISS – base reduction; (xvi) CFEM (a financial compensation paid to the Federal Government for the economic use of mineral resources) – absence of payment; (xvii) CFEM – payment discrepancy; (xviii) Social Security Contribution – alleged non-payment; (xix) Property Tax (IPTU) – base reduction; (xx) Tax on Industrialized Products ("IPI") – reimbursement; (xxi) AFRMM - Brazilian Merchant Marine Renewal Fee.

#### Brazil - InterCement Participações S.A.

Risk exposure amounts to US\$295,298 as of June 30, 2023 (US\$263,092 as of December 31, 2022) and refers mainly to ongoing challenges of taxable income earned abroad by subsidiaries and affiliated entities.

### Other holdings

Risk exposure is US\$21,951 as of June 30, 2023 (US\$18,359 as of December 31, 2022) and refers to claims for withholding taxes not collected.

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

#### <u>Portugal</u>

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\$ 289,382



as of June 30, 2023 and US\$282,895 as of December 31, 2022 (equivalent to €265,000 thousand in both periods), were generated due to property, plant and equipment sales between group companies.

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

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

The final Income tax inspection Report for the years 2017 and 2018 incorporated corrections to the Group available tax losses, and also for the above referred "eliminated results" partial incorporation, and accordingly additional tax assessments of US\$22,391 (equivalent to €20,504 thousands) and US\$62,226 (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\$84,616 as of June 30, 2023 and US\$82,720 as of December 31, 2022 (equivalent to €77,487 thousands).

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

b) Civil

#### Brazil

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

## Administrative Council for Economic Defence ("CADE")

The Company, along with other companies in the industry, is part of administrative proceedings related to antitrust regulation in progress at the Administrative Council for Economic Defense ("CADE"). In July 2015, CADE's tribunal judged the administrative appeal presented by the Group under the process initiated in 2007 regarding competition in Brazil (as well by other involved companies), maintaining the condemnation decision about cartel formation and the imposition of a pecuniary fine and other accessory penalties. As of June 30, 2023, the fines imposed to the Group corresponds to US\$209,699 and as of December 31, 2022, fines correspond to US\$182,002, besides the obligation to sell 20% of its installed capacity of the concrete assets in the relevant Brazilian markets in which the Company operates, among other accessory penalties.

After the referred administrative CADE's decision became final, the Group appealed judicially, having obtained, on October 22, 2015, the grant of the preliminary injunction to suspend all penalties imposed by CADE, by the presentation of real guarantees (two plants), until the final judgment decision. Such preliminary injunction



decision was judicially appealed by CADE and was rejected. The proceeding did not have any significant change until June 30, 2023. Based on the opinion of the legal advisors, the risk of loss in court has been considered as possible, therefore, no provision was recorded for this contingent liability.

#### 13. Related Parties

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

## 14. Right-of-use assets and lease liabilities

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

## Changes in right-of-use assets

|                                 | Buildings | Machinery and equipment | Vehicles | Furniture and fixtures | Other | Total    |
|---------------------------------|-----------|-------------------------|----------|------------------------|-------|----------|
| Cost                            |           |                         |          |                        |       |          |
| As of December 31, 2021         | 12,758    | 76,666                  | 3,700    | 32                     | 595   | 93,751   |
| Additions                       | 176       | 14,960                  | -        | -                      | 313   | 15,449   |
| Write-offs                      | (1,226)   | (4,092)                 | (16)     | -                      | -     | (5,334)  |
| Exchange difference             | 953       | 4,235                   | 277      | 6                      | 28    | 5,499    |
| As of June 30, 2022             | 12,661    | 91,769                  | 3,961    | 38                     | 936   | 109,365  |
| As of December 31, 2022         | 15,819    | 90,634                  | 4,884    | -                      | 989   | 112,326  |
| Additions                       | 274       | 45,281                  | 6,074    | -                      | 486   | 52,115   |
| Write-offs (a)                  | (71)      | -                       | (54)     | -                      | -     | (125)    |
| Discontinued operations (2.24)  | (2,222)   | (1,033)                 | (7,790)  | -                      | -     | (11,045) |
| Exchange difference             | 461       | 9,593                   | 158      | -                      | 107   | 10,319   |
| As of June 30, 2023             | 14,261    | 144,475                 | 3,272    | -                      | 1,582 | 163,590  |
| (-) Accummulated depreciation   |           |                         |          |                        |       |          |
| As of December 31, 2021         | (6,298)   | (54,557)                | (2,255)  | (32)                   | (360) | (63,502) |
| Additions                       | (1,043)   | (10,765)                | (365)    | 4                      | (126) | (12,295) |
| Write-offs                      | 1,226     | 3,284                   | 7        | -                      | -     | 4,517    |
| Exchange difference             | (403)     | (3,680)                 | 386      | 13                     | (14)  | (3,698)  |
| As of June 30, 2022             | (6,518)   | (65,718)                | (2,227)  | (15)                   | (500) | (74,978) |
| As of December 31, 2022         | (7,078)   | (73,216)                | (2,588)  | -                      | (601) | (83,483) |
| Additions                       | (1,107)   | (8,411)                 | (1,789)  | -                      | (122) | (11,429) |
| Write-offs (a)                  | 71        | -                       | 36       | -                      | -     | 107      |
| Discontinued operations (2.24)  | 1,263     | 353                     | 2,558    | -                      | -     | 4,174    |
| Exchange difference             | (219)     | (6,201)                 | (86)     | -                      | (130) | (6,636)  |
| As of June 30, 2023             | (7,070)   | (87,475)                | (1,869)  | -                      | (853) | (97,267) |
| Balance as of June 30, 2023     | 7,191     | 57,000                  | 1,403    | -                      | 729   | 66,323   |
| Balance as of December 31, 2022 | 8,741     | 17,418                  | 2,296    | -                      | 388   | 28,843   |

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



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

## Changes in lease liabilities:

|                               | Lease<br>Liabilities |
|-------------------------------|----------------------|
| As of December 31, 2021       | 34,319               |
| Additions, net of write-offs  | 14,632               |
| Payments                      | (14,251)             |
| Present value adjust          | 1,356                |
| Exchange difference           | 1,594                |
| As of June 30, 2022           | 37,650               |
|                               |                      |
| As of December 31, 2022       | 31,779               |
| Additions, net of write-offs  | 52,097               |
| Payments                      | (15,308)             |
| Present value adjust          | 5,081                |
| Discontinued operations (2.4) | (7,318)              |
| Exchange difference           | 3,972                |
| As of June 30, 2023           | 70,303               |

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

<u>Lease liabilities included in the statement of financial position:</u>

|                   | 06.30.2023 | 12.31.2022 |
|-------------------|------------|------------|
| Current           | 15,445     | 11,151     |
| Non-current       | 54,858     | 20,628     |
| Lease liabilities | 70,303     | 31,779     |

## Lease liabilities - Maturity analysis:

|                      | Lease Liabilities |
|----------------------|-------------------|
| Less than one year   | 15,445            |
| One to five years    | 52,366            |
| More than five years | 2,492             |
| Lease liabilities    | 70,303            |



## 15. Shareholder's Equity

## **Share Capital**

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

## Preferred Shares - InterCement Participações

#### Class A

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

### **Earning Reserves – Transaction with non-controlling interests**

### a) Brazilian subsidiary – acquisition of non-controlling interests

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

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

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

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

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

#### c) Others transactions with non-controlling interests

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

#### **Dividends**

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



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

Other comprehensive income attributable to Company's owners of US\$82,876 (US\$153,892 for the six-month period ended June 30, 2022) corresponds to: i) equity recognition of actuarial losses on the employee benefits plan in the amount of US\$149 (gain of US\$127 for the six-month period ended June 30,2022); ii) negative equity recognition of exchange differences from translation of foreign operations in the amount of US\$1,073,056 (negative US\$197,126 for the six-month period ended June 30, 2022) of which a positive amount of US\$12,532 relates to discontinued operations (see Note 2.4); (iii) positive equity recognition of derivative and hedging transactions amounting to US\$431, net of taxes (US\$433 for the six-month period ended June 30, 2022); and (iv) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US\$1,155,650 (US\$350,458 for the six-month period ended June 30, 2022).

The exchange differences from translation of foreign operations from discontinued operation aforementioned (US\$12,532) refers to the reversal of an accumulated loss of US\$43,136 to the statement of profit or loss as a result of the Egypt segment disposal (see Note 2.4). Such reversal is partially offset by the negative exchange variation from translation of Mozambique and Africa of US\$30,604 for the six-month period ended June 30, 2023, which will be recycled to the statement of profit or loss only at the disposal.

### Non-controlling interests

### Changes in non-controlling interests

a) Other comprehensive income: the amount of US\$8,834 (US\$37,796 for the six-month period ended June 30, 2022) corresponds to: i) equity recognition of actuarial loss on the liability to employees in the amount of US\$137 (gain of US\$135 for the six-month period ended June 30,2022); ii) negative exchange differences from translation of foreign operations in the amount of US\$1,062,480 (negative of US\$289,919 for the six-month period ended June 30, 2022) of which a negative amount of US\$7,119 relates to discontinued operations (see Note 2.4); iii) positive equity recognition of derivative, hedging and actuarial transactions amounting to US\$1 (positive of US\$1 for the six-month period ended June 30, 2022); and (iv) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US\$1,071,449 (positive of US\$327,578 for the six-month period ended June 30, 2022).

### b) <u>Dividends declared to non-controlling interests:</u>

- i. For the six-month period ended June 30, 2023, special purposes entities (SPEs) controlled by Brazilian subsidiaries declared dividends to non-controlling interests in the amount of US\$7,680 (R\$37,869 thousands) related to 2022 results (US\$3,985 for the three-months period ended December 31, 2022 related to 2021 results).
- ii. The Argentinian subsidiary (Loma Negra) paid in January, 2023 dividends of US\$9,458 declared in December, 2022.
- iii. On May and June, 2023, Argentinean subsidiary (Loma Negra) announced payment of dividends for a total amount of US\$146,063. The payments occurred on May 5, 2023 and July 4, 2023, of which US\$44,525 and US\$25,623 respectively was paid to non-controlling shareholders.



#### 16. Income Tax and Social Contribution

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

|  | 06.30.2023 | 06.30.2022<br>(Restated) |
|--|------------|--------------------------|
| Loss before income tax and social contribution                                       | (73,667)   | (77,786)                 |
| Group Tax rate   | 34%        | 34%                      |
| Income tax and social contribution at statutory rates                                | 25,047     | 26,447                   |
| Adjustments to calculate income tax and social contribution at effective rate:       |            |                          |
| Consumption of losses from liquidation of certain financial instruments in Argentina | 2,964      | -                        |
| Non-deductible financial expenses in Spanish subsidiary                              | (9,420)    | (9,116)                  |
| Effect of differences in foreigner tax rates to Group tax rate (34%)                 | (7,607)    | (14,321)                 |
| Permanent additions / (deductions), net  | (5,390)    | (13,972)                 |
| Deferred income tax and social contribution not recognized (a)                       | (19,743)   | (1,324)                  |
| Other (b)  | 6,134      | (11,817)                 |
| Income tax and social contribution expense   | (8,015)    | (24,103)                 |
| Current Income tax and social contribution expense                                   | (14,327)   | (21,444)                 |
| Deferred Income tax and social contribution gain                                     | 6,312      | (2,659)                  |

(a) For the period ended June 30, 2023, it includes the effect from tax losses and/or tax temporary differences mainly in Brazil business segment, where deferred tax assets were not recognized, as a consequence of the deterioration of the projected taxable results mainly explained by the increase of financial expenses due to rising interest rates. Considering the going concern basis, additional deferred tax assets in such subsidiary will only be recognized when utilization of existing deferred taxes are observed and future projections demonstrate the full utilization will be accelerated, not exceeding the ten years period established at the initial recognition, ending in December 31, 2031. when the Company recognized US\$182,393 (R\$878,990 thousand) of previously unrecognized deferred taxes.

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

(b) For the six-month period ended June 30, 2023, it mainly refers to (i) positive amount of US\$315 related to the impact of monetary adjustment in Argentina due to hyperinflationary economy (negative amount of US\$2,066 for the six-month period ended June 30,2022); (ii) a negative impact of US\$9,420 related to results recorded in our Spanish subsidiary that were eliminated for consolidation purposes as they were transactions between



group entities (negative impact of US\$12,424 for the six-month period ended June 30, 2022). Such results are deductible for tax purposes in local books and, therefore, represent a permanent difference in the group effective tax rate; (iii) positive amount of US\$5,505 mainly generated by entities in Brazilian segment taxed under the presumed profit tax rules and other permanent differences in Brazil (positive amount of US\$2,688 for the six-month period ended June 30, 2022); and (iv) income tax gains of US\$3,098 in our Portuguese holding as a result of a favourable judicial decision (see Note 12 above).

As mentioned in Note 2.4, Egypt, Mozambique and South Africa segments were classified as discontinued operations, therefore, an expense of US\$3,051 was reclassified from current and deferred income tax expenses to "loss for the period from discontinued operation" within the Statements of profit or loss for the six-month period ended June 30, 2023 (US\$2,862 for the six-month period ended June 30, 2022).

#### Deferred income tax and social contribution

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

#### 17. Net Sales

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

Products sold Services provided (-) Taxes on sales (-) Discounts Total

| 06.30.2023 | 06.30.2022<br>(Restated) |
|------------|--------------------------|
| 977,123    | 983,912                  |
| 32,356     | 35,397                   |
| (111,269)  | (107,474)                |
| (179,878)  | (171,783)                |
| 718,332    | 740,052                  |



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

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

|   | 06.30.2023 | 06.30.2022<br>(Restated) |
|---|------------|--------------------------|
|   |            |                          |
| Depreciation and amortization                               | (73,314)   | (81,529)                 |
| Impairment losses, net (a)                                  | (2,015)    | 126                      |
| Salaries and employee benefits                              | (103,670)  | (105,050)                |
| Raw materials and consumables                               | (109,484)  | (89,756)                 |
| Tax expenses  | (16,829)   | (15,534)                 |
| Outside services  | (52,628)   | (48,005)                 |
| Rental  | (1,316)    | (1,376)                  |
| Freight expenses  | (75,374)   | (76,215)                 |
| Maintenance costs   | (45,912)   | (44,685)                 |
| Fuel  | (120,639)  | (113,637)                |
| Electricity   | (35,235)   | (41,905)                 |
| Recognition of inventories and trade receivable impairments | (543)      | (588)                    |
| Gain (Loss) on sale of property, plant and equipment        | 427        | 8,543                    |
| Other   | (17,099)   | (16,922)                 |
| Total   | (653,631)  | (626,533)                |
| Cost of sales and services                                  | (573,779)  | (562,510)                |
| Selling expenses  | (33,871)   | (35,723)                 |
| Administrative expenses                                     | (44,258)   | (40,914)                 |
| Other income/(expenses) (b)                                 | (1,723)    | 12,614                   |
| Total   | (653,631)  | (626,533)                |
|   |            |                          |

- (a) The six-month period ended June 30, 2023 and 2022 refers to impairment losses recognized to certain fixed assets in Brazil due to market value depreciation.
- (b) The six-month period ended June 30, 2023, it substantially refers to i) the recognition of extemporaneous tax credit in Brazil in the amount of US\$3,255, resulting from a favourable court decision from a dispute regarding the possibility to reduce from tax basis interests and fines and ii) the recognition of discount associated with the operation of sale of PIS/Cofins credits in the amount of US\$ 6,566.



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

|   | 06.30.2023 | 06.30.2022<br>(Restated) |
|---|------------|--------------------------|
| Foreign exchange gain (losses), net (a):              |            |                          |
| Exchange gain   | 29,253     | 73,446                   |
| Exchange loss   | (86,210)   | (179,301)                |
| Total   | (56,957)   | (105,855)                |
| Financial income:                                     |            |                          |
| Inflation adjustment                                  | 2,504      | 4,504                    |
| Effects of Hyperinflationary monetary adjustments (b) | 71,220     | 13,454                   |
| Financial earnings                                    | 10,259     | 3,423                    |
| Interest income                                       | 212        | 190                      |
| Derivative financial instruments                      | 222        | 543                      |
| Other income  | 1,940      | 817                      |
| Total   | 86,357     | 22,931                   |
| Financial expenses:                                   |            |                          |
| Inflation adjustment (c)                              | (12,620)   | (4,995)                  |
| Expenses on interest and charges (d)                  | (135,469)  | (89,477)                 |
| Expenses on banking commissions                       | (2,043)    | (2,615)                  |
| Fines   | (416)      | (392)                    |
| Derivative financial instruments                      | (2,721)    | -                        |
| Lease liabilities present value                       | (5,081)    | (1,145)                  |
| Other expenses (e)                                    | (9,418)    | (9,757)                  |
| Total   | (167,768)  | (108,381)                |

- (a) The exchange differences are mainly influenced by the appreciation and depreciation of functional currencies against other currencies (mainly US\$ and Euro). The six-month period ended June 30, 2022 was significantly impacted by the devaluation of Euro against Brazilian Reais and U.S.dollars. Afterwards, since the inception of the net investment concept in July, 2022 (see Note 22.4), such exchange variation exposure was eliminated.
  - On May 2, the Argentinian subsidiary (Loma Negra C.I.A.S.A.) distributed dividends in kind through the delivery of "LEDE" (Bills of the national treasury in pesos) in the amount of US\$46,880 (ARS 22,200,000 thousands), with maturity in June 30, 2023. Those bills were discounted by Intercement Trading & Inversiones at Eurobank resulting in a foreign exchange loss of US\$23,370.
- (b) It relates to the application of hyperinflationary monetary adjustments in Argentinean business due to the application of IAS29 Hyperinflationary economy (Note 2.2). The variation is mainly explained by the increase in the monetary adjustments rates, which for the six-month period ended June 30, 2023 it was 50,6% against 36,2% in comparable period.
- (c) In the six-months ended 30, June 2023, it substantially refers to the SELIC monetary accretion on the discount value resulting from the operation of sale of recoverable PIS/COFINS credit in the amount of US\$ 8,837, since originally it was allocated to the financial result.



- (d) The main reasons for the increase in the interest expenses line item are related to: i) the floating interest rate ("CDI"), which directly impacted interest expenses. The Brazilian annual average basic interest rate ("SELIC") was 13,75% and 11,42% in the six-month period ended June 30, 2023 and 2022, respectively, and the impacts of new loans in 2023, mainly in the Argentinian subsidiary.
- (e) For the six-month period ended June 30, 2023 it includes: i) US\$2,260 related to PIS and COFINS on financial income in Brazilian business segment (US\$1,783 for the six-month period ended June 30, 2022), ii) US\$1,477 related to PIS and COFINS on financial income in InterCement Participações S.A., and iii) US\$ 921 related to financial transaction expenses (IOF) at InterCement Participações S.A. Furthermore, for the six-month period ended June 30, 2022 it includes losses related to investments in securities of US\$5,983 in Argentinian business segment and US\$2,387 in the InterCement Reinsurance.

#### 20. Commitments

### Purchase agreements

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

|            | 06.30.2023 | 12.31.2022 |
|------------|------------|------------|
|            |            |            |
| 2023       | 39,994     | 71,188     |
| 2024       | 46,704 2   |            |
| 2025       | 19,393     | 1,245      |
| 2026       | 19,393     | 1,245      |
| After 2026 | 129,924    | 3,733      |
| Total      | 255,408    | 104,457    |

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

|            | 06.30.2023   | 12.31.2022 |
|------------|--------------|------------|
|            |              |            |
| 2023       | 47,806       | 71,624     |
| 2024       | 64,605 46    |            |
| 2025       | 49,587 38,   |            |
| 2026       | 32,022 25,8  |            |
| After 2026 | 81,060 77,33 |            |
| Total      | 275,080      | 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\$3,395 (ARS 871,527 thousand) during 2023, and US\$27,161 (ARS 6,972,216 thousand) between 2024 and 2027.

The Argentina segment also signed contracts (i) for the supply of gas, assuming payment commitments in the total amount of approximately US\$31,307 (ARS 8,036,400 thousand) to be paid during 2023 and US\$83,502 (ARS 21,434,965 thousand) to be paid between 2024 and 2027; and (ii) for the supply of energy in the amount of US\$7,094 (ARS 1,820,977 thousand) to be paid during 2023 and US\$113,440 (ARS 29,119,925 thousand) to be paid between 2024 and 2038.

## 21. Earnings (loss) Per Share

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

|   | 06.30.2023 | 06.30.2022<br>(Restated) |
|---|------------|--------------------------|
| Loss for the period from continuing and discontinuing operations attributable to Company's owners | (148,483)  | (144,654)                |
| Loss for the period attributable to common shares   | (148,483)  | (144,654)                |
| Weighted average number of common shares  | 52,920,764 | 52,920,764               |
| Basic/diluted loss per common share   | (2.81)     | (2.73)                   |
| Loss for the period from continuing operations attributable to Company's owners                   | (108,688)  | (132,511)                |
| Loss for the period attributable to common shares   | (108,688)  | (132,511)                |
| Weighted average number of common shares  | 52,920,764 | 52,920,764               |
| Basic/diluted loss per common share   | (2.05)     | (2.50)                   |



#### 22. Financial Instruments

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

#### 22.1. Capital risk management

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

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

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

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

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

# 22.2. Financial risk management

#### General principles

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

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

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

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

- Reducing, whenever possible, fluctuations in profit/loss and cash flows that are exposed to risk situations;
- Curbing deviation from forecast financials by means of strict financial planning based on multi-year budgets.



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

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

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

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

#### 22.3. Interest rate risk

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

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

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

#### Exposure to interest rate risks and to floating and fixed rates

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

|              | Continuing Operations    |            |                           |            |                |            |            |
|--------------|--------------------------|------------|---------------------------|------------|----------------|------------|------------|
|              | Borrowings and financing | Debentures | Cash and cash equivalents | Securities | Other payables | 06.30.2023 | 12.31.2022 |
| Assets:      |                          |            |                           |            |                |            |            |
| CDI          | -                        | -          | 19,345                    | 7,296      | -              | 26,641     | 112,283    |
| Total        | -                        | -          | 19,345                    | 7,296      | -              | 26,641     | 112,283    |
| Liabilities: | _                        | _          | _                         | _          | 10.875         | 10,875     | 10,567     |
| CDI          | _                        | 928,401    | -                         | _          | -              | 928,401    | 927,841    |
| LIBOR        | 57,950                   | -          | -                         | -          | -              | 57,950     | 59,900     |
| Badlar       | -                        | 99,869     | -                         | -          | -              | 99,869     | -          |
| IPCA         | 13,101                   | -          | -                         | -          | -              | 13,101     | 16,322     |
| Total        | 71,051                   | 1,028,270  | -                         | -          | 10,875         | 1,110,196  | 1,014,630  |



|              | Discontinued Operations  |            |                           |            |                |            |            |
|--------------|--------------------------|------------|---------------------------|------------|----------------|------------|------------|
|              | Borrowings and financing | Debentures | Cash and cash equivalents | Securities | Other payables | 06.30.2023 | 12.31.2022 |
| Assets:      |                          |            |                           |            |                |            |            |
| Repo Rate    |                          | -          | 15,721                    | -          | -              | 15,721     | 7,986      |
| Total        |                          | -          | 15,721                    | -          | -              | 15,721     | 7,986      |
| Liabilities: |                          |            |                           |            |                |            |            |
| Prime Rate   | 15,818                   | -          | -                         | -          | -              | 15,818     | 15,815     |
| JIBAR        | 32,657                   | -          | -                         | -          | -              | 32,657     | 38,337     |
| Total        | 48,475                   | -          | -                         | -          | -              | 48,475     | 54,152     |

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

|                | 06.30.2023 | 12.31.2022 |
|----------------|------------|------------|
| Floating rates | 66%        | 63%        |
| Fixed rates    | 34%        | 37%        |

#### 22.4. Exchange rate risk

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

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

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

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

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

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

Therefore, the Group is constantly monitoring the alternatives to collect financial assets and liquidate financial liabilities in foreign currency (other currencies than Argentinian Pesos) and their corresponding impacts. The



realized profit or loss derived from the use of alternative financial instruments to liquidate operations in foreign currency is recognized at the time the Argentinian subsidiaries unconditionally commits or executes such financial asset or liability in kind ("cash"). As of June 30, 2023, in case such instruments were used for the liquidation of the aforementioned operations, would result in a negative impact of approximately 92.4% over the net position in dollars.

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

#### Exposure to foreign exchange risk

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

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

|  | 06.30.2023                  | 12.31.2022                  |
|--|-----------------------------|-----------------------------|
| Assets:  |                             |                             |
| Cash, cash equivalents and securities  | 90,072                      | 50,548                      |
| Trade receivables  | 100                         | 80                          |
| Related parties (a)  | 777,106                     | 770,205                     |
| Other assets   | 4                           | 5                           |
| Exposed assets   | 867,282                     | 820,838                     |
| Liabilities: Borrowings, financing and debentures (Note 10 and 11) Interest payable Foreign trade payables | 695,257<br>15,952<br>25,131 | 608,542<br>16,841<br>22,563 |
| Related parties (a)  | 253,854                     | 237,223                     |
| Other liabilities  | 5,216                       | 9,023                       |
| Exposed liabilities  | 995,410                     | 894,192                     |
| Exposed net position liabitity   | (128,128)                   | (73,354)                    |

(a) Include balances between related parties with currency exposure for creditor, debtor or both. Risk arises when the currency determined in the transaction is different from entities functional currencies and even though balances (assets and liabilities) are eliminated during the consolidation process; exchange variation results are not eliminated and are recognized directly into profit or loss, except when the monetary asset or liability is accounted as net investment in a foreign operation in light with IAS 21 – The Effect of changes in Foreign Exchange Rates. Furthermore, from the table above, a net asset position amount of US\$16,800 refers to Mozambique and Africa segments, which per Note 2.4 above,



is presented in the financial position as "Assets held for sale" or "liabilities from assets held for sale" (see Note 22.8 below for breakdown of such amount and respective sensitive analysis).

Starting in July 01, 2022, certain Related Parties loans that are payable to or receivable from a foreign operation within the Group were accounted as part of entity's net investment in light with IAS 21 – The Effect of changes in Foreign Exchange Rates. Accordingly, exchange differences arising from such related parties loans were recognized as "Exchange differences from translation of foreign operations" within "other comprehensive income". Such results will be reclassified from equity to profit or loss on disposal of the corresponding net investment. As of June 30, 2023, the Related Parties payables and receivables of US\$1,112,269 and US\$199,812, respectively, were determined to be part of entity's net investment and the exchange difference since inception of US\$10,402 were recorded within "other comprehensive income" (a decrease of US\$14,790 for the six-month period ended June 30, 2023).

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

|                     |                   | 06.30.2023 |         | 12.31     | .2022   |
|---------------------|-------------------|------------|---------|-----------|---------|
| Functional currency | Currency          | Currency   | USD     | Currency  | USD     |
| ARS                 | USD               | 22,447,205 | 87,446  | 3,583,770 | 20,228  |
| BRL                 | USD               | 11         | 2       | 55,797    | 10,695  |
| EUR                 | USD               | 1,725      | 1,884   | 17,644    | 18,835  |
| MZN                 | USD               | -          | -       | 12,505    | 198     |
| ARS                 | EUR               | 2,826      | 11      | 1,903     | 11      |
| BRL                 | EUR               | -          | -       | 1         | -       |
| MZN                 | EUR               | 27,655     | 437     | 40        | 1       |
| EUR                 | EGP               | 81         | 88      | -         | -       |
| MZN                 | ZAR               | 12,884     | 204     | 10,540    | 167     |
| EUR                 | ARS               | -          | -       | 387       | 413     |
| Amount exposed      | to foreign exchan | ge risks   | 90,072  |           | 50,548  |
| BRL                 | BRL               | 192,382    | 39,920  | 554,447   | 106,275 |
| EUR                 | EUR               | 16,533     | 18,054  | 22,163    | 23,660  |
| ARS                 | ARS               | 1,656,742  | 6,454   | 1,324,224 | 7,475   |
| MZN                 | MZN               | 446,833    | 7,068   | 1,018,950 | 16,115  |
| ZAR                 | ZAR               | 174,369    | 9,259   | 250,902   | 14,798  |
| Amount by function  | onal currency     |            | 80,755  |           | 168,323 |
|                     |                   | -          | 170,827 |           | 218,871 |

The amounts which the functional currency is MZN or ZAR totalling US\$16,968 refers to discontinued operations, as mentioned in Note 2.4 above.

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



|       | 06.30.2023 | 12.31.2022 |
|-------|------------|------------|
| USD   | 38%        | 37%        |
| BRL   | 52%        | 56%        |
| Other | 10%        | 7%         |

#### 22.5. Liquidity risk

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

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

#### 22.6. Credit risk

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

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

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

#### 22.7. Counterparty risk

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

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



#### 22.8. Sensitivity analysis of financial instruments

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

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

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

| Indexing                             | Currency | Asset (Liability) | 1%      | 2%       | 3%       |
|--------------------------------------|----------|-------------------|---------|----------|----------|
| US Libor                             | USD      | (57,950)          | (580)   | (1,159)  | (1,739)  |
| CDI                                  | BRL      | (901,761)         | (9,018) | (18,035) | (27,053) |
| IPCA                                 | BRL      | (13,101)          | (131)   | (262)    | (393)    |
| Badlar                               | ARS      | (99,869)          | (999)   | (1,997)  | (2,996)  |
| JIBAR (discontinued operations)      | ZAR      | (32,657)          | (327)   | (653)    | (980)    |
| Prime Rate (discontinued operations) | MZN      | (15,818)          | (158)   | (316)    | (475)    |

# 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 June 30, 2023, the significant impacts on net financial results would be as follows:

| Transaction  | Amount in US\$  | Local   | FX rate  | USD depred                               | iation  | USD apprec   | iation   |
|--|---|---|--|--|---|--|--|
| Currency   | Asset (liability)   | Currency  | Local / Transaction  | -10%                                     | -5%   | 5%   | 10%  |
| US\$   | 17,365  | EUR   | 0.92   | (1,737)                                  | (868)   | 868  | 1,737  |
| US\$   | (81,478)  | ARS   | 256.70   | 8,148                                    | 4,074   | (4,074)  | (8,148)  |
| US\$   | (30,693)  | BRL   | 4.82   | 3,069                                    | 1,535   | (1,535)  | (3,069   |
| US\$   | 42,264  | ZAR (discontinued operations)   | 18.83  | (4,226)                                  | (2,113)                                       | 2,113  | 4,226  |
| US\$   | (22,740)  | MZN (discontinued operations)   | 63.22  | 2,274                                    | 1,137   | (1,137)  | (2,274)  |
|  | (75,282) Tota   | al exposure US\$ dollars x local currency   |  |  |   |  |  |
| Transaction  | Amount in US\$  | Local   | FX rate  | EUR depred                               | iation  | EUR apprec   | iation   |
| Currency   | Asset (liability)   | Currency  | Local / Transaction  | -10%                                     | -5.0%   | 5.0%   | 10.0%  |
| EUR  | (684)   | ZAR (discontinued operations)   | 20.57  | 57                                       | 29  | (29)   | (57)   |
| EUR  | (19,353)  | BRL   | 5.26   | 1,623                                    | 811   | (811)  | (1,623)  |
| EUR  | (1,175)   | ARS   | 280.32   | 99                                       | 49  | (49)   | (99)   |
| EUR  | (1,954)   | MZN (discontinued operations)   | 69.04  | 164                                      | 82  | (82)   | (164)  |
|  | (23, 100)   | al exposure EURO x local currency   |  |  |   |  |  |
| Transaction Currency   | Amount in US\$  | Local   | FX rate  | EGP depred                               | iation  | EGP apprec   | iation<br>10.0%                                |
| Transaction Currency EGP   |   | ,   |  |  |   |  |  |
| Currency<br>EGP  | Amount in US\$ Asset (liability) 88 Tota  | Local Currency EUR al exposure EGP x local currency   | Local / Transaction<br>0.03  | <b>-10%</b> (8)                          | -5.0%<br>(4)                                  | <b>5.0%</b> 4  | <b>10.0%</b><br>8                              |
| Currency<br>EGP<br>Transaction                                   | Amount in US\$ Asset (liability) 88 88 Tota Amount in US\$  | Local Currency EUR al exposure EGP x local currency Local   | Local / Transaction<br>0.03  | -10% (8)<br>ZAR deprec                   | -5.0% (4)                                     | 5.0% 4 ZAR apprec  | 10.0%<br>8<br>iation                           |
| Currency<br>EGP<br>Transaction<br>Currency                       | Amount in US\$ Asset (liability)  88  88 Tota  Amount in US\$ Asset (liability)   | Local Currency EUR al exposure EGP x local currency Local Currency  | Local / Transaction 0.03  FX rate Local / Transaction  | <b>-10%</b> (8)                          | -5.0% (4)                                     | 5.0% 4  ZAR apprec 5.0%                                  | 10.0%<br>8<br>iation<br>10.0%                  |
| Currency<br>EGP  | Amount in US\$ Asset (liability) 88 88 Tota  Amount in US\$ Asset (liability) (84)  | Local Currency EUR al exposure EGP x local currency Local Currency MZN (discontinued operations)  | Local / Transaction<br>0.03  | -10% (8)<br>ZAR deprec                   | -5.0% (4)                                     | 5.0% 4 ZAR apprec  | 10.0%<br>8<br>iation                           |
| Currency<br>EGP<br>Transaction<br>Currency                       | Amount in US\$ Asset (liability) 88 88 Tota  Amount in US\$ Asset (liability) (84)  | Local Currency EUR al exposure EGP x local currency Local Currency  | Local / Transaction 0.03  FX rate Local / Transaction  | -10% (8)<br>ZAR deprec                   | -5.0% (4)                                     | 5.0% 4  ZAR apprec 5.0%                                  | 10.0%<br>8<br>iation<br>10.0%                  |
| Currency<br>EGP<br>Transaction<br>Currency                       | Amount in US\$ Asset (liability) 88 88 Tota  Amount in US\$ Asset (liability) (84)  | Local Currency EUR al exposure EGP x local currency Local Currency MZN (discontinued operations)  | Local / Transaction 0.03  FX rate Local / Transaction  | -10% (8)<br>ZAR deprec                   | -5.0% (4) iation -5.0% 0                      | 5.0% 4  ZAR apprec 5.0%                                  | 10.0%<br>8<br>iation<br>10.0%<br>(1)           |
| Currency EGP  Transaction Currency ZAR  Transaction Currency     | Amount in US\$ Asset (liability)  88 88 Tota  Amount in US\$ Asset (liability)  (84) (84) Tota  | Local Currency EUR al exposure EGP x local currency Local Currency MZN (discontinued operations) al exposure ZAR x local currency Local Currency  | FX rate Local / Transaction  3.36  | -10% (8)  ZAR deprec                     | -5.0% (4) iation -5.0% 0                      | 5.0% 4  ZAR apprec 5.0% (0)                              | 10.0%<br>8<br>iation<br>10.0%<br>(1)           |
| Currency EGP  Transaction Currency ZAR  Transaction              | Amount in US\$ Asset (liability)  88 88 Tota  Amount in US\$ Asset (liability)  (84)  (84) Tota  Amount in US\$   | Local Currency EUR al exposure EGP x local currency  Local Currency MZN (discontinued operations) al exposure ZAR x local currency  Local   | FX rate Local / Transaction 0.03  FX rate Local / Transaction 3.36  FX rate                          | ZAR deprec                               | -5.0% (4) iation -5.0% 0                      | ZAR apprec<br>5.0% (0)                                   | 10.0% 8 iation 10.0% (1)                       |
| Currency EGP  Transaction Currency ZAR  Transaction Currency     | Amount in US\$ Asset (liability)  88  88 Tote  Amount in US\$ Asset (liability)  (84)  (84) Tote  Amount in US\$ Asset (liability)  (29,068)            | Local Currency EUR al exposure EGP x local currency Local Currency MZN (discontinued operations) al exposure ZAR x local currency Local Currency  | FX rate Local / Transaction  0.03  FX rate Local / Transaction 3.36  FX rate Local / Transaction     | ZAR deprec                               | -5.0% (4) iation                              | 5.0% 4  ZAR apprec 5.0% (0)  BRL apprec 5.0%             | 10.0% 8 iation (1) iation 10.0%                |
| Currency EGP  Transaction Currency ZAR  Transaction Currency     | Amount in US\$ Asset (liability)  88  88 Tote  Amount in US\$ Asset (liability)  (84)  (84) Tote  Amount in US\$ Asset (liability)  (29,068)            | Local Currency EUR al exposure EGP x local currency  Local Currency MZN (discontinued operations) al exposure ZAR x local currency  Local Currency EUR                                  | FX rate Local / Transaction  0.03  FX rate Local / Transaction 3.36  FX rate Local / Transaction     | ZAR deprec                               | -5.0% (4)  iation                             | ZAR apprec 5.0% (0)  BRL apprec 5.0% (1,384)  ARS apprec | 10.0% 8 iation (1) iation 10.0% (2,643) iation |
| Currency EGP  Transaction Currency ZAR  Transaction Currency BRL | Amount in US\$ Asset (liability)  88 88 Tota  Amount in US\$ Asset (liability)  (84) (84) Tota  Amount in US\$ Asset (liability) (29,068) (29,068) Tota | Local Currency EUR al exposure EGP x local currency  Local Currency MZN (discontinued operations) al exposure ZAR x local currency  Local Currency EUR al exposure BRL x local currency | FX rate Local / Transaction 0.03  FX rate Local / Transaction 3.36  FX rate Local / Transaction 0.19 | ZAR depred -10% 1  BRL depred -10% 2,643 | -5.0% (4)  iation -5.0% 0  iation -5.0% 1,384 | ZAR apprec<br>5.0% (0)<br>BRL apprec<br>5.0% (1,384)     | 10.0% 8 iation 10.0% (1) iation 10.0% (2,643)  |



# 22.9. Categories of financial instruments

|   | 06.30.2023 | 12.31.2022 |
|---|------------|------------|
| Current assets:                                       |            |            |
| Cash and bank accounts (Note 4)                       | 132,593    | 71,469     |
| Financial assets at amortized cost:                   | ,          | ,          |
| Trade receivables (Note 6)                            | 95,062     | 64,233     |
| Other receivables                                     | 19,926     | 29,957     |
| Financial assets at fair-value through profit & Loss: |            |            |
| Short-term investments - financial asset (Note 4)     | 21,266     | 147,402    |
| Non-current assets:                                   |            |            |
| Financial assets at amortized cost:                   |            |            |
| Trade receivables (Note 6)                            | 654        | 707        |
| Other receivables                                     | 21,641     | 20,347     |
| Long-term investments - financial asset (Note 5)      | 8,462      | 7,403      |
| Financial assets at fair-value through profit & loss: |            |            |
| Derivatives (Note 22.10)                              | 1,930      | 1,567      |
| Current liabilites:                                   |            |            |
| Financial liabilities at amortized cost:              |            |            |
| Debentures (Note 11)                                  | 201,174    | 156,446    |
| Borrowings and financing (Note 10)                    | 89,343     | 106,094    |
| Trade payables  | 188,745    | 224,893    |
| Obligations from confirming                           | 22,626     | 71,271     |
| Interest payable (Notes 10 and 11)                    | 82,846     | 31,915     |
| Lease liabilities (Note 14)                           | 15,445     | 11,151     |
| Other payables  | 46,783     | 23,714     |
| Non-current liabilites:                               |            |            |
| Financial liabilities at amortized cost:              |            |            |
| Debentures (Note 11)                                  | 1,447,502  | 1,287,027  |
| Borrowings and financing (Note 10)                    | 23,469     | 113,610    |
| Lease liabilities (Note 14)                           | 54,858     | 20,628     |
| Other payables  | 28,238     | 30,917     |



#### 22.10. Derivative transactions

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

Written-put options ("Baesa", "Machadinho" and "Estreito" operations)

| Assets                |       |  |  |  |  |
|-----------------------|-------|--|--|--|--|
| Non-current           |       |  |  |  |  |
| 06.30.2023 12.31.2022 |       |  |  |  |  |
| 1,930                 | 1,567 |  |  |  |  |
| 1,930                 | 1,567 |  |  |  |  |

#### 22.11. Market values

#### Estimated fair value – assets measured at fair value

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

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

| Category   | Item   | Level 2     | Level 3    |
|--|--|-------------|------------|
| Assets:  |  |             |            |
| Financial assets at fair value<br>Financial assets at fair value | Securities<br>Financial derivative instruments | 21,266<br>- | -<br>1,930 |

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



#### Estimated fair value - assets and liabilities not measured at fair value

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

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

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

|                                   | 06.30.               | 2023      | 12.31.         | .2022      |
|-----------------------------------|----------------------|-----------|----------------|------------|
|                                   | Amortized Fair value |           | Amortized cost | Fair value |
|                                   |                      |           |                |            |
| Borrowing and financing (Note 10) | 112,812              | 111,807   | 219,704        | 217,782    |
| Debentures (Note 11)              | 1,648,676            | 1,544,807 | 1,443,473      | 1,321,108  |
| Leases liabilities (Note 14)      | 70,303               | 70,506    | 31,779         | 27,355     |

# 23. Operating Segment

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

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

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

|   | 06.30.2023    |                    |         |           |               | Restated)          |          |           |
|---|---------------|--------------------|---------|-----------|---------------|--------------------|----------|-----------|
|   | Net Revenue   |                    |         |           | Net Revenue   |                    |          |           |
|   | Foreign sales | Intersegment sales | Total   | Results   | Foreign sales | Intersegment sales | Total    | Results   |
| Operating segments:   |               |                    |         |           |               |                    |          |           |
| Brazil  | 344,175       | -                  | 344,175 | 12,319    | 332,452       | 11,175             | 343,627  | 30,963    |
| Argentina   | 374,609       | -                  | 374,609 | 58,053    | 396,808       | -                  | 396,808  | 81,425    |
| Total   | 718,784       |                    | 718,784 | 70,372    | 729,260       | 11,175             | 740,435  | 112,388   |
| Unallocated (a)   | (453)         | (18)               | (471)   | (5,671)   | 10,792        | 18                 | 10,810   | 1,131     |
| Eliminations  |               | 18                 | 18      | -         | -             | (11,193)           | (11,193) | -         |
| Sub-total   | 718,331       | -                  | 718,331 | 64,701    | 740,052       | -                  | 740,052  | 113,519   |
| Income before financial income (expenses)                   |               |                    |         | 64,701    |               |                    |          | 113,519   |
| Foreign exchange, net                                       |               |                    |         | (56,957)  |               |                    |          | (105,855) |
| Financial income  |               |                    |         | 86,357    |               |                    |          | 22,931    |
| Financial expenses  |               |                    |         | (167,768) | _             |                    | _        | (108,381) |
| Loss before income tax and social contribution              |               |                    |         | (73,667)  |               |                    |          | (77,786)  |
| Income tax and social contribution                          |               |                    | _       | (8,015)   |               |                    | _        | (24, 103) |
| Loss for the period from continuing operations              |               |                    |         | (81,682)  |               |                    |          | (101,889) |
| Loss for the period from discontinued operations (note 2.4) |               |                    |         | (39,906)  |               |                    |          | (11,876)  |
| Loss for the period   |               |                    | _<br>_  | (121,588) |               |                    | -<br>-   | (113,765) |

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



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

|   | Noncontrolling interests |                          |  |
|---|--------------------------|--------------------------|--|
|   | 06.30.2023               | 06.30.2022<br>(Restated) |  |
| Operating segments:   |                          |                          |  |
| Brazil  | 11,783                   | 7,419                    |  |
| Argentina   | 15,463                   | 23,828                   |  |
|   | 27,246                   | 31,247                   |  |
| Unallocated   | (240)                    | (625)                    |  |
|   | 27,006                   | 30,622                   |  |
| Discontinued operating segments (note 2.4)                      | (111)                    | 267                      |  |
| Profit for the period attributable to non-controlling interests | 26,895                   | 30,889                   |  |

#### Other information:

|  | 06.30                  | 0.2023           | 06.30.2022 (Restated)                   |  |  |
|--|------------------------|------------------|---|--|--|
|  | Capital<br>expenditure | amortisation and |   | Depreciation,<br>amortisation and<br>impairment losses |  |
| Operating segments:                        |                        |                  |   |  |  |
| Brazil                                     | 29,181                 | 45,176           | 24,766                                  | 42,599   |  |
| Argentina                                  | 17,553                 | 29,994           | 14,690                                  | 38,643   |  |
|  | 46,734                 | 75,170           | 39,456                                  | 81,242   |  |
| Unallocated                                | -                      | 159              | (78)                                    | 161  |  |
| •  | 46,734                 | 75,329           | 39,378                                  | 81,403   |  |
| Discontinued operating segments (note 2.4) | 2,031                  | 9,080            | 7,918                                   | -  |  |
| Total                                      | 48,765                 | 84,409           | , |  |  |

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

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

|  | 06.30.2023 |             |            |           |             |            |
|--|------------|-------------|------------|-----------|-------------|------------|
|  | Assets     | Liabilities | Net assets | Assets    | Liabilities | Net assets |
| Operating segments:                        |            |             |            |           |             |            |
| Brazil                                     | 1,615,759  | 926,887     | 688,872    | 1,499,307 | 817,376     | 681,931    |
| Argentina                                  | 1,443,414  | 672,664     | 770,750    | 1,328,436 | 488,845     | 839,591    |
| Mozambique                                 | -          | -           | -          | 157,830   | 94,499      | 63,331     |
| South Africa                               |            | -           | -          | 276,317   | 94,517      | 181,800    |
| Total                                      | 3,059,173  | 1,599,551   | 1,459,622  | 3,261,890 | 1,495,237   | 1,766,653  |
| Unallocated                                | 144,102    | 1,130,697   | (986,595)  | 154,097   | 1,138,425   | (984, 327) |
| Eliminations                               | (131,488)  | (131,488)   | -          | (134,806) | (134,807)   |            |
| Total                                      | 3,071,787  | 2,598,760   | 473,027    | 3,281,181 | 2,498,855   | 782,326    |
| Discontinued operating segments (note 2.4) | 360,429    | 118,836     | 241,593    | 180,512   | 140,512     | 40,000     |
| Eliminations                               | (42,556)   | (42,556)    | -          | -         | -           |            |
| Total discontinued segments (note 2.4)     | 317,873    | 76,280      | 241,593    | 180,512   | 140,512     | 40,000     |
| Inter-segment eliminations                 | (1,006)    | (1,006)     | -          | (40,045)  | (40,045)    | -          |
| Total                                      | 3,388,654  | 2,674,034   | 714,620    | 3,421,648 | 2,599,322   | 822,326    |



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

# 24. Events After the Reporting Period

#### Dividends paid by Argentina

On June 26, 2023, the Argentinian subsidiary (Loma Negra C.I.A.S.A.) announced payment of dividends for a total amount of US\$53,106 (ARS13,700,000 thousands, which is equivalent to ARS23.4797 per outstanding share, excluding the treasury shares). The payment occurred in July 4, 2023, of which US\$27,690 (ARS7,143,312 thousands) was paid to the Group and US\$25,416 (ARS6,556,688 thousands) to minority interests.

#### Bonds Interest payment

On July 14, 2023, the Company paid interests in the amount of US\$15,818 to Senior Notes holders.

#### Sale of Concrete Plants in Brazil

On July 17, 2023, the InterCement Brasil S.A. entered into a sales contract of the concrete plants located in São Paulo, Guarulhos, and São Bernardo do Campo. This transaction will still undergo review by the Administrative Council for Economic Defense (CADE), with an anticipated influx of funds in the upcoming months. The total amount to be received is expected to be equivalents to of about US\$9,000 considering official exchange rates as of June 30, 2023.

#### 25. Authorization for issuance of the Condensed consolidated financial information

At the meeting held on August 17, 2023, the Board of Directors authorized the issuance of this condensed consolidated interim financial information, being approved by them for disclosure.