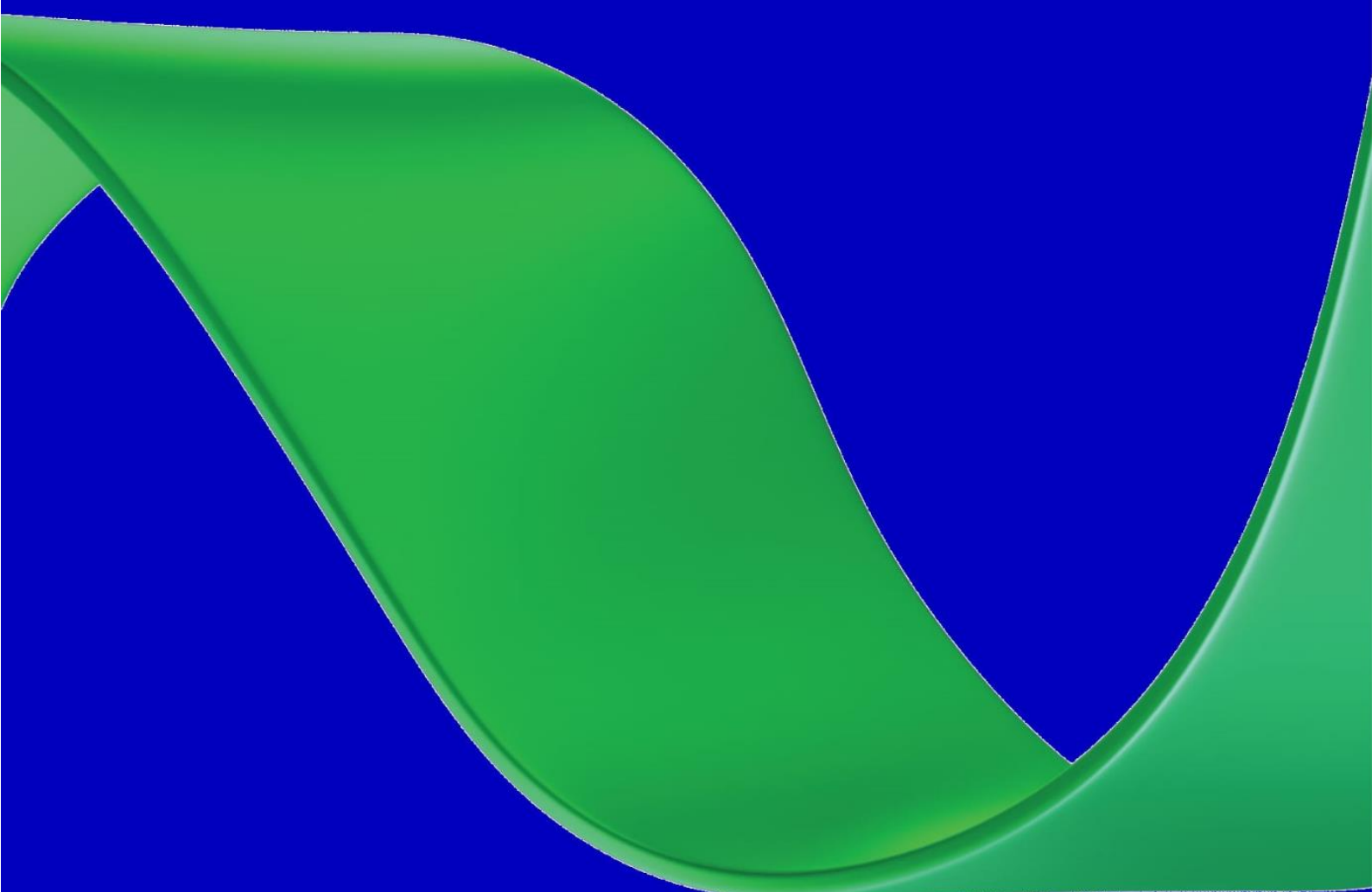


St. Marys Cement Inc. (Canada)

**Condensed Consolidated Interim Financial
Statements at June 30, 2024**
(in thousands of U.S. dollars)



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St. Marys Cement Inc. (Canada)



Condensed consolidated interim balance sheets In thousands of U.S. dollars, unaudited

Assets	Note	30-Jun-2024	31-Dec-2023	Liabilities and shareholders' equity	Note	30-Jun-2024	31-Dec-2023
Current assets				Current liabilities			
Cash and cash equivalents	9	168,347	94,534	Borrowing	18(a)	239,581	11,277
Trade and other receivables	10	47,407	4,423	Lease liabilities	17(b)	31,065	18,693
Inventories	11	264,968	256,296	Related parties	13.1	62,308	-
Income taxes recoverable		3,051	-	Accounts payable and accrued liabilities		216,087	277,722
Prepaid expenses		9,833	14,910	Securitization	12	33,302	19,693
Notes and capital related to SPE	12	68,256	51,716	Salaries and benefits		31,218	44,248
Other assets		3,802	5,130	Indirect taxes payable		2,720	5,349
		565,664	427,009	Income taxes payable		-	1,352
						616,281	378,334
Non-current assets				Non-current liabilities			
Prepaid expenses		8,980	8,813	Borrowing	18(a)	562,375	530,891
Pension assets		15,146	16,655	Lease liabilities	17(b)	164,489	152,835
Deferred income tax asset	19	21,468	17,835	Post-employment benefit obligations		39,754	40,063
Other assets		4,294	1,469	Deferred income tax liability	19	92,287	95,110
Investments accounted for using the equity method	14(a)	23,194	23,774	Provisions	20	17,878	19,413
Property, plant and equipment	15(a)	1,356,438	1,360,449	Other liabilities		11,309	13,544
Intangible assets and goodwill	16	626,048	634,594			888,092	851,856
Right-of-use assets	17(a)	184,743	163,269				
		2,240,311	2,226,858	Total liabilities		1,504,373	1,230,190
				Shareholders' equity			
				Share capital	21(a)	267,539	353,331
				Retained earnings		757,209	800,000
				Accumulated other comprehensive income	21(b)	276,854	270,346
				Total shareholders' equity		1,301,602	1,423,677
Total assets		2,805,975	2,653,867	Total liabilities and shareholders' equity		2,805,975	2,653,867

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 and comprehensive income

Period ended June 30

In thousands of U.S. dollars, unaudited

	Note	04/1/2024 to 06/30/2024	04/1/2023 to 06/30/2023	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023
Revenue from goods sold	23(a)	412,841	473,297	639,397	705,918
Cost of goods sold	24	(316,066)	(360,167)	(568,155)	(620,189)
Gross profit		96,775	113,130	71,242	85,729
Operating expense					
Selling	24	(8,978)	(9,658)	(18,430)	(18,467)
General and administrative	24	(17,038)	(18,314)	(34,603)	(34,720)
Other operating income		1,152	3,867	8,216	5,432
		(24,864)	(24,105)	(44,817)	(47,755)
Operating income before equity results and net financing expense		71,911	89,025	26,425	37,974
Investment results from equity share in joint ventures	14(a)	1,846	1,144	1,740	1,092
Financing results, net	25	(30,389)	(17,233)	(48,995)	(31,050)
Income (loss) before income tax		43,368	72,936	(20,830)	8,016
Income tax (expense) recovery		(13,769)	(22,175)	1,261	(11,790)
Net income (loss) for the period		29,599	50,761	(19,569)	(3,774)
Other comprehensive income:					
Items that may be subsequent reclassified to profit or loss					
Accumulated foreign currency translation adjustment	21(b)	9,036	(16,285)	21,434	(10,681)
Changes in fair value of financial assets at fair value through other comprehensive income	21(b)	11	(36)	(11)	(92)
Unrealized (loss) gain on net investment hedge, net of tax	7.3	(4,945)	9,964	(14,915)	12,220
Other comprehensive income (loss) for the period		4,102	(6,357)	6,508	1,447
Total comprehensive income (loss) for the period		33,701	44,404	(13,061)	(2,327)

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

St. Marys Cement Inc. (Canada)

Condensed consolidated interim statements of changes in shareholders' equity

Period ended June 30

In thousands of U.S. dollars, unaudited

	Share capital	Retained earnings	Accumulated other comprehensive income (Note 21(b))	Total equity
Balance - December 31, 2022	457,140	695,737	269,153	1,422,030
Net loss for the period	-	(3,774)	-	(3,774)
Other comprehensive income	-	-	1,447	1,447
Comprehensive loss for the period	-	(3,774)	1,447	(2,327)
Foreign currency translation	11,207	7,206	-	18,413
Capital reduction	21(a) (114,643)	-	-	(114,643)
Balance - June 30, 2023	353,704	699,169	270,600	1,323,473
Balance - December 31, 2023	353,331	800,000	270,346	1,423,677
Net loss for the period	-	(19,569)	-	(19,569)
Other comprehensive income	-	-	6,508	6,508
Comprehensive loss for the period	-	(19,569)	6,508	(13,061)
Foreign currency translation	(10,762)	(23,222)	-	(33,984)
Capital reduction	21(a) (75,030)	-	-	(75,030)
Balance - June 30, 2024	267,539	757,209	276,854	1,301,602

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

Condensed consolidated interim statements of cash flows

Period ended June 30

In thousands of U.S. dollars, unaudited

	Note	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023
Cash flows from operating activities			
(Loss) income before income tax		(20,830)	8,016
Adjustments of items that do not represent changes in cash and cash equivalents:			
Depreciation and amortization	24	87,454	84,035
Investment results from equity share in joint ventures	14(a)	(1,740)	(1,092)
Gain on sale of property, plant and equipment		108	(544)
Allowance for expected credit loss		(7)	(68)
Financing results, net	25	48,995	31,050
		113,980	121,397
Decrease (increase) in current assets			
Trade and other receivables		(55,339)	(71,787)
Inventories		(12,696)	7,755
Related parties		(4,403)	(1,099)
Other current assets		6,155	1,252
Increase (decrease) in current liabilities			
Accounts payable and accrued liabilities		(42,657)	(8,776)
Salaries and social charges		(12,264)	6,357
Related parties		(12,694)	797
Taxes payable		(2,660)	3,461
Change in non-current assets and liabilities			
Post-employment benefit obligations		1,504	1,506
Other		1,429	(3,761)
Cash used by operating activities before interest and income tax			
Interest paid debt	18(c)	(19,645)	57,102
Interest paid on lease liabilities	17(b)	(4,216)	(3,508)
Premium paid on BOND repurchase		(2,615)	-
Income tax paid		(17,527)	(5,237)
Total cash (used) provided by operating activities		(63,079)	32,174
Cash flows from investing activities			
Proceeds from disposals of property, plant and equipment and intangible assets		85	632
Dividends received		142	2,285
Acquisition of associates and joint ventures	14(a)	-	(5,411)
Acquisition of investments		(2,220)	(2,963)
Return of capital		2,000	-
Capital contribution JV	14(a)	-	(500)
Acquisition of property, plant and equipment	15(a)	(76,202)	(75,984)
Acquisition of intangible assets	16	(1,954)	-
Total cash used from investing activities		(78,149)	(81,941)
Cash flows from financing activities			
Proceeds from borrowings	18(c)	683,567	121,808
Repayment of borrowings	18(c)	(425,673)	(23,161)
Payment of lease liabilities	17(b)	(19,085)	(18,024)
Return of capital	21(a)	(12,755)	(19,529)
Financial costs, except interest		(9,000)	(5,565)
Total cash provided by financing activities		217,054	55,529
Increase in cash and cash equivalents			
		75,826	5,762
Effect of foreign exchange on cash		(2,013)	519
Cash and cash equivalents at the beginning of the period			
		94,534	80,284
Cash and cash equivalents at the end of the period			
		168,347	86,565
Return of capital	21(a)	(62,275)	(95,170)
Related parties	21(a)	62,275	95,170

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

1 General information

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 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 condensed consolidated interim financial statements

These condensed consolidated interim financial statements for the six-month period ended June 30, 2024 were approved by the Management on August 1st, 2024.

3 Main events which occurred in the interim period

3.1 Capital reduction

On June 27, 2024 the Company approved a capital return in the amount of \$75.0 million to its shareholders (\$62.3 million to VCI and \$12.7 million to McInnis), with no reduction in the number of outstanding Class A Common shares of the Company.

On the same date, the Company fully settled in cash the \$12.7 million owned to McInnis Holding. It was also decided to convert the \$62.3 million due to VCI into a shareholder loan, maturing on December 27, 2024 and bearing an interest rate of SOFR + 0.95%.

3.2 Bond issuance and Make-Whole

On April 2, 2024, the Company concluded the issuance of a Bond (“Voto 34”) in the international capital markets amounting to USD 500,000, with maturity in 2034 and containing sustainability performance indicators (sustainability-linked bonds) related to CO2 net emissions (scope 1) and thermal substitution of its parent Company, VCSA, to be measured as of December 31, 2028. This new issuance has a coupon of 5.75% per year to be paid bi-annually and is fully and irrevocably guaranteed by Votorantim Cimentos S.A.

On April 4, 2024, with the net proceeds from the new issuance, the Company concluded a repurchase “Tender Offer” of outstanding notes related to the Bond with maturity in 2027 (“Voto 27”), repurchasing an amount of USD 261,553. After the conclusion of the Tender Offer, the outstanding amount of Voto 27’s principal was USD 238,447.

On June 11, 2024, the Company exercised its right to redeem (“Make-Whole”) all of the outstanding aggregate principal amount of its 5.750% Senior Notes due on 2027 pursuant to the term and conditions of the 2027 Notes Indenture.

Due to the redemption, the aggregate principal amount of USD 229,147 are presented as current liability. The settlement of this amount happened on July 11, 2024, as described on Note 26.

Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024
 In thousands of U.S. dollars, unless otherwise stated, unaudited

4 Supplementary information

4.1 Adjusted EBITDA

The following table reconciles the quarterly, and last twelve months adjusted EBITDA calculated from the income (loss) for the period:

	04/1/2024 to 06/30/2024	04/1/2023 to 06/30/2023	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023	Last twelve months ended 30-Jun-2024	Last twelve months ended 31-Dec-2023
Revenue from goods sold	412,841	473,297	639,397	705,918	1,503,784	1,570,305
Net income (loss) for the period	29,599	50,761	(19,569)	(3,774)	87,125	102,919
Income (loss) before income tax	43,368	72,936	(20,830)	8,016	135,541	164,386
Depreciation and amortization	45,403	42,104	87,454	84,035	168,697	165,278
Financial results, net	30,389	17,233	48,995	31,050	73,734	55,789
Investment results from equity share in joint ventures	(1,846)	(1,144)	(1,740)	(1,092)	(5,904)	(5,256)
Dividends received	2,000	1,643	2,142	2,285	4,026	4,169
Adjusted EBITDA items						
Impairment of non-current assets	-	-	-	-	9,505	9,505
Adjusted EBITDA	119,314	132,772	116,021	124,294	385,599	393,871

4.2 Capital management

The ratios at ended June 30, 2024 and December 31, 2023 were as follows:

	30-Jun-2024	31-Dec-2023
Borrowing	801,956	542,168
Lease liabilities	195,554	171,528
Cash and cash equivalents	(168,347)	(94,534)
Net debt - (A)	829,163	619,162
Adjusted EBITDA last 12 months - (B)	385,599	393,871
Financial leverage ratio - (A/B)	2.15	1.57

5 Changes in accounting policies and disclosures

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

a) Amendment to IFRS 16: "Leases: Lease liability in a sale and lease back"

The amendments are related to the requirement for sale and leaseback transactions in IFRS 16 explaining how a seller/lessee accounts for a sale and leaseback after the date of the transaction. The amendments were adopted on January 1, 2024 and did not have any significant impact on the consolidated financial statements.

b) Amendment to IAS 1 "Presentation of financial statements" – Non-current liabilities with covenants

The amendment aims to clarify the requirements to determine if a liability should be classified as "current" or "non-current" and requires new disclosures to non-current liabilities that are subject to future covenants. The amendments were adopted on January 1, 2024 and did not have any significant impact on the consolidated financial statements.

Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024

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

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

New standards and amendments to existing standards and interpretations have been issued but are not yet in force. The Company intends to adopt these new standards, amendments, and interpretations, if applicable, when they come into force. The Company has not identified any material impacts to its operations and accounting policies as a result of new standards and amendments to be adopted.

a) Amendment to IAS 7 “Statement of cash flows” and IFRS 7 “Financial Instruments: Disclosures” – Supplier Finance

The amendment introduces new disclosures regarding agreements considered “Supplier Finance”, aiming to help the readers of the financial statements to assess the impacts of these agreements on the Company’s liabilities, cash flow and liquidity risk. The changes are applicable for annual periods starting on or after January 1, 2024, and not mandatory for interim financial statements. The Company’s will apply the new disclosures in the annual consolidated financial statements for year ended December 31, 2024.

b) IFRS 18 “Presentation and Disclosure in Financial Statements”

In April 2024, IFRS 18 was issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1, impacts the presentation of primary financial statements and notes, including the statement of earnings where companies will be required to present separate categories of income and expense for operating, investing, and financing activities with prescribed subtotals for each new category. The standard will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements.

The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statement and requires retrospective application. The Company is carrying out preliminary assessments of the impacts of this new standard in its financial statements.

5 Basis of presentation

5.1 Condensed consolidated interim financial statement

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

These condensed consolidated interim financial statements do not contain all the explanatory notes and disclosures required by the accounting standards applicable to the annual consolidated financial statements, since its purpose is to provide an update on the significant activities, events and circumstances compared to the annual consolidated financial statements. Accordingly, this report should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2023, approved by the Board of Directors of the Company on February 20, 2024.

These condensed consolidated interim financial statements have been prepared in a manner consistent with the accounting policies disclosed in the annual audited consolidated financial statements for the year ended December 31, 2023.

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

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

**Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024**

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

6 Critical accounting estimates and assumptions

In the period ended June 30, 2024, 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 7 to the annual audited consolidated financial statements as at December 31, 2023.

7 Financial risk management

7.1 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 as construction activity in the winter months slows in the first and fourth quarters. The Company's primary selling season is during the second and third quarters. Due to the seasonal nature of the business, the financial results for the first six months ended June 30, 2024 are not necessarily indicative of the results to be expected for the full year.

The Company also have access to a Credit Line (Note 18(d)) which the main objective is to provide additional liquidity to the Company during the seasonal months. Historically, the use of the credit line is concentrated on the first half of the year and the balance is settled substantially before the end of the year.

7.2 Environment risk management

The Company periodically reviews 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.

7.3 Hedging of net investments in foreign operations

									01/01/2024 to 06/30/2024
Investor		Hedged item			Instrument				Change in carrying amount of USD borrowing as a result of foreign currency movements since 1 January used to determine hedge ineffectiveness, recognised in OCI (Note 21(b))*
Entity	Currency	Investment	Currency	Percentage designated	Underlying investment USD	Currency	Original amount	Carrying amount (Note 18(a))	
St. Marys Cement Inc. (Canada)	CAD	VCNA US, Inc.	USD	100.00%	662,173	USD	662,173	731,165	(14,915)
									(14,915)
									01/01/2023 to 06/30/2023
Investor		Hedged item			Instrument				Change in carrying amount of USD borrowing as a result of foreign currency movements since 1 January used to determine hedge ineffectiveness, recognised in OCI (Note 21(b))*
Entity	Currency	Investment	Currency	Percentage designated	Underlying investment USD	Currency	Original amount	Carrying amount	
St. Marys Cement Inc. (Canada)	CAD	VCNA US, Inc.	USD	46.20%	1,082,277	USD	500,000	507,497	12,220
									12,220

During the quarter, the Company rebalanced its net investment hedge to consider the impacts mentioned on Note 3.2. The designated hedge transaction resulted in a USD14.9M included in OCI, \$12.1M relates to the Voto 27 and USD 2.8M relates to Voto 34, and an impact of USD 1.8M in the statement of income as the total debt balance exceed the investment balance.

Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024

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

7.4 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 June 30, 2024					
Borrowing	239,581	(654)	67,330	495,699	801,956
Related party	62,308	-	-	-	62,308
Lease liabilities	33,603	53,641	36,843	166,298	290,385
Accounts payable and accrued liabilities	216,087	-	-	-	216,087
Salaries and payroll charges	31,218	-	-	-	31,218
	<u>582,797</u>	<u>52,987</u>	<u>104,173</u>	<u>661,997</u>	<u>1,401,954</u>

	Less than one year	Between one and three years	Between three and five years	Over 5 years	Total
At December 31, 2023					
Borrowings	29,751	29,783	577,789	-	637,323
Lease liabilities	24,017	37,674	32,464	120,340	214,495
Accounts payable and accrued liabilities	277,722	-	-	-	277,722
Salaries and payroll charges	44,248	-	-	-	44,248
	<u>375,738</u>	<u>67,457</u>	<u>610,253</u>	<u>120,340</u>	<u>1,173,788</u>

Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024

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

8 Financial instruments by category

(a) Analysis

The financial instruments of the Group are classified as follows:

				30-Jun-2024
	Note	Amortized cost	Fair value through other comprehensive income	Total
Current assets				
Cash and cash equivalents	9	168,347	-	168,347
Notes and capital related to SPE	12	68,256	-	68,256
Trade receivables	10	47,407	-	47,407
		<u>284,010</u>	<u>-</u>	<u>284,010</u>
Non-current assets				
Financial investments		-	67	67
		<u>-</u>	<u>67</u>	<u>67</u>
Current liabilities				
Borrowing	18(a)	239,581	-	239,581
Lease liabilities	17(b)	31,065	-	31,065
Accounts payable and accrued liabilities		216,087	-	216,087
Securitization	12	33,302	-	33,302
Salaries and benefits		31,218	-	31,218
		<u>551,253</u>	<u>-</u>	<u>551,253</u>
Non-current liabilities				
Borrowing	18(a)	562,375	-	562,375
Lease liabilities	17(b)	164,489	-	164,489
		<u>726,864</u>	<u>-</u>	<u>726,864</u>

				31-Dec-2023
	Note	Amortized cost	Fair value through other comprehensive income	Total
Current assets				
Cash and cash equivalents	9	94,534	-	94,534
Trade receivables	10	4,423	-	4,423
Notes and capital related to SPE	12	51,716	-	51,716
		<u>150,673</u>	<u>-</u>	<u>150,673</u>
Non-current assets				
Financial investments		-	80	80
Current liabilities				
Borrowing	18(a)	11,277	-	11,277
Lease liabilities	17(b)	18,693	-	18,693
Accounts payable and accrued liabilities		277,722	-	277,722
Securitization	12	19,693	-	19,693
Salaries and benefits		44,248	-	44,248
		<u>371,633</u>	<u>-</u>	<u>371,633</u>
Non-current liabilities				
Borrowing	18(a)	530,891	-	530,891
Lease liabilities	17(b)	152,835	-	152,835
		<u>683,726</u>	<u>-</u>	<u>683,726</u>

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

Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024

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

(b) Fair value of financial instruments

	Note	Fair value measured based on		30-Jun-2024
		Price quoted in an active market	Valuation technique supported by observable prices	
			Level 1	Level 2
Assets				
Financial investments		67	-	67
		67	-	67
Liabilities				
Borrowing	18(a)	725,831	71,881	797,712
		725,831	71,881	797,712

	Note	Fair value measured based on		31-Dec-2023
		Price quoted in an active market	Valuation technique supported by observable prices	
			Level 1	Level 2
Assets				
Financial investments		80	-	80
		80	-	80
Liabilities				
Borrowing	18(a)	512,115	38,457	550,572
		512,115	38,457	550,572

9 Cash and cash equivalents

	30-Jun-2024	31-Dec-2023
\$CDN Cash at bank and on hand	21,366	33,709
\$US Equivalent	15,614	25,401
\$US Cash at bank and on hand	152,733	69,133
	168,347	94,534

10 Trade receivables

	Note	30-Jun-2024	31-Dec-2023
Trade accounts receivable		35,379	-
Non-trade accounts receivable		8,902	5,725
Due from related parties	13.1	4,860	457
		49,141	6,182
Provision for expected credit loss		(1,734)	(1,759)
		47,407	4,423

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

**Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024**

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

11 Inventory

	30-Jun-2024	31-Dec-2023
Raw materials	35,521	46,896
Fuels	43,675	51,451
Semi-finished product	123,110	101,444
Finished product	21,998	19,967
Spare parts / maintenance materials	57,527	52,810
Less: Provision for obsolescence	(16,863)	(16,272)
	<u>264,968</u>	<u>256,296</u>

12 Securitization

On March 22, 2024, the Group entered into an agreement with a financial institution for its revolving receivables securitization transaction, maturing in March 2027 and with a credit facility amounting to \$250 million to include all the Group's subsidiaries.

	30-Jun-2024	31-Dec-2023
Notes continuing to be recognized	59,108	43,091
Capital contribution in the SPE	9,148	8,625
Notes and capital related to the SPE	68,256	51,716
Security guarantee	(22,249)	(19,094)
Junior note guarantee losses	(11,053)	(599)
Junior subordinated note	(33,302)	(19,693)
Net carrying amount of the continuing involvement	<u>34,954</u>	<u>32,023</u>

13 Related party transactions
13.1 Analysis

	Parent company		Associates		Joint ventures		Other		Total	
	30-Jun-2024	31-Dec-2023	30-Jun-2024	31-Dec-2023	30-Jun-2024	31-Dec-2023	30-Jun-2024	31-Dec-2023	30-Jun-2024	31-Dec-2023
Assets										
Current										
Trade receivables (i)	-	-	1,229	-	-	457	-	-	1,229	457
Other receivables (i)	-	-	3,631	-	-	-	68,256	51,716	3,631	-
	<u>-</u>	<u>-</u>	<u>4,860</u>	<u>-</u>	<u>-</u>	<u>457</u>	<u>68,256</u>	<u>51,716</u>	<u>4,860</u>	<u>457</u>
Liabilities										
Current										
Trade payables (iii)	-	-	-	-	320	2,029	-	-	320	2,029
Other liabilities (iii)	62,308	-	-	14,051	-	-	33,302	19,693	62,308	14,051
Non-current										
Other liabilities (ii)	851	-	-	-	-	-	-	-	851	-
	<u>63,159</u>	<u>-</u>	<u>-</u>	<u>14,051</u>	<u>320</u>	<u>2,029</u>	<u>33,302</u>	<u>19,693</u>	<u>63,480</u>	<u>16,080</u>

	Parent company		Associates		Joint ventures		Other		Total	
	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023
Profit and loss balances										
Sales (i)	-	-	-	-	3,630	4,131	-	-	3,630	4,131
Purchases (iii)	-	-	1,194	13,121	14,278	15,936	-	-	15,472	29,057
Financial income (ii)	-	-	-	-	-	-	3,321	5,562	3,321	5,562
Financial expenses (ii)	884	-	-	-	-	-	17,919	12,304	18,803	12,304
	<u>884</u>	<u>-</u>	<u>1,194</u>	<u>13,121</u>	<u>17,908</u>	<u>20,067</u>	<u>21,241</u>	<u>17,866</u>	<u>41,226</u>	<u>51,054</u>

- (i) Sales operations of cement to joint venture, mainly Midway Group LLC.
- (ii) Mainly refers to the receivables securitization operation with the company VCNA SPE, LLC.
- (iii) Supplier and purchase balances mainly, Hutton Transport Limited, RMC Leasing LLC, Midway Group LLC, Votorantim Cimentos Trading and loan to shareholder VCI per Note 3.1.

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

Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024

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

13.2 Debts issued by the Company and its subsidiaries guaranteed by the Group

Instrument	Guarantor	Percentage guaranteed by the Company	30-Jun-2024	31-Dec-2023
Voto 2027	Votorantim Cimentos S.A.	100%	234,710	512,139
Voto 2034	Votorantim Cimentos S.A.	100%	507,028	-
Committed credit facility	Votorantim Cimentos S.A.	100%	70,000	33,909
			811,738	546,048

These amounts are presented gross of its acquisition costs that are amortized through the debt duration.

14 Investments accounted for using the equity method

(a) Analysis

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

	Information as at June 30, 2024			Income from investments		Investment balance	
	Net equity	Net income (loss) for the period	Percentage of voting and total capital (%)	30-Jun-2024	30-Jun-2023	30-Jun-2024	31-Dec-2023
Joint ventures							
Hutton Transport Limited (i)	15,969	2,372	25.00	593	467	6,171	5,899
Grundy-River Holdings, LLC	13,956	1,804	50.00	902	-	7,220	6,318
Midway Group, LLC	15,351	140	50.00	70	551	7,676	7,605
RMC Leasing, LLC	4,254	350	50.00	175	74	2,127	3,952
				1,740	1,092	23,194	23,774

(b) Changes

	30-Jun-2024	30-Jun-2023
Balance at the beginning of the period	23,774	16,480
Investment income	1,740	1,092
Approved dividends	(142)	(2,285)
Currency translation	(178)	129
Grundy-River acquisition	-	5,411
Capital increase (return of capital)	(2,000)	500
Balance at the end of the period	23,194	21,327

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

Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024
In thousands of U.S. dollars, unless otherwise stated, unaudited

15 Property, plant and equipment

(a) Analysis and changes

	Land	Land improvements & buildings	Equipment	Vehicles	Construction in progress	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023
Balance at the beginning of the period							
Cost	106,601	876,452	1,787,743	281,874	180,940	3,233,610	3,047,435
Accumulated depreciation	-	(491,010)	(1,197,848)	(184,303)	-	(1,873,161)	(1,760,553)
Net balance	106,601	385,442	589,895	97,571	180,940	1,360,449	1,286,882
Acquisitions	-	-	-	-	78,156	78,156	75,984
Business acquisition (ii)	330	220	215	402	-	1,167	1,817
Disposals	(23)	-	-	-	-	(23)	(148)
Depreciation (i)	-	(9,756)	(37,370)	(11,170)	-	(58,296)	(55,316)
Transfers	-	3,310	73,238	18,147	(96,649)	(1,954)	(1,641)
Translation differences	(1,582)	(6,792)	(9,636)	(1,357)	(3,694)	(23,061)	20,161
Balance at the end of the period	105,326	372,424	616,342	103,593	158,753	1,356,438	1,327,739
Cost	105,326	873,190	1,851,560	299,066	158,753	3,287,895	3,143,608
Accumulated depreciation	-	(500,766)	(1,235,218)	(195,473)	-	(1,931,457)	(1,815,869)
Net balance	105,326	372,424	616,342	103,593	158,753	1,356,438	1,327,739
Average annual depreciation rates %		18	15	7			

(i) Depreciation expense of \$57.9 million is included in 'cost of goods sold' and \$.4 million is included in 'general and administrative expense.'

(ii) Refers to the acquisition of a ready-mix business by the Company's subsidiary VCNA United Materials LLC.

(b) Construction in progress

The construction in progress reflects investments and projects under construction by the Company and its subsidiaries that have not yet started operating at the end of the period, mainly represented by the acquisition or replacement of industrial machinery and equipment for plants and mines (sustainability), investments in industrial modernization projects and expansion of production capacity, as well as new technologies related to decarbonization goals (environment and safety).

	30-Jun-2024	31-Dec-2023
Sustaining	76,515	77,127
Modernization	37,489	54,826
Health & Safety	20,059	20,755
Expansion	24,690	28,232
	158,753	180,940

Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024

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

16 Intangible assets and goodwill

	Goodwill	Computer software	Exploration rights	ARO	Customer relationships and non-compete	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023
Balance at the beginning of the period							
Cost	295,077	35,442	368,135	44,538	121,377	864,569	975,296
Accumulated amortization	-	(32,266)	(86,458)	(26,604)	(84,647)	(229,975)	(307,773)
Net balance	295,077	3,176	281,677	17,934	36,730	634,594	667,523
Transfers	-	55	1,899	-	-	1,954	1,641
Business acquisition (ii)	767	-	-	-	-	767	1,077
Adjustments	-	-	-	-	-	-	1,238
Amortization (i)	-	(586)	(3,884)	(1,966)	(1,729)	(8,165)	(10,202)
Translation differences	-	(78)	(1,729)	(1,295)	-	(3,102)	213
Balance at the end of the period	295,844	2,567	277,963	14,673	35,001	626,048	661,490
Cost	295,844	35,419	368,305	43,243	121,377	864,188	979,465
Accumulated amortization	-	(32,852)	(90,342)	(28,570)	(86,376)	(238,140)	(317,975)
Net balance	295,844	2,567	277,963	14,673	35,001	626,048	661,490
Average annual amortization rates %		5	2	12	10		

- (i) Amortization expense of \$8.1 million is included in 'cost of goods sold' and \$0.1 million is included in 'general and administrative expense.'
- (ii) Refers to the acquisition of a ready-mix business by the Company's subsidiary VCNA United Materials LLC.

17 Right-of-use assets and Lease liabilities
(a) Analysis and changes of right of use assets

	Land & Buildings	Machinery & Equipment	Vehicles	Barges	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023
Balance at the beginning of the period						
Cost	103,513	26,707	33,264	164,091	327,575	320,117
Accumulated amortization	(18,993)	(22,618)	(28,627)	(94,068)	(164,306)	(130,803)
Net balance	84,520	4,089	4,637	70,023	163,269	189,314
Acquisitions	3,399	1,399	1,923	38,113	44,834	3,012
Disposals	(110)	-	(643)	-	(753)	(191)
Amortization (i)	(2,584)	(1,966)	(1,234)	(15,209)	(20,993)	(18,517)
Currency translation adjustment	(460)	(64)	(3)	(1,087)	(1,614)	1,439
Balance at the end of the period	84,765	3,458	4,680	91,840	184,743	175,057
Cost	106,342	28,042	34,541	201,117	370,042	324,376
Accumulated amortization	(21,577)	(24,584)	(29,861)	(109,277)	(185,299)	(149,319)
Net balance	84,765	3,458	4,680	91,840	184,743	175,057
Average annual amortization rates %	10	5	5	9		

- (i) Amortization expense of \$21.0 million is included in 'cost of goods sold'.

(b) Analysis and changes of lease agreements

	Note	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023
Balance at the beginning of the period		171,528	204,048
Additions		44,834	3,012
Disposal		(754)	(191)
Payments		(19,085)	(18,024)
Interest expense	25	4,221	3,512
Interest paid		(4,216)	(3,508)
Exchange variations		(974)	(722)
Balance at the end of the period		195,554	188,127
Current		31,065	21,620
Non-current		164,489	166,507
		195,554	188,127

Short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss for the period, as presented in Note 24.

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

Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024
In thousands of U.S. dollars, unless otherwise stated, unaudited

18 Borrowings

(a) Analysis

Type	Average annual cost	Current		Non-current		Total	
		30-Jun-2024	31-Dec-2023	30-Jun-2024	31-Dec-2023	30-Jun-2024	31-Dec-2023
CAD Revolver	CDOR + 0.95%	-	-	-	45,000	-	45,000
USD Equivalent		-	-	-	33,909	-	33,909
USD Revolver	SOFR + 0.95%	-	-	70,000	-	70,000	-
Total Revolver		-	-	70,000	33,909	70,000	33,909
Bond Payable	5.8%	239,027	10,726	492,139	496,503	731,165	507,229
Mortgages Payable	3.6%	554	551	237	479	791	1,030
		239,581	11,277	562,375	530,891	801,956	542,168

(b) Maturity profile

The schedule of repayments of the Group's loans and financing are as follows:

	30-Jun-2024		31-Dec-2023	
	Amortized	Balance	Amortized	Balance
6 months or less	29.9%	239,959	2.2%	11,832
6-12 months (i)	0.0%	(96)	-0.1%	(555)
1-5 years	8.3%	66,392	97.9%	530,891
Over 5 years	61.8%	495,701	0.0%	-
	100.0%	801,956	100.0%	542,168

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

(c) Changes

The changes for the period are as follows:

	Note	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023
Balance at the beginning of the period		542,168	507,630
New borrowings		683,567	121,808
Exchange rate variations		7,442	1,177
Interest expense	25	22,194	17,329
Interest paid		(19,076)	(16,183)
Premium paid on BOND repurchase	25	(2,615)	-
Amortization (addition) of financing costs		(6,051)	709
Principal paid		(425,673)	(23,161)
Balance at the end of the period		801,956	609,309

(d) Credit Line

Credit line	Company	Start date	Maturity	Credit limit	Amount outstanding	Amount available
Committed Credit Facility	VCI / VCEAA / St Marys	Jun/22	Jun/27	300,000	(70,000)	230,000
Global Revolving Credit Facility	VCSA / VCI / VCEAA / St Mary's	Sep/21	Sep/26	250,000	-	250,000
					(70,000)	480,000

These amounts consider the foreign exchange rate on the date of each withdrawal for Canadian dollar amounts.

Up to the authorization of these individual and consolidated condensed interim financial statements, the Company made new withdraws amounting to USD 150.000 thousand increasing the amount used shown above.

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

Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024
In thousands of U.S. dollars, unless otherwise stated, unaudited

19 Income Tax

(a) Current income tax for the period

Income tax expense is recognized based on a full-blown quarterly provision method.

(b) Deferred income tax

	30-Jun-2024	31-Dec-2023
Deferred tax assets		
Net operating losses	98,874	98,770
Investment Tax Credit (ITC)	36,639	36,544
Provisions	21,798	14,561
Ontario Minimum tax	7,668	7,900
Other	2,274	4,763
Total deferred tax assets	167,253	162,538
Deferred tax liabilities		
Accelerated tax depreciation	(238,072)	(239,813)
Total deferred tax liabilities	(238,072)	(239,813)
Net deferred tax assets (liabilities)	(70,819)	(77,275)
Deferred tax assets *	21,468	17,835
Deferred tax liabilities *	(92,287)	(95,110)

*These balances are presented net by legal entity.

(c) Pillar Two

On 20 June 2024, Bill C-69, which contains the Global Minimum Tax Act ("GMTA") reflecting application of global minimum tax to in-scope companies for fiscal years commencing on or after December 31, 2023, received Royal Assent and became enacted. The Canadian rules include the introduction of a Qualified Domestic Minimum Top-Up Tax ("QDMTT") to reach the required taxation level of 15% on Pillar Two qualifying profits earned by companies domiciled in Canada. Based on the financial data of the six months ended June 30, 2024, no top-up tax nor any QDMTT impact in Canada is expected for 2024 and thus the Company has no related current tax expense associated with global minimum tax.

20 Provisions and other liabilities

	Asset retirement obligation	A/R securitization (Note 12)	Total
Balance - December 31, 2022	35,791	21,929	57,720
Charged to the income statement	1,559	-	1,559
Change in provisions/estimates	1,254	4,835	6,089
Settlements	(2,526)	-	(2,526)
Exchange differences	294	-	294
Balance - June 30, 2023	36,372	26,764	63,136
Balance - December 31, 2023	19,413	-	19,413
Charged to the income statement	688	-	688
Change in provisions/estimates	-	-	-
Settlements	(2,032)	-	(2,032)
Exchange differences	(191)	-	(191)
Balance - June 30, 2024	17,878	-	17,878

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

Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024
 In thousands of U.S. dollars, unless otherwise stated, unaudited

21 Shareholders' equity

a) Share capital

On June 27, 2024 the Company returned capital in the amount of \$62.3 million to VCI and \$12.7 million to McInnis Holding Limited Partnership, with no cancellation of shares (Note 3.1).

As at June 30, 2024 the Company's fully subscribed and paid-up capital was \$267,539 (December 31, 2023– \$353,331), consisting of 1,000,000 Class A Common Shares (December 31, 2023 – 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, 2022	295,824	(24,279)	(2,392)	269,153
Unrealized gain (loss) on net investment hedge, net of tax	-	12,220	-	12,220
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	(92)	(92)
Foreign currency translation	(10,681)	-	-	(10,681)
Balance - June 30, 2023	285,143	(12,059)	(2,484)	270,600
Balance - December 31, 2023	285,452	(12,599)	(2,507)	270,346
Unrealized gain (loss) on net investment hedge, net of tax	-	(14,915)	-	(14,915)
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	(11)	(11)
Foreign currency translation	21,434	-	-	21,434
Balance - June 30, 2024	306,886	(27,514)	(2,518)	276,854

22 Contingencies

The Group 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.

23 Revenue

(a) Net revenue by product line

	04/1/2024 to 06/30/2024	04/1/2023 to 06/30/2023	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023
Cement	228,676	233,136	348,755	348,017
Ready-mix	154,143	207,242	242,437	307,861
Aggregates	28,860	31,215	46,039	46,265
Other	1,162	1,704	2,166	3,775
	412,841	473,297	639,397	705,918

(b) Breakdown

	04/1/2024 to 06/30/2024	04/1/2023 to 06/30/2023	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023
Gross sales				
Customers in Canada	132,668	134,127	220,100	214,576
Customers in USA	280,173	339,170	419,297	491,342
Revenue from contracts with customers	412,841	473,297	639,397	705,918

**Notes to condensed consolidated interim financial statements
For the period ended June 30, 2024**

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

24 Expense by nature

	04/1/2024 to 06/30/2024	04/1/2023 to 06/30/2023	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023
Employee benefit expense	85,433	95,379	159,627	164,979
Freight cost	51,730	53,635	76,009	78,189
Depreciation and amortization (Notes 15, 16 and 17)	45,403	42,104	87,454	84,035
Maintenance	29,114	37,484	76,726	81,982
Raw materials and consumables	50,739	64,504	80,252	94,616
Fuel costs	20,850	28,095	36,189	48,163
Electric power consumption	11,601	13,166	21,522	23,382
Services, miscellaneous	17,362	15,328	31,320	29,216
Taxes, fees and contributions	5,576	5,929	11,326	11,480
Purchase of finished products	1,300	3,171	2,769	8,548
Insurance	2,586	2,410	5,138	4,948
Rents and leases (Note 17)	2,538	2,331	4,357	4,186
Utilities	1,145	877	3,163	3,116
Other expenses	16,705	23,726	25,336	36,536
	<u>342,082</u>	<u>388,139</u>	<u>621,188</u>	<u>673,376</u>
Reconciliation				
Cost of goods sold	316,066	360,167	568,155	620,189
Selling	8,978	9,658	18,430	18,467
General and administrative	17,038	18,314	34,603	34,720
	<u>342,082</u>	<u>388,139</u>	<u>621,188</u>	<u>673,376</u>

25 Financing results, net

	Note	04/1/2024 to 06/30/2024	04/1/2023 to 06/30/2023	01/01/2024 to 06/30/2024	01/01/2023 to 06/30/2023
Financial income					
A/R securitization fees income		1,832	1,698	3,321	5,562
Cross guarantee revenue		-	-	147	292
Interest income		2,202	304	2,504	460
Financial instruments		199	-	199	-
Financial expense					
Interest expense, third party loans	18(c)	(12,599)	(9,019)	(22,194)	(17,329)
A/R securitization fees expenses		(11,888)	(9,938)	(17,919)	(12,304)
Cross guarantee expenses		(414)	-	(2,791)	(2,318)
Interest expense, leasing	17(b)	(2,602)	(1,749)	(4,221)	(3,512)
Premium paid on BOND repurchase		(2,615)	-	(2,615)	-
Bank charges and other financial results		(885)	(924)	(1,774)	(1,731)
Amortization of prepaid financing costs		(3,744)	(388)	(4,148)	(769)
Interest expense, related party loans		(33)	-	(33)	-
Net foreign exchange		159	2,783	529	599
		<u>(30,389)</u>	<u>(17,233)</u>	<u>(48,995)</u>	<u>(31,050)</u>

26 Events after the reporting period

On July 11, 2024, the Company concluded the early redemption (“Make-Whole”) of all outstanding notes related to the BOND with maturity in 2027 (“Voto 27”), repurchasing an amount of USD 238.571, including premium and interest rate accrued to date. The balances related to Voto 27 were reclassified to the short term at the date of these financial statements. A derivative was contracted to protect the price of the transaction from the announcement date until the settlement date, which resulted in a \$0.6M gain.



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