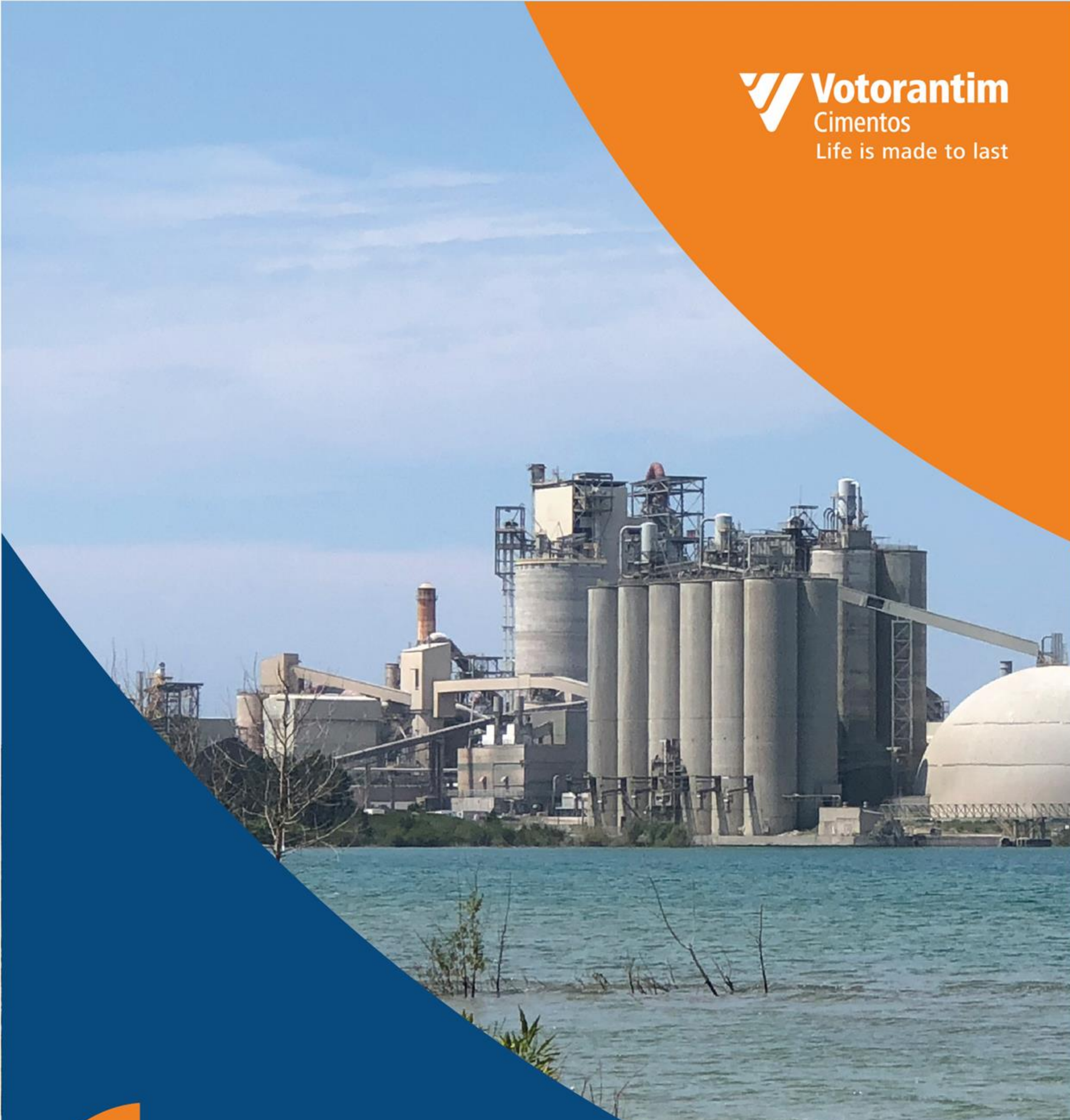
Votorantim Cimentos
Life is made to last



Financial Statements

St. Marys Cement Inc. (Canada) Condensed Consolidated Interim Financial Statements at March 31, 2022 (in thousands of U.S. dollars)

St. Marys Cement Inc. (Canada)

Votorantim Cimentos
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Condensed consolidated interim balance sheets

In thousands of U.S. dollars

Assets	Note	31-Mar-22	31-Dec-21	Liabilities and shareholders' equity	Note	31-Mar-22	31-Dec-21
Current assets				**Current liabilities**			
Cash and cash equivalents	E1	60,758	133,327	Accounts payable and accrued liabilities		175,928	224,217
Trade receivables	E2	8,143	21,992	Salaries and benefits		22,985	38,801
Inventories	E3	178,594	186,178	Indirect taxes payable		7,123	11,915
Income taxes recoverable		48,033	54,101	Borrowing	E10	5,049	12,068
Prepaid expenses		16,799	13,052	Lease liabilities	E9	28,684	27,618
Other assets		3,213	10,509			239,769	314,619
		315,540	419,159				
Non-current assets				**Non-current liabilities**			
Notes and capital related to SPE	E4	60,569	37,741	Borrowing	E10	599,612	542,537
Prepaid expenses		10,005	9,368	Lease liabilities	E9	182,528	184,925
Advance to suppliers		182	182	Post-employment benefit obligations		55,060	54,093
Pension assets		38,395	38,206	Deferred income tax liability	E11	142,378	150,161
Financial assets at fair value through other comprehensive income		693	637	Provisions	E12	53,771	54,664
Deferred income tax asset	E11	105,067	100,757	Other liabilities		11,321	12,123
Other assets		3,988	5,019			1,044,670	998,503
Investments accounted for using the equity	E6	16,632	17,680				
Property, plant and equipment	E7	1,317,373	1,327,553				
Intangible assets and goodwill	E8	691,880	693,251	**Total liabilities**		1,284,439	1,313,122
Right-of-use assets	E9	203,205	210,397				
		2,447,989	2,440,791	**Shareholders' equity**			
				Share capital	E13	631,158	644,318
				Retained earnings		599,924	656,528
				Accumulated other comprehensive income	E13	248,008	245,982
				Total shareholders' equity		1,479,090	1,546,828
Total assets		2,763,529	2,859,950	**Total liabilities and shareholders' equity**		2,763,529	2,859,950

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

St. Marys Cement Inc. (Canada)

Condensed consolidated interim statements of income (loss) and comprehensive income (loss)
Period ended March 31
In thousands of U.S. dollars

	Note	2022	2021
Revenue from goods sold	B3	192,955	148,975
Cost of goods sold	E15	(235,314)	(156,179)
Gross loss		(42,359)	(7,204)
Operating expense			
Selling	E15	(7,510)	(5,241)
General and administrative	E15	(16,664)	(11,194)
Other operating income (expense), net	E17	3,420	767
		(20,754)	(15,668)
Operating loss before investment results and net financing expense		(63,113)	(22,872)
Investment results from equity share in joint ventures	E6	(312)	(680)
Financing expense, net	E18	(10,485)	(5,001)
Loss before income tax recovery		(73,910)	(28,553)
Provision for income tax recovery		6,188	7,648
Net loss for the period ended		(67,722)	(20,905)
Other comprehensive income (loss):			
Items that may be subsequent reclassified to profit or loss			
Accumulated foreign currency translation adjustment	E13	(3,002)	(12,847)
Changes in fair value of financial assets at fair value through other comprehensive income	E13	37	799
Conversion of preferred shares into common shares	E13	-	1,948
Unrealized gain on net investment hedge, net of tax	D3.1	4,991	6,091
Other comprehensive income (loss) for the period ended		2,026	(4,009)
Total comprehensive income (loss) for the period ended		(65,696)	(24,914)

In the other comprehensive (loss) income, the items are presented net of tax effects. The tax effects are presented in Note E13(b).

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statements of changes in shareholder's equity
Period ended March 31
In thousands of U.S. dollars

	Note	Share capital	Retained earnings	Accumulated other comprehensive income (Note E13b)	Total equity
Balance - December 31, 2020		48,859	476,800	242,238	767,897
Net loss for the period		-	(20,905)	-	(20,905)
Other comprehensive loss		-	-	(5,957)	(5,957)
Comprehensive income for the period		-	(20,905)	(5,957)	(26,862)
Foreign currency translation		689	8,456		9,145
Conversion of preferred shares into common shares	13(a)	9,226	-	1,948	11,174
Balance - March 31, 2021		58,774	464,351	238,229	761,354
Balance - December 31, 2021		644,318	656,528	245,982	1,546,828
Net loss for the period		-	(67,722)	-	(67,722)
Other comprehensive income		-	-	2,026	2,026
Comprehensive income for the period		-	(67,722)	2,026	(65,696)
Foreign currency translation		(13,160)	11,118	-	(2,042)
Balance - March 31, 2022		631,158	599,924	248,008	1,479,090

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statements of cash flows
Period ended March 31
In thousands of U.S. dollars

	Note	2022	2021
Cash flows from operating activities			
Loss before tax recovery		(73,910)	(28,553)
Adjustments of items that do not represent changes in cash and cash equivalents:			
Depreciation, amortization and depletion	E15	40,369	25,031
Investment results from equity share in joint ventures	E6	312	680
(Gain) loss on sale of property, plant and equipment and intangible assets	E17	(2,594)	65
Allowance for expected credit loss	E2	35	2
Financing expenses, net	E18	10,485	5,001
		(25,303)	2,226
Decrease (increase) in current assets			
Trade and other receivables		(16,649)	(16,791)
Inventories		8,704	(1,998)
Related parties		463	915
Other current assets		3,227	(2,426)
Increase (decrease) in current liabilities			
Accounts payable and accrued liabilities		(50,506)	(53,741)
Salaries and social charges		(14,505)	(11,514)
Related parties		(710)	(2,356)
Taxes payable		(4,844)	(2,629)
Change in non-current assets and liabilities			
Post-employment benefit obligations		(3,072)	796
Other		9,823	(441)
Cash used in operating activities before interest and income tax		(93,372)	(87,959)
Interest paid on debt	E10	(14,563)	(14,429)
Interest paid on lease liabilities	E9	(1,874)	(651)
Income tax paid		-	(3,692)
Total cash used in operating activities		(109,809)	(106,731)
Cash flows from investing activities			
Proceeds from disposals of property, plant and equipment and intangible assets		7,627	438
Dividends received		793	5,304
Acquisition of property, plant and equipment	E7	(16,088)	(13,926)
Acquisition of intangible assets	E8	(2,939)	(1,111)
Total cash used in investing activities		(10,607)	(9,295)
Cash flows from financing activities			
New loans and financing	E10	57,226	50,270
Payment of loans and financing	E10	(1,430)	(307)
Payment of lease liabilities	E9	(8,051)	(4,238)
Financial costs, except interest		(167)	(260)
Total cash provided by financing activities		47,578	45,465
Decrease in cash and cash equivalents		(72,838)	(70,561)
Effect of foreign exchange on cash		269	207
Cash and cash equivalents at the beginning of the period		133,327	128,762
Cash and cash equivalents at the end of the period		60,758	58,408

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Section A – General information

1 Operational context

St. Marys Cement Inc. (Canada) ("the Company" or "SMCI") is a subsidiary controlled by Votorantim Cimentos Internacional S.A.("VCI") which holds 83% of the capital of SMCI and is in turn directly controlled by Votorantim Cimentos S.A. ("VCSA"), which holds 100% of VCI's capital. McInnis Holding Limited Partnership ("McInnis Holding") owns 17% of the Company's capital. McInnis Holding Limited Partnership is indirectly controlled by Caisse Dépôt et Placement du Québec ("CDPQ").

St. Marys Cement Inc. (Canada) and its subsidiaries (together "the Group") manufactures and distributes heavy building materials, which includes cement, aggregates, ready- mix concrete and construction related materials. The Group has facilities in Canada and the United States. The address of its registered office is 55 Industrial St, Toronto, Ontario, Canada.

2 Approval of the consolidated interim financial statements

These condensed consolidated interim financial statements for the three months ended March 31, 2022 were approved by the Management on May 5, 2022.

3 Main events which occurred in the period

3.1 Committed credit facility

During the first quarter of 2022 the Company withdrew $57 million from the committed credit facility. The total amount drawn as at March 31, 2022 was $104 million, and the remaining available for use of this credit facility totalled $186 million. The maturity of this committed credit facility is August 2024.

3.2 Coronavirus outbreak identified effects

3.6.1 Effects of the pandemic caused by the new coronavirus (COVID-19)

The global pandemic declared by the World Health Organization (WHO) related to the Coronavirus (COVID-19), which has been affecting countries around the world, has had serious impacts to public health and the global economy. In accordance with its Risk Management Policy approved by the Board of Directors, and through its Corporate Crisis Committee, the Company implemented a plan in response to this pandemic. The Company believes it has mitigated as much as possible the potential impacts of the COVID-19 crisis on the health and safety of its employees, their relatives, associates and communities, and also has minimized the potential impact on its operating businesses.

Although the impact of COVID-19 may have reduced, the Company continues to monitor the developments caused by this pandemic and new measures will be implemented to address any adverse developments. Moreover, the solid liquidity position of the Company provides a comfortable financial position to help mitigate unexpected impacts.

The analysis disclosed in the Consolidated financial statements as at December 31st, 2021, remains appropriate, as well as the conclusion of no relevant impacts resulting from the COVID-19 crisis being identified during the first quarter of the year 2022 - including any effects that would require a change in the Company's critical accounting estimates and judgments.

3.3 Impacts of Russian government's invasion of Ukraine and Russia's sanctions

The Company is closely monitoring the current situation in Ukraine and the sanctions being applied to Russia and Belarus, and its implications to the Company's business as a whole. None of the Company's subsidiaries conduct any business in Russia, Belarus, or Ukraine and therefore we do not supply to or receive revenues from the conflict-affected areas. However, there are impacts to global markets that indirectly affect our business. In particular, the global inflationary pressure due to the risk of potential supply chain disruptions and raw materials availability is a concern.

The main potential areas of impact identified and monitored by the Company are:

(a) Supply chain disruptions

Although none of our direct suppliers are located in Russia, Belarus, or Ukraine, the Company is closely monitoring its key multinational suppliers in order to identify possible disruptions to their supply chain that could impact our business. For those cases we have been able to find alternative sources with limited impact on cost.

Moreover, the Company, together with its legal advisors, is also monitoring the developments of Russian and Belarusian sanctions. As of the date of issuance of these financial statements, the United States and Canada, both countries in which the Company operates, have imposed sanctions to Russia and Belarus. None of those sanctions are directly related to our business, and we are monitoring that products provided by our suppliers do not contravene the current sanctions.

However, the pervasive economic impact of the conflict exposes the Company to global inflationary pressure. We are facing unforeseen price increases in energy and fuels, with direct impact on the Company's purchases, but also with significant inflationary consequences on our supply base. The conflict is also boldening the already unprecedent global logistics bottleneck, causing delays in certain deliveries. Up to now all the delays have been well managed within the Company without any major impacts on our projects or operations, and we are managing inventory levels of imported materials with extra safety levels.

(b) Financial restrictions

Different Russian banks have been sanctioned and existing sanctions have been tightened. The prohibitions apply to all entities owned directly or indirectly by the sanctioned banks worldwide. Similar measures are imposed against some of the largest banks in Belarus.
The Company does not maintain any relationship with Russian, Ukrainian or Belarusian financial institutions. As of the date of issuance of these financial statements, the financial restrictions have not impacted the Company's business directly. No risks related to the Company's financial arrangements or covenants were identified, and we do not expect any restriction to impact the cash availability and the liquidity of the Company.

(c) Impairment of financial and non-financial assets

As mentioned above, the Company does not have any business operation in Russia, Belarus, or Ukraine, and therefore does not have any outstanding receivables from third parties located in the directly implicated countries. Nevertheless, the Company is closely monitoring with its key multinational clients in order to identify possible disruptions to their business that could impair their ability to fulfill their agreements. No relevant risks were identified so far.

In the addition to the above, the implications in the worldwide economy creates a pressure in the businesses operating costs, and consequently in the net results and the short term profitability projections. The Company has not identified any impairment indicator to its cash-generating units (CGUs), and therefore the annual impairment assessment and conclusions disclosed in the annual consolidated financial statements for the year-ended in December 31st, 2021 remains appropriate.

In thousands of U.S. dollars, unless otherwise stated

Section B – Supplementary information

1 EBITDA

The following table reconciles the quarterly, accumulated and last twelve months adjusted EBITDA from the profit for the period:

	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021	Last twelve months ended 03/31/2022	Last twelve months ended 12/31/2021
Revenue from contracts with customers	192,955	148,975	1,378,059	1,326,801
Profit (loss) for the year	(67,722)	(20,905)	144,541	173,143
Profit before income tax and social contribution	(73,910)	(28,533)	202,942	228,153
Depreciation, amortization and depletion	40,369	25,031	150,188	133,193
Financial results, net	10,485	5,001	34,035	46,383
EBITDA	(23,056)	1,499	387,165	407,729
Equity in the results of associates and joint ventures	312	680	(6,779)	(6,578)
Dividends received	793	5,304	7,652	7,859
Adjusted EBITDA items				
COVID-19 costs	382	169	1,187	805
Investment acquisition costs	-	-	15,231	15,231
Fair value gain resulting from remeasurement of previously owned interest (Note E19(c))	-	-	(24,124)	(24,124)
Gain on investment acquisition (Note E19 (a))	-	-	(46,588)	(46,588)
Adjusted EBITDA	(21,569)	7,652	333,744	354,334

2 Capital management

The ratios at March 31, 2022 and December 31 2021 were as follows:

	31-Mar-22	31-Dec-21
Borrowing	628,296	570,155
Lease liabilities	211,212	212,543
Cash and cash equivalents	(60,758)	(133,327)
Net debt - (A)	778,750	649,371
Adjusted EBITDA - (B)	333,744	354,334
Financial leverage ratio - (A/B)	2.33	1.83

In thousands of U.S. dollars, unless otherwise stated

3 Net revenue by product line

	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021
Cement	100,867	63,665
Ready-mix	75,117	71,730
Aggregates	13,629	11,921
Other	3,342	1,658
	192,955	148,975

Section C – Presentation of the financial statement

1 Changes in accounting policies and disclosures

1.1 New standards and amendments issued and adopted by the Company and its subsidiaries

During the period between January 1st and March 31st, 2022 no new standards or amendments to standards were issued.

1.2 New standards and amendments issued and not yet adopted by the Company and its subsidiaries

New standards and amendments to existent standards and interpretations have been issued but are not yet in force. We intend to adopt these new standards, changes and interpretations, if applicable, when they come into force. The Company performed a preliminary analysis of the applicability of these amendments and identified possible impacts to its accounting policies arising from the amendment to CPC 32/IAS 12 – "Income Taxes".

This amendment requires companies to recognize deferred taxes on transactions that give rise to the initial recognition of an asset or liability, resulting in equal amounts of taxable and deductible temporary differences, such as for lease agreements or asset retirement obligations. The amendment is effective for periods beginning on January 1, 2023, and the Company is currently analyzing the potential impacts, following local tax regulations.

2 Basis of presentation

2.1 Consolidated condensed interim financial statement

These condensed consolidated interim financial statements were prepared and are being presented in accordance with the International Accounting Standard IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements.

These condensed consolidated interim financial statements do not contain all of the explanatory notes and disclosures required by the accounting standards applicable to the annual financial statements, since its purpose is to provide an update on the significant activities, events and circumstances compared to the annual financial statements. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2021, approved by the board of Directors of the Company on February 22, 2022.

These condensed consolidated interim financial statements have been prepared in a manner consistent with the accounting policies disclosed in the consolidated financial statement for the year ended December 31, 2021.

In thousands of U.S. dollars, unless otherwise stated

These financial statements disclose all the applicable significant information related to the interim financial statements and are unaudited.

3 Critical accounting estimates and assumptions

In the period ended March 31, 2022, there have been no changes in estimates and assumptions that present a significant risk and probability of causing material adjustments to the carrying amounts of assets and liabilities for the current fiscal year, compared to those detailed in Note C3 to the financial statements as at December 31, 2021.

Section D – Risks

1 Seasonality of cement operations

Cement, ready-mix concrete and aggregate product shipments are highly seasonal in Ontario, Quebec, Atlantic Canada and the US Great Lakes Region because of the general slowdown of construction activity in the winter months and the difficulty of pouring concrete in cold weather during the first and fourth quarters. In contrast, during the summer season the activity increases in the second and third quarters. Due to the seasonal nature of the business, the financial results for the first three months ended March 31, 2022 are not necessarily indicative of the results to be expected for the full year. Income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

2 Environment risk management

The Company reviews periodically its environmental risk assessment and addresses the risks, either through risk mitigation actions or cost estimation actions to clear the risks identified. These risks are usually recorded as asset retirement obligations.

3 Financial risk management

The Company does not have relevant risk related to the gain or loss involving currency and interest rate risk, credit risk and liquidity risk apart from a debt held in US dollars.

3.1 Hedging of net investments in foreign operations

The Company evaluates quarterly the effectiveness of their net investment in foreign operations hedge accounting transactions, as required by IFRS 9 – Financial Instruments.

								01/1/2022 to 03/31/2022
Investor		Hedged item				Instrument		
Entity	Currency	Investment	Currency	Percentage designated	Underlying investment USD	Currency	Original amount	Gain recognized in other comprehensive income
St. Marys Cement Inc. (Canada)	CAD	VCNA US, Inc.	USD	44.90%	1,112,057	USD	500,000	4,991
								4,991

								01/1/2021 to 03/31/2021
Investor		Hedged item				Instrument		
Entity	Currency	Investment	Currency	Percentage designated	Underlying investment USD	Currency	Original amount	Gain recognized in other comprehensive income
St. Marys Cement Inc. (Canada)	CAD	VCNA US, Inc.	USD	44.00%	1,125,990	USD	500,000	6,091
								6,091

The designated hedge transaction was effective therefore foreign exchange translation was included in other comprehensive income.

The amounts in this note are presented net of deferred tax, which are presented in Note E13(b).

In thousands of U.S. dollars, unless otherwise stated

3.2 Liquidity risk

The amounts below represent the contractual undiscounted and future estimated cash flows, which include interest to be incurred and, accordingly, do not reconcile directly with the amounts presented in the balance sheet.

	Less than one year	Between one and three years	Between three and five years	Over 5 years	Total
At March 31, 2022					
Borrowing	32,672	160,200	545,954	-	738,826
Lease liabilities	32,219	36,147	26,191	116,655	211,212
Trade payables	175,928	-	-	-	175,928
Salaries and payroll charges	22,985	-	-	-	22,985
	263,804	196,348	572,144	116,655	1,148,951

	Less than one year	Between one and three years	Between three and five years	Over 5 years	Total
At December, 2021					
Borrowings	29,183	104,504	54,645	514,235	702,567
Lease liabilities	35,036	25,682	48,784	138,438	247,940
Trade payables	224,217	-	-	-	224,217
Salaries and payroll charges	38,801	-	-	-	38,801
	327,237	130,186	103,429	652,673	1,213,525

4 Financial instruments by category

4.1 Analysis

The financial instruments of the Group are classified as follows:

				31-Mar-22
	Note	Amortized cost	Fair value through other comprehensive income	Total
Current assets				
Cash and cash equivalents	E1	60,758	-	60,758
Trade receivables	E2	8,143	-	8,143
		68,901	-	68,901
Non-current assets				-
Notes and capital related to SPE	E4	60,569	-	60,569
Financial investments		-	693	693
		60,569	693	61,262
Current liabilities				
Borrowing	E10	5,049	-	5,049
Lease liabilities	E9	28,684	-	28,684
Accounts payable and accrued liabilities		175,928	-	175,928
Salaries and benefits		22,985	-	22,985
		232,646	-	232,646
Non-current liabilities				
Borrowing	E10	599,612	-	599,612
Lease liabilities	E9	182,528	-	182,528
		782,140	-	782,140

In thousands of U.S. dollars, unless otherwise stated

	Note	Amortized cost	Fair value through other comprehensive income	31-Dec-21 Total
Current assets				
Cash and cash equivalents	E1	133,327	-	133,327
Trade receivables	E2	21,992	-	21,992
		155,319	-	155,319
Non-current assets				
Notes and capital related to SPE	E4	37,741	-	37,741
Financial investments		-	637	637
		37,741	637	38,378
Current liabilities				
Borrowing	E10	12,068	-	12,068
Lease liabilities	E9	27,618	-	27,618
Accounts payable and accrued liabilities		224,217	-	224,217
Salaries and benefits		38,801	-	38,801
		302,704	-	302,704
Non-current liabilities				
Borrowing	E10	542,537	-	542,537
Lease liabilities	E9	184,925	-	184,925
		727,462	-	727,462

4.2 Fair value of financial instruments

	Note	Fair value measured based on		31-Mar-22
		Price quoted in an active market	Valuation technique supported by observable prices	
		Level 1	Level 2	Fair value
Assets				
Financial investments		693	-	693
		693	-	693
Liabilities				
Borrowing	E10	-	604,661	604,661
		-	604,661	604,661

	Note	Fair value measured based on		31-Dec-21
		Price quoted in an active market	Valuation technique supported by observable prices	
		Level 1	Level 2	Fair value
Assets				
Financial investments		637	-	637
		637	-	637
Liabilities				
Borrowing	E10	-	554,605	554,605
		-	554,605	554,605

All the financial instruments not included in the table above are measured at amortized cost and the Company believes their carrying amount and their fair value are materially the same. The fair value of these financial instruments is determined by observable price (Level 2) in arms-length transactions or equivalent, in the case of intercompany transactions. There was no transfer between the levels during the periods.

In thousands of U.S. dollars, unless otherwise stated

Section E – Relevant notes

1 Cash and cash equivalents

	31-Mar-22	31-Dec-21
$CDN Cash at bank and on hand	34,846	15,376
$US Equivalent	27,848	12,149
$US Cash at bank and on hand	32,910	121,178
	60,758	133,327

2 Trade receivables

	31-Mar-22	31-Dec-21
Trade accounts receivable	9,832	22,512
Non-trade accounts receivable	851	1,512
Due from related parties (Note E5)	150	613
	10,833	24,637
Provision for expected credit loss	(2,690)	(2,645)
	8,143	21,992

The fair value of current accounts receivable approximates their carrying amount due to their short-term nature.

Movements on the group provision for expected credit loss of trade receivables are as follows:

	31-Mar-22	31-Mar-21
Balance at the beginning of the period	2,645	603
Provision for receivables expected credit loss	35	2
Currency translation adjustments	10	8
Balance at the end of the period	2,690	613

The creation and release of provision for expected credit loss receivables have been included in 'selling, general and administrative expenses' in the statement of income and comprehensive income. Amounts charged to the provision for expected credit loss are generally written off when there is no expectation of recovering additional cash.

3 Inventory

	31-Mar-22	31-Dec-21
Raw materials	31,738	60,831
Fuels	15,684	12,594
Semi-finished product	70,046	53,074
Finished product	21,644	36,931
Spare parts / maintenance materials	56,356	40,242
Less: Provision for obsolescence	(16,874)	(17,494)
	178,594	186,178

In thousands of U.S. dollars, unless otherwise stated

4 Securitization

On March 31, 2016, the Company and its subsidiaries entered into a revolving receivables securitization transaction with financial institutions for the sale of trade receivables to a special purpose entity ("SPE") which was established specifically for this purpose and which is not controlled by the Company and its subsidiaries. In March 2019, the Company and its subsidiaries renewed the transaction until March 2022. On September 2021, the Company extended its maturity from March 2022 to March 2024 and increased its facility amount to $225M, allowing the Company and its subsidiaries to include McInnis receivables.

	31-Mar-22	31-Dec-21
Notes continuing to be recognized	54,875	29,908
Capital contribuition in the SPE	5,694	7,833
Notes and capital related to the SPE (Note E5)	60,569	37,741
Security guarantee	(11,094)	(14,029)
Junior note guarantee gain, (losses)	(3,850)	(2,791)
Junior subordinated note (Note E12)	(14,944)	(16,820)
Net carrying amount of the continuing involvement	45,625	20,921

5 Related party transactions

	Sales		Purchases		Financial expense (income)	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Sister companies, associates or joint ventures						
VCNA SPE, LLC	-	-	-	-	(391)	(4,156)
RMC Leasing, LLC	-	-	390	358	-	-
Hutton Transport Limited	-	-	5,827	5,055	-	-
Superior Materials Holdings, LLC (i)	-	4,426	-	6,352	-	-
Midway Group, LLC	435	685	-	-	-	-
	435	5,111	6,217	11,765	(391)	(4,156)

	Receivables		Liabilities	
	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21
Sister companies, associates or joint ventures				
Votorantim Cimentos EAA Inversiones, S.L.	41	41	-	-
VCNA SPE, LLC (Note E4)	60,569	37,741	-	-
Hutton Transport Limited	31	31	-	-
Midway Group, LLC	78	541	100	966
	60,719	38,354	100	966
Current	150	613	100	966
Non-current	60,569	37,741	-	-
	60,719	38,354	100	966

(i) As at July 31, 2021 Superior Materials Holdings LLC was fully consolidated as a result of the acquisition of remaining 50% described in Note E20(c) of December 31st, 2021 financial statements.

In thousands of U.S. dollars, unless otherwise stated

5.1 Debts issued by related parties guaranteed by the Company

				31-Mar-22		31-Dec-21	
Instrument	Debtor	Guarantor	Percentage guaranteed by the Company	Debt	Amount guaranteed	Debt	Amount guaranteed
4131 Loan to February, 2025	Votorantim Cimentos S.A.	St. Marys Cement Inc. (Canada)	100%	100,000	100,000	100,000	100,000
4131 Loan to March, 2025	Votorantim Cimentos N/NE S.A.	St. Marys Cement Inc. (Canada) & Votorantim Cimentos S.A.	100%	50,000	50,000	50,000	50,000
4131 Loan to March, 2025	Votorantim Cimentos S.A.	St. Marys Cement Inc. (Canada)	100%	50,000	50,000	50,000	50,000
Committed credit facility	Votorantim Cimentos Internacional S.A., Votorantim Cimentos EAA Inversiones, SL and St. Marys Cement Inc. (Canada)	St. Marys Cement Inc. (Canada) & Votorantim Cimentos S.A.	100%	103,146	103,146	45,803	45,803
				303,146	303,146	245,803	245,803

5.2 Debts issued by the Company and its subsidiaries guaranteed by related parties

Instrument	Guarantor	Percentage guaranteed by the Company	31-Mar-22	31-Dec-21
Voto 2027	Votorantim Cimentos S.A.	100%	512,139	512,139
Committed credit facility	Votorantim Cimentos S.A.	100%	103,934	45,803
			616,073	557,942

6 Investments accounted for using the equity method

The amounts recognized in the balance sheet and the statement of income are as follows:

	Information as at March 31, 2022			Income from investments		Balance	
	Net equity	Net income for the period	Percentage of voting and total capital (%)	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021	31-Mar-22	31-Dec-21
Joint ventures							
Hutton Transport Limited	9,873	168	25.00	42	82	4,802	5,497
Superior Materials Holdings, LLC (i)	-	-	100.00	-	(485)	-	-
Midway Group, LLC	14,409	(786)	50.00	(393)	(290)	7,205	7,597
RMC Leasing, LLC	9,250	78	50.00	39	13	4,625	4,586
				(312)	(680)	16,632	17,680

(i) As at July 31, 2021 Superior Materials Holdings LLC was fully consolidated as a result of the acquisition of remaining 50% described in Note E20(c) of December 31st, 2021 financial statements.

The changes for the period are as follows:

	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021
Balance at the beginning of the period	$ 17,680	$ 33,171
Equity in the results of investees	(312)	(680)
Approved dividends	(793)	(5,304)
Currency translation	57	65
Balance at the end of the period	$ 16,632	$ 27,252

In thousands of U.S. dollars, unless otherwise stated

7 Property, plant and equipment

	Land	Land improvements & buildings	Equipment	Vehicles	Construction in progress	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021
Balance at the beginning of the period							
Cost	104,878	876,793	1,675,745	233,706	85,949	2,977,071	1,524,014
Accumulated depreciation	-	(450,170)	(1,058,170)	(141,178)	-	(1,649,518)	(830,485)
Net balance	104,878	426,623	617,575	92,528	85,949	1,327,553	693,529
Acquisitions	-	-	-	-	16,088	16,088	13,926
Disposals	(3,036)	-	(365)	(1)	-	(3,402)	(3)
Depreciation (i)	-	(5,280)	(16,640)	(4,671)	-	(26,591)	(17,556)
Transfers	489	636	12,039	3,735	(19,838)	(2,939)	(1,111)
Adjustments	-	-	537	-	-	537	(500)
Translation differences	552	628	3,815	483	649	6,127	3,778
Balance at the end of the period	102,884	422,607	616,961	92,074	82,848	1,317,373	692,063
Cost	102,883	878,057	1,691,771	237,923	82,848	2,993,482	1,543,541
Accumulated depreciation	-	(455,450)	(1,074,810)	(145,849)	-	(1,676,109)	(851,478)
Net balance	102,883	422,607	616,961	92,074	82,848	1,317,373	692,063
Average annual depreciation rates %		18	15	7			

(i) Depreciation expense of $26.6M is included in ‘cost of sales’ and $1.0M is included in ‘general and administrative expenses’.

(a) Construction in progress

The balance of construction in progress is made up mainly of projects for the expansion and optimization of the industrial units.

	31-Mar-22	31-Dec-21
Sustaining (i)	$ 35,161	$ 40,705
Modernization (ii)	40,646	39,260
Health & Safety	5,307	4,933
Expansion (iii)	1,734	1,051
	$ 82,848	$ 85,949

(i) Sustaining investments relate to the acquisition or replacement of industrial machinery and equipment linked to the operation of plants, mobile equipment and mines, with the purpose of improving reliability and continuity with the application of the same or new technologies.

(ii) Investments in industrial modernization mainly related to the use of new technologies or to the optimization of equipment and processes to generate improved financial benefits (reduced costs, improved revenue generation, improved return on investment and cashflow).

(iii) Expansion related investments are mainly related to the construction of, growth in, or improvement of the Company’s assets in order to increase of the installed capacity, bring new products to markets or to enter new markets.

In thousands of U.S. dollars, unless otherwise stated

8 Intangible assets and goodwill

	Goodwill	Computer software	Exploration rights	ARO	Customer relationships and non-compete	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021
Balance at the beginning of the period							
Cost	295,361	30,913	480,302	54,158	121,274	982,008	757,611
Accumulated depreciation	-	(27,831)	(171,259)	(18,310)	(71,357)	(288,757)	(170,839)
Net balance	295,361	3,082	309,043	35,848	49,917	693,251	586,772
Transfers	-	2,704	(1,218)	2,143	(691)	2,939	1,111
Disposals	-	-	(1,094)	(27)	-	(1,121)	-
Adjustments	-	-	-	1,235	-	1,235	-
Amortization (i)	-	(555)	(978)	(684)	(2,063)	(4,280)	(3,169)
Translation differences	-	21	1,757	(1,921)		(143)	936
Balance at the end of the period	295,361	5,252	307,510	36,594	47,163	691,880	585,650
Cost	295,361	33,638	479,747	55,038	120,583	984,367	760,410
Accumulated depreciation	-	(28,386)	(172,237)	(18,444)	(73,420)	(292,487)	(174,760)
Net balance	295,361	5,252	307,510	36,594	47,163	691,880	585,650
Average annual amortization rates %		5	2	12	10		

(i) Amortization expense of $4.1M is included in ‘cost of sales’ and $0.2M is included in ‘general and administrative expenses’.

9 Right-of-use assets and Lease liabilities

(a) Right of use assets

	Land & Buildings	Machinery & Equipment	Vehicles	Barges	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021
Balance at the beginning of the period						
Cost	98,851	18,660	31,563	151,017	300,091	107,176
Accumulated depreciation	(9,676)	(10,037)	(22,334)	(47,647)	(89,694)	(35,037)
Net balance	89,175	8,623	9,229	103,370	210,397	72,139
Acquisitions	208	2,447	-	-	2,655	2,613
Amortization (i)	(1,097)	(1,969)	(1,326)	(5,106)	(9,498)	(4,306)
Currency translation adjustment	(1,061)	822	1,288	(1,398)	(349)	72
Balance at the end of the period	87,225	9,923	9,191	96,866	203,205	70,518
Cost	97,998	21,929	32,851	149,619	302,397	109,983
Accumulated depreciation	(10,773)	(12,006)	(23,660)	(52,753)	(99,192)	(39,465)
Net balance	87,225	9,923	9,191	96,866	203,205	70,518
Average annual amortization rates %	10	5	5	9		

(i) Amortization expense of $9.5M is included in ‘cost of sales’.

In thousands of U.S. dollars, unless otherwise stated

(b) Lease liabilities

	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021
Balance at the beginning of the period	$ 212,543	$ 74,773
Additions	2,655	2,613
Payments	(8,051)	(4,238)
Interest expense	1,874	651
Interest paid	(1,874)	(651)
Exchange variations	4,065	403
Balance at the end of the period	211,212	73,551
Current	28,684	14,874
Non-current	182,528	58,677
	$ 211,212	$ 73,551

(c) Short-term leases and leases of low-value assets

Expenses incurred and paid associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss as follows:

	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021
Amounts paid for short- term leases and leases of low value assets	1,608	1,119

10 Borrowings

		Current		Non-current		Total	
Type	Average annual cost	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21	31-Mar-22	31-Dec-21
Revolving Credit Facility							
CAD Revolver	CDOR + 0.96%	-	-	80,000	20,000	80,000	20,000
USD Revolver	Libor + 0.96%	-	-	40,000	30,000	40,000	30,000
USD Equivalent				103,934	45,803	103,934	45,803
Total Revolver		-	-	103,934	45,803	103,934	45,803
Bond Payable	5.8%	3,739	10,784	493,882	493,531	497,621	504,315
Mortgages Payable	3.6%	1,310	1,284	1,796	3,203	3,106	4,487
		5,049	12,068	599,612	542,537	604,661	554,605

(a) Maturity profile

The schedule of repayments of the Group's loans and financings is as follows:

	31-Mar-22		31-Dec-21	
	Amortized	Balance	Amortized	Balance
6 months or less	0.84%	5,088	2.18%	12,108
6-12 months (i)	-0.01%	(39)	-0.01%	(40)
1-5 years	16.47%	99,612	7.67%	42,537
Over 5 years	82.70%	500,000	90.16%	500,000
	100.00%	604,661	100.00%	554,605

(i) Negative balances relate to amortization of financing fees.

In thousands of U.S. dollars, unless otherwise stated

(b) Movements

The changes for the period are as follows:

	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021
Balance at the beginning of the period	554,605	520,820
New borrowings	57,226	50,270
Exchange rate variations	930	794
Interest expense (Note E18)	7,562	7,377
Interest paid	(14,563)	(14,429)
Amortization of financing costs	331	311
Principal paid	(1,430)	(307)
Balance at the end of the period	604,661	564,836

(c) Credit Line

Credit line	Company	Start date	Maturity	Credit limit	Amount outstanding	Amount available
Committed Credit Facility	VCI/VCEAA/St Marys	Aug/19	Aug/24	290,000	(103,934)	186,066

(d) New borrowings and repayments

The new borrowing and repayments occurred in the period were as follows:

New borrowings:

Date	Company	Type	Maturity	Currency	Principal (thousands)	Principal USD (thousands)	Cost
jan/22	St Marys Cement Inc. (Canada)	Syndicated loans/bilateral agreements	2024	CAD	10,000	7,866	CDOR + 0.96%
jan/22	St Marys Cement Inc. (Canada)	Syndicated loans/bilateral agreements	2024	CAD	30,000	23,597	CDOR + 0.96%
jan/22	St Marys Cement Inc. (Canada)	Syndicated loans/bilateral agreements	2024	CAD	5,000	3,933	CDOR + 0.96%
jan/22	St Marys Cement Inc. (Canada)	Syndicated loans/bilateral agreements	2024	USD	10,000	10,000	LIBOR + 0.96%
feb/22	St Marys Cement Inc. (Canada)	Syndicated loans/bilateral agreements	2024	CAD	15,000	11,830	CDOR + 0.96%
					70,000	57,226	

Repayments:

Date	Company	Type	Maturity	Currency	Principal (thousands)	Principal USD (thousands)	Cost
jan-mar/22	St Marys Cement Inc. (Canada)	Mortgage agreements	2023-2025	CAD	1,794	1,430	2-6%
					1,794	1,430	

In thousands of U.S. dollars, unless otherwise stated

11 Deferred income tax

	31-Mar-22	31-Dec-21
Deferred tax assets:		
Accelerated tax depreciation	(70,488)	(43,099)
Net operating losses	159,840	126,210
Provisions	15,583	17,498
Other	132	148
	105,067	100,757
Deferred tax liabilities:		
Accelerated tax depreciation	(151,863)	(166,639)
Net operating losses	20,151	24,570
Provisions	(7,020)	(5,132)
Retirement benefit obligation	(378)	(394)
Foreign exchange gains	(3,561)	(2,577)
Other	293	11
	(142,378)	(150,161)
Deferred tax (net):	(37,311)	(49,404)
Net deferred tax assets	105,067	100,757
Net deferred tax liabilities	(142,378)	(150,161)

12 Provisions and other liabilities

	Asset retirement obligation	Preferred shares classified as a long-term liability (Note E13a)	A/R securitization (Note E4)	Total
Balance - December 31, 2020	22,849	11,030	14,735	48,614
Charged to the income statement	142	-	-	142
Change in provisions/estimates	-	-	(8,235)	(8,235)
Settlements	(822)	-	-	(822)
Exchange for common shares	-	(11,174)	-	(11,174)
Exchange differences	135	144	-	279
Balance - March 31, 2021	22,304	-	6,500	28,804
Balance - December 31, 2021	37,844	-	16,820	54,664
Charged to the income statement	173	-	-	173
Change in provisions/estimates	1,235	-	(1,876)	(641)
Settlements	(562)	-	-	(562)
Exchange differences	139	-	-	139
Balance - March 31, 2022	38,829	-	14,944	53,773

13 Shareholders’ equity

a) Share capital

During the first quarter of 2021, the Company reorganized its share capital structure. On February 26, 2021, Votorantim Cimentos S.A. contributed 12,000,000 preferred shares, being all of the issued and outstanding preferred shares of the Company, to Votorantim Cimentos International S.A. (VCI) resulting in VCI becoming 100% owner of all ordinary and preferred shares of the Company.

On March 31, 2021, VCI converted the preferred shares, which were classified as a liability (Note E12), for 5,619,763 common shares of the Company. As of March 31, 2021, VCI held 1,691,783,138 common shares being all of the issued and outstanding shares of the Company. The transaction resulted in an increase of $9,226 and $1,948 in share capital and retained earnings, respectively.

In thousands of U.S. dollars, unless otherwise stated

On March 31, 2021, the Company amended its Articles of Incorporation to cancel the preferred shares and create a new class of common shares (referred to as Class A Common Shares). The Company entered into a share exchange agreement with VCI exchanging all its 1,697,402,901 common shares for 830,000 Class A common shares with no changes in the total share capital amount.

On April 28, 2021, VCI made a capital contribution to the Company amounting to $56,900 with no issuance of new shares.

On April 30, 2021, the Company issued 170,000 Class A common shares to McInnis Holding as part of the consideration for the acquisition of McInnis (as per Note E20 (a) of December 31st, 2021 consolidated financial statements), resulting in a share capital increase of $523,200.

On July 16, 2021 VCI made a capital contribution to the Company in the amount of $4,590 with no issuance of new shares. On July 16, 2021 the Company returned capital VCI Company in the amount of $3,858 with no cancellation of shares.

As at March 31, 2022 the Company's fully subscribed and paid-up capital was $631,158 (December 31, 2021– $644,318), consisting of 1,000,000 Class A Common Shares (December 31, 2021 – 1,000,000 Class A Common Shares).

b) Other comprehensive income

	Accumulated foreign currency translation adjustment	Hedge accounting of net investments	Other comprehensive income	Total accumulated other comprehensive income
Balance - December 31, 2020	239,454	4,703	(1,919)	242,238
Unrealized gain on net investment hedge	-	6,965	-	6,965
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	799	799
Deferred taxes	-	(874)	-	(874)
Foreign currency translation	(12,847)	-	-	(12,847)
Balance - March 31, 2021	226,607	10,794	828	238,229
Balance - December 31, 2021	240,448	7,536	(2,002)	245,982
Unrealized gain on net investment hedge	-	5,714	-	5,714
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	49	49
Deferred taxes	-	(723)	(12)	(735)
Foreign currency translation	(3,002)	-	-	(3,002)
Balance - March 31, 2022	237,446	12,527	(1,965)	248,008

14 Contingencies

The company has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those already provided for.

In thousands of U.S. dollars, unless otherwise stated

15 Expense by nature

	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021
Employee benefit expense (Note E16)	65,323	51,892
Raw materials and consumables	18,093	18,410
Freight cost	25,103	14,748
Depreciation, amortization and depletion	40,369	25,031
Maintenance	43,084	29,215
Services, miscellaneous	11,492	7,638
Fuel costs	11,515	5,949
Electric power consumption	10,426	7,056
Taxes, fees and contributions	5,002	4,267
Provision for loss	289	817
Rents and leases	1,608	1,119
Insurance	2,588	1,700
Utilities	2,054	1,374
Other expenses	22,542	3,397
	259,488	172,614
Reconciliation		
Cost of sales	235,314	156,179
Selling	7,510	5,241
General and administrative	16,664	11,194
	259,488	172,614

16 Employee benefit expenses

	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021
Direct remuneration	47,854	35,298
Social charges	12,709	11,114
Benefits	4,760	5,480
	65,323	51,892

17 Other operating income (expense), net

	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021
Gain (loss) on sale of property, plant and equipment and intangible assets	2,594	(65)
Rental income	301	334
Inventory obsolescence	(57)	(572)
Recoveries (provisions)	1,194	634
Exploration costs	(296)	(386)
Costs related to COVID	(382)	(169)
Other	66	991
	3,420	767

In thousands of U.S. dollars, unless otherwise stated

18 Financing expense, net

	01/1/2022 to 03/31/2022	01/1/2021 to 03/31/2021
Financial income		
A/R securitization fees income	1,316	5,157
Cross guarantee revenue	916	-
Interest income	27	77
Financial expense		
Interest expense, third party loans (Note E10)	(7,562)	(7,377)
A/R securitization fees expenses	(5,009)	(1,001)
Cross guarantee expenses	(2,317)	-
Interest expense, leasing (Note E9)	(1,874)	(651)
Bank charges and other financial results	(851)	(800)
Amortization of prepaid financing costs	(373)	(329)
Net foreign exchange	5,242	(77)
	(10,485)	(5,001)

19 Business combination

During the year 2021 the Company acquired the following three new businesses: (i) McInnis Cement Inc., a Canadian cement producer, (ii) Superior Materials ("Superior"), a ready-mix concrete company located in Detroit, United States of America ("USA"), and for which St Marys already held a stake of 50% as joint venture, and (iii) the aggregates business of Valley View Industries located in Chicago, USA.

Details of these business combinations, as well as the provisional fair value balances for the assets and liabilities acquired were disclosed in Note 20 of the Company's annual consolidated financial statements for the year ended December 31, 2021.

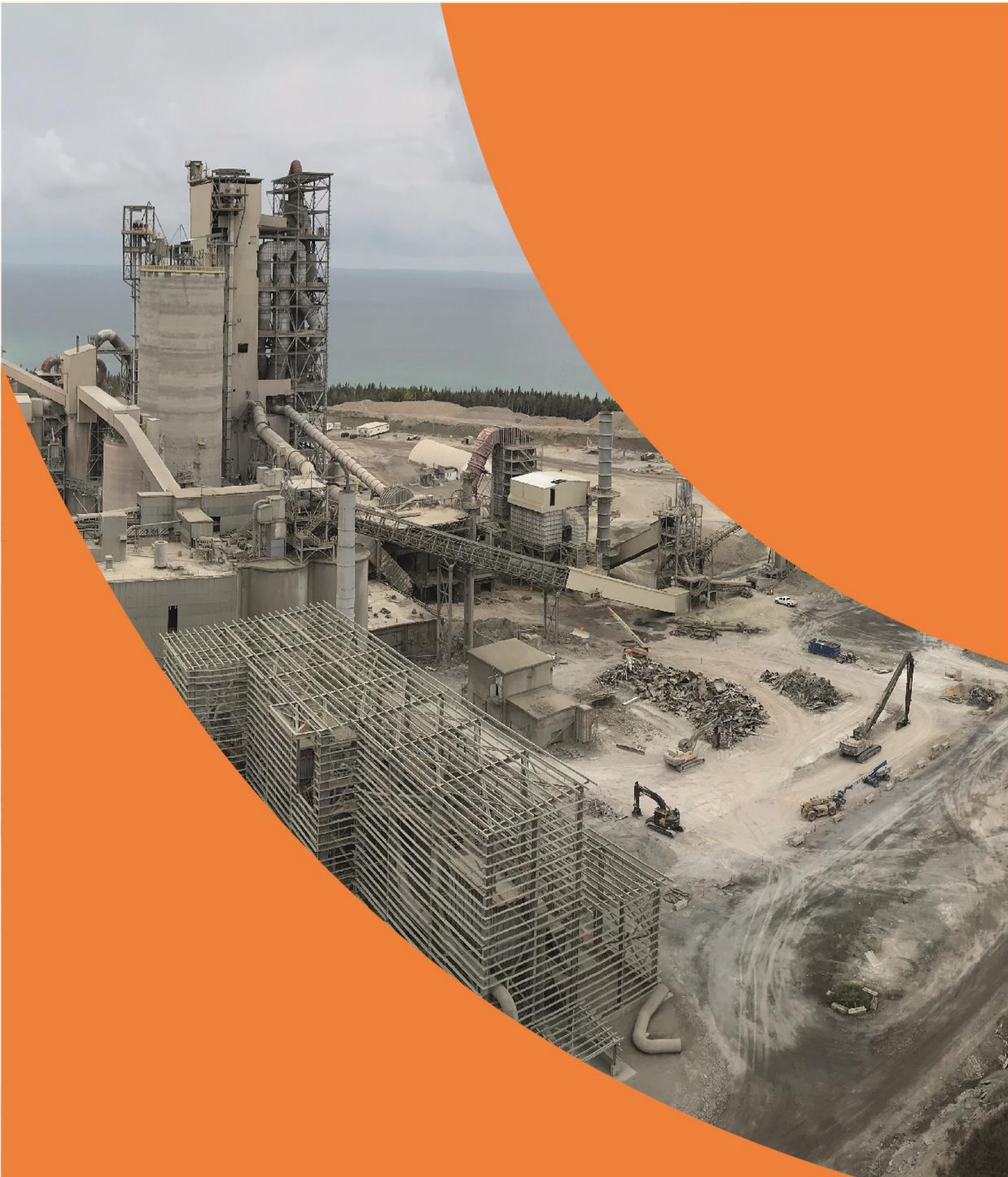
The purchase price allocation exercise is being completed, and so far the provisional balances previously disclosed have no adjustments since the previous amount reported; therefore no impacts were accounted for in these interim financial statements as a result of these business combinations.

Since all business combinations happened after ths first quarter of 2021, there are relevant variations in the consolidated balances when comparing the first quarter of 2022 with the first quarter of 2021.

20 Subsequent Events

20.1 Changes in debts issued by related parties guaranteed by the Company

During April 2022, the Company's related parties VCSA and Votorantim Cimentos N/NE S.A. ("VCNNE") renegotiated their "4131 Loan" agreements for which the Company was one of the guarantors, as detailed in note E5.1. After this event, the Company is no longer the guarantor for these contracts.



Votorantim
Cimentos
Life is made to last