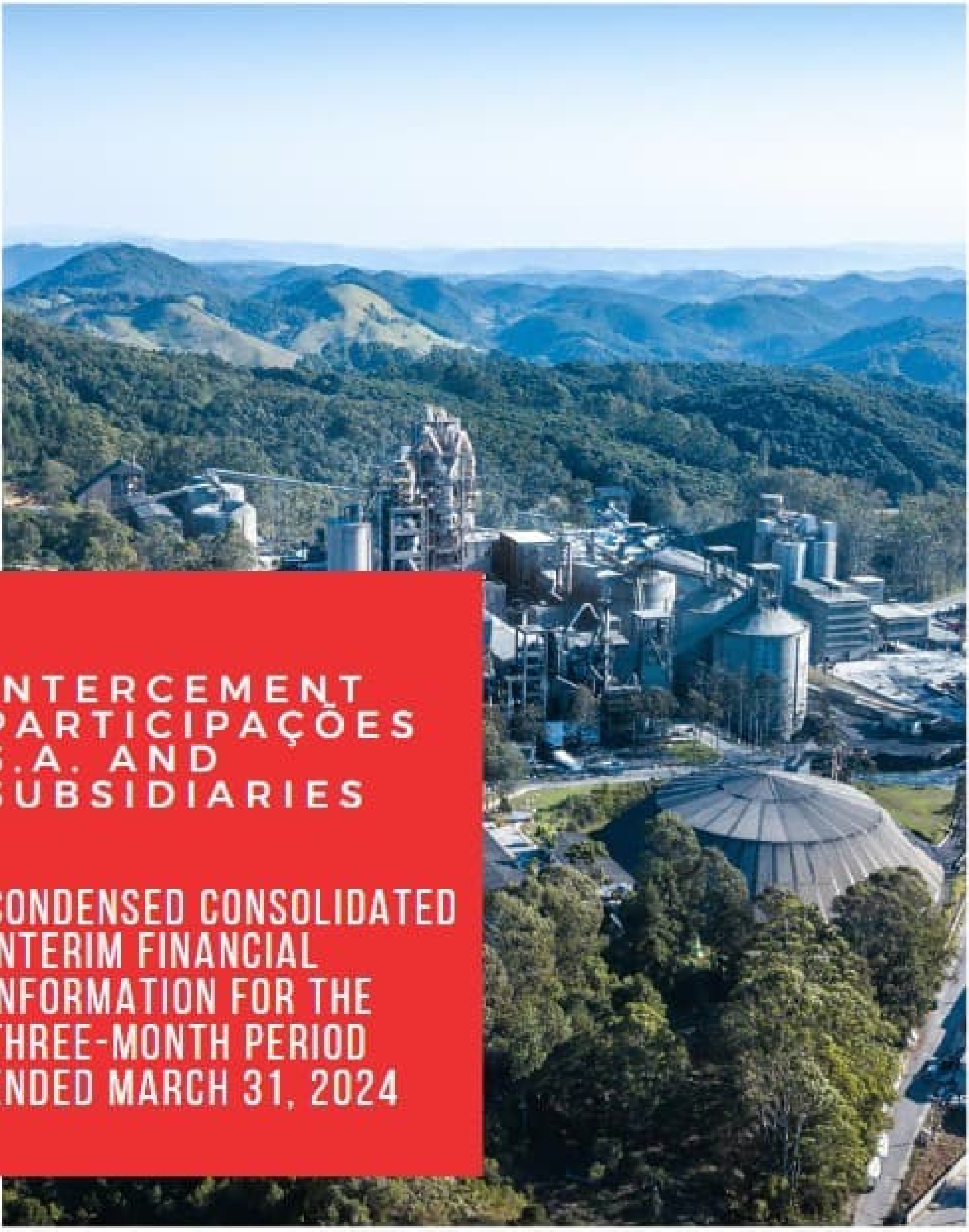

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024

InterCement | Building sustainable partnerships

São Paulo Corporate Towers
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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 March 31, 2024, 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 three-month period then ended, including the main accounting policies and other 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.

Basis for qualified conclusion

As mentioned in note 24, the Company's subsidiary InterCement Brasil S.A. has recorded deferred tax assets and social contribution in the amount of R$689,598 thousand as of March 31, 2024 (R$706,815 thousand as of December 31, 2023), arising from tax losses generated in previous years, and temporary differences, substantially related to impairment loss provisions on non-financial operational assets, to be offset against future taxable profits. Due to the matter described in the "Material uncertainty related to going concern" section below, it was not possible to conclude on the realization of the referred assets, as required by Technical Pronouncement CPC 32 (IAS 12) – Income Taxes. Consequently, the deferred income taxes and social contribution as of March 31, 2024, and the shareholder's equity on this date, are overstated in the amount of R$689,598 thousand (R$706,815 thousand as of December 31, 2023), the profit for the period from continuing and discontinued operations is understated in the amount R$17,217 thousand, and the profit per share is understated in the amount of R$0.09.

Material uncertainty related to going concern

We draw attention to note 1 to the condensed consolidated interim financial information for the three-month period ended March 31, 2024, which indicates the Company’s current liabilities exceeded total current assets in the amount of R$3,647,639 thousand. 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.

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, May 22, 2024

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

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Financial Position as of March 31, 2024 and December 31, 2023

(In thousands of Brazilian Reais - BRL)

ASSETS	Notes	03.31.2024	12.31.2023 Recasted
CURRENT ASSETS			
Cash and cash equivalents	4	1,362,261	1,749,677
Trade receivables	6	439,104	266,806
Inventories	7	1,167,112	801,450
Recoverable taxes		122,326	151,194
Other receivables		194,301	130,371
		3,285,104	3,099,498
Assets classified as held for sale	2.4	-	15,526
Total current assets		3,285,104	3,115,024
NONCURRENT ASSETS			
Securities	5	6,744	43,283
Trade receivables	6	2,367	2,549
Inventories	7	240,325	169,400
Recoverable taxes		41,286	41,894
Deferred income tax and social contribution		368,443	375,000
Judicial deposits		74,872	83,050
Derivatives	22.10	1,022	1,441
Other assets and receivables		63,954	59,675
Right-of-use assets	14	258,751	271,124
Property, plant and equipment	8	6,461,673	5,121,969
Intangible assets:			
Goodwill	9	3,717,032	3,716,131
Other intangible assets	9	445,845	445,141
Total noncurrent assets		11,682,314	10,330,657
TOTAL ASSETS		14,967,418	13,445,681

LIABILITIES AND EQUITY	Notes	03.31.2024	12.31.2023 Recasted
CURRENT LIABILITIES			
Trade payables		821,957	927,403
Obligations from confirming		1,038	12,490
Debentures	11	4,450,127	4,367,761
Borrowings and financing	10	237,160	104,036
Interest payable	10 and 11	911,418	775,533
Leases liabilities	14	66,081	66,200
Taxes payable		156,641	161,354
Payroll and related taxes		144,778	123,018
Advances from customers		31,685	39,477
Other payables		111,858	193,056
		6,932,743	6,770,328
Liabilities directly associated with assets classified as held for sale	2.4	-	-
Total current liabilities		6,932,743	6,770,328
NONCURRENT LIABILITIES			
Debentures	11	3,603,487	3,580,683
Borrowings and financing	10	26,655	31,653
Leases liabilities	14	221,290	237,392
Provision for tax, civil and labor risks	12	95,789	88,189
Provision for environmental recovery		68,804	66,629
Taxes payable		34,101	22,539
Deferred income tax and social contribution		1,162,659	754,151
Other payables		131,871	132,448
Total noncurrent liabilities		5,344,656	4,913,684
TOTAL LIABILITIES		12,277,399	11,684,012
SHAREHOLDER'S EQUITY			
Capital	15	2,562,966	2,562,966
Accumulated loss		(166,324)	(176,829)
Other comprehensive loss	15	(1,181,792)	(1,539,722)
Equity attributable to the Company's owners		1,214,850	846,415
Non-controlling interests	15	1,475,169	915,254
Total equity		2,690,019	1,761,669
TOTAL LIABILITIES AND EQUITY		14,967,418	13,445,681

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of profit or loss for the three-month period ended March 31, 2024 and 2023

(In thousands of Brazilian Reais – BRL except per loss per share)

	Notes	03.31.2024	03.31.2023 Recasted
CONTINUING OPERATIONS			
NET SALES	17	1,424,960	1,837,538
COST OF SALES AND SERVICES	18	(1,155,729)	(1,467,230)
GROSS PROFIT		269,231	370,308
OPERATING INCOME (EXPENSES)			
Selling expenses	18	(70,667)	(89,224)
Administrative expenses	18	(101,522)	(97,938)
Other income/ (expenses)	18	47,270	16,019
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		144,312	199,165
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	19	(26,625)	(75,258)
Financial income	19	594,057	221,847
Financial expenses	19	(400,322)	(413,194)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		311,422	(67,440)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	16	(70,674)	(51,286)
Deferred	16	(112,715)	33,186
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		128,033	(85,540)
DISCONTINUED OPERATIONS			
PROFIT (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.4	49,208	(223,593)
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING AND DISCONTINUED OPERATIONS		177,241	(309,133)
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO			
Company's owners		10,505	(393,688)
Non-controlling interests		166,736	84,555
PROFIT (LOSS) PER SHARE FROM CONTINUING OPERATIONS			
Basic/diluted loss per share	21	(0.73)	(3.23)
PROFIT (LOSS) PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS			
Basic/diluted loss per share	21	0.20	(7.44)

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (loss) for the three-month period ended March 31, 2024 and 2023

(In thousands of Brazilian Reais - BRL)

	Notes	03.31.2024	03.31.2023 Recasted
CONTINUING OPERATIONS			
PROFIT (LOSS) FOR THE PERIOD FOR CONTINUED OPERATION		128,033	(85,540)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Employee benefits		(1,837)	(1,118)
Items that might be reclassified subsequently to profit or loss:			
Exchange differences from translation of foreign operations		(126,127)	(2,496,876)
Effects of hyperinflationary monetary adjustment	2.2	884,424	2,589,854
Derivative and hedging transactions		984	1,129
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM CONTINUING OPERATIONS		885,477	7,449
DISCONTINUED OPERATIONS			
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.4	49,208	(223,593)
Other comprehensive income:			
Items that might be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		-	143,773
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS		49,208	(79,820)
COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:			
Company's owners		319,227	(74,494)
Non-controlling interests		566,250	81,943
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO:			
Company's owners		368,435	(130,109)
Non-controlling interests		566,250	57,738

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Changes in Shareholders' Equity for the three-month period ended March 31, 2024 and 2023

(In thousands of Brazilian Reais - BRL)

				Earnings reserves							
	Notes	Share capital	Capital Reserves	Legal	Capital Budget	Transactions with shareholders	Other comprehensive income (loss)	Accumulated profit / (losses)	Total attributable to Company's owners	Non-controlling interests	Total equity
BALANCE AS OF DECEMBER 31, 2022 (Recasted)		2,562,966	1,363,133	-	-	(236,236)	(1,241,939)	-	2,447,924	1,842,231	4,290,155
Profit (loss) for the period		-	-	-	-	-	-	(393,688)	(393,688)	84,555	(309,133)
Other comprehensive income	15	-	-	-	-	-	263,579	-	263,579	(26,817)	236,762
Dividends declared to noncontrolling interests	15	-	-	-	-	-	-	-	-	(16,639)	(16,639)
BALANCE AS OF MARCH 31, 2023 (Recasted)		2,562,966	1,363,133	-	-	(236,236)	(978,360)	(393,688)	2,317,815	1,883,330	4,201,145
BALANCE AS OF DECEMBER 31, 2023 (Recasted)		2,562,966	-	-	-	-	(1,539,722)	(176,829)	846,415	915,254	1,761,669
Profit (loss) for the period		-	-	-	-	-	-	10,505	10,505	166,736	177,241
Other comprehensive income	15	-	-	-	-	-	357,930	-	357,930	399,514	757,444
Dividends declared to noncontrolling interests	15	-	-	-	-	-	-	-	-	(6,335)	(6,335)
BALANCE AS OF MARCH 31, 2024		2,562,966	-	-	-	-	(1,181,792)	(166,324)	1,214,850	1,475,169	2,690,019

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

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows for the three-month period ended March 31, 2024 and 2023

(In thousands of Brazilian Reais - BRL)

	Notes	03.31.2024	03.31.2023 Recasted
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (Loss) before income tax and social contribution		360,631	(287,623)
Adjustments to reconcile income before income tax and social contribution with net cash generated by (used in) operating activities:			
Depreciation, amortization and impairment losses	23	106,479	215,885
Recognition (reversal) of expected credit losses, net		1,457	728
Recognition of allowance for inventories, net		997	972
Interest, accrued charges, and exchange differences		(167,110)	273,190
Loss (gain) on sale of long-lived assets	18	47,443	(1,211)
Exchange difference from translation of disposed discontinued operations	2.4	-	224,183
Adjusment on the sale amount of Africa discontinued operations in 2023	2.4	(49,208)	-
Other noncash operating losses, net		17,471	4,658
Decrease (increase) in operating assets:			
Related parties		188	874
Trade receivables		(177,473)	(195,508)
Inventories		(454,676)	(26,150)
Recoverable taxes		(1,971)	(12,684)
Dividends received		-	-
Other receivables		(17,456)	9,322
Increase (decrease) in operating liabilities:			
Related parties		(36)	(42)
Trade payables		(106,279)	(473,508)
Obligations from confirming		(11,452)	150,203
Payroll and vacation payable		23,279	(2,721)
Other payables		211,329	(36,457)
Taxes payable		(18,062)	(3,316)
Cash generated (used) by operating activities before income tax and interest paid		(234,449)	(159,205)
Income tax and social contribution paid		(17,705)	(38,870)
Interest paid		(187,398)	(167,079)
Net cash used by operating activities		(439,552)	(365,154)
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in securities		36,539	(1,080)
Purchase of property, plant and equipment		(111,197)	(93,049)
Purchase of intangible assets		(9,048)	(5,698)
Sale of fixed and financial assets		23,917	6,976
Cash received from sale of property, plant and equipment and discontinued operations (Egypt)	2.4	-	174,552
Other		(285)	(2,198)
Net cash generated (used) in investing activities		(60,074)	79,503
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings, financing and debentures	10 and 11	467,784	716,589
Repayment of borrowings, financing and debentures	10 and 11	(299,584)	(522,719)
Dividends paid by Argentinian and Brazilian subsidiaries to non-controlling interests		(53,445)	(50,291)
Payment of principal portion of lease liabilities	14	(28,796)	(40,410)
Other instruments		(2,391)	(1,357)
Net cash generated in financing activities		83,568	101,812
DECREASE IN CASH AND CASH EQUIVALENTS		(416,058)	(183,839)
EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		28,642	(48,942)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	1,749,677	1,163,870
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	1,362,261	931,089

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Information for the three-month period ended March 31, 2024

(Amounts in thousands of Brazilian Reais - BRL, 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 2 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 23 cement plants, 14 concrete plants, and 2 aggregates plants, located in Brazil and Argentina, with an aggregate installed capacity of approximately 29 million tons per year. Additionally, in Brazil it holds participation in hydroelectric power generation equity interests and assets.

As of March 31, 2024, the Company incurred in profit from continuing operations of BRL128,033 (losses of BRL85,540 as of March 31, 2023), primarily due to the financial income recorded in the Argentina segment, as a result of hyperinflation adjustments (See Note 19). Additionally, the Company posted a negative working capital of BRL3,647,639 (negative in BRL3,655,304 as of December 31, 2023), including the senior notes maturing in July, 2024, in the amount of BRL 2,746,761. This negative working capital amount could be further increased in case the senior notes are not refinanced until May 31st, 2024, once this could trigger the debenture holders to exercise their right to an early redemption of all of the debentures issued by both InterCement Participações and InterCement Brasil. The recent losses, cash constraints and negative working capital, are a consequence of: i) a reduction in cement demand which increased the competitive pressure on sales prices; ii) the inflationary pressure on certain costs and expenses that occurred between 2022, 2023 and 2024, particularly in respect of pet coke, a relevant raw material, which cost increased significantly in the international market in 2022, with a slight reduction in 2023 and 2024, having a negative effect on the operational margins and, consequently, on the cash flow; iii) the impact of the substantial increase of the interest rates since 2021, particularly the Selic rate in Brazil, on loans, financing and debentures, resulting in a notable increase in the debt servicing costs; iv) the classification as current liabilities of the debentures instalments due by December 2024, including the instalments which were due in 2023 and had the due dates extended to May, 2024 (firstly to May 8th and then to May 27th) upon agreement with our creditors, which increased the basis for the interest accretion of our financial debts - see Note 10 for further information.

Considering the results achieved in the three-month period ended on March 31, 2024, as well as the review of the most plausible assumptions utilized in the Company's business plan and budget for 2024, management expects the recovery of the gross margin and an increase in cash generation in the next months in Brazil. This involves certain already implemented cost containment measures, as well as maintaining our market share, particularly in the most strategic regions of operations. This assessment encompasses, apart from the actions undertaken by the management itself, considerations regarding certain macroeconomic assumptions that lie beyond the Company's purview, such as potential reductions in pet coke costs and the Selic rate, grounded in the most recent market expectations, as well as considerations on the competitive environment. On the other hand, given the macroeconomic context of Argentina, management expects some further contraction of the activity in the country, once public investment in infrastructure projects is suspended and private consumption is impacted by the reduced purchase power of the families.

Management is also continuously engaged in negotiations with Company's creditors to address the Group's current indebtedness. Considering such ongoing negotiations, the Group obtained a waiver from the debenture holders postponing to May 27th, 2024 the payments of instalments (principal and interest) which were due in June 2023 and December 2023, in the amount of BRL 1,252,198. In due course, the Company is also assessing alternatives to the Senior Notes, which are due in July 2024.

It is important to mention that management is still engaged with the "Liability Management Plan" announced in prior years, which includes divestment actions. In January 2023, the Company concluded the sale of our business in Egypt. In late December 2023, the divestment of the businesses in South Africa and Mozambique was concluded.

Additionally, as mentioned on February 23, 2024, as part of our market announcement to the Company's stakeholders, the Company and its controlling shareholders engaged BTG Pactual Bank to support the Group evaluation of other strategic alternatives, aimed in addressing our capital structure, which may include a private placement, a merger or a partnership with a strategic player, or even another potential divestment. In this context, a competitive process has been organized and is currently underway. Consequently, offers were received for these strategic alternatives and were analysed. In this context, alternative cash flows scenarios were built reflecting the different outcomes of the debt restructuring and the potential divestment options that can be materialized in the coming weeks, demonstrating that the current negative working capital situation can be overcome under such plausible scenarios, despite the intrinsic uncertainty associated with any scenario involving multiple stakeholders and creditors.

In continuity with the market announcement above, on May 2, 2024, the Company informed that, in the context of the competitive process the has been organized by Banco BTG Pactual, the Company executed, on May 1, 2024, an agreement providing for exclusivity until July 12, 2024 to Companhia Siderúrgica Nacional (CSN) with respect to the potential acquisition of shares representing 100% of the Company's stock. Notwithstanding the foregoing, on the date hereof, there is no signed document that generates any binding obligation or commitment on the part of the Company or its subsidiaries in relation to any potential transaction. Subsequently to March 31, 2024 the Company has reached an agreement with its debentures holders to defer the payments to May 27, 2024 to preserve liquidity while negotiating a comprehensive refinancing plan.

Considering the likelihood of success of the potential scenarios the Group has assessed (some more advanced than the others), including management's ability (or not) in the determination of the corresponding outcome to support current cash constraints, the interim financial information for the three-month ended March 31, 2024, were prepared on the basis of a going concern. This position will be revaluated once and every quarter, based on the progression of the strategic alternatives referred to above, including the discussions with Company's creditors and potential investors.

Disinvestment in Egypt, Mozambique and South Africa business segments

Mozambique and South Africa segment

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", which was concluded definitively in December 2023 upon the receipt the provisional selling price of BRL 1,121,071 (US$231,563) in December 2023. In April, 2024 the company and the buyer reached an agreement on the Adjustment to be paid in the context of the divestment of the African assets, which amounts to BRL 49,208 (US$9,887), and includes the reimbursement of investments made by the Company in the expansion of Nacala plant in Mozambique. Subsequently, on May 13, 2024, this payment was received by the Company. Due to this process, the company does not expect any future obligation or other material impacts.

The Company will use the net proceeds from the sale, to repay a portion of its outstanding indebtedness (See Note 1 for further information).

Egypt segment

On January 27, 2023, the Company announced the signing of a definitive agreement to sell all of its operations in Egypt, with immediate transfer of control to the buyer. 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.

As required by International Financial Reporting Standards 5 ("IFRS 5") Non-Current Assets Held for Sale and Discontinued Operation, the results for the three-months period ended March 31, 2023 arising from Egypt, Mozambique and South Africa were presented as "discontinued operations" in the Consolidated Statements of profit of loss as of March 31, 2023 (for further information, see Note 2.4 below).

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.

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 three-month period ended March 31, 2024 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, 2023.

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, 2023 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, 2023, 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 three-month period ended March 31, 2024, reflects an equity increase of BRL 884,424 (BRL 2,589,854 for the three-month period ended March 31, 2023), with reference to the opening balance, reported in other comprehensive income (loss), and also the positive monetary adjustment for the three-month period ended March 31, 2024, presented in financial income, in the amount of BRL 577,836 (BRL 179,059 for the three-month period ended March 31, 2023) see Note 19.

2.3. Functional, reporting and presentation currencies

The Company's functional currency is the Brazilian Reais. 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. Considering the sale of the African operations in 2023, Group's current capital and operating structure, and the fact the main shareholder publishes its financial statements in Brazilian Reais, as from March 31, 2024 the Company considered the presentation currency for the purposes of the filing in Singapore to be the same as the functional currency.

Accordingly, the comparative interim financial information for the three-month period ended March 31, 2023 and the annual financial for the year ended December 31, 2023, previously prepared in U.S. Dollars and released, respectively, on May 17, 2023 and April 10 2024, are now being presented in Brazilian Reais following requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, once the change in the presentation currency represents a change in accounting policies. The comparative financial information is identified as "Recasted" to indicate the changes from the previously presented financial information.

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

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

		Closing exchange rate (R$)		Average exchange rate (R$)	
Currency		03.31.2024	12.31.2023	03.31.2024	03.31.2023
USD	US Dollar	4.99620	4.84130	4.95297	5.19705
EUR	Euro	5.39790	5.35160	5.37719	5.57633
MZN	Mozambique Metical (**)	-	0.07654	0.07744	0.08209
EGP	Egyptian Pound (*)	0.15806	0.21090	0.15864	0.17216
ZAR	South African Rand (**)	-	0.26270	0.26273	0.28898
ARS	Argentinian Peso (***)	0.00582	0.00599	0.00582	0.02431

(*) 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.

(**) The closing and average exchange rate refers to December 31, 2023 (date we derecognized our investment). See Note 2.4 for further considerations on the sale of South Africa and Mozambique

(***) 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 in 2023 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 three-month period ended March 31, 2023 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";

- 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, which were sold in 2023, 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.

In summary the impacts on the financial statements were the following:

	03.31.2024				03.31.2023 Recasted			
	Business sale value	Net assets carve-out	Gain on the sale	Reversal of CTA	Business sale value	Net assets	Impairment loss	Reversal of CTA
Egypt	-	-	-	-	208,684	(208,684)	-	(224,183)
Mozambique and South Africa	49,208	-	(49,208)	-	-	-	-	-

It is worth of mention that Egypt segment was presented in December 2022 as "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale" (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) but in relation to Mozambique and South Africa segments, both the sale initiatives and the conclusion of the agreement took place during 2023, thus its net assets were fully derecognized as of December 31, 2023. In the three-months period ended March 31, 2024, the Company and the buyer have reached out to an agreement on the price adjustment to be received, which amounted to BRL49,208 (US$9,887 thousand), registered in other receivables (Note 1), with the corresponding collection on May 13, 2024.

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

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

.	03.31.2023 Recasted		
	Presented	Discontinued operation	Continued operation
Net cash used in (generated by) operating activities	(365,154)	(20,794)	(344,360)
Net cash used in (generated by) investing activities	79,503	(26,353)	105,856
Net cash used in (generated by) financing activities	101,812	(24,587)	126,399
Decrease in cash and cash equivalents	(183,839)	(71,734)	(112,105)
Exchange differences on cash and cash equivalents	(48,942)	(7,306)	(41,636)
Cash and cash equivalents at the beginning of the year	1,163,870	185,180	978,690
Cash and cash equivalents at the end of the year	931,089	106,140	824,949

It also worth to mention that in 2024 the Company sold non-operational equipment (concrete units along with machinery, equipment, land and other fixed assets in the Brazilian segment), having collected BRL15,526. As of December 2023, the Company classified these assets as "Assets classified as held for sale".

Details of the net loss from our discontinued operations:

DISCONTINUED OPERATIONS	03.31.2024	03.31.2023 Recasted
NET SALES	-	261,292
COST OF SALES AND SERVICES	-	(228,498)
GROSS PROFIT	-	32,794
OPERATING INCOME (EXPENSES)		
Selling expenses	-	(2,070)
Administrative expenses	-	(23,200)
Other income/(expenses), net	-	3,059
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	-	10,583
FINANCIAL INCOME (EXPENSES)		
Foreign exchange gains/(losses), net	-	7,340
Financial income	-	2,638
Financial expenses	-	(16,562)
Adjustment on the sale amount	49,208	-
Reversal of accumulated exchange differences	-	(224,183)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	49,208	(220,184)
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	-	(5,269)
Deferred	-	1,860
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS	49,208	(223,593)
LOSS FOR THE PERIOD ATTRIBUTABLE TO		
Company's owners	49,208	(222,827)
Non-controlling interests	-	(766)

In the three-months period ended March 31, 2024, the Company and the buyer have reached out to an agreement on the price adjustment to be received, which amounted to BRL49,208 (US$9,887 thousand). The net result for the three-month period ended March 31, 2023 for Egypt, Mozambique and South Africa are, respectively, loss of BRL224,183 (due to the recycling at the disposal date of the cumulative translation adjustment previously recorded as "other comprehensive income"), loss of BRL222 and gain of BRL812.

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, 2023.

4. Cash and Cash Equivalents

	03.31.2024	12.31.2023
Cash and bank accounts	1,162,489	1,280,604
Short-term investments	199,772	469,073
Total cash and cash equivalents	1,362,261	1,749,677

Short-term investments were as follows:

	03.31.2024	12.31.2023
Short Term Investment in Brazilian Reais (a)	188,845	458,828
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean Pesos (b)	59	182
Short-term investments in U.S. Dollars (c)	2	423
Public Debit Securities in U.S Dollars (d)	6,817	9,640
Public Debit Securities in Argentiean Pesos (e)	4,049	-
	199,772	469,073

a) Short-term investments in Brazilian Reais have a yield between 70% and 101% of interbank interest rate "CDI" per year (70% and 101% per year as of December 31, 2023).

b) Represents short-term investments in Argentinean pesos with interest of 73% per year (89.2% per year as of December 31, 2023).

c) Short-term investments in U.S. Dollars with interest of 0.14% per year held by Argentinian segment (0.1% per year as of December 31, 2023).
d) Public Debit Securities in U.S Dollars are held by the Argentinian subsidiary as a short-term investment that yield interest of 0.75% per year.
e) Public Debit Securities in Argentinean pesos are held by the Argentinian subsidiary as a short-term investment that yield interest of 5% per year.

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

5. Securities

Securities are classified as financial assets, as follows:

	03.31.2024	12.31.2023
Market investments	6,744	43,283
Total	6,744	43,283

"Market investments" are held by the Brazilian subsidiaries, which are composed by (i) investments in Brazilian Reais amounting BRL855 (BRL37,328 as of December 31, 2023) 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 BRL5,889 composed by escrow accounts that do not bear interests (BRL5,954 as of December 31, 2023).

6. Trade Receivables

	03.31.2024	12.31.2023
Current		
Domestic and foreign customers (a)	476,315	302,486
(-) Expected Credit Losses	(37,211)	(35,680)
Trade receivables	439,104	266,806
Noncurrent		
Domestic and foreign customers	2,367	2,549
Trade receivables	2,367	2,549

(a) In March, 2024 and December 2023, our Brazilian subsidiary sold to financial institutions trade receivables in the amounts of BRL10,835 (with a discount of BRL108) and BRL76,258 (with a discount of BRL692), 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.

7. Inventories

	03.31.2024	12.31.2023
Current:		
Finished products	89,693	66,053
Work in process	345,083	233,043
Raw material	284,157	218,489
Fuel	176,023	153,348
Supplies and consumable materials	368,343	231,836
Advances to suppliers	5,206	2,692
Packaging and other	8,923	8,660
Allowance for impairment losses	(110,541)	(112,671)
Others	225	-
Total	1,167,112	801,450
Noncurrent:		
Supplies and consumable materials	262,678	190,440
Allowance for impairment losses	(22,353)	(21,040)
Total	240,325	169,400

8. Property, Plant and Equipment

	03.31.2024			12.31.2023
	Cost	Depreciation & Impairment	Net book value	Net book value
Land	227,281	(65,524)	161,757	144,606
Buildings	3,509,336	(2,362,738)	1,146,598	907,124
Machinery and equipment	8,916,221	(4,863,120)	4,053,101	3,088,223
Vehicles	704,135	(638,649)	65,486	41,544
Furniture and fixtures	206,641	(200,861)	5,780	4,778
Mines and ore reserves	1,339,936	(1,037,291)	302,645	202,205
Reservoirs, dams and feeders	280,970	(138,637)	142,333	144,357
Spare parts	39,589	(14,282)	25,307	31,039
Other	62,422	(45,768)	16,654	15,075
Advances to suppliers	80,363	(17,373)	62,990	62,990
Construction in progress	997,092	(518,070)	479,022	480,027
Total	16,363,986	(9,902,313)	6,461,673	5,121,969

Construction in progress

As of March 31, 2024, construction in progress mainly relates to: (i) BRL149,045 (BRL95,614 as of December 31, 2023) in Argentinian business segment mainly explained by an adaptation of the bagging process for cement bags from 50kg to 25kg (according to legal requirements), and in quarry roads and railways; and (ii) BRL329,977, net of impairment losses of BRL518,070 (BRL384,412 as of December 31, 2023, net of impairment losses of BRL513,807), in Brazilian business segment mainly due to projects for expansion of units and improvements in the production process, which are temporarily suspended and adjusted to recoverable value. Such impairment losses are revised on an annual basis and might be reversed once the expansion projects are finalized and the expected future cash flows are sufficient to cover their respective costs.

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

Changes in property, plant and equipment were as follows:

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Mines and ore reserves	Reservoirs, dams and feeders	Spare parts	Other	Construction in progress	Advances to suppliers	Total
Balance as of December 31, 2022	226,280	1,316,688	4,895,703	71,246	11,352	278,504	152,457	96,415	13,718	494,596	48,722	7,605,681
Effects of hyperinflationary monetary adjustment (Note 2.1)	10,536	134,349	584,235	12,170	974	49,992	-	8,931	921	8,731	-	810,839
Additions	-	318	669	-	(2)	-	-	2,801	-	95,737	-	99,523
Disposals	-	(39)	(1,947)	-	-	-	-	(1,375)	-	-	(66)	(3,427)
Depreciation	(281)	(24,777)	(112,949)	(4,908)	(803)	(18,279)	(2,090)	(4,072)	(1,107)	-	-	(169,266)
Impairment reversal (provision)	-	-	-	-	-	-	-	-	-	(4,319)	-	(4,319)
Effect of changes in exchange rates	(12,664)	(134,929)	(554,105)	(11,961)	(1,167)	(48,639)	-	(47,828)	(6,686)	(5,040)	-	(823,019)
Transfers	120	22,800	38,845	5,460	85	22,092	-	(3,343)	5,198	(98,250)	-	(6,993)
Discontinued operations	(36,974)	(110,266)	(519,498)	(1,519)	(4,080)	-	-	(8,554)	(1,356)	(53,317)	-	(735,564)
Balance as of March 31, 2023	187,017	1,204,144	4,330,953	70,488	6,359	283,670	150,367	42,975	10,688	438,138	48,656	6,773,455
Balance as of December 31, 2023	144,606	907,124	3,022,218	41,544	4,778	202,205	144,357	97,045	15,075	480,027	62,990	5,121,969
Effects of hyperinflationary monetary adjustment (Note 2.1)	18,500	237,323.0	1,006,617	20,556	1,601	101,474	-	12,652	1,876	47,957	-	1,448,556
Additions	-	803	1,781	-	-	-	-	846	-	116,362	-	119,792
Disposals	(235)	-	(1,100)	-	(1)	-	-	(437)	-	-	-	(1,773)
Depreciation	(115)	(18,721)	(94,424)	(6,080)	(582)	(12,691)	(2,024)	(1,154)	(741)	-	-	(136,532)
Impairment reversal (provision)	-	-	-	-	-	-	-	-	-	(4,322)	-	(4,322)
Effect of changes in exchange rates	(1,009)	(13,469)	25,290	(1,164)	(90)	(5,793)	-	(80,101)	(3,030)	(4,885)	-	(84,251)
Assets classified as held for sale	10	13	442	-	-	-	-	-	-	-		465
Transfers	-	33,525	92,277	10,630	74	17,450	-	(3,544)	3,474	(156,117)	-	(2,231)
Balance as of March 31, 2024	161,757	1,146,598	4,053,101	65,486	5,780	302,645	142,333	25,307	16,654	479,022	62,990	6,461,673

Additions

Argentina business segment:

Investments in the total amount of BRL50,358 for the three-month period ended March 31, 2024 (BRL40,731 for the three -month period ended March 31, 2023), primarily due to the increase of the quarry recovery of BRL17,459 (BRL22,089 for the three-month period ended March 31, 2023), an adaptation process for 25 kg bags of BRL13,266 (BRL 3,293 for the three-month period ended March 31, 2023), improvements in railways and locomotives of BRL2,291 (BRL12,048 for the three-month period ended March 31, 2023), improvements in cement plants (including L'amali, San Juan and Zapala) of BRL5,019 and spare parts replacements of BRL4,690.

Brazil business segment:

Investments in the total amount of BRL69,434 for the three-month period ended March 31, 2024 (BRL55,453 for the three-month period ended March 31, 2023), 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 March 31, 2024, there are no indicators of relevant additional impairments in property, plant and equipment, even considering the matters from Company's going concern analysis, further commented in Note 1 above, above to the impairment losses already recognized in prior periods to specific assets, due to their market value depreciation, mainly in Brazil. See Note 18 for further information.

Transfers

As of March 31, 2024, there are transfers from property, plant and equipment to other intangible assets in the amount of BRL 2,231.

9. Other intangible assets and goodwill

	03.31.2024	12.31.2023
Other intangible assets:		
Software licenses	35,987	26,366
Mining rights and concession related assets	382,179	372,504
Project development costs	530	574
Trademarks, patents, other intangibles and intangible in progress	27,149	45,697
Total	445,845	445,141

	03.31.2024	12.31.2023
Goodwill per operating segments:		
Brazil	2,748,643	2,748,643
Argentina	968,389	967,488
	3,717,032	3,716,131

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 March 31, 2024, there are no relevant indicators that goodwill could be impaired, even considering the matters from Company's going concern analysis, further commented in Note 1 above.

Changes in intangible assets for the three-month period ended March 31, 2024 and 2023 were as follows:

	Software licenses	Mining rights and concession related assets	Project development costs	Trademarks, patents, other intangibles and intangible in progress	Goodwill	Total
Balance as of December 31, 2022	41,301	437,384	1,182	33,930	4,370,493	4,884,290
Effects of hyperinflationary monetary adjustment (Note 2.1)	2,481	-	-	-	539	3,020
Additions	773	845	-	4,081	-	5,699
Amortization	(3,209)	(11,375)	(97)	(633)	-	(15,314)
Impairment reversal (provision)	-	(201)	-	-	-	(201)
Effect of changes in exchange rates	(2,422)	(3,436)	-	(30)	(37,142)	(43,030)
Transfers	(675)	20,413	-	(12,744)	-	6,994
Discontinued operations (Note 2.4)	(210)	(53,470)	-	(1,104)	(616,642)	(671,426)
Balance as of March 31, 2023	38,039	390,160	1,085	23,500	3,717,248	4,170,032
Balance as of December 31, 2023	26,366	372,503	574	45,697	3,716,131	4,161,271
Effects of hyperinflationary monetary adjustment (Note 2.1)	4,764	-	-	-	955	5,719
Additions	-	906	-	8,144	-	9,050
Disposals	(42)	-	-	(50)	-	(92)
Amortization	(3,978)	(9,710)	(44)	(1,246)	-	(14,978)
Effect of changes in exchange rates	(270)	-	-	-	(54)	(324)
Transfers	9,147	18,480	-	(25,396)	-	2,231
Balance as of March 31, 2024	35,987	382,179	530	27,149	3,717,032	4,162,877

As of March 31, 2024, transfers in Trademarks, patents and others in the amount of BRL 25,396 (BRL 12,744 as of March 31, 2023) refers to intangible in progress items.

10. Borrowings and Financing

						03.31.2024		12.31.2023	
Functional Currency	Business unit	Type of financing	Currency	Annual Interest rates	Maturity	Current	Noncurrent	Current	Noncurrent
ARS	U.N. Argentina	Bilateral	ARS	17%-112%	May-24	189	-	4,299	-
ARS	U.N. Argentina	Bilateral	USD	17%-28%	Jul-24	735	-	712	-
ARS	U.N. Argentina	Working capital	ARS	72% - 96%	April/24	216,393	-	37,322	-
BRL	U.N. Brazil	Subsidised loan	BRL	2.50% - 5.00%	Dec-24	6,629	-	8,840	-
BRL	U.N. Brazil	Bilateral (*)	BRL	IPCA	Jul-26	13,214	26,655	52,863	31,653
						237,160	26,655	104,036	31,653

(*) Bilateral indexed to Extended National Consumer Price Index (“IPCA”) is partially guaranteed by a financial investment in the amount of BRL855 as of March 31, 2024 (BRL37,328 as of December 31, 2023) – see Note 5 above.

In January 2024, Intercement Brazil anticipated the credit line obtained from Santander and the guarantee was redeemed a security (CDB) in the amount of BRL30,000 (principal value).

As of March 31, 2024 and December 31, 2023, the incurred interest expenses related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to BRL 1,470 and BRL 1,135, respectively.

Changes in Borrowings and Financing for the three-month period ended March 31, 2024 and 2023 were as follows (continued operations only):

	Borrowings and financing
Balance as of December 31, 2022	1,146,218
New borrowings and financing	39,111
Payments	(325,052)
Discontinuing operations	(263,698)
Effect of changes in exchange rates	(53,347)
Balance as of March 31, 2023	543,232
Balance as of December 31, 2023	135,689
New borrowings and financing	467,784
Payments	(299,584)
Effect of changes in exchange rates	(40,074)
Balance as of March 31, 2024	263,815

Maturity schedule

As of March 31, 2024, the non-current portion of the borrowings and financing related to the continuing operations mature as follows (continued operations only):

Period	03.31.2024
2025	19,992
2026	6,663
	26,655

11. Debentures

Functional Currency	Business unit	Instrument	Currency	Annual interest rate	Final maturity		03.31.2024 Current	03.31.2024 Noncurrent	12.31.2023 Current	12.31.2023 Noncurrent
EUR	Holdings and Financial Vehicles (*)	Senior Notes	USD	5.75%	July-24	a)	2,746,761	-	2,660,420	-
BRL	Holdings and Financial Vehicles (*)	Debenture	BRL	CDI + 3.75%	June-27	b)	541,523	1,234,926	541,262	1,238,151
BRL	U.N. Brazil	Debenture	BRL	CDI + 3.75%	June-27	b)	637,561	1,062,213	637,561	1,065,805
BRL	U.N. Brazil	Debenture	BRL	CDI + 3.75%	June-27	c)	375,000	623,254	375,000	614,805
ARS	U.N. Argentina	Senior Notes	ARS	Badlar + 2%	August-24	d)	149,282	-	153,518	-
ARS	U.N. Argentina	Senior Notes	USD	6.5%	December-25	e)	-	358,341	-	347,233
ARS	U.N. Argentina	Senior Notes	USD	7.49%	March-26	f)	-	274,791	-	266,272
ARS	U.N. Argentina	Senior Notes	USD	6.5%	May-26	g)	-	49,962	-	48,417
							4,450,127	3,603,487	4,367,761	3,580,683

(*) 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 March 31, 2024 and December 31,2023, the Group hold bonds at the face value of BRL998,300 (US$199,812 thousand).

(b) On June 8, 2020, the Company issued two Debentures, one by InterCement Participações S.A. in the amount of BRL2,976,666 and another by InterCement Brasil S.A. in the amount of BRL1,700,161). 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 BRL1,000,000 and on February 02, 2023, partially prepaid a principal amount of BRL197,601 related to the instalment that was due in June, 2023, with proceedings 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 BRL1,000,000. The commission fees were BRL 9,230 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 ARS25,636,250 thousand (equivalent to BRL149.282), 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 BRL358,341 (US$71,723 thousand) with interest rate of 6.5%, and a 30-month maturity.

(f) On September 1, 2023, Loma Negra tendered its Class 3 Negotiable Obligations, obtaining as a result a face value of BRL274,791 (US$55,000 thousand) with interest rate of 7.49%, and a 30-month maturity.

(g) On November 1, 2023, Loma Negra tendered its Class 4 Negotiable Obligations, obtaining as a result a face value of BRL49,962 (US$10,000 thousand) with interest rate of 6.5%, and a 30-month maturity

The instruments mentioned in items “b” and “c” are guaranteed by Loma Negra shares held by the Company. The debentures will be mandatorily redeemable on May 31, 2024 if the Group is unable to refinance its existing senior notes due in July, 2024. See Note 1 for further information.

The Company successfully concluded an arrangement with the debenture holders regarding the temporary deferral of payments (principal and interest) due on June 8, 2023 and December, 8 2023 in the amount of BRL1,252,198. Under the terms of the agreement, the debenture holders of ICP reached a consensus to accept a partial payment amounting to BRL100,000 in June 2023. In December 2023, management obtained a waiver from the debenture holders postponing the payments or instalments (principal and interest) of such debts to May 8, 2024. Management obtained a waiver from the debenture holders postponing the payments or instalments (principal and interest) to May,27, 2024 to preserve liquidity while negotiating a comprehensive refinancing plan. Additionally, the Company continues to engage in discussions with its creditors regarding the renegotiation of payments, which is tied to potential divestment (See note 1 for further information).

As of March 31, 2024 and December 31, 2023, the incurred interest expenses classified as current liabilities and presented as 'Interest payable' amount to BRL915,665 and BRL774,397, respectively.

Changes in debentures and senior notes in the three-month period ended March 31, 2024 and 2023 were as follows (continued operations only):

	Debentures
Balance as of December 31, 2022	7,530,744
New debentures	677,478
Payments	(197,667)
Effect of changes in Exchange rates, comissions and other	(127,677)
Balance as of March 31, 2023	7,882,878
Balance as of December 31, 2023	7,948,444
Effect of changes in exchange rates	105,170
Balance as of March 31, 2024	8,053,614

Maturity schedule

As of March 31, 2024, the non-current portion of debentures and senior notes mature as follows (continued operations only):

Period	03.31.2024
2025	1,524,924
2026	1,493,947
2027	584,616
	3,603,487

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. The upcoming limits are 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). The upcoming limits are 2.50X in 2024 and 2.00X from 2025 until 2027.

As of December 31, 2023, management obtained a waiver for the obligation to comply with these financial covenants as formally approved in the minutes of the Bondholders General Meeting on December 7, 2023. Next measurement is on December 31, 2024.

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, 2023, the covenants conditions were met.

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:

	03.31.2024	12.31.2023
Labor and social security	53,158	46,277
Tax (a)	50,560	40,070
Civil and other	9,260	9,720
	112,978	96,067
Judicial deposit (b)	(17,189)	(7,878)
Total	95,789	88,189

(a) Brazil: Refer to tax assessment notices and lawsuits amounting to BRL12,812 (BRL3,018 as of December 31, 2023) 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 BRL19,487 (BRL18,992 as of December 31, 2023).

InterCement Portugal: Refers basically to the provisions for tax risks related to income tax, amounting to BRL14,574 as of March 31, 2024 (BRL14,449 as of December 31, 2023), 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 BRL19,677 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:

	03.31.2024	12.31.2023
Labor and social security	5,115	4,497
Tax	11,084	2,405
Civil and other	449	443
Environmental	541	533
Total	17,189	7,878

Changes in the provision for risks for the three-month period ended March 31, 2024 and 2023 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance as of December 31, 2022	38,395	62,728	12,106	(13,798)	99,431
Effects of hyperinflationary monetary adjustment (Note 2.1)	1,537	390	(1,157)	1,582	2,352
Recognition/deposit	4,823	547	2,453	36	7,859
Payment	(3,044)	(1,307)	(495)	4,518	(328)
Reversal	-	(19,008)	-	-	(19,008)
Discontinued operations (Note 2.4)	-	(83)	(114)	(1,581)	(1,778)
Exchange differences	(2,282)	(686)	(297)	-	(3,265)
Balance as of March 31, 2023	39,429	42,581	12,496	(9,243)	85,263
Balance as of December 31, 2023	46,277	40,070	9,720	(7,878)	88,189
Effects of hyperinflationary monetary adjustment (Note 2.1)	2,119	157	39	-	2,315
Recognition/deposit	6,981	16,690	142	(9,614)	14,199
Payment	(1,997)	(6,407)	(596)	303	(8,697)
Effect of changes in exchange rates	(222)	50	(45)	-	(217)
Balance as of March 31, 2024	53,158	50,560	9,260	(17,189)	95,789

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 March 31, 2024, and December 31, 2023, the Group has the following exposure:

	03.31.2024	12.31.2023
Labor and social security	59,134	64,788
Tax and uncertain income tax position (a)	7,108,317	7,088,966
Civil, administrative and other (b)	1,233,025	1,205,282
	8,400,476	8,359,036

The most significant contingent liabilities are:

a) Tax and uncertain income tax position

Brazil – InterCement Brasil S.A.

Risk exposure amounts to BRL5,685,578 as of March 31, 2024 (BRL5,683,234 as of December 31, 2023) and refers mainly to administrative and judicial proceedings related to: administrative and judicial proceedings related to (i) PIS/COFINS – omission of revenue; (ii) PIS/COFINS - undue credit arising from freight expenses in the transfer of goods between industrial establishments and distributors; (iii) PIS/COFINS - non-approved compensation due to insufficient balance credits; (iv) PIS/COFINS – alleged non-payment; (v) COFINS – Interest on Equity; (vi) ICMS – use of credit; (vii) ICMS – rate differential (viii) ICMS – electricity; (ix) ICMS – freight; (x) ICMS – alleged lack of payment; (xi) ICMS – tax substitution; (xii) ISS – withholding tax; (xiii) ISS - reduction of the calculation basis; (xiv) ISS – non-payment; (xv) CFEM - absence of collection; (xvi) CFEM - difference in collection; (xvii) Social Security Contribution - Improper use of credit; (xviii) AFRMM – Merchant Marine Freight Supplement; (xviii) Social Security Contribution.

Brazil - InterCement Participações S.A.

Risk exposure amounts to BRL889,017 as of March 31, 2024 (BRL889,017 as of December 31, 2023) and refers mainly to ongoing challenges of taxable income earned abroad by subsidiaries and affiliated entities.

Other holdings

Risk exposure is BRL112,909 as of March 31, 2024 (BRL105,789 as of December 31, 2023) and refers to claims for withholding taxes not collected.

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

Portugal

Under the Consolidated Income Tax Regime (RETGS), applicable to the Company and other Portuguese entities of the Group until the year 2000, intra-group results ("eliminated results"), amounting to BRL1,430,444 as of March 31, 2024 and BRL1,418,174 as of December 31 (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 2023 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 BRL110,679 (equivalent to €20,504 thousands) and BRL307,589 (equivalent to €56,983 thousands), respectively for those years, were received and both are being contested, resulting in an exposure risk (plus interest) of BRL418,267 as of March 31, 2024, and BRL414,679 as of December 31, 2023 (equivalent to €77,487 thousands).

For the purposes of suspending the tax enforcement proceedings, for the year 2017 the tax authority accepted the guarantee provided in the form of a Guarantee (“Fiança”) from the subsidiary InterCement Trading e Inversiones. For the year 2018, and as far as the company is aware, this same type of guarantee is still pending consideration.

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 March 31, 2024, the fines imposed to the Group corresponds to BRL1,092,856 and as of December 31, 2023, fines correspond to BRL1,074,481, 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 March 31, 2024. 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 three-month period ended March 31, 2024 and 2023 are demonstrated as follows:

Changes in right-of-use assets

	Buildings	Machinery and equipment	Vehicles	Other	Total
Cost					
As of December 31, 2022	82,524	472,848	25,481	5,161	586,014
Additions	1,056	220,011	32,666	-	253,733
Write-offs	(374)	-	(202)	-	(576)
Discontinued operations	(11,990)	(5,576)	(41,362)	-	(58,928)
Exchange difference / Effects of hyperinflationary monetary adjustment	(565)	(437)	(592)	-	(1,594)
As of March 31, 2023	70,651	686,846	15,991	5,161	778,649
As of December 31, 2023	54,913	696,027	20,661	7,578	779,179
Additions	77	-	42	-	119
Write-offs	-	(3,808)	-	-	(3,808)
Impairment	-	3,808	-	-	3,808
Exchange difference / Effects of hyperinflationary monetary adjustment	15,998	-	-	-	15,998
As of March 31, 2024	70,988	696,027	20,703	7,578	795,296
(-) Accummulated depreciation					
As of December 31, 2022	(36,927)	(381,979)	(13,496)	(3,133)	(435,535)
Additions	(2,874)	(22,806)	(4,760)	(263)	(30,703)
Write-offs	374	-	131	-	505
Discontinued operations	6,488	1,692	9,373	-	17,553
Exchange difference / Effects of hyperinflationary monetary adjustment	353	2,099	263	-	2,715
As of March 31, 2023	(32,586)	(400,994)	(8,489)	(3,396)	(445,465)
As of December 31, 2023	(30,524)	(461,945)	(10,912)	(4,674)	(508,055)
Additions	(2,132)	(16,084)	(1,081)	(454)	(19,751)
Exchange difference / Effects of hyperinflationary monetary adjustment	(8,739)	-	-	-	(8,739)
As of March 31, 2024	(41,395)	(478,029)	(11,993)	(5,128)	(536,545)
Balance as of March 31, 2024	29,593	217,998	8,710	2,450	258,751
Balance as of December 31, 2023	24,389	234,082	9,749	2,904	271,124

The changes in obligations under finance leases in the three-month period ended March 31, 2024 and 2023 are demonstrated below:

Changes in lease liabilities:

	Lease Liabilities
As of December 31, 2022	165,791
Additions, net of write-offs	252,677
Payments	(40,410)
Present value adjust	13,434
Discontinued operations	(42,422)
Exchange difference / Effects of hyperinflationary monetary adjustment	(1,973)
As of March 31, 2023	347,097
As of December 31, 2023	303,592
Additions, net of write-offs	3,930
Payments	(28,796)
Present value adjust	11,542
Exchange difference / Effects of hyperinflationary monetary adjustment	(2,897)
As of March 31, 2024	287,371

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

Lease liabilities included in the statement of financial position:

	03.31.2024	12.31.2023
Current	66,081	66,200
Non-current	221,290	237,392
Lease liabilities	287,371	303,592

Lease liabilities - Maturity analysis:

	Lease Liabilities
Less than one year	66,081
One to five years	219,346
More than five years	1,944
Lease liabilities	287,371

15. Shareholder's Equity

Share Capital

As of March 31, 2024 and December 31, 2023 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

Argentinian subsidiary – acquisition of non-controlling interests of Loma Negra own shares

During the three months ended 31 March 2024, Loma Negra acquired 65,624 own shares for a total cash disbursement of BRL 1,837, of which a loss of BRL 958 were attributed to Company´s owners. On the three month period ended March, 2023, there was no purchase of own shares.

In cumulative terms, as of March 31, 2024, Loma Negra had acquired 12,417,953 own shares for a total value of BRL 179,234, which is equivalent to 2.13% of total shares (As of December 31, 2023, had acquired 12,352,329 own shares for a total value of BRL 177,397, which is equivalent to 2.07% of total shares).

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 2023, 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 BRL357,930 (BRL263,579 for the three-month period ended March 31, 2023) corresponds to: i) equity recognition of actuarial losses on the employee benefits plan in the amount of BRL958 (negative of BRL756 for the three-month period ended March 31,2023); ii) negative equity recognition of exchange differences from translation of foreign operations in the amount of BRL101,849 (negative BRL1,080,507 for the three-month period ended March 31, 2023 of which a positive amount of BRL167,212 relates to discontinued operations) (see Note 2.4); (iii) positive equity recognition of derivative and hedging transactions amounting to BRL981, net of taxes (BRL 1,126 for the three-month period ended March 31, 2023); and (iv) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of BRL459,756 (BRL1,343,716 for the three-month period ended March 31, 2023).

The exchange differences from translation of foreign operations from discontinued operation for the three-month period ended March 31, 2023 aforementioned (BRL167,212) refers to the reversal of an accumulated loss of BRL224,183 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 BRL56,971, which was recycled to the statement of profit or loss only at the disposal, occurred in December 31, 2023.

Non-controlling interests

Changes in non-controlling interests

a) Other comprehensive income:

The amount of BRL399,514 (BRL26,817 for the three-month period ended March 31, 2023) corresponds to: i) equity recognition of actuarial loss on the liability to employees in the amount of BRL879 (gain of BRL362 for the three-month period ended March 31,2023); ii) negative exchange differences from translation of foreign operations in the amount of BRL24,278 (negative of BRL1,272,595 for the three-month period ended March 31, 2023 of which a negative amount of BRL23,439 relates to discontinued operations) (see Note 2.4); iii) positive equity recognition of derivative, hedging and actuarial transactions amounting to BRL 3 (positive of BRL3 for the three-month period ended March 31, 2023); and (iv) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of BRL424,668 (positive of BRL1,246,137 for the three-month period ended March 31, 2023).

b) Dividends declared to non-controlling interests:

For the three-month period ended March 31, 2024, special purposes entities (SPEs) controlled by Brazilian subsidiaries declared dividends to non-controlling interests in the amount of BRL6,335 related to 2023 results (BRL16,639 for the three-months period ended March 31, 2023 related to 2022 results).

16. Income Tax and Social Contribution

For the three-month period ended March 31, 2024 and 2023, the reconciliation between the nominal and the effective income tax was as follows:

	03.31.2024	03.31.2023
Profit (Loss) before income tax and social contribution	311,422	(67,440)
Group Tax rate	34%	34%
Income tax and social contribution at statutory rates	(105,883)	22,930
Adjustments to calculate income tax and social contribution at effective rate:		
Non-deductible losses due to liquidation of certain financial instruments in	1,080	6,329
Non-deductible financial expenses in Spanish subsidiary (a)	(11,273)	(14,774)
Effect of differences in foreigner tax rates to Group tax rate (34%)	(9,654)	(12,474)
Permanent additions / (deductions), net	-	4,781
Deferred income tax and social contribution not recognized (b)	(60,096)	(49,182)
Other (c)	2,437	24,290
Income tax and social contribution expense	(183,389)	(18,100)
Current Income tax and social contribution expense	(70,674)	(51,286)
Deferred Income tax and social contribution gain (expense)	(112,715)	33,186

(a) For the period ended March 31, 2024, it mainly refers to deduction of BRL11,273 (deduction of BRL14,774 for the period ended March 31, 2023) related to the effect of financial transactions recorded in the Spanish subsidiary that were excluded for tax purposes.

(b) For the period ended March 31, 2024, 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 BRL 878,990 of previously unrecognized deferred taxes.

(c) For the three-month period ended March 31, 2024, it mainly refers to (i) negative amount of BRL11,718 related to the impact of monetary adjustment in Argentina due to hyperinflationary economy (negative amount of BRL11,786 for the three-month period ended March 31,2023); (ii) a positive impact of BRL10,954 related to results recorded in our Spanish subsidiary that were eliminated for consolidation purposes as they were transactions between group entities (negative impact of BRL13,548 for the three-month period ended March 31, 2023). 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 BRL19,052 mainly generated by entities in Brazilian segment taxed under the presumed profit tax rules and other permanent differences in Brazil (positive amount of BRL11,901 for the three-month period ended March 31, 2023).

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.

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

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

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

The subsidiary InterCement Brasil S.A. assesses the realization of deferred tax assets at the end of each reporting period. The review carried out on March 31, 2024, indicated that part of the deferred tax assets recognized would not be realized until the previously estimated date (a 10 years-period from the initial recognition, up to 2031). Given the uncertainty in the generation of consistent future taxable income as indicated in item (b) above within this disclosure note, this subsidiary ceased the recognition of additional deferred tax assets since January 1, 2023.

ICB's financial statements were issued on May 22, 2024, and the corresponding independent auditors' report included a paragraph related to the "Material uncertainty related to ICB's going concern" (due to the matters mentioned in Note 1 above, since ICB is a guarantor of the Company regarding the Senior Notes), and a qualified opinion related to the auditor's inability to conclude on the realization of the deferred tax assets in such subsidiary, due to the aforementioned "Material uncertainty related to ICB's going concern".

Furthermore, as of March 31, 2024, the Brazil segment has an accumulated balance of fiscal loss and negative base in the amount of BRL 2,004,476 (BRL1,871,529 for the period ended December 31, 2023). Therefore, there remains an amount of fiscal losses and negative base of BRL1,029,722 for which no deferred tax asset has yet been recognized, and in the event of an improvement in financial position and profitable income tax generation, the Company may recognize additional deferred tax asset in the amount of BRL350,106.

17. Net Sales

The breakdown of the Company's net sales for the three-month period ended March 31, 2024 and 2023 are as follows:

	03.31.2024	03.31.2023
Products sold	2,051,302	2,494,693
Services provided	29,898	82,957
(-) Taxes on sales	(258,630)	(274,007)
(-) Discounts	(397,610)	(466,105)
Total	1,424,960	1,837,538

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:

	03.31.2024	03.31.2023
Depreciation and amortization	(175,001)	(186,976)
Impairment losses, net (a)	68,522	(4,490)
Salaries and employee benefits	(224,087)	(260,290)
Raw materials and consumables	(141,606)	(281,764)
Tax expenses	(24,162)	(34,763)
Outside services	(97,666)	(89,036)
Rental	(3,068)	(3,335)
Freight expenses	(150,808)	(200,002)
Maintenance costs	(106,295)	(111,949)
Fuel	(239,560)	(301,365)
Electricity	(82,584)	(87,418)
Specialized work	(35,811)	(47,654)
Recognition of inventories and trade receivable impairments	(2,455)	(1,700)
Gain (Loss) on sale of property, plant and equipment	(47,443)	1,211
Other (b)	(18,624)	(28,842)
Total	(1,280,648)	(1,638,373)
Cost of sales and services	(1,155,729)	(1,467,230)
Selling expenses	(70,667)	(89,224)
Administrative expenses	(101,522)	(97,938)
Other income/(expenses)	47,270	16,019
Total	(1,280,648)	(1,638,373)

a) In the three-month period ended March 31, 2024, it substantially refers to the reversal of the provision related to the sale of non-operational equipment from the João Pessoa unit, which had been classified by management as available for sale in 2023, and which sale was concluded in the current trimester. In the three-month period ended March 31, 2023, refers to impairment losses recognized to certain fixed assets in Brazil due to market value depreciation.

b) The three-month period ended March 31, 2024, it substantially refers to the recovery of PIS/Cofins credits in the amount of BRL821 related to overdue credits referring to various expenses, including medical assistance, tolls, and logistics. The three-month period ended March 31, 2023, includes the recognition of extemporaneous tax credit in Brazil in the amount of BRL 16,496, resulting from a favourable court decision from a dispute regarding the possibility to reduce from tax basis interests and fines.

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

	03.31.2024	03.31.2023
Foreign exchange gain (losses), net (a):		
Exchange gain	62,675	66,075
Exchange loss	(89,300)	(141,333)
Total	(26,625)	(75,258)
Financial income:		
Inflation adjustment	2,610	4,578
Effects of Hyperinflationary monetary adjustments (b)	577,530	179,059
Financial earnings	6,241	31,218
Interest income	2,692	441
Derivative financial instruments	2,867	385
Other income	2,117	6,166
Total	594,057	221,847
Financial expenses:		
Inflation adjustment	(14,771)	(8,029)
Expenses on interest and charges (c)	(314,974)	(366,392)
Expenses on banking commissions	(5,642)	(4,938)
Fines	(196)	(401)
Derivative financial instruments	(3,286)	(15,753)
Lease liabilities present value	(11,542)	(11,951)
Other expenses (d)	(49,911)	(5,730)
Total	(400,322)	(413,194)

(a) The exchange differences are mainly influenced by the appreciation and depreciation of functional currencies against other currencies (mainly US$ and Euro). The three-month period ended March 31, 2023 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.

(b) It relates to the application of hyperinflationary monetary adjustments in Argentinean business due to the application of IAS29 – Hyperinflationary economy (see Note 2.2). The variation is mainly explained by the increase in the monetary adjustments rates, which for the three-month period ended March 31, 2024 it was 51.6% against 21.8% in the comparable period.

(c) For the three-month period ended March 31, 2024, includes interests on debentures in the amount of BRL182,814 (BRL194,031 for the three-month period ended March 31, 2023) and interest on senior notes in the amount of BRL 111,161 (BRL104,548 for the three-month period enden March 31,2023).

(d) For the three-month period ended March 31, 2024 it includes: i) BRL1,486 related to PIS and COFINS on financial income in Brazilian business segment (BRL1,726 for the three-month period ended March 31, 2023), ii) BRL3,412 related to PIS and COFINS on financial income in InterCement Participações S.A. (BRL3,856 for the three-month period ended March 31, 2023), iii) BRL166 related to financial transaction expenses (IOF) at InterCement Participações S.A (BRL993 for the three-month period ended March 31, 2023), (iv) BRL20,565 related to discounts allowed in Argentinean business segment (BRL4,320 for the three-month period ended March 31,2023) and BRL17,101 related to monetary adjustments of liabilities in Argentinean business segment (BRL4,245 for the three-month period ended March 31, 2023).

20. Commitments

Purchase agreements

The subsidiary InterCement Brasil S.A. has a contractual agreement for the acquisition of hydroelectric power until 2024 and contracts “take or pay” for rail transport services, logistics services for storage, transport and handling until 2029, sale of clinker in accordance with the minimum stipulated in the contract until 2027, purchase of cement in accordance with the minimum stipulated in the contract until 2033, purchase of limestone and plaster in accordance with the minimum stipulated in the contract until 2030 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:

	31.03.2024
2024	192,375
2025	161,426
2026	161,426
2027	161,426
After 2027	539,092
Total	1,215,745

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:

	31.03.2024
2024	204,700
2025	243,585
2026	152,637
2027	114,988
After 2027	309,486
Total	1,025,396

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 2028, with estimated future cash flows of approximately BRL27,279 (ARS4,684,680 thousands) during 2024, and BRL109,117 (ARS18,738,720 thousands) between 2025 and 2028.

The Argentina segment also signed contracts (i) for the supply of gas, assuming payment commitments in the total amount of approximately BR124,323 (ARS21,350,064 thousands) to be paid during 2024 and BRL217,018 (ARS37,268,646 thousands) to be paid between 2025 and 2027; and (ii) for the supply of energy in the amount of BRL53,086(ARS9,116,593 thousands) to be paid during 2024 and BRL494,553 (ARS84,929,816thousands) to be paid between 2025 and 2038.

21. Profit (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:

	03.31.2024	03.31.2023 Recasted
Profit (Loss) for the period from continuing and discontinuing operations attributable to Company's owners	10,505	(393,688)
Profit (Loss) for the period attributable to common shares	10,505	(393,688)
Weighted average number of common shares	52,920,764	52,920,764
Basic/diluted loss per common share	0.20	(7.44)
Profit (Loss) for the period from continuing operations attributable to Company's owners	(38,703)	(170,861)
Profit (Loss) for the period attributable to common shares	(38,703)	(170,861)
Weighted average number of common shares	52,920,764	52,920,764
Basic/diluted loss per common share	(0.73)	(3.23)

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 March 31, 2024, there were no hedge instruments contracted to protect such risks.

<u>Exposure to interest rate risks and to floating and fixed rates</u>

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:

	Borrowings and financing	Debentures	Cash and cash equivalents	Securities	Other payables	03.31.2024	12.31.2023 Recasted
Assets:							
CDI	-	-	188,845	855	-	189,700	496,161
Total	-	-	188,845	855	-	189,700	496,161
Liabilities:							
IGP-M	-	-	-	-	52,721	52,721	52,407
CDI	-	4,474,477	-	-	-	4,474,477	4,472,587
Badlar	-	149,282	-	-	-	149,282	153,518
IPCA	39,869	-	-	-	-	39,869	84,515
Total	39,869	4,623,759	-	-	52,721	4,716,349	4,763,027

As of March 31, 2024, the Group's liability by type of interest rate, considering derivative financial instruments, between floating and fixed rate, are as follows:

	03.31.2024	12.31.2023
Floating rates	56%	58%
Fixed rates	44%	42%

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 March 31, 2024, in case such instruments were used for the liquidation of the aforementioned operations, would result in a negative impact of approximately 27% over the net position in dollars.

For the three-month period ended March 31, 2024, 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:

	03.31.2024	12.31.2023 Recasted
Assets:		
Cash, cash equivalents and securities	1,096,818	1,204,096
Related parties (a)	3,565,864	3,659,468
Other assets	65,461	65,545
Exposed assets	4,728,143	4,929,109
Liabilities:		
Borrowings, financing and debentures (Note 9 and 10)	3,438,660	3,323,049
Interest payable	32,125	69,387
Foreign trade payables	82,959	110,904
Related parties (a)	1,111,843	1,146,481
Other liabilities	22,228	22,687
Exposed liabilities	4,687,815	4,672,508
Exposed net position liabitity	40,328	256,601

(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.

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 March 31, 2024, the Related Parties payables and receivables of BRL5,491,780 and BRL998,301, respectively, were determined to be part of entity´s net investment and the exchange difference since inception of BRL73,029 were recorded within "other comprehensive income" (a decrease of BRL45,887 for the three-month period ended March 31, 2024).

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

		03.31.2024		12.31.2023 Recasted	
Functional currency	Currency	Currency	BRL	Currency	BRL
ARS	USD	2,656	13,272	4,900,375	29,348
BRL	USD	3,551	17,742	16,174	16,175
EUR	USD	213,226	1,065,322	216,402	1,158,094
ARS	EUR	10	56	9,559	58
EUR	EGP	2,721	426	79	421
Amount exposed to foreign exchange risks			1,096,818		1,204,096
BRL	BRL	220,196	220,195	507,063	507,063
EUR	EUR	4,581	24,726	5,223	27,954
ARS	ARS	3,524,189	20,522	1,764,038	10,564
Amount by functional currency			265,443		545,581
			1,362,261		1,749,677

The main debt instruments (essentially related with loans and debentures) as of March 31, 2024 and December 31, 2023, were denominated in the following currencies:

	03.31.2024	12.31.2023
USD	41%	41%
BRL	54%	56%
Other	4%	2%

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.

As detailed in Note 1, Management is working in several tasks for cash flow improvements, creditors negotiation and other strategic alternatives to improve the capital structure, and as such, Management believes in the adequacy of these measures to pursuit of the Group's activities.

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

	03.31.2024					
	Up to 1 year	1-2 years	3-5 years	More than 5 years	Total	12.31.2023 Recasted
Borrowings and financing and debentures	6,163,378	1,998,802	2,076,115	-	10,238,295	10,509,341
Trade payables	821,957	-	-	-	821,957	927,403
Obligations from confirming	1,038	-	-	-	1,038	12,490
Obligations under finance leases	103,731	99,894	172,474	2,028	378,127	405,125
	7,090,104	2,098,696	2,248,589	2,028	11,439,417	11,854,359

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, 2023, 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.

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 March 31, 2024 were as follow:

a) Sensitivity analysis - Interest rates with CDI index, IPCA and Badlar.

A parallel change of +/- in the interest rate curves applied on principal amounts as of March 31, 2024, 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%
CDI	BRL	(4,284,777)	(42,848)	(85,696)	(128,544)
IPCA	BRL	(39,869)	(399)	(797)	(1,196)
Badlar	ARS	(149,282)	(1,493)	(2,986)	(4,479)

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 March 31, 2024, the significant impacts on net financial results would be as follows:

				FX rate	USD depreciation		USD appreciation	
Amount in USD	Transaction Currency	Amount in BRL Asset (liability)	Local Currency	Local / Transaction	-10%	-5%	5%	10%
230,418	US$	1,151,212	EUR	0.93	(23,042)	(11,521)	11,521	23,042
(147,018)	US$	(734,531)	ARS	858.00	14,702	7,351	(7,351)	(14,702)
(27,052)	US$	(135,157)	BRL	5.00	2,705	1,353	(1,353)	(2,705)
		281,524	Total exposure US$ dollars x local currency					

				FX rate	EUR depreciation		EUR appreciation	
Amount in EUR	Transaction Currency	Amount in BRL Asset (liability)	Local Currency	Local / Transaction	-10%	-5.0%	5.0%	10.0%
(17,704)	EUR	(95,564)	BRL	5.40	1,639	819	(819)	(1,639)
(1,109)	EUR	(5,986)	ARS	926.98	103	51	(51)	(103)
		(101,550)	Total exposure EURO x local currency					

				FX rate	EGP depreciation		EGP appreciation	
Amount in EGP	Transaction Currency	Amount in BRL Asset (liability)	Local Currency	Local / Transaction	-10%	-5.0%	5.0%	10.0%
2,153	EGP	440	EUR	26.41	(8)	(4)	4	6
		440	Total exposure EGP x local currency					

				FX rate	BRL depreciation		BRL appreciation	
Amount in BRL	Transaction Currency	Amount in BRL Asset (liability)	Local Currency	Local / Transaction	-10%	-5.0%	5.0%	10.0%
(140,083)	EUR	(140,083)	EUR	5.40	2,549	1,335	(1,335)	(2,549)
(3)	BRL	(3)	ARS	171.73	0	0	(0)	(2)
		(140,086)	Total exposure BRL x local currency					

22.8. Categories of financial instruments

	03.31.2024	12.31.2023 Recasted
Current assets:		
Cash and bank accounts (Note 3)	1,162,490	1,280,603
Financial assets at amortized cost:		
Trade receivables (Note 5)	439,104	266,806
Other receivables	194,301	130,371
Financial assets at fair-value through profit & Loss:		
Short-term investments - financial asset (Note 3)	199,772	469,073
Non-current assets:		
Financial assets at amortized cost:		
Trade receivables (Note 5)	2,367	2,549
Other receivables	63,954	59,675
Long-term investments - financial asset (Note 4)	6,744	43,283
Financial assets at fair-value through profit & loss:		
Derivatives (Note 24.10)	1,022	1,441
Current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	4,450,127	4,367,761
Borrowings and financing (Note 9)	237,160	104,036
Trade payables	821,957	927,403
Obligations from confirming	1,038	12,490
Interest payable (Notes 9 and 10)	911,418	775,533
Lease liabilities (Note 14)	66,081	66,200
Other payables	111,858	193,056
Non-current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	3,603,487	3,580,683
Borrowings and financing (Note 9)	26,655	31,653
Lease liabilities (Note 14)	221,290	237,392
Other payables	131,871	132,448

22.9. 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 March 31, 2024 and December 31, 2023 are demonstrated below:

	Assets	
	Non-current	
	03.31.2024	12.31.2023
Written-put options ("Baesa", "Machadinho" and “Estreito” operations)	1,022	1,441
	1,022	1,441

22.10. 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 March 31, 2024 in accordance with the following fair value seniority levels:

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

Category	Item	Level 2	Level 3
Assets:			
Financial assets at fair value	Short-term investments	199,772	-
Financial assets at fair value	Financial derivative instruments	-	1,022

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:

	03.31.2024		12.31.2023 Recasted	
	Amortized cost	Fair value	Amortized cost	Fair value
Borrowing and financing (Note 9)	263,815	214,095	135,689	93,743
Debentures (Note 10)	8,053,614	8,547,702	7,948,444	7,944,194
Leases liabilities (Note 14)	287,371	331,431	303,592	342,146

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:

	03/31/2024				03/31/2023			
	Net Revenue				Net Revenue			
	Foreign sales	Intersegment sales	Total	Results	Foreign sales	Intersegment sales	Total	Results
Operating segments:								
Brazil	755,658	-	755,658	57,126	851,959	-	851,959	32,154
Argentina	668,431	-	668,431	85,205	986,736	-	986,736	168,897
Total	1,424,089	-	1,424,089	142,331	1,838,695	-	1,838,695	201,051
Unallocated (a)	871	(7,157)	(6,286)	1,981	(1,157)	93	(1,064)	(1,886)
Eliminations	-	7,157	7,157	-	-	(93)	(93)	-
Sub-total	1,424,960	-	1,424,960	144,312	1,837,538	-	1,837,538	199,165
Income before financial income (expenses)				144,312				199,165
Foreign exchange, net				(26,625)				(75,258)
Financial income				594,057				221,847
Financial expenses				(400,322)				(413,194)
Loss before income tax and social contribution				311,422				(67,440)
Income tax and social contribution				(183,389)				(18,100)
Loss for the period from continuing operations				128,033				(85,540)
Loss for the period from discontinued operations (2.4)				49,208				(223,593)
Loss for the period				177,241				(309,133)

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

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

	Noncontrolling interests	
	03.31.2024	03.31.2023
Operating segments:		
Brazil	25,339	25,684
Argentina	141,552	59,997
	166,891	85,681
Unallocated	(155)	(360)
	166,736	85,321
Discontinued operating segments (2.4)	-	(766)
Profit/(Loss) for the year attributable to non-controlling interests	166,736	84,555

Other information:

	03.31.2024		03.31.2023	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Operating segments:				
Brazil	92,932	32,849	60,379	111,603
Argentina	35,907	73,362	41,504	79,462
	128,839	106,211	101,883	191,065
Unallocated	3	268	-	402
	128,842	106,479	101,883	191,467
Discontinued operating segments	-	-	3,339	24,418
Total	128,842	106,479	105,222	215,885

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 March 31, 2024 and December 31, 2023 are as follows:

	03.31.2024			12.31.2023		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	7,486,925	4,547,870	2,939,055	7,740,429	4,737,293	3,003,136
Argentina	6,632,350	2,777,171	3,855,179	4,792,224	2,064,253	2,727,971
Total	14,119,275	7,325,041	6,794,234	12,532,653	6,801,546	5,731,107
Unallocated	1,402,599	5,506,814	(4,104,215)	1,501,438	5,467,976	(3,966,538)
Eliminations	(554,456)	(554,456)	-	(588,937)	(588,937)	-
Other investments	-	-	-	-	-	-
Total	14,967,418	12,277,399	2,690,019	13,445,154	11,680,585	1,764,569
Discontinued operating segments	-	-	-	206,996	209,896	(2,900)
Eliminations	-	-	-	(210,193)	(210,193)	-
Total discontinued segments	-	-	-	(3,197)	(297)	(2,900)
Inter-segment eliminations	-	-	-	3,724	3,724	-
Total	14,967,418	12,277,399	2,690,019	13,445,681	11,684,012	1,761,669

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

Exclusive sales agreement

on May 2, 2024, as part of our market announcement to the Company's stakeholders, the Company informs that, in the context of the competitive process the has been organized by Banco BTG Pactual, the Company has executed, on May 1, 2024, an agreement providing for exclusivity until July 12, 2024 to Companhia Siderúrgica Nacional (CSN) with respect to the potential acquisition of shares representing 100% of the Company's stock. Notwithstanding the foregoing, on the date hereof, there is no signed document that generates any binding obligation or commitment on the part of the Company or its subsidiaries in relation to any potential transaction.

Agreement with debenture holders for renewal of standstill

The Company has reached an agreement with its debentures holders to defer the payments to May 27, 2024 to preserve liquidity while negotiating a comprehensive refinancing plan.

25. Authorization for issuance of the Condensed consolidated financial information

At the meeting held on May 22, 2024, the Audit Committee recommended the issuance of this condensed consolidated interim financial information, which was endorsed by the Board of Directors.