



TERNIUM S.A.

FORM 6-K

(Report Of Foreign Issuer)

Filed 04/25/24 for the Period Ending 03/31/24

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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 04/24/2024

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 March 31, 2024.

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: April 24, 2024



TERNIUM S.A.

**Consolidated Condensed Interim Financial Statements
as of March 31, 2024
and for the three-month periods
ended on March 31, 2024 and 2023**

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L - 2449 Luxembourg
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Consolidated Condensed Interim Income Statements

	Notes	Three-month period ended March 31,	
		2024	2023
		(Unaudited)	
Net sales	4	4,778,297	3,623,371
Cost of sales	5	(3,674,744)	(2,980,751)
Gross profit		1,103,553	642,620
Selling, general and administrative expenses	6	(431,166)	(292,924)
Other operating income (expense), net		2,469	7,694
Operating income	4	674,856	357,390
Finance expense	7	(44,879)	(16,200)
Finance income	7	82,554	41,446
Other financial (expense) income, net	7	(200,225)	(17,419)
Equity in earnings of non-consolidated companies	10	19,560	34,875
Profit before income tax credit (expense)		531,866	400,092
Income tax (expense) credit	11	(40,435)	79,428
Profit for the period		491,431	479,520
Attributable to:			
Owners of the parent		361,436	374,374
Non-controlling interest		129,995	105,146
Profit for the period		491,431	479,520
Weighted average number of shares outstanding		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)		0.18	0.19

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, 2023.

Consolidated Condensed Interim Statements of Comprehensive Income

	Three-month period ended March 31,	
	2024	2023
	(Unaudited)	
Profit for the period	491,431	479,520
Items that may be reclassified subsequently to profit or loss:		
Currency translation adjustment	(100,278)	1,649
Currency translation adjustment from participation in non-consolidated companies	(11,785)	20,305
Changes in the fair value of financial instruments at fair value through other comprehensive income	269,729	(28,026)
Income tax related to financial instruments at fair value	111,581	10,021
Changes in the fair value of derivatives classified as cash flow hedges	(15,393)	—
Income tax related to cash flow hedges	4,618	—
Other comprehensive income items from participation in non-consolidated companies	—	452
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of post employment benefit obligations	(5,414)	—
Remeasurement of post employment benefit obligations from participation in non-consolidated companies	53	184
Other comprehensive income for the period, net of tax	253,111	4,585
Total comprehensive income for the period	744,542	484,105
Attributable to:		
Owners of the parent	610,462	383,937
Non-controlling interest	134,080	100,168
Total comprehensive income for the period	744,542	484,105

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, 2023.

TERNIUM S.A.

Consolidated Condensed Interim Financial Statements as of March 31, 2024
and for the nine-month periods ended March 31, 2024 and 2023

(All amounts in \$ thousands)

Consolidated Condensed Interim Statements of Financial Position

	Notes	Balances as of		
		March 31, 2024 (Unaudited)	December 31, 2023	
ASSETS				
Non-current assets				
Property, plant and equipment, net	8	7,855,930		7,637,687
Intangible assets, net	9	1,024,919		996,048
Investments in non-consolidated companies	10	524,051		517,265
Other investments		35,154		210,930
Deferred tax assets	3	1,694,109		1,713,385
Receivables, net		994,167	12,128,330	1,073,245
Current assets				
Receivables, net		817,457		686,394
Current income tax assets		403,627		486,470
Derivative financial instruments		7,257		15,406
Inventories, net		5,059,476		4,948,376
Trade receivables, net		2,181,102		2,065,499
Other investments		2,282,781		1,975,646
Cash and cash equivalents		1,780,464	12,532,164	1,846,013
Assets classified as held for sale			8,841	6,740

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, 2023.

Consolidated Condensed Interim Statements of Changes in Equity

	Attributable to the owners of the parent									
	Capital stock (1)	Treasury shares (1)	Initial public offering expenses	Reserves (2)	Capital stock issue discount (3)	Currency translation adjustment	Retained earnings	Total	Non-controlling interest	Total Equity
Balance as of January 1, 2024	2,004,743	(150,000)	(23,295)	965,211	(2,324,866)	(1,963,827)	13,910,629	12,418,595	4,393,264	16,811,859
Profit for the period							361,436	361,436	129,995	491,431
Other comprehensive income (loss) for the period										
Currency translation adjustment						(21,685)		(21,685)	(90,378)	(112,063)
Remeasurement of post employment benefit obligations				(1,216)				(1,216)	(4,145)	(5,361)
Cash flow hedges and others, net of tax				(9,616)				(9,616)	(1,159)	(10,775)
Others (4)				281,543				281,543	99,767	381,310
Total comprehensive income (loss) for the period	—	—	—	270,711	—	(21,685)	361,436	610,462	134,080	744,542
Balance as of March 31, 2024 (unaudited)	2,004,743	(150,000)	(23,295)	1,235,922	(2,324,866)	(1,985,512)	14,272,065	13,029,057	4,527,344	17,556,401

(1) 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 March 31, 2024, there were 2,004,743,442 shares issued. All issued shares are fully paid. Also, as of March 31, 2024, the Company held 41,666,666 shares as treasury shares.

(2) 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.

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

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

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, 2023.

Consolidated Condensed Interim Statements of Changes in Equity

	Attributable to the owners of the parent							Non-controlling interest	Total Equity	
	Capital stock (1)	Treasury shares (1)	Initial public offering expenses	Reserves (2)	Capital stock issue discount (3)	Currency translation adjustment	Retained earnings			Total
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							374,374	374,374	105,146	479,520
Other comprehensive income (loss) for the period										
Currency translation adjustment						20,014		20,014	1,940	21,954
Remeasurement of post employment benefit obligations				168				168	16	184
Others (4)				(10,619)				(10,619)	(6,934)	(17,553)
Total comprehensive income (loss) for the period	—	—	—	(10,451)	—	20,014	374,374	383,937	100,168	484,105
Balance as of March 31, 2023 (unaudited)	2,004,743	(150,000)	(23,295)	1,384,116	(2,324,866)	(2,839,054)	14,178,252	12,229,896	2,022,602	14,252,498

(1) 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 March 31, 2023, there were 2,004,743,442 shares issued. All issued shares are fully paid. Also, as of March 31, 2023, the Company held 41,666,666 shares as treasury shares.

(2) 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.

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

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

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, 2023.

Consolidated Condensed Interim Statements of Cash Flows

Notes	Three-month period ended March 31,	
	2024	2023
	(Unaudited)	
Cash flows from operating activities		
Profit for the period	491,431	479,520
Adjustments for:		
Depreciation and amortization	8 & 9 170,858	150,593
Income tax accruals less payments	11 (12,653)	(156,847)
Equity in earnings of non-consolidated companies	10 (19,560)	(34,875)
Interest accruals less payments/receipts, net	(1,562)	(17,845)
Changes in provisions	(7,284)	(1,037)
Changes in working capital (1)	(265,710)	218,003
Net foreign exchange results and others	119,957	(1,074)
Net cash provided by operating activities	475,477	636,438
Cash flows from investing activities		
Capital expenditures	8 & 9 (449,194)	(203,676)
Decrease (Increase) in other investments	377	(686,203)
Proceeds from the sale of property, plant and equipment	554	552
Dividends received from non-consolidated companies	1,023	—
Net cash used in investing activities	(447,240)	(889,327)
Cash flows from financing activities		
Finance lease payments	(18,361)	(13,675)
Proceeds from borrowings	131,380	45,869
Repayments of borrowings	(165,649)	(196,040)
Net cash used in financing activities	(52,630)	(163,846)
Decrease in cash and cash equivalents	(24,393)	(416,735)
Movement in cash and cash equivalents		
At January 1,	1,846,013	1,653,355
Effect of exchange rate changes	(41,156)	(16,471)
Decrease in cash and cash equivalents	(24,393)	(416,735)
Cash and cash equivalents as of March 31, (2)	1,780,464	1,220,149
Non-cash transactions:		
Acquisition of PP&E under lease contract agreements	9,386	525

(1) The working capital is impacted by non-cash movements of \$ (60.1) million as of March 31, 2024 (\$ 22.2 million as of March 31, 2023) due to the variations in the exchange rates used by subsidiaries.

(2) It includes restricted cash of \$ 3,409 and \$ 31 as of March 31, 2024 and 2023, respectively. In addition, the Company had other investments with a maturity of more than three months for \$ 2,317,778 and \$ 2,646,378 as of March 31, 2024 and 2023, 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, 2023.

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 March 31, 2024, 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, 2023.

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, 2023, 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, 2023, which have been prepared in accordance with IFRS Accounting Standards (International Financial Reporting Standards) as issued by the International Accounting Standards Board and in conformity with IFRS Accounting 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, 2023.

None of the accounting pronouncements issued after December 31, 2023, 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. ACQUISITION OF BUSINESS - INCREASE OF THE PARTICIPATION IN USIMINAS CONTROL GROUP AND NEW GOVERNANCE STRUCTURE OF USIMINAS*(a) The participation in Usiminas as of June 30, 2023*

On January 16, 2012, the Company's subsidiaries, Ternium Investments and Ternium Argentina (together with its wholly-owned subsidiary Prosid Investments S.A., or "Prosid", and the Company's affiliate, Confab Industrial S.A., a subsidiary of Tenaris, or TenarisConfab), joined the existing control group of Usiminas, a leading steel company in the Brazilian flat steel market, through the acquisition of 84.7, 30.0, and 25.0 million ordinary shares, respectively, and formed the so-called Ternium/Tenaris (T/T) Group.

On October 30, 2014, Ternium Investments acquired 51.4 million additional ordinary shares of Usiminas. On April 20, 2016, Ternium Investments subscribed to 7.0 million preferred shares of Usiminas and Ternium Argentina, together with Prosid, subscribed to an aggregate 1.5 million preferred shares of Usiminas. On July 19, 2016, Usiminas' extraordinary general shareholders' meeting homologated a capital increase, and Ternium Investments acquired 62.6 million additional ordinary shares, and Ternium Argentina and Prosid acquired an aggregate 13.8 million additional ordinary shares. As a result of these transactions, Ternium, through its subsidiaries Ternium Investments, Ternium Argentina and Prosid, owned as of June 30, 2023, 242.6 million ordinary shares of Usiminas (representing 34.4% of Usiminas' ordinary shares) and 8.5 million of Usiminas' preferred shares (representing 1.6% of Usiminas' preferred shares), representing, in the aggregate, 20.4% of Usiminas' share capital.

As of June 30, 2023, the Usiminas control group held, 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 was bound by a long-term shareholders' agreement that governs the rights and obligations of Usiminas' control group members, was composed as of such date 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 held 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 held approximately 45.9% of the total shares held by the control group; and Previdência Usiminas held the remaining 7%. The corporate governance rules reflected in the Usiminas shareholders agreement provided, among other things, that Usiminas' executive board was 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 alternated between Ternium and NSC at every 4-year interval, with the party that did 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 provided 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.

(b) The acquisition of the additional participation

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.

3. ACQUISITION OF BUSINESS - INCREASE OF THE PARTICIPATION IN USIMINAS CONTROL GROUP AND NEW GOVERNANCE STRUCTURE OF USIMINAS (continued)

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 7.1%, 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 started fully consolidating Usiminas balance sheet and results of operations in its consolidated financial statements beginning in July 2023.

(c) Remeasurement of the previously held interest

As of July 3, 2023, Ternium remeasured its former participation (20.4%) at its fair value as of such date and recognized in its Consolidated Condensed Interim Financial Statements as of and for the nine-month period ended September 30, 2023, the effects described below.

Consequently, Ternium valued its previously held interest by means of the market quotation of Usiminas share in the Brazilian stock market. Such value as of July 3, 2023, was of 7.36 BRL per share, amounting to a total of \$ 385.9 million. This valuation results in the recognition of a loss of \$ 441.4 million, which is included along with the gain related to the bargain purchase amounting to \$ 270.4 million (see note 3 (d)) in the "Effect related to the increase of the participation in Usiminas" in the income statement for a total of \$ 171.0 million.

In addition, IFRS 3, paragraph 42, establishes that the previous interest must be remeasured, and necessary adjustments made as if it were a disposal of the investment. In this case, items previously recognized in other comprehensive income, mainly the CTA (currency translation adjustment) should be recycled to results of the period. The accumulated loss in "Other comprehensive income" as of the acquisition date was \$ 934.9 million.

3. ACQUISITION OF BUSINESS - INCREASE OF THE PARTICIPATION IN USIMINAS CONTROL GROUP AND NEW GOVERNANCE STRUCTURE OF USIMINAS (continued)*(d) Fair value of net assets acquired*

The fair values determined for the assets acquired and liabilities assumed arising from the acquisition and as of the acquisition date are as follows:

Fair value of acquired assets and assumed liabilities:	in \$ thousands
Property, plant and equipment	904,780
Investments in non-consolidated companies	400,037
Inventories	1,707,311
Cash and cash equivalents	781,072
Other investments	247,005
Trade receivables	764,257
Allowance for doubtful accounts	(44,626)
Other receivables	854,917
Deferred tax assets	1,327,232
Borrowings	(1,224,399)
Provisions	(856,153)
Trade payables	(758,687)
Other assets and liabilities, net	(509,486)
Net assets acquired	3,593,260
Non-controlling interest	(2,818,358)
Remeasurement of previously held interest in Usiminas	(385,851)
Total Purchase consideration	(118,686)
Bargain purchase gain	270,365
Loss on the remeasurement of previously held interest in Usiminas	(441,410)
Net loss effect related to the increase of the participation in Usiminas	(171,045)

The purchase price allocation disclosed above was prepared with the assistance of a third-party expert. Management applied significant judgment in estimating the fair value of assets acquired and liabilities assumed, which involved the use of significant estimates and assumptions in particular with respect to the estimation of the loss probability for the contingencies, including revenue forecasts, EBITDA margins, capital expenditures and discount rate for the cash flow projections. According to the purchase price allocation, the transaction led to the recognition of a bargain purchase of \$ 270.4 million, recognized in the Consolidated Condensed Interim Financial Statements as of and for the nine-month period ended September 30, 2023.

(e) Put and call option

In addition to the share purchase and the new governance structure, a “put” and “call” mechanism was established according to the following scheme:

- 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.

3. ACQUISITION OF BUSINESS - INCREASE OF THE PARTICIPATION IN USIMINAS CONTROL GROUP AND NEW GOVERNANCE STRUCTURE OF USIMINAS (continued)

- 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 the case of the T/T Group, Ternium will decide at its own discretion the execution of the call option, having Confab and Ternium Argentina the option to acquire the shares owned by NSC pro rata to their participation.

IAS 32 requires a liability to be recognized for written puts over non-controlling interests. The liability reflects the entity's obligation to deliver cash or a financial asset. The financial liability is recognized at present value of the redemption amount and accreted through finance charges in the income statement over the contract period up to the final redemption amount. Ternium has recognized a liability associated with the put option of \$ 242.5 million (\$ 252.6 million as of March 31, 2024), accounted for in the statement of financial position under Other liabilities, with the corresponding debit in the statement of changes in equity under Non-controlling interest.

(f) Recognition of non-controlling interest

Ternium recognizes non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Usiminas, the Company elected to recognize the non-controlling interests at its proportionate share of the acquired net identifiable assets, which led to a non-controlling interest of \$ 2,575.9 million, recognized in the Consolidated Condensed Interim Financial Statements as of and for the nine-month period ended September 30, 2023.

(g) Main contingencies associated with the acquired business

Contrary to the recognition principles in IAS 37 Provisions, Contingent Liabilities and Contingent Assets, IFRS 3 Business Combinations requires an acquirer of a business to recognize contingent liabilities assumed in a business acquisition at the acquisition date even if it is not probable that an outflow of resources will be required to settle the obligation.

	in \$ thousands
Provisions for contingencies recognized by Usiminas before business combination	(199,677)
Provisions for contingencies recognized as part of the business combination:	
Tax related contingencies	(432,488)
Civil and other related contingencies	(174,333)
Labour related contingencies	(49,655)
Total Provision for contingencies	(856,153)

Contingencies estimated by Management were related to possible losses arising from administrative proceedings and litigation related to tax, civil and labour matters and based on the advice and assessment of internal and external legal advisors.

3. ACQUISITION OF BUSINESS - INCREASE OF THE PARTICIPATION IN USIMINAS CONTROL GROUP AND NEW GOVERNANCE STRUCTURE OF USIMINAS (continued)

The main contingencies recognized in the consolidated condensed interim financial statements pursuant to IFRS 3 Business Combinations in connection with the acquisition of the additional participation in Usiminas and the full consolidation of Usiminas include the following:

Description	Status	As of the acquisition date (in \$ thousands)	As of March 31, 2024 (in \$ thousands)
Labor lawsuits filed by employees, former employees and outsourced personnel of the Cubatão Plant, claiming severance pay and social security rights.	Pending judgment by the Labor Court and administrative bodies, at different levels.	57,343	53,756
Tax proceeding in which the tax authorities seek the reversal of ICMS/SP credits on materials considered as consumables (refractory items and others).	Awaiting final outcome of the Appeal to the Superior Court of Justice (STJ).	29,772	29,832
Labor lawsuits filed by employees, former employees and outsourced personnel of the Ipatinga Plant, claiming severance pay and social security rights.	Pending judgment by the Labor Court and administrative bodies, at different levels.	15,112	12,678
Labor lawsuits filed by former employees challenging the amount of compensation paid on dismissals.	Pending judgment.	10,837	9,283
Other contingencies		86,613	91,125
Provisions for contingencies recognized by Usiminas before business combination		199,677	196,674
Description	Status	As of the acquisition date (in \$ thousands)	As of March 31, 2024 (in \$ thousands)
Objection filed against the decision that recognized only partially the credit rights established in a final and unappealable court decision that determined the exclusion of ICMS amounts from the calculation basis of PIS/COFINS-Imports.	Pending judgment at administrative level.	94,792	91,434
Tax collection proceedings related to the collection of ICMS/SP on goods shipped to other countries without effective proof of export.	Pending judgment by the trial court.	51,546	49,720
Tax proceedings seeking the reversal of ICMS/SP credits on materials considered as consumables (refractory items and others).	Several case records, declaratory actions and tax collection proceedings, suspended or pending decision by higher courts.	38,640	37,271
ICMS - Action for annulment of the tax debt claimed by the State of Rio Grande do Sul due to failure to make the advance payment of the tax at the entry of goods coming from other States (rate differential).	Pending judgment by the trial court.	28,789	27,769
Tax assessment notice issued by the State of Minas Gerais concerning alleged reversal of ICMS credits on sale of electrical energy.	Pending judgment at administrative level.	12,386	11,948
Other tax contingencies		206,335	193,431
Provisions for tax contingencies recognized as part of the business combination		432,488	411,573
Public Civil Action seeking the reimbursement of the amounts increased by means of a term of amendment to the Contractor's Agreement, due to alleged overbilling in the construction of a bridge in Brasília/DF.	As of July 3, 2023, the claim was deemed groundless and was pending judgment of appeal. As of December 31, 2023, the action was dismissed as unfounded and the case was archived.	64,315	—
Public Civil Action seeking compensation for alleged damages caused to the State of Santa Catarina's Treasury related to improper expenditures incurred in the construction of a bridge.	Pending conclusion of the expert evidence	21,113	20,365
Other civil and other contingencies (1)		88,905	57,450
Provisions for civil and other contingencies recognized as part of the business combination		174,333	77,815
Labor lawsuits filed by employees, former employees and outsourced personnel of the Cubatão Plant, claiming severance pay and social security rights.	Pending judgment by the Labor Court and administrative bodies, at different levels.	27,123	23,406
Other labour contingencies (1)		22,532	17,805
Provisions for labour contingencies recognized as part of the business combination		49,655	41,211

4. SEGMENT INFORMATION

OPERATING SEGMENTS

As of March 31, 2024, following the acquisition of an additional participation in Usiminas on July 3, 2023, the Chief Operating Decision Maker ("CODM") performed a review of the new business structure to decide on the allocation of resources and the assessment of performance, and decided to organize the Company in two operating segments: Steel and Mining.

The Steel segment includes the sales of steel products done by the Company's subsidiaries, which comprises mainly slabs, heavy plates, hot and cold rolled products, coated products, stamped steel parts for the automotive industry, roll-formed and tubular products, billets, bars and other products, including sales of energy.

The Mining segment includes the sales of mining products done by the Company's subsidiaries, mainly iron ore and iron ore pellets, and comprises the mining activities of Las Encinas, an iron ore mining company in which Ternium holds a 100% equity interest, 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, and the mining activities of Mineração Usiminas, an iron ore mining company in which Usiminas holds a 70% equity interest.

Ternium's Chief Executive Officer ("CEO") functions as the 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 does the same with the Mining Segment. The CEO uses "Operating income - Management view" as per the below table as the key performance measure, which differs from operating income determined in accordance with IFRS principally as follows:

- The use of direct cost methodology to value inventories, while under IFRS they are valued 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 (using the FIFO methodology).
- In the case of Usiminas, the use of costs based on the weighted average cost, while, under IFRS, costs are calculated under the FIFO methodology.
- Other non-significant differences.

4. SEGMENT INFORMATION (continued)

Three-month period ended March 31, 2024 (Unaudited)				
	Steel	Mining	Inter-segment eliminations	Total
Operating income - Management view	593,211	(21,504)	6,966	578,673
Reconciliation:				
Differences in Cost of sales				96,183
Operating income - Under IFRS				674,856
Financial income (expense), net				(162,550)
Equity in earnings (losses) of non-consolidated companies				19,560
Income before income tax expense - IFRS				531,866
Net sales from external customers	4,690,004	88,293	—	4,778,297
Net sales from transactions with other operating segments of the same entity	—	186,082	(186,082)	—
Depreciation and amortization	(137,070)	(33,788)	—	(170,858)
Three-month period ended March 31, 2023 (Unaudited)				
	Steel	Mining	Inter-segment eliminations	Total
Operating income - Management view	520,556	(5,774)	2,599	517,381
Reconciliation:				
Differences in Cost of sales				(159,991)
Operating income - Under IFRS				357,390
Financial income (expense), net				7,827
Equity in earnings (losses) of non-consolidated companies				34,875
Income before income tax expense - IFRS				400,092
Net sales from external customers	3,623,371	—	—	3,623,371
Net sales from transactions with other operating segments of the same entity	—	84,914	(84,914)	—
Depreciation and amortization	(126,285)	(24,308)	—	(150,593)

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

GEOGRAPHICAL INFORMATION

The Company had no revenues attributable to the Company's country of incorporation (Luxembourg) in 2024. 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.

Three-month period ended March 31, 2024 (Unaudited)					
	Mexico	Southern region	Brazil	Other markets	Total
Net sales	2,437,472	566,054	1,097,906	676,865	4,778,297
Non-current assets (1)	5,095,354	957,249	2,515,443	312,803	8,880,849
Three-month period ended March 31, 2023 (Unaudited)					
	Mexico	Southern region	Brazil	Other markets	Total
Net sales	2,230,419	866,086	73,742	453,124	3,623,371
Non-current assets (1)	4,818,409	865,699	1,257,352	310,113	7,251,573

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

5. COST OF SALES

	Three-month period ended March 31,	
	2024	2023
	(Unaudited)	
Inventories at the beginning of the year	4,948,376	3,470,215
Translation differences	(42,909)	—
Plus: Charges for the period		
Raw materials and consumables used and other movements (1)	3,087,130	2,290,256
Services and fees	75,104	46,343
Labor cost	269,985	197,431
Depreciation of property, plant and equipment	143,830	130,336
Amortization of intangible assets	12,295	9,076
Maintenance expenses	218,369	153,525
Office expenses	3,428	2,711
Valuation allowance	—	(15,333)
Insurance	8,367	3,791
Change of obsolescence allowance	3,730	(4,537)
Recovery from sales of scrap and by-products	(5,756)	(10,817)
Others	12,271	5,379
Less: Inventories at the end of the period	(5,059,476)	(3,297,625)
Cost of Sales	3,674,744	2,980,751

(1) It includes \$ 56 million related to the readjustment of electricity transmission charges in Mexico.

6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended March 31,	
	2024	2023
	(Unaudited)	
Services and fees	24,317	17,609
Labor cost	107,212	77,847
Depreciation of property, plant and equipment	5,853	3,749
Amortization of intangible assets	8,880	7,432
Maintenance and expenses	2,887	1,820
Taxes	36,539	38,390
Office expenses	21,001	12,617
Freight and transportation	214,920	118,114
Increase of allowance for doubtful accounts	1,211	11,014
Others	8,346	4,332
Selling, general and administrative expenses	431,166	292,924

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

	Three-month period ended March 31,	
	2024	2023
	(Unaudited)	
Interest expense	(44,879)	(16,200)
Finance expense	(44,879)	(16,200)
Interest income	82,554	41,446
Finance income	82,554	41,446
Net foreign exchange loss	(41,008)	(15,548)
Change in fair value of financial assets (1)	(133,792)	19,301
Derivative contract results	(3,094)	(15,109)
Others	(22,331)	(6,063)
Other financial (expenses) income, net	(200,225)	(17,419)

(1) Mainly related to the recycling of other comprehensive income from the sale of investments previously recognized at fair value through other comprehensive income.

8. PROPERTY, PLANT AND EQUIPMENT, NET

	Three-month period ended March 31,	
	2024	2023
	(Unaudited)	
At the beginning of the year	7,637,687	6,261,887
Currency translation differences	(36,718)	769
Additions	407,502	168,941
Value adjustments of lease contracts	2,154	4,580
Disposals	(2,817)	(7,933)
Depreciation charge	(149,683)	(134,085)
Transfers and reclassifications	(2,195)	60
At the end of the period	7,855,930	6,294,219

9. INTANGIBLE ASSETS, NET

	Three-month period ended March 31,	
	2024	2023
	(Unaudited)	
At the beginning of the year	996,048	944,409
Currency translation differences	(1,166)	—
Additions	54,999	29,508
Amortization charge	(21,175)	(16,508)
Transfers/Disposals	(3,787)	(55)
At the end of the period	1,024,919	957,354

10. INVESTMENTS IN NON-CONSOLIDATED COMPANIES

Company	Country of incorporation	Main activity	Voting rights as of		Value as of	
			March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Techgen S.A. de C.V.	Mexico	Provision of electric power	48.00%	48.00%	123,824	116,849
Unigal Usiminas Ltda.	Brazil	Manufacturing and selling of steel products	70.00%	70.00%	124,367	124,064
MRS Logística S.A	Brazil	Logistical services	11.41%	11.41%	234,594	235,268
Other non-consolidated companies (1)					41,266	41,084
					524,051	517,265

(1) It includes the investments held in Finma S.A.I.F., Recrotek S.R.L. de C.V., Gas Industrial de Monterrey S.A. de C.V., Modal Terminal de Graneis Ltda., Usiroll - Usiminas Court Tecnologia em Acabamento Superficial Ltda, Codeme Engenharia S.A, Terminal de Cargas Paraopeba Ltda., Terminal de Cargas Sarzedo Ltda., and Metalcentro Ltda.

Techgen S.A. de C.V.

Techgen stated as of and for the three-month period ended March 31, 2024, that revenues amounted to \$ 29 million (\$ 114 million as of March 31, 2023), net profit from continuing operations to \$ 14 million (\$ 17 million as of March 31, 2023), non-current assets to \$ 759 million (\$ 766 million as of December 31, 2023), current assets to \$ 112 million (\$ 175 million as of December 31, 2023), non-current liabilities to \$ 453 million (\$ 466 million as of December 31, 2023), current liabilities to \$ 160 million (\$ 232 million as of December 31, 2023) and shareholders' equity to \$ 258 million (\$ 243 million as of December 31, 2023).

Unigal Usiminas Ltda.

Unigal stated as of and for the three-month period ended March 31, 2024, that non-current assets amounted to \$ 156 million (\$ 163 million as of December 31, 2023), current assets to \$ 47 million (\$ 40 million as of December 31, 2023), non-current liabilities to \$ 47 million (\$48 million as of December 31, 2023), current liabilities to \$ 11 million (\$ 11 million as of December 31, 2023) and shareholders' equity to \$ 145 million (\$ 143 million as of December 31, 2023). Revenues amounted to \$ 18 million and net profit from continuing operations to \$ 6 million for the three-month period ended March 31, 2024.

MRS Logística S.A.

MRS Logística stated as of and for the three-month period ended March 31, 2024, that non-current assets to \$ 2,700 million (\$ 2,779 million as of December 31, 2023), current assets to \$ 835 million (\$ 954 million as of December 31, 2023), non-current liabilities to \$ 1,616 million (\$ 1,709 million as of December 31, 2023), current liabilities to \$ 578 million (\$ 704 million as of December 31, 2023) and shareholders' equity to \$ 1,341 million (\$ 1,320 million as of December 31, 2023). Revenues amounted to \$ 332 million and net profit from continuing operations to \$ 63 million for the three-month period ended March 31, 2024.

11. INCOME TAX - PILLAR TWO

The Company is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Luxemburg, the jurisdiction in which the company is incorporated, and came into effect from 1 January 2024. The Company applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The Company estimates as current tax expense related to Pillar Two the amount of \$ 5.6 million.

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

Contingencies, commitments and restrictions on the distributions of profits should be read in Note 25 to the Company's audited Consolidated Financial Statements for the year ended December 31, 2023.

*(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 Tenaris's subsidiary Confab, all of which compose the T/T Group under the Usiminas shareholders agreement. 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 maintained the understanding of the first instance court. On August 18, 2017, CSN filed an appeal to the Superior Court of Justice (SCJ) seeking the review and reversal of the decision issued by the Court of Appeals. On September 10, 2019, the SCJ declared CSN's appeal admissible. On March 7, 2023, the SCJ, by majority vote, rejected CSN's appeal. CSN made several submissions in connection with the SCJ decision, including a motion for clarification that challenged the merits of the SCJ decision. Decisions at the SCJ are adopted by majority vote and, at the date of these consolidated financial statements, voting at the SCJ with respect to the motion for clarification is ongoing. At an October 17, 2023 session, two justices voted in favor of remanding the case to the first instance for it to be retried following production and assessment of the new evidence, and two justices voted, without requiring any further evidence, in favor of granting CSN's motion for clarification and reversing the March 7, 2023 decision that rejected CSN's appeal; because the fifth member of SCJ excused himself from voting, a justice from another panel at the SCJ was summoned to produce the tie-breaking vote. There are no specified deadlines for voting to be resumed or the SCJ decision to be issued. In any event, either party may appeal against a SCJ decision.

According to the views of the two justices that voted in favor of CSN's motion, Ternium Investments and the other members of the T/T Group should be ordered to pay to CSN an indemnification amount equal to the difference between the price paid by the T/T Group in its acquisition and the market value of the Usiminas shares at signing, plus monetary adjustment and interest (at a rate of 1% per month) through the date of payment, plus legal costs equal to 10% of the compensation payable to CSN, with CSN retaining ownership of the Usiminas ordinary shares it currently owns. If that unprecedented view were to prevail, and depending on how the indemnification is calculated by other courts, as of March 31, 2024 the potential aggregate indemnification payable by Ternium Investments and Ternium Argentina could reach up to BRL 3.1 billion (approximately \$ 0.6 billion at the BRL/\$ rate as of such date) and BRL 1.1 billion (approximately \$ 0.2 billion), respectively.

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

The Company 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 in February 2012 and December 2016, the first and second instance court decisions and the March 7, 2023 SCJ decision referred to above. Notwithstanding the foregoing, in light of the votes already issued by two members of the SCJ on CSN's motion for clarification, the Company cannot predict the ultimate resolution on the matter.

(ii) Commitments

(a) Ternium Argentina signed agreements, mainly with Vale S.A. and Mineração Corumbaense Reunida S.A., to cover 80% of its required iron ore, pellets and iron ore fines volumes until December 31, 2024, for an estimated total amount of \$ 628.3 million. Although they do not set a minimum amount or a minimum commitment to purchase a fixed volume, under certain circumstances a penalty is established for the party that fails of:

- 7% in case the annual operated volume is between 70% and 75% of the total volume of purchases of the Company; such percentage is applied over the difference between the actual purchased volume and the 80% of the total volume of purchases.
-15% in case the annual operated volume is lower than 70% of the total volume of purchases of the Company; such percentage is applied over the difference between the actual purchased volume and the 80% of the total volume of purchases.

(b) Ternium Argentina signed an agreement with Air Liquide Argentina S.A. for the supply of oxygen, nitrogen and argon, for an aggregate amount of \$ 55.8 million, which is due to terminate in 2037.

(c) Ternium Brasil also signed on April 2014 a contract with Primetals Technologies Brazil Ltda. for the provision of caster maintenance services for the steel plant. As of March 31, 2024, the outstanding amount of the mentioned services was approximately \$ 170.0 million and is due to terminate in March 2034. The contract prevents the delivery of the minimum take-or-pay volume by Ternium and a minimum quantity of contracted hours by Primetals.

(d) Ternium Brasil signed on January 2024 a contract with Petrobras S.A. for the supply of petcoke. As of March 31, 2024, the outstanding amount of the agreement was approximately \$ 61.6 million and is due to terminate in February 2026. The contract has minimum required volumes.

13. RELATED PARTY TRANSACTIONS

As of March 31, 2024, 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:

	Three-month period ended March 31,	
	2024	2023
	(Unaudited)	
(i) Transactions		
(a) Sales of goods and services		
Sales of goods to non-consolidated parties	39,530	61,615
Sales of goods to other related parties	22,516	35,575
Sales of services and others to non-consolidated parties	44	43
Sales of services and others to other related parties	919	1,032
	63,009	98,265
(b) Purchases of goods and services		
Purchases of goods from non-consolidated parties	65,075	104,743
Purchases of goods from other related parties	20,690	15,551
Purchases of services and others from non-consolidated parties	9,500	2,675
Purchases of services and others from other related parties	27,585	19,450
	122,850	142,419
(c) Financial results		
Income with non-consolidated parties	3,303	3,022
Expenses in connection with lease contracts from other related parties	(74)	(190)
	3,229	2,832
(d) Dividends		
Dividends from non-consolidated parties	1,042	—
	1,042	—
(e) Other income and expenses		
Income (expenses), net with non-consolidated parties	593	1,306
Income (expenses), net with other related parties	201	550
	794	1,856
	March 31, 2024	December 31, 2023
	(Unaudited)	
(ii) Period-end balances		
(a) Arising from sales/purchases of goods/services		
Receivables from non-consolidated parties	145,898	143,292
Receivables from other related parties	14,703	29,402
Advances to non-consolidated parties	2,527	2,843
Advances to suppliers with other related parties	121,937	123,921
Payables to non-consolidated parties	(79,360)	(149,562)
Payables to other related parties	(30,579)	(27,963)
Lease Liabilities with other related parties	(1,185)	(1,379)
	173,941	120,554

14. 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 March 31, 2024 (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	481,310	—	—	481,310
Derivative financial instruments	—	7,257	—	7,257
Trade receivables	2,181,102	—	—	2,181,102
Other investments	969,850	181,321	1,166,607	2,317,778
Cash and cash equivalents	1,375,879	357,635	46,950	1,780,464
Total	5,008,141	546,213	1,213,557	6,767,911
As of March 31, 2024 (in \$ thousands)	Amortized cost	Liabilities at fair value through profit or loss		Total
(ii) Liabilities as per statement of financial position				
Other liabilities	487,583	—		487,583
Trade payables	2,119,274	—		2,119,274
Derivative financial instruments	—	1,916		1,916
Lease liabilities	235,817	—		235,817
Borrowings	2,095,078	—		2,095,078
Total	4,937,752	1,916		4,939,668

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 29 of the Consolidated Financial Statements as of December 31, 2023 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 March 31, 2024 (in \$ thousands):			
	Total	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss / OCI				
Cash and cash equivalents	404,585	404,585	—	—
Other investments	1,347,928	1,141,041	166,762	40,125
Derivative financial instruments	7,257	—	7,257	—
Total assets	1,759,770	1,545,626	174,019	40,125
Financial liabilities at fair value through profit or loss / OCI				
Derivative financial instruments	1,916	—	1,916	—
Total liabilities	1,916	—	1,916	—

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

Description	Fair value measurement as of December 31, 2023 (in \$ thousands):			
	Total	Level 1	Level 2	Level 3 (*)
Financial assets at fair value through profit or loss / OCI				
Cash and cash equivalents	478,778	478,778	—	—
Other investments	1,302,907	1,086,319	197,743	18,845
Derivative financial instruments	15,406	—	15,406	—
Total assets	1,797,091	1,565,097	213,149	18,845
Financial liabilities at fair value through profit or loss / OCI				
Derivative financial instruments	8,220	—	8,220	—
Total liabilities	8,220	—	8,220	—

(*) 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 three-month period ended March 31, 2024, and the year ended December 31, 2023, corresponds to the initial investment and to the changes in its fair value.

15. FOREIGN EXCHANGE RESTRICTIONS IN ARGENTINA

Ternium's Argentine subsidiary, Ternium Argentina S.A., is currently operating in a complex and volatile economic environment.

Between September 2019 and December 13, 2023, the Argentine government imposed significant restrictions on foreign exchange transactions. Although after a new administration took office in Argentina in December 2023 certain restrictions were eased and other changes to such regulations are expected, at the date of these Consolidated Condensed Interim Financial Statements the application of existing foreign exchange regulations remains uncertain and the scope and timing of upcoming changes remain unknown. The main currently applicable measures are described below:

- Access to the Argentine foreign exchange market ("MULC") to pay for imports of services rendered by related and non-related parties (including royalties) on or before December 12, 2023, is subject to Argentine Central Bank approval. Currently, these approvals are rarely, if ever, granted. Access to the MULC to pay for imports of services that were rendered or accrued as from December 13, 2023, does not require government approval, but payment is deferred 30 calendar days as from the date of supply or accrual of the service (if the service was rendered by a non-related party) or 180 calendar days (if rendered by a related party).
- The Argentine Central Bank is issuing newly created Bonds ("BOPREAL") with a maturity of 4 years (2027) that can only be purchased in Argentine Pesos in the primary offerings by debtors under any such import debts and, then, such bonds can be sold for a price payable in foreign currency that can be used to pay suppliers under such debts, without having the importer any restriction to enter into any other foreign exchange transaction in the MULC. In addition, from April 1, 2024 any such importer who purchased the bonds in the primary offerings may enter into the securities transactions described below to obtain foreign currency (for an amount that does not exceed in USD of the difference between the nominal value of the bonds and market prices when they are sold) to be able to pay the above-mentioned import debts, without having the importer any restriction to enter into any other foreign exchange transaction in the MULC. Access to the MULC to pay for imports that have obtained customs clearance as from December 13, 2023, does not require government approval but, it requires that the price is paid in four equal instalments payable on the 30th, 60th, 90th and 120th day counted from the customs clearance of the good imported.

15. FOREIGN EXCHANGE RESTRICTIONS IN ARGENTINA (continued)

- Foreign currency proceeds derived from exports of goods must be sold into the MULC and converted into Argentine pesos within 60 days (if made to related parties) or 180 days (if made to unrelated parties) from shipment date, or, if collected earlier, within five days of collection. Foreign currency proceeds from exports of services must be sold into the MULC and converted into Argentine pesos within five business days of collection. As from December 13, 2023, up to 20% of export of goods or services proceeds can be sold for Argentine pesos through securities transactions resulting in a higher implicit exchange rate, as described further below. This percentage has changed over time.

- Access to the MULC to make dividend payments requires prior Argentine Central Bank approval. When required, Argentine Central Bank approvals are rarely, if ever, granted.

Ternium Argentina carries out all of its import and export transactions through MULC. Therefore, assets and liabilities in foreign currency as of March 31, 2024, have been valued considering the official exchange rates at the end of the period.

Under Ternium Argentina's annual accounts as of March 31, 2024, and for the three-month period then ended, revenues amounted to \$ 524 million (three-month period ended March 31, 2023: \$ 860 million), net profit from continuing operations to \$ 263 million (three-month period ended March 31, 2023: \$ 260 million), total assets to \$ 5,563 million (December 31, 2023: \$ 5,083 million), total liabilities to \$ 716 million (December 31, 2023: \$ 759 million) and shareholders' equity to \$ 4,847 million (December 31, 2023: \$ 4,324 million).

Ternium Argentina's cash and cash equivalents and other investments amounted to \$ 1,261 million as of March 31, 2024, broken down as follows:

- \$ 1,139 million in U.S. dollars-denominated instruments in sovereign bonds issued by the Argentine Government and payable in U.S. dollars, and Argentine Treasury bonds related to the official exchange rate. The U.S. dollar value of these instruments recorded in Ternium's consolidated financial statements is based on their Argentine peso local market price, converted to the U.S. dollar at the ARS/\$ official exchange rate. Therefore, the valuation of such investments is subject to the volatility of the Argentine financial market and currency exchange rates, leading to a potential significant reduction of such value in the consolidated financial statements.
- \$ 100 million in negotiable obligations and promissory notes issued by Argentine export driven companies in U.S. dollars and mainly payable in Argentine pesos.
- \$ 21 million in Argentine pesos-denominated instruments, mainly mutual funds.

Ternium Argentina's financial position in ARS as of March 31, 2024, amounted to \$ 95 million in monetary assets and \$ 223 million in monetary liabilities. All of Ternium Argentina's ARS-denominated assets and liabilities are valued at the prevailing official exchange rate. The Argentine peso devaluated by approximately 55% upon the change of government. In the event of an additional devaluation, Ternium Argentina may be adversely affected, and will also suffer a loss on deferred tax charge as a result of a deterioration on the tax value of their fixed assets. At this time, the Company is unable to estimate all impacts of a new devaluation of the Argentine peso against the U.S. dollar.

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 as of the collection date. With the disposal of a portion of these instruments, the Company partially reclassified such reserve to financial results. As of March 31, 2024, the equity reserve was fully reclassified to financial results upon disposal of these remaining bonds.

15. FOREIGN EXCHANGE RESTRICTIONS IN ARGENTINA (continued)

This context of volatility and uncertainty remains in place as of the issue date of these Consolidated Condensed Interim Financial Statements. Management continues to monitor closely the evolution of the main variables affecting its business, identifying the potential impact thereof on its financial and economic situation and determining the appropriate course of action in each case. The Company's Consolidated Condensed Interim Financial Statements should be read taking into account these circumstances

Pablo Brizzio
Chief Financial Officer