



TERNIUM S.A.

FORM 6-K

(Report Of Foreign Issuer)

Filed 08/02/23 for the Period Ending 06/30/23

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Telephone (727) 384-2323
CIK 0001342874
Symbol TX
SIC Code 3312 - Steel Works, Blast Furnaces & Rolling Mills (
Fiscal Year 12/31

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FORM 6 - K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Report of Foreign Private Issuer
Pursuant to Rule 13a - 16 or 15d - 16 of
the Securities Exchange Act of 1934**

As of 08/01/2023

Ternium S.A.

(Translation of Registrant's name into English)

Ternium S.A.

26 Boulevard Royal - 4th floor

L-2449 Luxembourg

(352) 2668-3152

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12G3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
Not applicable

The attached material is being furnished to the Securities and Exchange Commission pursuant to Rule 13a-16 and Form 6-K under the Securities Exchange Act of 1934, as amended.
This report contains Ternium S.A.'s consolidated financial statements as of June 30, 2023.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TERNIUM S.A.

By: /s/ Guillermo Etchepareborda
Name: Guillermo Etchepareborda
Title: Attorney in Fact

By:/s/ Sebastián Martí
Name: Sebastián Martí
Title: Attorney in Fact

Dated: August 1, 2023



TERNIUM S.A.

**Consolidated Condensed Interim Financial Statements
as of June 30, 2023
and for the six-month periods
ended on June 30, 2023 and 2022**

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TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of June 30, 2023
and for the six-month periods ended June 30, 2023 and 2022

(All amounts in \$ thousands)

Consolidated Condensed Interim Income Statements

	Notes	Three-month period ended June 30,		Six-month period ended June 30,	
		2023	2022	2023	2022
		(Unaudited)		(Unaudited)	
Net sales	3	3,871,272	4,437,676	7,494,643	8,742,505
Cost of sales	4	(2,839,419)	(3,058,908)	(5,820,170)	(6,043,093)
Gross profit		1,031,853	1,378,768	1,674,473	2,699,412
Selling, general and administrative expenses	5	(304,271)	(310,444)	(597,195)	(591,747)
Other operating income, net		4,159	2,828	11,853	22,502
Operating income	3	731,741	1,071,152	1,089,131	2,130,167
Finance expense	6	(17,542)	(7,313)	(33,742)	(13,935)
Finance income	6	42,033	15,636	83,479	39,953
Other financial (expense) income, net	6	(42,481)	28,856	(59,900)	(49,711)
Equity in earnings of non-consolidated companies	9	27,301	49,273	62,176	108,022
Profit before income tax credit (expense)		741,052	1,157,604	1,141,144	2,214,496
Income tax credit (expense)		(5,169)	(221,419)	74,259	(400,793)
Profit for the period		735,883	936,185	1,215,403	1,813,703
Attributable to:					
Owners of the parent		626,930	799,270	1,001,304	1,574,891
Non-controlling interest		108,953	136,915	214,099	238,812
Profit for the period		735,883	936,185	1,215,403	1,813,703
Weighted average number of shares outstanding		1,963,076,776	1,963,076,776	1,963,076,776	1,963,076,776
Basic and diluted earnings per share for profit attributable to the equity holders of the company (expressed in \$ per share)		0.32	0.41	0.51	0.80

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the year ended December 31, 2022.

Consolidated Condensed Interim Statements of Comprehensive Income

	Three-month period ended June 30,		Six-month period ended June 30,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
	735,883	936,185	1,215,403	1,813,703
Profit for the period				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	1,591	10	3,240	562
Currency translation adjustment from participation in non-consolidated companies	42,305	(84,417)	62,610	42,311
Changes in the fair value of financial instruments at fair value through other comprehensive income	(95,706)	(11,595)	(123,732)	(39,588)
Income tax related to financial instruments at fair value	(31,779)	3,913	(21,758)	13,496
Changes in the fair value of derivatives classified as cash flow hedges	—	23	—	55
Income tax related to cash flow hedges	—	(7)	—	(17)
Other comprehensive income items from participation in non-consolidated companies	(37)	106	415	205
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of post employment benefit obligations	(879)	(656)	(879)	(3,042)
Income tax relating to remeasurement of post employment benefit obligations	328	314	328	1,025
Remeasurement of post employment benefit obligations from participation in non-consolidated companies	(7,745)	(1,559)	(7,561)	(1,930)
Other comprehensive income (loss) for the period, net of tax	(91,922)	(93,868)	(87,337)	13,077
Total comprehensive income for the period	643,961	842,317	1,128,066	1,826,780
Attributable to:				
Owners of the parent	510,092	714,115	894,029	1,594,843
Non-controlling interest	133,869	128,202	234,037	231,937
Total comprehensive income for the period	643,961	842,317	1,128,066	1,826,780

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the year ended December 31, 2022.

Consolidated Condensed Interim Statements of Financial Position

		Balances as of			
	Notes	June 30, 2023		December 31, 2022	
		(Unaudited)			
ASSETS					
Non-current assets					
Property, plant and equipment, net	7	6,324,307		6,261,887	
Intangible assets, net	8	968,124		944,409	
Investments in non-consolidated companies	9	938,998		821,571	
Other investments		102,931		100,716	
Deferred tax assets		348,858		200,237	
Receivables, net		409,351	9,092,569	318,690	8,647,510
Current assets					
Receivables, net		719,446		662,762	
Derivative financial instruments		—		227	
Inventories, net		3,758,603		3,470,215	
Trade receivables, net		1,412,260		1,180,689	
Other investments		2,031,761		1,875,026	
Cash and cash equivalents		920,404	8,842,474	1,653,355	8,842,274
Non-current assets classified as held for sale			1,764		1,764
			8,844,238		8,844,038
			17,936,807		17,491,548
Total Assets					
EQUITY					
Capital and reserves attributable to the owners of the parent			12,386,634		11,845,959
Non-controlling interest			1,922,933		1,922,434
Total Equity			14,309,567		13,768,393
LIABILITIES					
Non-current liabilities					
Provisions		84,891		81,422	
Deferred tax liabilities		25,271		162,742	
Other liabilities		603,186		538,214	
Trade payables		1,314		1,112	
Lease liabilities		179,428		190,134	
Borrowings		514,521	1,408,611	532,701	1,506,325
Current liabilities					
Current income tax liabilities		108,480		135,703	
Other liabilities		350,226		344,843	
Trade payables		1,321,932		1,187,600	
Derivative financial instruments		14,044		505	
Lease liabilities		46,114		49,015	
Borrowings		377,833	2,218,629	499,164	2,216,830
Total Liabilities			3,627,240		3,723,155
Total Equity and Liabilities			17,936,807		17,491,548

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the year ended December 31, 2022.

Consolidated Condensed Interim Statements of Changes in Equity

	Attributable to the owners of the parent (1)							Total	Non-controlling interest	Total Equity
	Capital stock (2)	Treasury shares (2)	Initial public offering expenses	Reserves (3)	Capital stock issue discount (4)	Currency translation adjustment	Retained earnings			
Balance as of January 1, 2023	2,004,743	(150,000)	(23,295)	1,394,567	(2,324,866)	(2,859,068)	13,803,878	11,845,959	1,922,434	13,768,393
Profit for the period							1,001,304	1,001,304	214,099	1,215,403
Other comprehensive income (loss) for the period										
Currency translation adjustment						60,495		60,495	5,355	65,850
Remeasurement of post employment benefit obligations				(7,544)				(7,544)	(568)	(8,112)
Others (5)				(160,226)				(160,226)	15,151	(145,075)
Total comprehensive income (loss) for the period	—	—	—	(167,770)	—	60,495	1,001,304	894,029	234,037	1,128,066
Dividends paid in cash (6)							(353,354)	(353,354)	—	(353,354)
Dividends paid in kind to non-controlling interest								—	(233,538)	(233,538)
Balance as of June 30, 2023 (unaudited)	2,004,743	(150,000)	(23,295)	1,226,797	(2,324,866)	(2,798,573)	14,451,828	12,386,634	1,922,933	14,309,567

(1) Shareholders' equity is determined in accordance with accounting principles generally accepted in Luxembourg.

(2) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of \$ 1.00 per share. As of June 30, 2023, there were 2,004,743,442 shares issued. All issued shares are fully paid. Also, as of June 30, 2023, the Company held 41,666,666 shares as treasury shares.

(3) Includes legal reserve under Luxembourg law for \$ 200.5 million, undistributable reserves under Luxembourg law for \$ 1.4 billion and reserves related to the acquisition of non-controlling interest in subsidiaries for \$ (72.4) million.

(4) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.

(5) Includes mainly the changes of the fair value of financial instruments at fair value through other comprehensive income, net of tax.

(6) See note 10.

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated condensed interim financial statements may not be wholly distributable.

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the year ended December 31, 2022.

Consolidated Condensed Interim Statements of Changes in Equity

	Attributable to the owners of the parent (1)						Total	Non-controlling interest	Total Equity	
	Capital stock (2)	Treasury shares (2)	Initial public offering expenses	Reserves (3)	Capital stock issue discount (4)	Currency translation adjustment				
Balance as of January 1, 2022	2,004,743	(150,000)	(23,295)	1,360,637	(2,324,866)	(2,898,593)	12,566,393	10,535,019	1,700,019	12,235,038
Profit for the period							1,574,891	1,574,891	238,812	1,813,703
Other comprehensive income (loss) for the period										
Currency translation adjustment						39,807		39,807	3,066	42,873
Remeasurement of post employment benefit obligations				(3,370)				(3,370)	(577)	(3,947)
Cash flow hedges, net of tax				19				19	19	38
Others (5)				(16,504)				(16,504)	(9,383)	(25,887)
Total comprehensive income (loss) for the period	—	—	—	(19,855)	—	39,807	1,574,891	1,594,843	231,937	1,826,780
Dividends paid in cash							(353,354)	(353,354)	—	(353,354)
Acquisition of non-controlling interest (6)				(223)				(223)	(3,993)	(4,216)
Balance as of June 30, 2022 (unaudited)	2,004,743	(150,000)	(23,295)	1,340,559	(2,324,866)	(2,858,786)	13,787,930	11,776,285	1,927,963	13,704,248

(1) Shareholders' equity is determined in accordance with accounting principles generally accepted in Luxembourg.

(2) The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of \$ 1.00 per share. As of June 30, 2022, there were 2,004,743,442 shares issued. All issued shares are fully paid. Also, as of June 30, 2022, the Company held 41,666,666 shares as treasury shares.

(3) Include legal reserve under Luxembourg law for \$ 200.5 million, undistributable reserves under Luxembourg law for \$ 1.4 billion and reserves related to the acquisition of non-controlling interest in subsidiaries for \$ (72.4) million.

(4) Represents the difference between book value of non-monetary contributions received from shareholders under Luxembourg GAAP and IFRS.

(5) Includes mainly the changes of the fair value of financial instruments at fair value through other comprehensive income, net of tax.

(6) Corresponds to the acquisition of non-controlling interest participation of Ternium Argentina S.A..

Dividends may be paid by Ternium to the extent distributable retained earnings calculated in accordance with Luxembourg law and regulations exist. Therefore, retained earnings included in these consolidated condensed interim financial statements may not be wholly distributable.

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the year ended December 31, 2022.

Consolidated Condensed Interim Statements of Cash Flows

	Notes	Six-month period ended June 30,	
		2023	2022
		(Unaudited)	
Cash flows from operating activities			
Profit for the period		1,215,403	1,813,703
Adjustments for:			
Depreciation and amortization	7 & 8	301,499	302,894
Income tax accruals less payments		(273,426)	(1,084,086)
Equity in earnings of non-consolidated companies	9	(62,176)	(108,022)
Interest accruals less payments/receipts, net		(76,103)	3,989
Changes in provisions		40	(1,732)
Changes in working capital (1)		(386,874)	(349,988)
Net foreign exchange results and others		(58,135)	110,265
Net cash provided by operating activities		660,228	687,023
Cash flows from investing activities			
Capital expenditures	7 & 8	(395,440)	(285,633)
Increase in other investments		(448,881)	(195,251)
Proceeds from the sale of property, plant and equipment		878	794
Dividends received from non-consolidated companies		15,162	28,884
Acquisition of non-controlling interest		—	(4,216)
Net cash used in investing activities		(828,281)	(455,422)
Cash flows from financing activities			
Dividends paid in cash to company's shareholders		(353,354)	(353,354)
Finance lease payments		(26,966)	(24,892)
Proceeds from borrowings		72,616	153,590
Repayments of borrowings		(227,191)	(541,498)
Net cash used in financing activities		(534,895)	(766,154)
Decrease in cash and cash equivalents		(702,948)	(534,553)
Movement in cash and cash equivalents			
At January 1,		1,653,355	1,276,605
Effect of exchange rate changes		(30,003)	(22,903)
Decrease in cash and cash equivalents		(702,948)	(534,553)
Cash and cash equivalents as of June 30, (2)		920,404	719,149
Non-cash transactions:			
Dividends paid in kind to non-controlling interest		(233,538)	—
Acquisition of PP&E under lease contract agreements		1,939	5,769

(1) The working capital is impacted by non-cash movements of \$ 41.5 million as of June 30, 2023 (\$ 10.8 million as of June 30, 2022) due to the variations in the exchange rates used by subsidiaries.

(2) It includes restricted cash of \$ 98 and \$ 55 as of June 30, 2023 and 2022, respectively. In addition, the Company had other investments with a maturity of more than three months for \$ 2,134,536 and \$ 1,410,314 as of June 30, 2023 and 2022, respectively.

The accompanying notes are an integral part of these consolidated condensed interim financial statements. These consolidated condensed interim financial statements should be read in conjunction with our audited Consolidated Financial Statements and notes for the year ended December 31, 2022.

Notes to the Consolidated Condensed Interim Financial Statements

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Ternium S.A. (the "Company" or "Ternium"), was incorporated on December 22, 2003 to hold investments in flat and long steel manufacturing and distributing companies. The Company has an authorized share capital of a single class of 3.5 billion shares having a nominal value of \$ 1.00 per share. As of June 30, 2023, there were 2,004,743,442 shares issued. All issued shares are fully paid.

Ternium's American Depositary Shares ("ADS") trade on the New York Stock Exchange under the symbol "TX".

The name and percentage of ownership of subsidiaries that have been included in consolidation in these Consolidated Condensed Interim Financial Statements are disclosed in Note 2 to the audited Consolidated Financial Statements for the year ended December 31, 2022.

The preparation of Consolidated Condensed Interim Financial Statements requires management to make estimates and assumptions that might affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the statement of financial position, and also the reported amounts of revenues and expenses for the reported periods. Actual results may differ from these estimates. The main assumptions and estimates were disclosed in the Consolidated Financial Statements for the year ended December 31, 2022, without significant changes since its publication.

2. ACCOUNTING POLICIES

These Consolidated Condensed Interim Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and are unaudited. These Consolidated Condensed Interim Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in conformity with International Financial Reporting Standards as adopted by the European Union ("EU"). Recently issued accounting pronouncements were applied by the Company as from their respective dates.

These Consolidated Condensed Interim Financial Statements have been prepared following the same accounting policies used in the preparation of the audited Consolidated Financial Statements for the year ended December 31, 2022.

None of the accounting pronouncements issued after December 31, 2022, and as of the date of these Consolidated Condensed Interim Financial Statements have a material effect on the Company's financial condition or result or operations.

3. SEGMENT INFORMATION**OPERATING SEGMENTS**

The Company is organized in two operating segments: Steel and Mining.

The Steel segment includes the sales of steel products, which comprises mainly slabs, hot and cold rolled products, coated products, roll-formed and tubular products, billets, bars and other products.

The Mining segment includes the sales of mining products, mainly iron ore and pellets, and comprises the mining activities of Las Encinas, an iron ore mining company in which Ternium holds a 100% equity interest and the 50% of the operations and results performed by Peña Colorada, another iron ore mining company in which Ternium maintains that same percentage over its equity interest.

Ternium's Chief Executive Officer ("CEO") functions as the Company's Chief Operating Decision Maker ("CODM"). The various geographic regions operate as an integrated steel producer. The CEO allocates resources and assesses performance of the Steel Segment as an integrated business and of the Mining Segment. The CEO uses "Operating income - Management view" as per the below table as the performance measure which differs from operating income determined in accordance with IFRS principally as follows:

- The use of direct cost methodology to calculate the inventories, while under IFRS is at full cost, including absorption of production overheads and depreciation.
- The use of costs based on previously internally defined cost estimates, while, under IFRS, costs are calculated at historical cost (with the FIFO method).
- Other non-significant differences.

Six-month period ended June 30, 2023 (Unaudited)				
	Steel	Mining	Inter-segment eliminations	Total
Operating income - Management view	1,117,369	(30,944)	(8,880)	1,077,545
Reconciliation:				
Differences in Cost of sales				11,586
Operating income - Under IFRS				1,089,131
Financial income (expense), net				(10,163)
Equity in earnings (losses) of non-consolidated companies				62,176
Income before income tax expense - IFRS				1,141,144
Net sales from external customers	7,494,547	96	—	7,494,643
Net sales from transactions with other operating segments of the same entity	—	194,770	(194,770)	—
Depreciation and amortization	(252,500)	(48,999)	—	(301,499)
Six-month period ended June 30, 2022 (Unaudited)				
	Steel	Mining	Inter-segment eliminations	Total
Operating income - Management view	1,474,243	21,311	6,061	1,501,615
Reconciliation:				
Differences in Cost of sales				628,552
Operating income - Under IFRS				2,130,167
Financial income (expense), net				(23,693)
Equity in earnings (losses) of non-consolidated companies				108,022
Income before income tax expense - IFRS				2,214,496
Net sales from external customers	8,742,442	63	—	8,742,505
Net sales from transactions with other operating segments of the same entity	—	213,490	(213,490)	—
Depreciation and amortization	(260,608)	(42,286)	—	(302,894)

Information on segment assets is not disclosed as it is not reviewed by the CEO.

3. SEGMENT INFORMATION (continued)**GEOGRAPHICAL INFORMATION**

The Company had no revenues attributable to the Company's country of incorporation (Luxembourg) in 2023.

For purposes of reporting geographical information, net sales are allocated based on the customer's location. Allocation of depreciation and amortization is based on the geographical location of the underlying assets.

	Six-month period ended June 30, 2023 (Unaudited)			
	Mexico	Southern region	Brazil and other markets	Total
Net sales	4,713,028	1,738,048	1,043,567	7,494,643
Non-current assets (1)	4,859,342	870,248	1,562,841	7,292,431
	Six-month period ended June 30, 2022 (Unaudited)			
	Mexico	Southern region	Brazil and other markets	Total
Net sales	4,779,293	1,892,019	2,071,193	8,742,505
Non-current assets (1)	4,767,553	860,474	1,695,154	7,323,181

(1) Includes Property, plant and equipment and Intangible assets.

4. COST OF SALES

	Six-month period ended June 30, (Unaudited)	
	2023	2022
Inventories at the beginning of the year	3,470,214	3,908,305
Plus: Charges for the period		
Raw materials and consumables used and other movements	5,002,579	5,504,178
Services and fees	99,133	86,242
Labor cost	397,802	477,049
Depreciation of property, plant and equipment	260,729	263,829
Amortization of intangible assets	18,923	19,591
Maintenance expenses	341,107	310,841
Office expenses	6,180	4,503
Valuation allowance	(15,333)	—
Insurance	7,762	7,692
Change of obsolescence allowance	(478)	12,140
Recovery from sales of scrap and by-products	(21,102)	(21,213)
Others	11,257	10,367
Less: Inventories at the end of the period	(3,758,603)	(4,540,431)
Cost of Sales	5,820,170	6,043,093

5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Six-month period ended June 30,	
	2023	2022
	(Unaudited)	
Services and fees	40,224	37,091
Labor cost	156,460	160,898
Depreciation of property, plant and equipment	7,484	6,783
Amortization of intangible assets	14,363	12,691
Maintenance and expenses	4,095	4,634
Taxes	79,436	85,183
Office expenses	25,854	20,485
Freight and transportation	244,211	260,347
Increase of allowance for doubtful accounts	12,294	486
Others	12,774	3,149
Selling, general and administrative expenses	597,195	591,747

6. FINANCE EXPENSE, FINANCE INCOME AND OTHER FINANCIAL INCOME (EXPENSES), NET

	Six-month period ended June 30,	
	2023	2022
	(Unaudited)	
Interest expense	(33,742)	(13,935)
Finance expense	(33,742)	(13,935)
Interest income	83,479	39,953
Finance income	83,479	39,953
Net foreign exchange loss (1)	(40,439)	(118,359)
Change in fair value of financial assets	26,307	80,663
Derivative contract results	(36,104)	(1,801)
Others	(9,664)	(10,214)
Other financial (expenses) income, net	(59,900)	(49,711)

(1) Mainly related to the devaluation of the Argentine peso.

7. PROPERTY, PLANT AND EQUIPMENT, NET

	Six-month period ended June 30,	
	2023	2022
	(Unaudited)	
At the beginning of the year	6,261,887	6,431,578
Currency translation differences	1,501	282
Additions	340,326	245,665
Value adjustments of lease contracts	5,926	15,919
Disposals	(17,180)	(13,446)
Depreciation charge	(268,213)	(270,612)
Capitalized borrowing costs	—	403
Transfers and reclassifications	60	(2,193)
At the end of the period	6,324,307	6,407,596

8. INTANGIBLE ASSETS, NET

	Six-month period ended June 30,	
	2023	2022
	(Unaudited)	
At the beginning of the year	944,409	902,256
Currency translation differences	8	—
Additions	57,053	43,418
Amortization charge	(33,286)	(32,282)
Transfers/Disposals	(60)	2,193
At the end of the period	968,124	915,585

9. INVESTMENTS IN NON-CONSOLIDATED COMPANIES

Company	Country of incorporation	Main activity	Voting rights as of		Value as of	
			June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Usinas Siderurgicas de Minas Gerais S.A. - USIMINAS	Brazil	Manufacturing and selling of steel products	34.39%	34.39%	827,141	725,705
Techgen S.A. de C.V.	Mexico	Provision of electric power	48.00%	48.00%	106,803	90,559
Other non-consolidated companies (1)					5,054	5,307
					938,998	821,571

(1) It includes the investments held in Finma S.A.I.F., Recrotek S.R.L. de C.V. and Gas Industrial de Monterrey S.A. de C.V.

Usinas Siderurgicas de Minas Gerais S.A. - USIMINAS

As of June 30, 2023, Ternium, through its subsidiaries, owns a total of 242.6 million ordinary shares and 8.5 million preferred shares, representing 20.4% of the issued and outstanding share capital of Usinas Siderurgicas de Minas Gerais S.A. - USIMINAS ("Usiminas"), one of the main producers of flat steel products in Brazil for the energy, automotive and other industries.

Ternium, through its subsidiaries, together with Tenaris S.A.'s Brazilian subsidiary Confab Industrial S.A. ("TenarisConfab"), are part of Usiminas' control group, comprising the so-called T/T Group. As of June 30, 2023, the Usiminas control group holds, in the aggregate, 483.6 million ordinary shares bound to the Usiminas shareholders' agreement, representing approximately 68.6% of Usiminas' voting capital. The Usiminas control group, which is bound by a long-term shareholders' agreement that governs the rights and obligations of Usiminas' control group members, is currently composed of three sub-groups: the T/T Group; the NSC Group, comprising Nippon Steel Corporation ("NSC"), Metal One Corporation and Mitsubishi Corporation; and Usiminas' pension fund Previdência Usiminas. The T/T Group holds approximately 47.1% of the total shares held by the control group (39.5% corresponding to the Ternium entities and the other 7.6% corresponding to TenarisConfab); the NSC Group holds approximately 45.9% of the total shares held by the control group; and Previdência Usiminas holds the remaining 7%.

9. INVESTMENTS IN NON-CONSOLIDATED COMPANIES (continued)

The corporate governance rules reflected in the Usiminas shareholders agreement provide, among other things, that Usiminas' executive board will be composed of six members, including the chief executive officer and five vice-presidents, with Ternium and NSC nominating three members each. The right to nominate Usiminas' chief executive officer alternates between Ternium and NSC at every 4-year interval, with the party that does not nominate the chief executive officer having the right to nominate the chairman of Usiminas' board of directors for the same 4-year period. The Usiminas shareholders agreement also provides for an exit mechanism consisting of a buy-and-sell procedure—exercisable at any time after November 16, 2022, and applicable with respect to shares held by NSC and the T/T Group—, which would allow either Ternium or NSC to purchase all or a majority of the Usiminas shares held by the other shareholder.

As of June 30, 2023, the closing price of the Usiminas ordinary and preferred shares, as quoted on the BM&F Bovespa Stock Exchange, was BRL7.29 (approximately \$1.51; December 31, 2022: BRL7.41 - \$1.42) per ordinary share and BRL7.07 (approximately \$1.47; December 31, 2022: BRL7.16 - \$1.37) per preferred share, respectively. Accordingly, as of June 30, 2023, Ternium's ownership stake had a market value of approximately \$379.4 million (\$356.2 million as of December 31, 2022) and a carrying value of \$827.1 million (\$725.7 million as of December 31, 2022).

Although as of June 30, 2023, the market value continued to be below the book value, considering the financial results of Usiminas for the quarter and market expectations, there was no other objective evidence of impairment and, consequently, Management concluded that there was no need to recognize any impairment charges and that it would continue to review periodically the recoverability of this investment.

As of June 30, 2023, the value of the investment in Usiminas is comprised as follows:

Value of investment	USIMINAS
As of January 1, 2023	725,705
Share of results (1)	46,158
Other comprehensive income (2)	55,278
As of June 30, 2023	827,141

(1) It includes the adjustment of the values associated to the purchase price allocation.
(2) It includes mainly the effect of the currency translation adjustment.

The investment in Usiminas is based on the following calculation:

Usiminas' shareholders' equity	4,919,866
Percentage of interest of the Company over shareholders' equity	20.40 %
Interest of the Company over shareholders' equity	1,003,324
Purchase price allocation	61,345
Goodwill	215,686
Impairment	(453,214)
Total Investment in Usiminas	827,141

On July 28, 2023, Usiminas issued its consolidated interim accounts as of and for the six-month period ended June 30, 2023.

9. INVESTMENTS IN NON-CONSOLIDATED COMPANIES (continued)

	USIMINAS
	As of June 30, 2023
Summarized balance sheet (in million \$)	
Assets	
Non-current	4,312
Current	2,908
Other current investments	247
Cash and cash equivalents	778
Total Assets	8,245
Liabilities	
Non-current	600
Non-current borrowings	1,198
Current	964
Current borrowings	27
Total Liabilities	2,789
Non-controlling interest	536
Shareholders' equity	4,920
Summarized income statement (in million \$)	Six-month period ended June 30, 2023
Net sales	2,788
Cost of sales	(2,500)
Gross Profit	288
Selling, general and administrative expenses	(109)
Other operating income (loss), net	(70)
Operating income	109
Financial income (expenses), net	79
Equity in earnings of associated companies	21
Profit before income tax	209
Income tax expense	(46)
Net profit before non-controlling interest	163
Non-controlling interest in other subsidiaries	(20)
Net profit for the period	143

Techgen S.A. de C.V.

Techgen stated as of and for the six-month period ended June 30, 2023, that revenues amounted to \$221 million (\$275 million for the six-month period ended June 30, 2022), net profit from continuing operations to \$34 million (\$28 million for the six-month period ended June 30, 2022), non-current assets to \$778 million (\$766 million as of December 31, 2022), current assets to \$143 million (\$131 million as of December 31, 2022), non-current liabilities to \$494 million (\$527 million as of December 31, 2022), current liabilities to \$205 million (\$181 million as of December 31, 2022) and shareholders' equity to \$222 million (\$189 million as of December 31, 2022).

10. DISTRIBUTION OF DIVIDENDS

During the annual shareholders' meeting held on May 2, 2023, the shareholders approved a distribution of dividends of USD 0.27 per share (USD 2.70 per ADS). The annual dividend included the interim dividend of \$0.09 per share (\$0.90 per ADS) paid in November 2022. A net dividend of \$0.18 per share (\$1.80 per ADS) was paid on May 10, 2023, of approximately USD 360.9 million in the aggregate.

11. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS

Contingencies, commitments and restrictions on the distributions of profits should be read in Note 24 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2022.

*(i) Tax claims and other contingencies**Companhia Siderúrgica Nacional (CSN) - Tender offer litigation*

In 2013, the Company was notified of a lawsuit filed in Brazil by Companhia Siderúrgica Nacional, or CSN, and various entities affiliated with CSN against Ternium Investments, its subsidiary Ternium Argentina, and TenarisConfab. The entities named in the CSN lawsuit had acquired a participation in Usiminas in January 2012. The CSN lawsuit alleges that, under applicable Brazilian laws and rules, the acquirers were required to launch a tag-along tender offer to all non-controlling holders of Usiminas ordinary shares for a price per share equal to 80% of the price per share paid in such acquisition, or BRL 28.8, and seeks an order to compel the acquirers to launch an offer at that price plus interest. If so ordered, the offer would need to be made to 182,609,851 ordinary shares of Usiminas not belonging to Usiminas' control group; Ternium Investments and Ternium Argentina's respective shares in the offer would be 60.6% and 21.5%.

On September 23, 2013, the first instance court dismissed the CSN lawsuit, and on February 8, 2017, the court of appeals of São Paulo maintained the understanding of the first instance court. On March 6, 2017, CSN filed a motion for clarification against the decision of the court of appeals, which was rejected on July 19, 2017. On August 18, 2017, CSN filed with the court of appeals an appeal seeking the review and reversal of the decision issued by the court of appeals by the Superior Court of Justice. On March 5, 2018, the court of appeals ruled that CSN's appeal did not meet the requirements for review by the Superior Court of Justice and rejected such appeal. On May 8, 2018, CSN appealed against such ruling and on January 22, 2019, the court of appeals rejected such appeal and ordered that the case be submitted to the Superior Court of Justice. On September 10, 2019, the Superior Court of Justice declared CSN's appeal admissible. On March 7, 2023, the Superior Court of Justice, by majority vote, rejected CSN's appeal. CSN has made several submissions in connection with the Supreme Court of Justice decision, including a motion for clarification. In addition, plaintiffs may appeal against the Superior Court of Justice's decision. At this time, the Company cannot predict whether CSN will appeal against the decision and, if appealed, the ultimate resolution of the matter.

Ternium continues to believe that all of CSN's claims and allegations are groundless and without merit, as confirmed by several opinions of Brazilian legal counsel, two decisions issued by the Brazilian securities regulator (CVM) in February 2012 and December 2016, the first and second instance court decisions and the March 2023 Superior Court of Justice decision referred to above.

11. CONTINGENCIES, COMMITMENTS AND RESTRICTIONS ON THE DISTRIBUTION OF PROFITS (continued)

(ii) Commitments

(a) Ternium Argentina also signed various contracts for the provision of natural gas, including Tecpetrol and Energy Consulting Services S.A., both related companies of Ternium, assuming firm commitments for a total of \$ 74.4 million payable until April 2025. Additionally, Ternium Argentina signed contracts for gas transportation with Transportadora de Gas del Norte S.A., a related company of Ternium, assuming firm commitments for a total of \$ 14.6 million payable until April 2028.

(b) Ternium Argentina signed an agreement with Air Liquide Argentina S.A. for the supply of oxygen, nitrogen and argon until 2021, for an aggregate amount of \$ 107.6 million, which is due to terminate in 2037.

(c) Ternium Argentina signed various contracts within its investment plan for the future acquisition of Property, plant and equipment for a total of \$ 172.2 million. Also, Vientos de Olavarría, a subsidiary controlled by Ternium Argentina, subscribed various contracts for the maintenance and the operation of the wind farm for a total of \$ 44.0 million payable until the year 2054.

(d) Ternium México issued a guarantee letter covering up to approximately \$28.8 million of the obligations of Gas Industrial de Monterrey, S.A. de C.V. ("GIMSA"), under the natural gas trading agreement between GIMSA and NEG Natural S.A. de C.V. ("NEG"). The credit line granted by NEG in connection with this natural gas trading agreement amounted to approximately \$ 19.8 million. As of June 30, 2023, the outstanding amount under the natural gas trading agreement was \$7.0 million, which is below the amount included in the guarantee letter issued by Ternium México. The contract with NEG was renewed in June 28, 2022, and the guarantee letter covering up to the above-mentioned amount was issued in January 2023.

12. RELATED PARTY TRANSACTIONS

As of June 30, 2023, Techint Holdings S.à r.l. ("Techint") indirectly owned 65.03% of the Company's share capital and Tenaris Investments S.à r.l. ("Tenaris") held 11.46% of the Company's share capital. Each of Techint and Tenaris were controlled by San Faustin S.A., a Luxembourg company ("San Faustin"). Rocca & Partners Stichting Administratiekantoor Aandelen San Faustin ("RP STAK"), a private foundation (Stichting) located in the Netherlands, held voting shares in San Faustin sufficient in number to control San Faustin. No person or group of persons controls RP STAK.

The following transactions were carried out with related parties:

	Six-month period ended June 30,	
	2023	2022
	(Unaudited)	
(i) Transactions		
(a) Sales of goods and services		
Sales of goods to non-consolidated parties	119,256	374,962
Sales of goods to other related parties	64,221	110,500
Sales of services and others to non-consolidated parties	84	89
Sales of services and others to other related parties	1,935	2,136
	185,496	487,687
(b) Purchases of goods and services		
Purchases of goods from non-consolidated parties	208,018	314,071
Purchases of goods from other related parties	35,709	36,560
Purchases of services and others from non-consolidated parties	5,784	6,477
Purchases of services and others from other related parties	40,902	39,594
	290,413	396,702
(c) Financial results		
Income with non-consolidated parties	6,204	3,383
Expenses in connection with lease contracts from other related parties	(396)	(527)
	5,808	2,856
(d) Dividends		
Dividends from non-consolidated parties	214	1,007
	214	1,007
(e) Other income and expenses		
Income (expenses), net with non-consolidated parties	1,539	943
Income (expenses), net with other related parties	757	422
	2,296	1,365
	June 30, 2023	December 31, 2022
	(Unaudited)	
(ii) Period-end balances		
(a) Arising from sales/purchases of goods/services		
Receivables from non-consolidated parties	144,312	180,476
Receivables from other related parties	13,601	43,765
Advances to non-consolidated parties	3,475	4,851
Advances to suppliers with other related parties	3,341	3,683
Payables to non-consolidated parties	(96,537)	(91,172)
Payables to other related parties	(23,848)	(20,163)
Lease Liabilities with other related parties	(1,869)	(2,287)
	42,475	119,153

13. FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE MEASUREMENT**1) Financial instruments by category**

The accounting policies for financial instruments have been applied to the line items below. According to the scope and definitions set out in IFRS 7 and IAS 32, employers' rights and obligations under employee benefit plans, and non-financial assets and liabilities such as advanced payments and income tax payables, are not included.

As of June 30, 2023 (in \$ thousands)	Amortized cost	Assets at fair value through profit or loss	Assets at fair value through OCI	Total
(i) Assets as per statement of financial position				
Receivables	191,008	—	—	191,008
Trade receivables	1,412,260	—	—	1,412,260
Other investments	788,414	65,769	1,280,353	2,134,536
Cash and cash equivalents	527,961	330,550	61,893	920,404
Total	2,919,643	396,319	1,342,246	4,658,208
As of June 30, 2023 (in \$ thousands)	Amortized cost	Liabilities at fair value through profit or loss		Total
(ii) Liabilities as per statement of financial position				
Other liabilities	71,997	—		71,997
Trade payables	1,262,511	—		1,262,511
Derivative financial instruments	—	14,044		14,044
Lease liabilities	225,542	—		225,542
Borrowings	892,354	—		892,354
Total	2,452,404	14,044		2,466,448

2) Fair Value by Hierarchy

IFRS 13 requires for financial instruments that are measured at fair value, a disclosure of fair value measurements by level. See note 28 of the Consolidated Financial Statements as of December 31, 2022 for definitions of levels of fair values and figures at that date.

The following table presents the assets and liabilities that are measured at fair value:

Description	Fair value measurement as of June 30, 2023 (in \$ thousands):			
	Total	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss / OCI				
Cash and cash equivalents	392,443	392,443	—	—
Other investments	1,346,122	1,233,877	87,397	24,848
Total assets	1,738,565	1,626,320	87,397	24,848
Financial liabilities at fair value through profit or loss / OCI				
Derivative financial instruments	14,044	—	14,044	—
Total liabilities	14,044	—	14,044	—

13. FINANCIAL INSTRUMENTS BY CATEGORY AND FAIR VALUE MEASUREMENT (continued)

Description	Fair value measurement as of December 31, 2022 (in \$ thousands):			
	Total	Level 1	Level 2	Level 3 (*)
Financial assets at fair value through profit or loss / OCI				
Cash and cash equivalents	772,953	772,953	—	—
Other investments	1,492,281	1,283,284	164,980	44,017
Derivative financial instruments	227	—	227	—
Total assets	2,265,461	2,056,237	165,207	44,017
Financial liabilities at fair value through profit or loss / OCI				
Derivative financial instruments	505	—	505	—
Total liabilities	505	—	505	—

(*) The fair value of financial instruments classified as level 3 is not obtained from observable market information, but from measurements of the asset portfolio at market value provided by the fund manager. The evolution of such instruments during the six-month period ended June 30, 2023, and the year ended December 31 2022, corresponds to the initial investment and to the changes in its fair value.

14. FOREIGN EXCHANGE RESTRICTIONS IN ARGENTINA

Ternium's Argentine subsidiary, Ternium Argentina S.A., is currently operating in a complex and volatile economic environment. Beginning in September 2019, the Argentine government has imposed and continues to impose significant restrictions on foreign exchange transactions. Restrictions have tightened significantly over time.

Effective November 1, 2022, the Argentine Central Bank put in place a new regulation on import of services rendered by non-related parties, pursuant to which the Argentine Central Bank may clear or not the payment of import of services and, if cleared, may determine a payment term equal or different to that being requested. There are no rules on the conditions upon which the Argentine Central Bank may clear or determine alternative payment terms.

Also effective November 1, 2022, the Argentine government implemented a new system, known as the SIRA system, pursuant to which the Argentine government may clear or not the payment of imports and, if cleared, may determine a payment term equal or different to that being requested. There are no objective conditions upon which the Argentine government may clear the payment of imports or determine alternative payment terms under the SIRA system.

This context of volatility and uncertainty remains in place as of the issue date of these Consolidated Financial Statements. Although as of the date of these financial statements these measures did not have a significant effect on Ternium Argentina's ability to purchase U.S. dollars at the prevailing official exchange rate for most of its imports of goods and for the acquisition of services from unrelated parties, if such restrictions continue to be maintained, or are further tightened, Ternium Argentina could be restricted from making payment of imports for key steelmaking inputs (which would adversely affect its operations), or would need to resort to alternative, more expensive arrangements (which would adversely affect its results of operations). In addition, access to the Argentine foreign exchange market to distribute dividends or to pay royalties to related parties at the prevailing official exchange rate generally requires prior Argentine Central Bank approval, which is rarely, if ever, granted, thus limiting Ternium's ability to collect dividends from Ternium Argentina at the prevailing official exchange rate.

14. FOREIGN EXCHANGE RESTRICTIONS IN ARGENTINA (continued)

Ternium Argentina stated in its interim accounts as of June 30, 2023, and for the six-month period then ended, that revenues amounted to \$1,727 million (six-month period ended June 30, 2022: \$1,885 million), net profit from continuing operations to \$523 million (six-month period ended June 30, 2022: \$650 million), total assets to \$5,208 million (December 31, 2022: \$5,258 million), total liabilities to \$512 million (December 31, 2022: \$511 million) and shareholders' equity to \$4,696 million (December 31, 2022: \$4,747 million). Ternium Argentina's cash and cash equivalents and other investments amounted to \$1,068 million as of June 30, 2023, broken down as follows:

- \$945 million in U.S. dollars-denominated instruments, mainly sovereign bonds issued by the Argentine Government and payable in U.S. dollars, Argentine Treasury bonds related to the official exchange rate and negotiable obligations and promissory notes issued by Argentine export driven companies in U.S. dollars and payable in Argentine pesos.
- \$63 million in Argentine pesos-denominated instruments with underlying assets linked to the U.S. dollar.
- \$60 million in Argentine pesos-denominated instruments, mainly mutual funds.

Ternium Argentina's financial position in ARS as of June 30, 2023, amounted to \$168 million in monetary assets and \$188 million in monetary liabilities. All of Ternium Argentina's ARS-denominated assets and liabilities are valued at the prevailing official exchange rate.

On April 24, 2023, Ternium Argentina's board of directors approved the payment of a dividend in kind in US dollar-denominated Argentine bonds for a total amount of up to \$624 million. On May 4, 2023, Ternium received its share of the dividend in kind. Considering the impact of foreign exchange restrictions in Argentina and based on the value of the bonds in the international market, Ternium recorded in its equity a negative reserve of approximately \$183 million as of the collection date. If and when Ternium disposes of these instruments, the reserve will be cancelled and Ternium will recognize the financial result arising from the disposition of the bonds.

On July 23, 2023, a national Decree has extended the list of goods and services under the scope of a new tax in Argentina, which will affect imports of its main raw materials and international freight of Ternium Argentina at a rate of 7.5%.

15. THE RUSSIA-UKRAINE ARMED CONFLICT

On February 24, 2022, Russia launched a military attack on Ukraine. In response, the United States, the United Kingdom, and the European Union, among other countries, have imposed a wave of sanctions against certain Russian institutions, companies and citizens. As a result of the armed conflict and related sanctions, foreign trade transactions involving Russian and Ukrainian counterparties have been severely affected.

Russia has a significant participation in the international trade of steel slabs, iron ore pellets, metallurgical coal, pulverized coal for injection, which are relevant inputs for Ternium's operations. In addition, Ukraine traditionally had a relevant participation in the international trade of steel slabs and iron ore pellets. As a result of the armed conflict and the economic sanctions imposed on Russia, Ternium or its contractors (including shipping companies) may not be able to continue purchasing or transporting products from, or making payments to, Ukrainian or Russian suppliers or counterparties; and the Company may be required to purchase raw materials from other sources at increased prices, resulting in limitations to Ternium's production levels and higher costs, affecting the Company's profitability and results of operations.

16. TERNIUM TO INTEGRATE OPERATIONS IN THE USMCA

On February 14, 2023, Ternium's Board of Directors approved the construction of a new upstream production capacity project to integrate its operations in the USMCA region. The increased slab production capacity will complement and support the company's new state-of-the-art hot rolling mill, which began operations in mid-2021, as well as the previously announced downstream project in Mexico. Ternium expects to invest approximately \$2.2 billion toward the construction of an electric arc furnace (EAF)-based steel shop with annual capacity of 2.6 million tons, as well as a direct reduced iron (DRI) module with annual capacity of 2.1 million tons. The slab production capacity program will also include the construction of a port facility for raw material handling.

On June 20, 2023, the Company announced that this new steel slab mill will be built at and integrated into the company's existing downstream facility in Pesquería, Nuevo León, Mexico following an extensive review of location candidates. Construction is expected to begin in December 2023, with the start of operations anticipated to occur during the first half of 2026.

17. TERNIUM TO INCREASE ITS PARTICIPATION IN USIMINAS CONTROL GROUP - NEW GOVERNANCE STRUCTURE OF USIMINAS

On March 30, 2023, Ternium S.A. announced that its subsidiaries Ternium Investments and Ternium Argentina, together with Confab, a subsidiary of its affiliate Tenaris S.A., all of which compose the T/T group within Usiminas control group, entered into a share purchase agreement to acquire from Nippon Steel Corporation, Mitsubishi and MetalOne (the "NSC group"), pro rata to their current participations in the T/T group, 68.7 million ordinary shares of Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS ("Usiminas") at a price of BRL10 per ordinary share. On July 3, 2023, the Company announced the completion of the acquisition of this additional participation. Pursuant to the transaction, Ternium paid \$118.7 million in cash for 57.7 million ordinary shares, increasing its participation in the Usiminas control group to 51.5%.

The Usiminas control group holds the majority of Usiminas' voting rights. Following the completion of the transaction, the T/T group holds an aggregate participation of 61.3% in the control group, with the NSC group and Previdência Usiminas (Usiminas employees' pension fund) holding 31.7% and 7.0%, respectively. The Usiminas control group members also agreed a new governance structure, as a result of which the T/T group nominated a majority of the Usiminas board of directors, the CEO and four other members of Usiminas board of officers, and ordinary decisions are approved with a 55% majority of the control group shares. Pursuant to the Usiminas shareholders agreement, as supplemented by the T/T Group shareholders' agreement, Ternium will fully consolidate Usiminas balance sheet and results of operations in its consolidated financial statements beginning in July 2023.

At any time after the second anniversary of the closing of the transaction, the T/T group will have the right to buy the NSC group's remaining interest in the Usiminas control group (153.1 million ordinary shares) at the higher of BRL10 per share and the 40-trading day average price per share immediately prior to the date of exercising the option. In addition, the NSC group will have the right, at any time after the closing of the transaction, to withdraw its remaining shares from the control group and sell them in the open market after giving the T/T group the opportunity to buy them at the 40-trading day average price per share immediately prior to the NSC group's notice of withdrawal, as well as the right, at any time after the second anniversary of the closing, to sell such shares to the T/T group at BRL10 per share.

Pablo Brizzio
Chief Financial Officer