INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Information for the three months period ended

March 31, 2020

InterCement

Building sustainable partnerships

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Independent auditor's review report on interim financial information

To
Shareholders, Board of Directors and Officers of
InterCement Participações S.A.
São Paulo - SP, Brazil

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of InterCement Participações S.A. and subsidiaries (the "Company") for the quarter ended March 31, 2020, which comprises the condensed consolidated statement of financial position as of March 31, 2020 and the related condensed consolidated statements of operations, of comprehensive income (loss), of changes in equity and of cash flows for the three-month periods then ended, including the explanatory notes.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements - ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards of Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information, is not prepared, in all material respects, in accordance with IAS 34 - Interim Financial Reporting.

São Paulo, June 11, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Marcos Alexandre S. Pupo
Accountant CRC-1SP221749/O-0

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Financial Position as of March 31, 2020 and December 31, 2019

(In thousands of euros - €)

ASSETS	Notes	03.31.2020	12.31.2019
CURRENT ASSETS			
Cash and cash equivalents	4	151,761	297,037
Securities	5	15,568	17,363
Trade receivables	6	79,390	67,162
Inventories	7	250,090	248,313
Recoverable taxes		48,360	52,187
Other receivables		37,341	33,535
Total current assets		582,510	715,597
NONCURRENT ASSETS			
Securities	5	962	1,270
Trade receivables	6	286	448
Inventories	7	80,685	71,714
Recoverable taxes		26,219	31,328
Deferred income tax and social contribution		12,544	9,525
Escrow deposits		12,542	15,664
Derivatives	22.10	5,286	6,281
Other receivables		31,973	35,250
Property Investment		823	1,204
Investments		526	429
Right-of-use assets	19	40,661	54,048
Property, plant and equipment	8	1,377,711	1,504,263
Intangible assets:			
Goodwill	9	765,487	957,451
Other intangible assets	9	110,505	134,082
Total noncurrent assets		2,466,210	2,822,957
TOTAL ASSETS		3,048,720	3,538,554

LIABILITIES AND EQUITY	Notes	03.31.2020	12.31.2019
CURRENT LIABILITIES			
Trade payables		196,288	263,012
Debentures	11	125,740	158,917
Borrowings and financing	10	330,081	196,320
Interest payable	10 and 11	19,116	24,583
Obligations under finance leases (IFRS 16)	19	16,905	27,263
Taxes payable		35,419	48,734
Payroll and related taxes		28,338	29,897
Dividends and interest on capital		202	204
Advances from customers		9,241	8,914
Other payables		24,804	43,617
Total current liabilities		786,134	801,461
NONCURRENT LIABILITIES			
Trade payables		1,582	2,698
Debentures	11	647,557	695,277
Borrowings and financing	10	567,941	667,669
Obligations under finance leases (IFRS 16)	19	32,142	35,328
Provision for tax, civil and labor risks	12	52,544	52,465
Provision for environmental recovery		16,630	18,462
Taxes payable		4,930	6,388
Deferred income tax and social contribution		213,185	228,653
Actuarial liabilities		525	645
Other payables		20,936	26,007
Total noncurrent liabilities		1,557,972	1,733,592
TOTAL LIABILITIES		2,344,106	2,535,053
SHAREHOLDER'S EQUITY			
Capital	14	1,081,588	1,081,588
Capital reserves	14	393,091	393,091
Earnings reserves	14	327,458	327,458
Accumulated losses	14	(24,602)	-
Other comprehensive income	14	(1,366,084)	(1,099,609)
Equity attributable to the Company's owners		411,451	702,528
Non-controlling interests	14	293,163	300,973
Total equity		704,614	1,003,501
TOTAL LIABILITIES AND EQUITY		3,048,720	3,538,554

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements Operations for the three months periods ended March 31, 2020 and 2019

(In thousands of euros - €, except per earnings (loss) per share)

	Notes	03.31.2020	03.31.2019 (Restated)
CONTINUING OPERATIONS			
NET REVENUE	16	298,639	342,070
COST OF SALES AND SERVICES	17	(251,771)	(291,340)
GROSS PROFIT		46,868	50,730
OPERATING INCOME (EXPENSES)			
Administrative and selling expenses	17	(33,654)	(46,875)
Other income	17	2,143	2,537
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		15,357	6,392
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	18	13,618	(18,985)
Financial income	18	4,608	14,713
Financial expenses	18	(35,038)	(38,135)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(1,455)	(36,015)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	15	(9,060)	(9,938)
Deferred	15	(5,861)	7,002
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(16,376)	(38,951)
DISCONTINUED OPERATIONS			
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.3	-	314,134
PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO			
Company's owners		(24,602)	258,306
Non-controlling interests		8,226	16,877
PROFIT / (LOSS) PER SHARE FOR CONTINUING OPERATIONS			
Basic/diluted profit / (loss) per share	21	(1.08)	(2.26)
PROFIT / (LOSS) PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS			
Basic/diluted profit / (loss) per share	21	(1.08)	11.39

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (loss) for the three months periods ended March 31, 2020 and 2019

(In thousands of euros - €)

	Notes	03.31.2020	03.31.2019 (Restated)
CONTINUING OPERATIONS			
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(16,376)	(38,951)
Other comprehensive income:			
Items that might be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		(328,221)	(196,524)
Hyperinflationary monetary adjustment	2.2	44,980	38,314
Hedging derivatives financial instruments		730	(383)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(298,887)	(197,544)
DISCONTINUED OPERATIONS			
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.3	-	314,134
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS		-	314,134
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:			
Company's owners		(291,077)	(208,448)
Non-controlling interests		(7,810)	10,904
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO:			
Company's owners		(291,077)	101,084
Non-controlling interests		(7,810)	15,506

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Changes in Shareholders' Equity for the three months periods ended March 31, 2020 and 2019

(In thousands of euros - €)

				Earnings reserves							
	Notes	Share capital	Capital Reserves	Legal	Capital Budget	Transactions with noncontrolling interests	Other comprehensive income (loss)	Accumulated profit / (losses)	Total attributable to the Company's owners	Non-controlling interests	Total equity
BALANCE AT DECEMBER 31, 2018 (Restated)		1,081,588	459,978	-	-	460,894	(927,158)	(195,834)	879,468	281,416	1,160,884
Profit for the period		-	-	-	-	-	-	258,306	258,306	16,877	275,183
Dividends to ordinary and preferred shares - paid	14	-	-	-	-	(46,973)	-	-	(46,973)	-	(46,973)
Other comprehensive income		-	-	-	-	-	(175,572)	-	(175,572)	(21,335)	(196,907)
Hyperinflationary monetary adjustment		-	-	-	-	-	18,350	-	18,350	19,964	38,314
BALANCE AT MARCH 31, 2019 (Restated)		1,081,588	459,978	-	-	413,921	(1,084,380)	62,472	933,579	296,922	1,230,501
BALANCE AT DECEMBER 31, 2019		1,081,588	393,091	5,457	103,675	218,326	(1,099,609)	-	702,528	300,973	1,003,501
Profit / (Loss) for the period		-	-	-	-	-	-	(24,602)	(24,602)	8,226	(16,376)
Other comprehensive income		-	-	-	-	-	(288,192)	-	(288,192)	(39,299)	(327,491)
Hyperinflationary monetary adjustment		-	-	-	-	-	21,717	-	21,717	23,263	44,980
BALANCE AT MARCH 31, 2020		1,081,588	393,091	5,457	103,675	218,326	(1,366,084)	(24,602)	411,451	293,163	704,614

The accompanying notes are an integral part of this consolidated financial statements.

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows for the three months periods ended March 31, 2020 and 2019

(In thousands of euros - €)

	Notes	03.31.2020	03.31.2019 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before income tax and social contribution from continuing and discontinuing operations		(1,455)	278,119
Adjustments to reconcile income before income tax and social contribution with net cash generated by operating activities:			
Depreciation, amortization and impairment losses	17	44,773	42,039
Reversal of allowance for probable losses, net		(1,134)	(312)
Interest, accrued charges, and exchange differences		16,812	44,902
Gain on sale of long-lived assets		(251)	(1,075)
Gain on sale of discontinued operations	2.3	-	(314,134)
Other noncash operating losses (gains)		(7,956)	1,878
Decrease (increase) in operating assets:			
Related parties		-	(4,636)
Trade receivables		(25,305)	(42,031)
Inventories		(39,658)	(37,635)
Recoverable taxes		(2,395)	559
Other receivables		36	(1)
Increase (decrease) in operating liabilities:			
Related parties		(22)	460
Trade payables		11,708	(32,653)
Payroll and vacation payable		5,359	2,492
Other payables		(41,932)	(26,407)
Taxes payable		(2,689)	(1,804)
Cash used by operating activities		(44,109)	(90,239)
Income tax and social contribution paid		(4,492)	(875)
Interest paid		(46,822)	(32,574)
Net cash used by operating activities		(95,423)	(123,688)
CASH FLOW FROM INVESTING ACTIVITIES			
Redemption of (Investments in) securities		255	(239)
Purchase of property, plant and equipment		(68,781)	(51,008)
Increase in intangible assets		(209)	(76)
Cash received from discontinued operations, net o cash balance received	2.3	-	566,825
Intersegment payments to carved-out companies	2.3	-	(103,072)
Cash received from sale of property, plant and equipment		1,314	3,801
Other		(307)	(340)
Net cash generated / (used) in investing activities		(67,728)	415,891
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings, financing and debentures	10 and 11	118,605	26,396
Repayment of borrowings, financing and debentures	10 and 11	(75,886)	(215,730)
Dividends paid	14	-	(46,973)
Payment of principal portion of lease liabilities	19	(5,063)	(7,166)
Other instruments		23	86
Net cash generated / (used) in financing activities		37,679	(243,387)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(125,472)	48,816
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		(19,804)	(2,173)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	297,037	385,003
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	151,761	431,646

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

1. General Information

InterCement Participações, S.A. ("Company" or "ICP") is a privately-held company headquartered in the City of São Paulo, State of São Paulo, Brazil, engaged in holding equity interests and investments abroad, leading a business group operating in 6 countries ("ICP Group" or "Group"). Its ultimate parent company is Mover Participações S.A.. The Group is primarily engaged in the manufacture and sale of cement and cement by-products, in addition to the extraction of the minerals used to manufacture these products.

The Company owns 35 cement plants, 33 concrete plants, and 7 aggregates plants (located in Brazil, Argentina, Paraguay, Egypt, Mozambique and South Africa). Additionally, in Brazil it holds participation in hydroelectric power generation equity interests and assets.

Refinancing of debts

On June 8, 2020, the Company concluded a debenture issuance by InterCement Participações and InterCement Brasil in an aggregate principal amount of R$4,676,827 thousands (equivalent to approximately €806,029 considering the exchange currency rate at the date of the transaction). See note 24 for further information.

Such transaction will release from the current portion of borrowing and financing and debentures €235,201 (considering the exchange currency rate at March 31, 2020), which is sufficient to equilibrate the working capital to sustainable level.

Effects of the new Coronavirus pandemic (COVID-19)

In the first quarter of 2020, a new virus (Corona Virus) spread out across the globe and to contain the dissemination several actions were taken by authorities from different countries. Among others, the action taken restricted travels and any kind of agglomeration.

The global market were severed impacted, resulting in volatility and uncertainties in several perspectives and also about Global Gross Domestic Product ("GDP") in 2020 and upcoming years.

Management quickly responded to the situation and created committees to respond to the situation with the purpose to prevent labours contamination and implement measures to mitigate or reduce the impact in Company´s business, clients, suppliers, credits and community.

The committees have constantly being in communication with Company´s board and current and future impacts in economy and society are closely monitor by this multi-task team and decisions are being taking as deemed necessary.

In the regions the Company operations, only Argentina and South Africa determined a lockdown as of the issuance of this financial statements. Only South Africa did not consider cement industry as essential product and services, therefore, it was the business segment mostly impacted.

As a result of the crisis and the severe instability brought to world economic, in preparing the financial statements, management analysed main estimates and critical accounting judgments, as well as any other balances that could have a potential impact.

The main analysis and conclusion reached is disclosed below:

a) Impairment of non-financial assets, including goodwill:

It is very uncertainty the impact in supply, demand and prices as the COVID-19 pandemic is still advancing in several regions, mainly in south hemisphere, and it is unpredictable the duration of the restrictions, outbreaks and economic and social impacts. Management reviewed the impairment analysis prepared to support the consolidated financial statements for the year ended December 31, 2019, performing sensitive analysis for each Company´s cash generating units based on the best information available (see Note 9), and concluded that the assessment performed for year-end is still valid and no additional impairment adjustments were necessary.

The sensitive analysis mainly involved adjustments in sales premises based on each cash generation units ("CGU")´s expectation and other macro-economic assumptions, such as currency curves. Our business in Egypt, where we recognized impairment provisions as of December 31, 2019, was not significantly impacted, therefore, Management concluded that no change is necessary in the impairment amount already recognized at year-end. All other business units demonstrated capacity to absorb the impacts already incurred and the ones we expect based on the more recent information available.

b) Recoverability of deferred tax assets:

Based on the assessment performed for recoverability of non-financial assets mentioned above, along with the conservative Management´s position in the recognition of deferred tax assets and the conclusions reached for the year ended December 31, 2020, Management did not identify the need to recognize any impairment of the deferred tax assets for the period ended March 31, 2020.

c) Revision of allowance for doubtful accounts:

Management reassessed the assumption related to the risk of defaults by its clients by each business units in order to determine if the allowances for doubtful accounts reflected Management´s expected losses, which are based on historical loss for each aging list bucket and prospective data. The prospective data are obtained from Legal, Credit and Accounts Receivable departments. Furthermore, Management implemented more restrictive rules to authorize new sales.

Until the issuance of the interim financial statements, the Company has not observed a significant change in the assessed risks of its portfolio that could result in a significant increase in its allowance for doubtful accounts as of March 31, 2020, when compared to the amount recorded as of December 31, 2019.

d) Estimated loss on our inventories due to change in realizable value:

The Company carefully reviewed the net realizable value of the inventories, based on estimated sales price, net of expenses related to the sale as a consequence of the COVID-19 crisis. Management is also reviewing its production costs and any abnormal costs identified are immediately recorded as losses within the statements of operations. The abnormal costs are determined comparing recent normal production costs before the crisis to current production costs. As of March 31, 2020, the impact of abnormal costs amounted to approximately €2,500, primarily in Argentina.

Management´s analysis did not identify material changes in the net realizable value of our inventories, therefore, it was not needed to record an exceptional inventory provision as of March 31, 2020.

e) Compliance with obligations assumed with suppliers (onerous contracts), including leasing contracts (IFRS16):

As of March 31, 2020, Company did not breach, renegotiated or cancelled any contract that would require an obligation to be recorded. Subsequently, Management reassessed Company´s main contracts, especially those denominated "take-or-pay", and, as of the issuance of interim financial statements, did not identify any instance that would indicate an obligation would arise as a consequence of a breakage, renegotiation or cancelation of contracts and main contracts obligations are being fulfilled.

Therefore, no addition provision resulted from Management´s assessment as a consequence of COVID-19 crisis.

f) Government grants and restructuring:

Up to March 31, 2020, the Company did not receive at the locations we operate any Government grants or other type of incentive due to COVID-19 crisis.

Furthermore, the Company did not perform or communicate any restructuring that would require the recognition of additional obligations.

Considering the analysis of the information and data mentioned above, the Company did not identify any other potential impact due to COVID-19 crisis that would require assessments in preparing the condensed consolidated interim financial information.

2. Basis of Preparation and Significant Accounting Policies

2.1. Basis of preparation

The Condensed Consolidated Interim Financial Information as of and for the three-month periods ended March 31, 2020 has been prepared based on the International Standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), which allows the entities to present selected notes to the financial statements, in cases of redundant information already disclosed in the Annual Financial Statements. Accordingly, this Interim Financial Information should be read together with Company´s consolidated financial statements for the year ended December 31, 2019.

All relevant information in the financial statements is being evidenced and corresponds to that used by the management in the conduction of the Company.

2.2. Significant accounting policies

The accounting policies adopted are consistent with those considered in the consolidated financial statements for the year ended as of December 31, 2019 and disclosed in the corresponding notes.

Reference also to the application of hyperinflation accounting for our Argentinean subsidiaries. As described in the consolidated financial statements as of and for the year ended December 31, 2019, note 2.1, applying IAS 29 rules requires that the financial statements recorded in a hyperinflationary currency are adjusted by applying a general price index and expressed in the measuring unit (the hyperinflationary currency) current at the end of the reporting period prior to conversion to the Company´s functional currency.

As a result of the above, our condensed consolidated interim financial information for the period ended March 31, 2020, reflects an equity increase of €44,980 (€38,314 for the period ended March, 31, 2019), with reference to the opening balance, reported in other comprehensive income (loss), and also the monetary adjustment for the three-month periods ended March 31, 2020, presented in financial income, in the amount of €1,711 (€4,565 for the period ended March 31, 2019) (see Note 18).

2.3. Portugal and Cape Verde Discontinued Operations

As described in the consolidated financial statements as of and for the year ended December 31, 2019, Note 1, on January 17, 2019 the final closing agreement was signed to sell the business operations in Portugal and Cape Verde to “Ordu Yardimlasma Kurumu” (OYAK Group) of Turkey.

The final selling price of €703,720 for the transaction was determined. As required by International Financial Reporting Standard 5 (“IFRS 5”) – Non-Current Assets Held for Sale and Discontinued Operating Units, the results recorded was presented as discontinued operation.

The impacts in condensed consolidated interim financial information as of March 31, 2019 are the following:

	03.31.2019
DISCONTINUED OPERATIONS	
Gain on the sale of "Assets held for sale"	143,752
Reversal of accumulated exchange differences	170,382
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	314,134
PROFIT FOR THE PERIOD ATTRIBUTABLE TO	
Company’s owners	309,532
Non-controlling interests	4,602

The reconciliation of the referred selling price to the cash received and the amounts presented in the cash flow statements is demonstrated below.

Cash received as of March 31, 2019	625,525
Cash balance carved-out	(58,700)
	566,825
Intersegment payments to carved-out companies	(103,072)
Cash received, net (as of March 31, 2019)	463,753
Final sales price	703,720
Intercompany working capital adjustment	3,121
Outstanding amount to be received as of March 31, 2019	81,316

As of March 31, 2020 and December 31, 2019, the outstanding cash was fully collected.

2.4. Change in accounting policies and errors

As described in consolidated financial statements as of and for the year ended December 31, 2019, note 3, during the financial closing of 2019 Management reassessed some accounting practices in relation to those considered in the preparation of the financial information for the year ended on December 31, 2018. As a result, the Company is restating the period ended March 31, 2019 for comparative purposes.

The restatement of financial information as of March 31, 2019 is a result of the following:

Classification of freight expenditures on sales in Brazilian Segment (“freight reclass”)

Management revised its accounting practices related to the classification of freight expenses on sales, in which the Company is responsible for the delivery of goods, previously classified as sales and administrative expenses, in the statements of operations. In accordance with IFRS15 - Revenue from customer contracts effective from January 1, 2018, these freight charges are considered as part of the total selling price charged to customers; therefore, it should be classified as part of the cost of sales and services instead of administrative and selling expenses as previously recorded.

Classification of taxes on financial operations in Argentinian Segment (“Argentina reclass”)

The entities in Argentina incur in taxes on financial operations, which respective amounts were being classified as financial expenses. Even though the previous accounting choice was not a departure from IFRS literature, Management decided to present such taxes as selling, administrative and general expenses in order to better align with best practices currently adopted by Argentinian public entities.

Limestone and Clay expenditures in Egypt Segment (“Egypt reclass”)

Management revised its accounting practices related to the expenditures attributable to limestone and clay extraction and consumption in Egypt segment. Management determined that any variable and fixed licenses expenditures that are needed to have the right to extract limestone and clay should be recorded as “Intangible assets”, and any expenditure to extract the raw materials from the quarries to the production plants should be recorded as part of production costs (inventory or noncurrent inventory, when consumption is expected for a period longer than 12 months). During 2018, variable licenses expenditures were recorded as production costs and extraction expenditures were recorded as “Property, plant and equipment” and amortized as consumed within the year. The impact in the statements of operations for the period ended March 31, 2019 is demonstrated at Note 17.

Derivatives measurement improper calculation (“Brazil Adjust”)

During the preparation of the financial statements for the period ended March 31, 2020, Management identified an improper calculation on the measurement of the derivatives of the hydroelectric power generation segment´s for the period ended March 31, 2019 decreasing the loss for the period by €3,979.

Revision of Leasing contracts methodology (“Brazil IFRS16 Adjust”)

During 2019, Management reviewed the methodology of the initial adoption of IFRS16 to better adequate to the pronouncement. For comparative purposes, the Company is restating March 31, 2019 to reflect the same methodology considered in the preparation of the annual consolidated financial statements for the year ended December 31, 2019.

Improper conversion rate used to translate Argentina figures from Pesos to Brazilian Reais (“Argentina Adjust”)

During the preparation of the financial statements for the period ended March 31, 2020, Management noticed that improperly converted the Argentinian profit and losses for the period ended March 31, 2019 considering the average exchange rate instead of the period-end exchange rate. In accordance with IAS21, hyperinflationary economies should be translated considering the period-end exchange rate.

The impact in the statements operations for the period ended March 31, 2019 for the changes aforementioned is demonstrated below:

	03.31.2019						
		Adjustments					
	Originally presented	Freight reclass	Argentina reclass	Brazil adjust	Brazil IFRS16 adjust	Argentina Adjust	Restated
CONTINUING OPERATIONS							
NET REVENUE	352,072	-	-	-	-	(10,002)	342,070
COST OF SALES AND SERVICES	(286,014)	(12,872)	-	-	383	7,163	(291,340)
GROSS PROFIT	66,058	(12,872)	-	-	383	(2,839)	50,730
OPERATING INCOME (EXPENSES)							
Administrative and selling expenses	(58,149)	12,872	(2,495)	-	-	897	(46,875)
Other income (expense)	2,534	-	-	-	-	3	2,537
Equity result	-	-	-	-	-	-	-
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	10,443	-	(2,495)	-	383	(1,939)	6,392
FINANCIAL INCOME (EXPENSES)							
Foreign exchange gains/(losses), net	(19,226)	-	-	-	-	241	(18,985)
Financial income	11,645	-	-	3,409	-	(341)	14,713
Financial expenses	(40,041)	-	2,495	1,812	(2,784)	383	(38,135)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(37,179)	-	-	5,221	(2,401)	(1,656)	(36,015)
INCOME TAX AND SOCIAL CONTRIBUTION							
Current	(10,428)	-	-	-	-	490	(9,938)
Deferred	8,450	-	-	(1,242)	-	(206)	7,002
INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(39,157)	-	-	3,979	(2,401)	(1,372)	(38,951)
DISCONTINUED OPERATIONS							
INCOME FOR THE PERIOD FROM DISCONTINUED	314,134	-	-	-	-	-	314,134
INCOME FOR THE PERIOD ATTRIBUTABLE TO							
Company's owners	257,460	-	-	3,772	(2,277)	(649)	258,306
Non-controlling interests	17,517	-	-	206	(124)	(722)	16,877
INCOME (LOSS) PER SHARE FOR CONTINUING OPERATIONS							
Basic/diluted loss per share	(2.30)	-	-	0.17	(0.10)	(0.03)	(2.26)
INCOME PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS							
Basic/diluted loss per share	11.35	-	-	0.17	(0.10)	(0.03)	11.39

The impact in the statements of cash flow for the period ended March 31, 2019 for the changes aforementioned is demonstrated below:

	03.31.2019					
		Adjustments				
	Originally presented	Egypt reclass	Brazil adjust	Brazil IFRS16 adjust	Argentina Adjust	Restated
CASH FLOW FROM OPERATING ACTIVITIES						
Profit before income tax and social contribution from continuing and discontinuing operation	276,955	-	5,221	(2,401)	(1,656)	278,119
Adjustments to reconcile income before income tax and social contribution						
with net cash generated by operating activities:						
Depreciation, amortization and impairment losses	43,576	(2,152)	-	1,425	(810)	42,039
Reversal of allowance for probable losses, net	(377)	-	-	-	65	(312)
Interest, accrued charges, and exchange differences	47,622	-	(5,221)	2,785	(284)	44,902
Gain on sale of long-lived assets	(1,075)	-	-	-	-	(1,075)
Gain on sale of discontinued operations	(314,134)	-	-	-	-	(314,134)
Other noncash operating losses (gains)	587	2,152	-	-	(860)	1,879
Decrease (increase) in operating assets:						
Related parties	(4,636)	-	-	-	-	(4,636)
Trade receivables	(42,903)	-	-	-	872	(42,031)
Inventories	(39,528)	-	-	-	1,893	(37,635)
Recoverable taxes	521	-	-	-	38	559
Other receivables	(1)	-	-	-	-	(1)
Increase (decrease) in operating liabilities:						-
Related parties	460	-	-	-	-	460
Trade payables	(32,208)	-	-	-	(445)	(32,653)
Payroll and vacation payable	2,710	-	-	-	(218)	2,492
Other payables	(26,633)	-	-	-	226	(26,407)
Taxes payable	(2,156)	-	-	-	352	(1,804)
Cash used by operating activities	(91,220)	-	-	1,808	(827)	(90,239)
Income tax and social contribution paid	(1,150)	-	-	-	275	(875)
Interest paid	(32,846)	-	-	-	272	(32,574)
Net cash used by operating activities	(125,216)	-	-	1,808	(280)	(123,688)
CASH FLOW FROM INVESTING ACTIVITIES						
Redemption of (Investments in) securities	(239)	-	-	-	-	(239)
Purchase of property, plant and equipment	(54,662)	-	-	-	3,654	(51,008)
Increase in intangible assets	(76)	-	-	-	-	(76)
Cash received from discontinued operations, net o cash balance received	566,825	-	-	-	-	566,825
Intersegment payments to carved-out companies	(103,072)	-	-	-	-	(103,072)
Cash received from sale of property, plant and equipment	3,801	-	-	-	-	3,801
Other	(372)	-	-	-	32	(340)
Net cash generated / (used) in investing activities	412,205	-	-	-	3,686	415,891
CASH FLOW FROM FINANCING ACTIVITIES						
Borrowings, financing and debentures	26,877	-	-	-	(481)	26,396
Repayment of borrowings, financing and debentures	(216,017)	-	-	-	287	(215,730)
Dividends paid	(46,973)	-	-	-	-	(46,973)
Payment of principal portion of lease liabilities	(5,358)	-	-	(1,808)	-	(7,166)
Other instruments	86	-	-	-	-	86
Net cash generated / (used) in financing activities	(241,385)	-	-	(1,808)	(194)	(243,387)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	45,604	-	-	-	3,212	48,816
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	1,039	-	-	-	(3,212)	(2,173)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	385,003	-	-	-	-	385,003
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	431,646	-	-	-	-	431,646

The changes in the restated statements of Comprehensive Income (loss) and changes in equity for the three months ended March 31, 2019 are not relevant compared to the original figures, therefore, Management is not presenting such reconciliation.

2.5. Functional, reporting and presentation currencies

The Company's functional currency is the Brazilian real (R$); however the financial information are presented in euros (presentation currency), for the convenience of stakeholders outside Brazil. As prescribed by IAS 21, paragraph 38 - The Effects of Changes in Foreign Exchange Rates, the Company may present its financial information in any currency.

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

		Closing exchange rate (R$)			Average exchange rate (R$)	
Currency		03.31.2020	12.31.2019	03.31.2019	03.31.2020	03.31.2019
USD	US Dollar	5.19870	4.03070	3.89670	4.28259	3.77187
EUR	Euro	5.72640	4.53050	4.37600	4.86286	4.28293
MZN	Mozambique Metical	0.07771	0.06592	0.06156	0.06880	0.06070
EGP	Egyptian Pound	0.33130	0.25190	0.22550	0.28569	0.21711
ZAR	South African Rand	0.29260	0.28760	0.27010	0.29050	0.26865
ARS	Argentinian Peso (*)	0.08064	0.06730	0.08989	0.08064	0.08989
PYG	Paraguayan Guaraní	0.00079	0.00062	0.00063	0.00067	0.00062

(*) As a result of the application of IAS 29, non-monetary assets and liabilities, shareholders' equity and income statement of subsidiaries operating in highly inflationary economies shall be expressed in terms of the unit of measurement current at the balance sheet date and translated at the period-end exchange rate (rather than the average rate), thus resulting in year-to-date effects on the income statement of both inflation and currency conversion.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainties

Estimates and judgments are continually evaluated and are based on historical experience and on other factors, including expectations of future events that are believed to be reasonable under the circumstances. There were no changes in relation to what was presented in Note 2.3 to the Company's consolidated Financial Statements as of December 31, 2019.

Our analysis on the COVID-19 crisis is stated in Note 1 above.

4. Cash and Cash Equivalents

	03.31.2020	12.31.2019
Cash and bank accounts (*)	60,698	173,994
Short-term investments	91,063	123,043
Total cash and cash equivalents	151,761	297,037

(*) In 2019, includes an amount of €10,796 related to Portugal and Cape Verde sales (Note 2.3).

Short-term investments were as follows:

	03.31.2020	12.31.2019
Certificate of Bank Deposit (CDBs)	20.551	23.545
Short Term Investment in Brazilian Reais (a)	32.671	55.464
Fixed-income funds in Brazilian Reais (b)	6.548	16.591
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean pesos (c)	17.999	13.834
Short-term investments in US dollars (d)	1.338	1.312
Short-term investments in euro	3	13
Short-term investments in Egyptian pounds	1.767	1.009
Short-term investments in South African rand (e)	10.186	11.275
Total short-term investments	91.063	123.043

a) Short-term investments in Brazilian Reais have a yield between 70% and 99.70% of the Interbank Deposit Certificate (CDI) (70% and 98.75% as of December 31, 2019).
b) Fixed income funds in Brazilian Reais have a yield of 71.1% of the Interbank Deposit Certificate (CDI), (100% as of December 31, 2019).
c) Represents short-term investments in Argentinean pesos with interest of 49.5% per annum (49.7% per annum as of December 31, 2019).
d) Short-term investments in US dollar with yields of 0.1% to 0.18% per annum (0.1% to 0.61% per annum as of December 31, 2019).
e) Deposit in Rands yielded interest from 5.05% to 5.30% per year (6.30% to 6.55% as at December 31, 2019).

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

5. Securities

Securities are classified as financial assets, as follows:

	03.31.2020	12.31.2019
Market investments	962	1,491
Investment funds	15,568	17,142
Total	16,530	18,633
Total - current	15,568	17,363
Total - noncurrent	962	1,270

“Market investments” are held by the Brazilian subsidiaries, which are composed mainly by exclusive funds that have in their primarily portfolios debentures and Interbank Deposit Certificates (CDB).

“Investment funds” consist in a portfolio of investment funds held by InterCement Reinsurance, which is presented at fair value as of March 31, 2020 and December 31, 2019. The funds resulted in an unrealized loss of €1,574 for the period ended March 31, 2020 (€0,818 unrealized gain for the period ended March 31, 2019).

6. Trade Receivables

	03.31.2020	12.31.2019
Current		
Domestic and foreign customers	97,809	88,124
(-) Allowance for doubtful accounts	(18,419)	(20,962)
Trade receivables	79,390	67,162
Noncurrent		
Domestic and foreign customers	870	1,143
(-) Allowance for doubtful accounts	(584)	(695)
Trade receivables	286	448

As of December 27, 2019, the Company derecognized receivables in the amount of €20,051 at a marginal discount, due to corresponding securitization with a financial institution (true sale). No similar financial transaction was performed during the first quarter of 2020.

7. Inventories

	03.31.2020	12.31.2019
Current:		
Finished products	15,920	21,019
Work in process	75,697	72,288
Raw material	37,945	48,615
Fuel	33,167	28,395
Spare parts	89,912	92,192
Advances to suppliers	5,705	1,068
Packaging and other	4,350	3,740
Allowance for losses	(12,606)	(19,004)
Total	250,090	248,313
Noncurrent:		
Raw material	51,177	37,054
Spare parts	30,023	35,084
Packaging and other	27	27
Allowance for losses	(542)	(451)
Total	80,685	71,714

8. Property, Plant and Equipment

	03.31.2020			12.31.2019
	Cost	Depreciation & Impairment	Net book value	Net book value
Land	87,114	(33,501)	53,613	62,635
Buildings	551,501	(327,263)	224,238	247,145
Machinery and equipment	1,505,169	(863,992)	641,177	724,644
Vehicles	96,665	(71,046)	25,619	27,084
Furniture and fixtures	28,163	(25,899)	2,264	2,082
Mines and ore reserves	142,370	(99,604)	42,766	41,382
Reservoirs, dams and feeders	49,032	(17,782)	31,250	40,075
Spare parts	4,045	(1,700)	2,345	2,880
Other	14,621	(8,602)	6,019	6,533
Advances to suppliers	18,861	-	18,861	22,126
Construction in progress	438,646	(109,087)	329,559	327,677
Total	2,936,187	(1,558,476)	1,377,711	1,504,263

Construction in progress includes the construction of the new L´Amalí II cement plant in the city of Olavarría, province of Buenos Aires, in Argentina business area, with a total investment of €245,304 (ARS17,419,773) as of March 31,2020. The conclusion is expected to occur during the 1st quarter of 2021. It also includes impairment losses in Brazil business area, of €109,087 (€137,826 as of December 31, 2019) due to expansion projects production lines that were ceased for an undetermined period due to current demand. Such impairment losses are revised on an annual basis and might be reversed once the expansion projects are finalized.

In the Argentina and Paraguay business area and Brazil business area, as of March 31, 2020, there are assets given as collateral for loans obtained for their own acquisition in the amount of approximately €35,019 and €3,240 respectively (€44,809 and €4,095 as of December 31, 2019).

In addition, in Brazil business area, two cement plants were given as guarantee in the “CADE” process, as referred in Note 12.

During the three months periods ended March 31, 2020, the Company capitalized financial charges amounting to €1,413, related to loans granted to finance eligible assets.

Construction in progress and advances to suppliers as of March 31, 2020 and December 31, 2019, refers basically to investments in the expansion and construction on new units and investments in the improvement of facilities and equipment of the cement plants of other business units.

For the three months periods ended March 31, 2020 and 2019 impairment losses were booked in the amount of €156 and €155 respectively.

Changes in property, plant and equipment were as follows:

	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Mines and ore reserves	Reservoirs, dams and feeders	Spare parts	Other	Construction in progress	Advances to suppliers	Total
Balance as of December 31, 2018 (restated)	36,191	246,729	751,205	32,022	3,539	68,086	43,228	4,232	3,658	139,797	21,207	1,349,894
Effects of IAS 29 (Note 2.2)	809	13,235	16,035	3,146	95	4,415	-	-	70	8,475	-	46,280
Additions	-	-	99	-	-	408	2	-	-	68,985	187	69,681
Disposal	(344)	(96)	(6)	(2)	(4)	-	-	-	-	-	(2)	(454)
Depreciation	(1,441)	(4,771)	(21,740)	(1,969)	(187)	(5,216)	(608)	-	(286)	-	-	(36,218)
Impairment provision	-	-	-	-	-	-	-	-	-	(155)	-	(155)
Effect of changes in exchange rates	328	(12,366)	(9,578)	(3,211)	(34)	(4,031)	634	58	(209)	(10,928)	419	(38,918)
Transfers	22,956	(1,132)	10,779	477	(1,091)	(14,585)	-	129	2,028	(19,617)	-	(56)
Balance as of March 31, 2019 (restated)	58,499	241,599	746,794	30,463	2,318	49,077	43,256	4,419	5,261	186,557	21,811	1,390,054
Balance as of December 31, 2019	62,635	247,145	724,644	27,084	2,082	41,382	40,075	2,880	6,533	327,677	22,126	1,504,263
Effects of IAS 29 (Note 2.2)	548	8,448	10,686	1,823	50	3,244	-	-	45	18,540	-	43,384
Additions	-	7	1,274	8	-	-	-	-	443	20,497	309	22,538
Disposal	(5)	(104)	-	(370)	(13)	-	-	-	-	-	-	(492)
Depreciation	(52)	(5,279)	(20,806)	(2,151)	(182)	(3,910)	(536)	(101)	(205)	-	-	(33,222)
Impairment provision	-	-	-	-	12	-	-	-	-	(156)	-	(144)
Effect of changes in exchange rates	(9,513)	(29,427)	(79,851)	(1,513)	(130)	(1,746)	(8,289)	(613)	(1,292)	(22,683)	(3,574)	(158,631)
Transfers	-	3,448	5,230	738	445	3,796	-	179	495	(14,316)	-	15
Balance as of March 31, 2020	53,613	224,238	641,177	25,619	2,264	42,766	31,250	2,345	6,019	329,559	18,861	1,377,711

Additions

During the first quarter there were additions in the amount of €26,740, from which €16,051 refers to Argentinean business area (€62,700 of addition in Argentina during the period ended March 31, 2019), primarily due to the increase of the installed capacity at its L'Amalí plant, amounting to €7,700 (€52,600 for the period ended March 31, 2019), €3,000 related to quarry recovery (€4,800 for the period ended March 31, 2019), and €0.6 million with the expedition line in Zapala plant.

9. Other intangible assets and goodwill

	03.31.2020	12.31.2019
Other intangible assets:		
Software licenses	4,199	4,978
Concession-related assets	78,539	99,990
Mining rights	8,976	11,110
Project development costs	2,845	3,210
Trademarks, patents and others	15,946	14,794
	110,505	134,082

	03.31.2020			12.31.2019		
	Cost	Impairment	Net book value	Cost	Impairment	Net book value
Goodwill:						
Loma Negra C.I.A. S.A.	168,620	-	168,620	213,130	-	213,130
CBC - Companhia Brasileira de Cimentos ("CBC")	17,923	-	17,923	22,654	-	22,654
Cia. Industrial e Mercantil de Cimentos S.A. ("CIMEC")	13,237	-	13,237	16,731	-	16,731
Intercement Portugal, S.A.	833,777	(280,517)	553,260	1,038,204	(348,891)	689,313
Other	12,447	-	12,447	15,623	-	15,623
	1,046,004	(280,517)	765,487	1,306,342	(348,891)	957,451

Goodwill is subject to impairment tests annually and whenever there are indications of possible impairment, which is prepared based on the recoverable amounts of each of the corresponding business segments. As of March 31, 2020, due to COVID-19, there were trigger that would require an impairment provision to be recorded.

Impairment on assets

Whenever there is impairment indicatives, Management reviews assumptions underlying to the determination of recoverable amount of liquid assets, considering the estimates of future cash flows which reflect, among others, a set of estimates related to the market growth, market share, investments and costs.

Due to significant uncertainties brought by COVID-19 crisis (see Note 1 above), the exercise to determine the appropriate long-term assumptions is considerable challenging and requires significant Management´s judgment.

Based on the cash flow projection prepared to test impairment for the year ended December 31, 2019, which the conclusion reached was an impairment recognition in the Egypt business of €18,000 (see Note 9 of the consolidated financial statements as of and for the year ended December 31, 2019), Management reviewed the projected sales, costs and capital expenditures in order to consider expected impacts in the cash flow due to COVID-19.

The determination of the value in use was based on discounted cash flows calculated in local currency, using the corresponding Weight Average Capital Cost ("WACC") and perpetuities rates for each segment business, as follows:

		03.31.2020			12.31.2019		
Segments	**Currency**	**Goodwill**	**"WACC" rate (*)**	**Real long-term growth rates**	**Goodwill**	**"WACC" rate (*)**	**Real long-term growth rates**
Brazil	BRL	479,995	8.13%	0.0%	606,698	8.18%	0.0%
Argentina and Paraguay	ARS - PYG	169,007	68.86% - 10.82%	0.0%	213,508	67.28% - 10.97%	0.0%
Egypt	EGP	4,893	15.97%	0.0%	4,702	15.97%	0.0%
Mozambique	MZN	35,822	13.86%	0.0%	38,408	14.29%	0.0%
South Africa	ZAR	75,770	9.95%	0.0%	94,135	10.10%	0.0%
		765,487			957,451		

(*) Discount rate calculated after taxes. For Argentina business area, due to hyperinflationary environment, "WACC" rate is built through a multi-year composition, referring to the first year of the projection, and varies thereafter according to the inflation rate and country risk premium variations ("Rolling WACC").

In addition, due to rising economic uncertainties in Argentina, the Group added a "Specific Risk" factor of 4,0% in Argentina business area, which would not result in impairment though.

Furthermore, as of March 31, 2020, the Group calculated the eventual impact (sensibility) of a 0.5%, 1.0% and 1.5% change in discount rate and in the EBITDA margin in relation with all the business areas projections and the results as detailed below:

Impact on DCF	**+0.5%**	**-0.5%**	**+1.0%**	**-1.0%**	**+1.5%**	**-1.5%**
"WACC" rate	(242,660)	295,341	(445,967)	663,792	(619,019)	1,138,503
Impairment (EGY)	(4,723)	-	(12,230)	-	(18,966)	-
Impairment (BR)	-	-	-	-	(90,263)	-
Impairment (AR)	-	-	-	-	(6,175)	-
Total	(4,723)	-	(12,230)	-	(115,404)	-
EBITDA margin	78,526	(78,526)	157,052	(157,052)	235,578	(235,578)
Impairment (EGY)	-	(1,227)	-	(6,148)	-	(11,069)

Management considers the basis scenario as the best estimates and, therefore, did not record any impairment based on the stress testing.

Changes in intangible assets for the three months periods ended March 31, 2020 and 2019 were as follows:

	Software licenses	Concession-related assets	Mining rights	Project development costs	Trademarks, patents and others	Goodwill	Total
Balance as of December 31, 2018 (restated)	5,450	18,450	108,616	4,051	18,304	984,754	1,139,625
Effects of IAS 29 (Note 2.2)	205	-	-	-	358	-	563
Additions	89	50	-	149	-	-	288
Disposal	-	(9,303)	-	-	(2,055)	-	(11,358)
Amortization	(598)	(2,220)	(83)	(419)	(82)	-	(3,402)
Effect of changes in exchange rates	(142)	(1,705)	3,704	82	326	14,101	16,366
Transfers	-	101,193	(101,193)	-	-	-	-
Balance as of March 31, 2019 (restated)	5,004	106,465	11,044	3,863	16,851	998,855	1,142,082
Balance as of December 31, 2019	4,978	99,990	11,110	3,210	14,794	957,451	1,091,533
Effects of IAS 29 (Note 2.2)	138	-	-	-	-	28	166
Additions	70	2,367	-	2,289	1,356	-	6,082
Disposal	-	(689)	-	-	-	-	(689)
Amortization	(504)	(2,767)	(80)	(2,026)	(52)	-	(5,429)
Effect of changes in exchange rates	(483)	(20,362)	(2,054)	(628)	(152)	(191,992)	(215,671)
Balance as of March 31, 2020	4,199	78,539	8,976	2,845	15,946	765,487	875,992

10. Borrowings and Financing

Functional Currency	Business unit	Type of financing	Currency	Annual Interest rates	Contract date	Maturity		03.31.2020 Current	03.31.2020 Noncurrent	12.31.2019 Current	12.31.2019 Noncurrent
EUR	Holdings and Financial Vehicles (*)	Bilateral (**)	USD	US Libor + 3.10% - 4.40%	May-12	Jan/22-Jan/23	(a)	92.628	104.403	45.180	154.401
EUR	Holdings and Financial Vehicles (*)	Bilateral (**)	USD	US Libor + 3.95%	Feb-14	Feb-24		-	145.496	-	141.861
EUR	Holdings and Financial Vehicles (*)	Bilateral (**)	EUR	Euribor + 3.60%	Feb-12	Feb-24		41.672	154.544	-	196.252
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	2.55%	Feb-19	Jun-20		5.000	-	5.000	-
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	3.20%	Oct-18	Oct-21		2.750	16.500	2.750	16.500
EUR	Holdings and Financial Vehicles (*)	Commercial paper (**)	EUR	2.80%	Mar-15	Mar-20		-	-	35.000	-
BRL	Holdings and Financial Vehicles (*)	Billateral	BRL	126% CDI	Jun-16	Apr-23		-	34.337	-	43.859
BRL	Holdings and Financial Vehicles (*)	Promissory note	BRL	3% + 100% CDI	Mar-20	Mar-21		20.082	-	-	-
ARS	U.N. Argentina Paraguay	Billateral	USD	US Libor + (4.25% to 7.38%)	Several	Several		34.987	46.552	32.094	37.860
ARS	U.N. Argentina Paraguay	Bilaterals	USD	9.11% - 9.50%	Jun-19	Several		10.188	-	10.236	-
ARS	U.N. Argentina Paraguay	Billateral	EUR	4.00%	Several	Apr-Sep/20		-	10.873	-	8.049
PYG	U.N. Argentina Paraguay	Billateral	PYG	8.5% - 9.00%	Aug/17	Aug-25		-	34.795	4.680	38.599
ARS	U.N. Argentina Paraguay	Billateral	ARS	8.00% + Badlar	Dec-19	Mar-21		35.186	7.036	-	14.855
ARS	U.N. Argentina Paraguay	Working capital	ARS	35% - 38%	Dec-19	Apr-20		54.410	-	31.001	-
BRL	U.N. Brazil	Subsidised loan	BRL	2.50% - 5.00%	Several	Dec-24		1.941	7.023	2.568	8.886
BRL	U.N. Brazil	Billateral	BRL	15.34%	Dec-06	Dec-22		494	2.246	490	2.853
EGP	U.N. Egypt	Billateral	EGP	Corridor + 1.50%	Several	Jun-20		552	4.136	597	3.694
EGP	U.N. Egypt	Billateral	EGP	15.50% - 17.00%	Several	Apr-Nov/20		30.191	-	26.724	-
								330.081	567.941	196.320	667.669

(*) Takes into consideration the set of companies included in the holding companies segment and business support, corporate and trading entities.

(**) The borrowings contain certain restrictive financial covenants, which are described below.

(a) In January 2020, the Company and the lenders entered into agreement to extend the €39,996 (USD 44,056) amortization of the Bilateral Loan contracted by Caue Austria Holding that was due on January 31, 2020 to March 31, 2020. In addition, on March 2020, a new agreement extended this amortization to June 30, 2020. The extensions are also part of the Debt refinancing program that Management designed with the Company´s main lenders (Note 24).

As of March 31, 2020 and December 31, 2019, the incurred interest related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to €6,005 and €17,169 respectively.

Changes in Borrowings and Financing in the three months periods ended March 31, 2020 and 2019 were as follows:

	Borrowings and financing
Balance at December 31, 2018	1,039,439
Receipts	26,396
Payments	(215,730)
Effect of changes in exchange rates	17,688
Balance at March 31, 2019	867,793
Balance at December 31, 2019	863,989
New borrowings and financing	118,605
Payments	(75,886)
Effect of changes in exchange rates	(8,686)
Balance at March 31, 2020	898,022

Maturity schedule

As of March 31, 2020, the noncurrent portion of the borrowings and financing mature as follows:

Period	03.31.2020
2021	119,478
2022	186,170
2023	152,032
Following years	110,261
	567,941

Covenants

The loans and financing agreements contain certain restrictive covenants, including change of control clauses and those requiring the maintenance of certain financial ratios.

The Company and its subsidiaries monitor these ratios systematically and constantly to make sure the requirements are met. Such measurements are performed annually, which depends on conditions agreed upon on each contract entered into with the financial institutions. The Company agreed with the financial institutions the increase of Net Debt / Adjusted EBITDA ratio from 4.5 to 5.5 for 2019 measurement. Subsequently, to March 31, 2020, and before the issuance of the financial statements, as part of the debt refinancing, the covenants were amended. Refer to note 24 above for covenants metrics.

As of December 31, 2019 the covenants conditions were met, and such obligation in accordance with the amended covenants will only be measured again based on the financial figures as of December 31, 2020.

11. Debentures

Functional Currency	Business unit	Instrument	Currency	Issue date	Annual interest rate	Final maturity		03.31.2020 Current	03.31.2020 Noncurrent	12.31.2019 Current	12.31.2019 Noncurrent
BRL	Brazil	Debenture - Brazil	BRL	Mar-12	115% - CDI	Apr-22	(b)	38.529	77.283	48.625	97.298
BRL	Brazil	Debenture - Brazil	BRL	Aug-12	115% - CDI	Aug-22	(c)	87.211	87.290	110.292	110.329
EUR	Holdings and Financial Vehicles (*)	Senior Notes	USD	Jul-14	5.75%	Jul-24	(a)	-	482.984	-	487.650
								125.740	647.557	158.917	695.277

(*) Takes into consideration the set of companies included in the holding companies segment and business support, corporate, and trading entities.

(a) In July 2014, the Senior Notes ("Notes") were issued by InterCement Financial Operations, B.V., with a payment maturity of 10 years. The notes were launched with coupon of 5.75% per annum and are listed at the Singapore Stock Exchange. As of March 31, 2020, and December 31, 2019, the Group holds bonds at the face value of €180,491 (USD198,812 thousand) and of €176,879 (USD198,812 thousand), respectively.

(b) In April 2020, InterCement Brasil S.A. the Management agreed with debenture holders to extend the amortization of the 2º issuance of Debentures in the amount of €38,419 (R$220,000 thousand) that was due on April 19, 2020 to July 15, 2020. The extension was part of the Debt refinancing program that Management designed with the Company´s main lenders (Note 24).

(c) In November 2019, Management agreed with debenture holders to extend the amortization of €43,657 (R$250,000 thousand) that was due on November 21, 2019 to January 21, 2020. On January 17, 2020, a new agreement extended the amortization to April 16, 2020. On April 14, 2020 another agreement extended the amortization to July 16, 2020. The extensions were also part of the Debt refinancing program that Management designed with the Company´s main lenders (Note 24).

As of March 31, 2020, and December 31, 2019, the incurred interest classified in current liabilities and presented as 'Interest payable' amount to €13,111 and €7,414, respectively.

Changes in Debentures in the three months periods ended March 31, 2020 and 2019 were as follows:

	Debentures
Balance at December 31, 2018	898,727
Effect of changes in exchange rates	15,945
Balance at March 31, 2019	914,672
Balance at December 31, 2019	854,194
Effect of changes in exchange rates	(80,897)
Balance at March 31, 2020	773,297

Maturity schedule

As of March 31, 2020, the non-current portion of debentures mature as follows:

Period	03.31.2020
2021	78,092
2022	77,790
Following years	491,675
	647,557

Covenants

Debentures contain certain restrictive covenants that require compliance with financial ratios calculated based on the Company's consolidated financial statements.

As of December 31, 2019, the Company agreed with the local debenture holders the increase of Net Debt / Adjusted EBITDA ratio from 4.5 to 5.5 for 2019 measurement. Subsequently to March 31, 2020 and before the issuance of the financial statements, as part of the debt refinancing, the covenants were amended. Refer to note 24 for covenants metrics.

As of December 31, 2019, covenants conditions were met and such obligation will only be measured again based on the financial figures as of December 31, 2020, based on the amended covenants.

In the case of the Senior Notes, the non-compliance with that covenant (ratio of 4.5) foresees that the Company operates with certain restrictions, being the principal ones:

i) Limitation in US$500 million for new debts, provided it is not used to refinance the existing debt;
ii) Restrictions on certain payments, such as dividends to shareholders above the statutory minimum legal required amount;
iii) Dividends limitation of US$25 million per year, on a cumulative basis, for preferred shareholders after the Senior Notes issuance (July/2014).

As of March 31, 2020, Company is in compliance with the restrictions imposed. Such restrictions are maintained until the next measurement period, based on the financial figures for the year to be ended December 31, 2020.

12. Provisions and contingent assets and liabilities

Provisions

The Group is subject to tax, civil, labor and other risks. Management periodically reviews known contingencies, assesses the likelihood of losses and recognizes corresponding provision based on its legal counsel's opinion and other available data at the date of the reporting period.

The provision for risks is demonstrated as follows:

	03.31.2020	12.31.2019
Labor and social security	5,226	6,195
Tax (a)	14,951	15,136
Civil and other (b)	34,372	33,661
	54,549	54,992
Escrow deposit (c)	(2,005)	(2,527)
Total	52,544	52,465

(a) Brazil: Refer basically to tax assessment notices and lawsuits amounting to €1,615 (€2,041 as of December 31, 2019) related to discussions on: i) absence of Value Added Tax ("ICMS") collection and improper credits taken in a variety of operations, including import of goods carried out through trading companies; (ii) improper compensation of income tax and social contribution; and (iii) absence of services tax (ISS) collection in a variety of services provided.

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InterCement Portugal: Refers basically to the provisions for tax risks related to income tax, amounting to €5,650 in March 31, 2020 and in December 31, 2019, which are being challenged in courts.

Egypt: Refers basically to tax provisions related to income tax matters between the calendar years 2004 and 2016, in the amount of €7,412 (€6,738 in December 31, 2019), which are being challenged at court.

(b) Egypt: Includes mainly a provision related to a dispute about the requirement of an industrial license and corresponding interest and monetary accretion totalling €31,320 (€30,099 on December 31, 2019).

(c) The Group have escrow deposits related to the provision for tax, civil and labor risks as follows:

	03.31.2020	12.31.2019
Labor and social security	1,467	1,850
Tax	526	663
Civil and other	12	14
Total	2,005	2,527

Changes in the provision for risks for the three months periods ended March 31, 2020 and 2019 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance as of December 31, 2018	8.699	17.227	30.652	(2.695)	53.883
Effects of IAS 29 (Note 2.2)	116	61	81	-	258
Recognition/deposit	214	52	293	(303)	256
Payment	(227)	(911)	(263)	352	(1.049)
Reversal	(7)	(771)	(27)	-	(805)
Exchange differences	(25)	478	1.492	(39)	1.906
Balance as of March 31, 2019 (restated)	8.770	16.136	32.228	(2.685)	54.449
Balance as of December 31, 2019	6.195	15.136	33.661	(2.527)	52.465
Effects of IAS 29 (Note 2.2)	96	66	21	-	183
Recognition/deposit	91	29	(131)	(19)	(30)
Payment	(174)	(116)	(271)	13	(548)
Reversal	-	-	(46)	-	(46)
Exchange differences	(982)	(164)	1.138	528	520
Balance as of March 31, 2020	5.226	14.951	34.372	(2.005)	52.544

Contingent liabilities

In the normal course of its business the Group is involved in several legal cases and complaints relating to its products and services as well, as of an environmental nature, labor cases and regulatory.

As of March 31, 2020, the Group has an exposure of €729,000 (€949,000 as of December 31, 2019), being €12,000 of contingent liabilities related to labor contingencies (€13,000 as of December 31, 2019), €526,000 of tax contingencies, including uncertain income tax position as per IFRIC 23 assessment (€699,000 as of December 31, 2019), €191,000 of civil contingencies and administrative processes of other natures (€237,000 as of December 31, 2019), whose likelihood of loss was considered possible, according to the opinion of our legal counsel.

The most significant of the contingencies are:

<u>Brazil</u>

a) Tax

The tax contingencies, in the approximately amount of €525,531 (€698,672 as of December 31, 2019) refer mainly to administrative and judicial proceedings related to: (i) disallowance of credits for allegedly undue deduction of the IRPJ and CSLL calculation base, as goodwill amortization resulting from the acquisition of other companies; (ii) collection of IRPJ and CSLL, based on the fact that the Company would no longer offer to tax profits earned abroad by subsidiaries and affiliated entities; (iii) collection of alleged difference or non-payment of CFEM, a financial compensation paid to the Federal Government for the economic use of mineral resources; (iv) several discussions related to the ICMS: rate differential, absence of payment in different operations, applicability of tax agenda and transfer of goods between plants of the same taxpayer, improper credits taken upon intermediate materials and fixed assets considered for use and consumption; (v) non-ratified IRPJ credit compensation resulting from the improper application of the tax incentive granted by Authorities and credits resulting from the lower calculation of the negative tax balance; (vi) undue PIS and COFINS credit resulting from freight expenses on goods transfers between industrial plants and distributors; (vii) taxation of interest on capital; and (viii) non-collection of the Property Transfer Tax (“ITBI”) on mergers transactions.

b) Civil

The main lawsuits relate to: (i) reparation of damages due to contractual breach; (ii) indemnity for accidents at work in the civil sphere and for undue collection; (iii) non-compliance with operating license conditions and alleged lack of licensing; (iv) air and soil pollution; and (v) infraction against the economic order (“CADE), as described below:

Administrative Council for Economic Defence (“CADE”)

The Company, along with other companies in the industry, is part of administrative proceedings related to antitrust regulation in progress at the Administrative Council for Economic Defense (“CADE”). In July 2015, CADE’s tribunal judged the administrative appeal presented by the Group under the process initiated in 2007 regarding competition in Brazil (as well by other involved companies), maintaining the condemnation decision about cartel formation and the imposition of a pecuniary fine and other accessory penalties. As of March 31, 2020, the fines imposed to the Group corresponds to €138,966 (R$795,774 thousand), equivalent to €173,264 (R$784,971 thousand) as of December 31,2019, besides the obligation to sell 20% of its installed capacity of the concrete assets in the relevant Brazilian markets in which the Company operates, among other accessory penalties.

After the referred administrative CADE’s decision became final, the Group appealed judicially, having obtained, on October 22, 2015, the grant of the preliminary injunction to suspend all penalties imposed by CADE, by the presentation of real guarantees (two plants), until the final judgment decision. Such preliminary injunction decision was judicially appealed by CADE, and was rejected. The proceeding did not have any significant change until March 31, 2020. Based on the opinion of the legal advisors, the risk of loss in court has been considered as possible, therefore, no provision was recorded for this contingent liability.

Spain

As a result of the tax inspections of the years 2005 to 2008, tax assessments of approximately €120,000 were issued against the Company related essentially to net financial items resulting from interpretations not adjusted to the nature of certain transactions. Based on opinion of the legal advisors, the risk of loss in court was considered as possible. During September 2019, the Supreme Court’s ruled the dispute and the decision was favourable to the Company, therefore the tax assessment was cancelled.

During the second half of 2014, the Spanish tax authorities began inspecting the years 2009 to 2012 related to the same matters in dispute as mentioned previously. The amounts under dispute are negative taxable income of approximately €28,000 for 2009 to 2011, and negative taxable income of approximately €242,000 (€242,000 as of December 31, 2019 for years 2009 to 2012) for 2012. Management believes the final decision will be similar to the Supreme Court’s ruling on the years 2005 to 2008, which was favourable to the Company.

Portugal

Under the Consolidated Income Tax Regime (RETGS), applicable to the Company and other Portuguese entities of the Group until the year 2000, intra-group results ("eliminated results"), amounting to € 265,000 as of March 31, 2020 and December 31, 2019, were generated due to tangible fixed assets sales between group companies.

During the ongoing Corporate Income tax (CIT) inspection of the fiscal year 2016, the Tax Authority requested the provision of information relating to such tangible fixed assets sales, with the purpose of assessing the need for possible adjustments to the Group's taxable profit in this fiscal year and in the fiscal years ending on 2017 and 2018, due to the transitional rules successively inserted in the State Budget Laws of the years 2016, 2017 and 2018, which required partial or total incorporation (in the event of termination of the Group) in those years of any taxable income that were still pending from taxation.

On May 12, 2020, a Draft Report was received, incorporating a correction of €98,926 to the Group's Taxable base, corresponding to 25% (cf. Law No. 7-A / 2016, of June 30) of the eliminated results calculated by the Tax Authority by reference to December 31, 2015.

Based on the opinion of the Company´s legal advisors, the risk of a favourable outcome of on this dispute is “more likely than not”, therefore, no contingency were recorded.

13. Related Parties

Transactions and balances between Group companies consolidated upon the full consolidation method were eliminated in the consolidation process and therefore are not disclosed herein. The balances and transactions between the Group and associated companies and with other related parties fall within normal operational activities, and include advances, loan agreements, sales and purchases of products and services.

In the year ended December 31, 2019 the Company (i) released Capital Reserves in the amount of €66,887 (R$300,000 thousand) to its parent company, Mover Participações S.A. and sold fixed assets to A.Y.U.S.P.E. Empreendimentos e Participações S.A., which the accounts receivable in the amount of €3,841 is recorded within “Other Receivables” as non-current assets.

14. Shareholder’s Equity

Share Capital

As of March 31, 2020, and December 31, 2019 share capital is represented by 25,046,440 registered shares without par value, of which 22,687,439 are common shares and 2,359,001 are preferred shares Class A.

Capital Reserves - Preferred Shares – InterCement Participações

Class A

The preferred shares (Class A) grant their holders the right to receive minimum dividends, not accumulating losses, do not grant voting rights in the Company’s shareholders’ meetings, and can be redeemed by decision of the Board of Directors. Any contractual obligations are guaranteed and recorded at Company's controller shareholder; consequently, the Company does not have any contractual obligation assumed with such holders of the preferred shares.

Class B

The preferred shares (Class B) does not grant their holders the right to receive minimum dividends, do not grant voting rights in the Company's shareholders' meetings, and can be redeemed by decision of the Board of Directors.

As previously informed in "Capital section", the dividends to which the Class B Preferred Shares may be entitled has the preference in relation to the common shares issued by the Company. Notwithstanding and with no prejudice, the dividends to which Class A Preferred Shares may be entitled shall have preference over Class B Preferred Shares. Class B Preferred Shares will have no preference in capital reimbursement in relation to common shares, considering the holders of Class B is the final controlled entity of the Company (Mover S.A.).

Earning Reserves

The March 31, 2019 quarter movement relates to the dividend payment below referred. No dividends were declared or paid for the quarter ended March 31, 2020.

Dividends

The holders of common shares are entitled to annual minimum mandatory dividends equivalent to 25% of the profits for the year adjusted as provided for by the bylaws and the Brazilian Corporate Law.

As of March 31, 2019, €46,973 of dividends were paid to preferred shares Class A.

Non-controlling interests

Other comprehensive income (loss) movements relates to (i) the negative equity recognition of exchange differences arising on the translation of foreign operations in the amount of €39,337 (€21,315 in March 31, 2019) and ii) the positive equity recognition of hedging operations amounting to €38 (negative of €20 in March 31, 2019).

15. Income Tax and Social Contribution

For the three-month periods ended March 31, 2020 and 2019, the reconciliation between the nominal and the effective income tax was as follows:

	03.31.2020	03.31.2019 (Restated)
Loss before income tax and social contribution	(1,455)	(36,015)
Tax rate	34%	34%
Income tax and social contribution at statutory rates	495	12,245
Adjustments to calculate income tax and social contribution at effective rates:		
Permanent additions / (deductions), net (a)	9,005	9,658
Unrecorded deferred income tax and social contribution tax (b)	(18,307)	(24,391)
Restatement in homogeneous currency and effect of change in deferred tax rate (c)	(7,625)	(655)
Other	1,511	207
Income tax and social contribution expense	(14,921)	(2,936)
Current Income tax and social contribution expense	(9,060)	(9,938)
Deferred Income tax and social contribution expense	(5,861)	7,002

(a) Includes the effect of the differences in tax rates in other countries were the tax rates differs from 34% and permanent differences adjustments;

(b) Includes the tax effect from losses on entities not recognized due to lack of positive evidences that would enable them to be recovered within a reasonable period of time;

(c) In March 31, 2020, the amount of €$4,957 relates to the impact of monetary adjustment in Argentina due to hyperinflationary economy and €2,668 relates to the impact in change of tax rate in Argentina.

Deferred income tax and social contribution

Deferred income tax and social contribution were recognized on tax losses carryforwards and temporary differences in the recognition of revenues and expenses between tax and corporate books, to the extent considered realizable by the subsidiaries.

In addition to the income tax charge, in the three month periods ended March 31, 2020 and 2019, the Group recorded deferred taxes in the amount of €49 and €125, respectively, directly in equity.

16. Net Revenue

The breakdown of the Company's net revenues for the years ended March 31, 2020 and December 31, 2019 is as follows:

	03.31.2020	03.31.2019 Restated
Products sold	349.156	368.618
Services provided	21.101	20.275
(-) Taxes on sales	(32.382)	(36.973)
(-) Discounts	(39.236)	(9.850)
Total	298.639	342.070

17. Information on the Nature of the Costs and Expenses Recognized in the Income Statement

The consolidated statements operations are presented based on a classification of expenses according to their function. Information on the nature of such expenses is as follows:

	03.31.2020	03.31.2019 (Restated)
Depreciation, amortization and impairment losses (a)	(44,773)	(42,039)
Salaries and employee benefits	(45,105)	(54,373)
Raw materials and consumables (a)	(54,462)	(60,292)
Tax expenses (b)	(4,637)	(8,395)
Outside services	(30,603)	(37,282)
Rental	(1,630)	(2,542)
Freight expenses	(23,195)	(32,351)
Maintenance costs	(17,330)	(20,456)
Fuel	(29,831)	(39,094)
Electricity	(23,974)	(31,265)
Recognition of provision for risks	(408)	(580)
Gain on sale of property, plant and equipment	251	1,456
Other	(7,585)	(8,465)
Total	(283,282)	(335,678)
Cost of sales and services	(251,771)	(291,340)
Administrative and selling expenses	(33,654)	(46,875)
Other income	2,143	2,537
Total	(283,282)	(335,678)

a) In March 31, 2019, includes the following restated adjustments: (i) increase in raw material and consumables and decrease in depreciation, amortization and impairment loss of €2,106 related to the change in methodology of limestone and clay expenditures in Egypt segment; (ii) increase in depreciation, amortization and impairment loss of €1,425 and a decrease in raw material and consumables of €1,807 related to the IFRS16 adjustment in Brazil segment, and (iii) increase in depreciation, amortization and impairment loss and raw material and consumables in the amount of €810 and €190 related to the exchange rate adjustment in Argentina segment (note 2.4)

b) In March 31, 2019, includes the restated amount of €2,495 related to the reclassification of taxes on financial operations in Argentina (note 2.4) from financial expenses (see note 18, item c). It also includes a restated amount of €364 related to the exchange rate adjustment in Argentina segment (note 2.4).

18. Financial Income (Expenses) and Foreign Exchanges Losses (net)

	03.31.2020	03.31.2019 (Restated)
Foreign exchange gain (losses), net (a):		
Exchange gain	91,780	26,810
Exchange loss	(78,162)	(45,795)
Total	13,618	(18,985)
Financial income:		
Inflation adjustment	764	961
Effects of IAS 29 (b)	1,711	4,565
Financial earnings	1,074	3,289
Interest income	163	223
Derivative financial instruments	373	5,324
Other income	523	351
Total	4,608	14,713
Financial expenses:		
Inflation adjustment	(1,262)	(413)
Expenses on interest and charges	(23,653)	(30,006)
Expenses on banking commissions (c)	(439)	(3,105)
Fines	(39)	(10)
Other expenses	(9,645)	(4,601)
Total	(35,038)	(38,135)

(a) The exchange differences are mainly influenced by the appreciation and depreciation of functional currencies against other currencies (mainly USD and Euro).

(b) It relates to the application of IAS 29 to Argentinean pesos (Note 2.2).

(c) As mentioned in Note 2.4, as of March 31, 2019 the Company reclassified taxes on financial operations in Argentina to "administrative and selling expenses" (Note 17.b) in the amount of €2,495.

19. Leasing

The change of rights-of-use assets in the three months period ended March 31, 2020 is demonstrated as follows:

Composition and movements of right-of-use assets

	Buildings	Machinery and equipment	Vehicles	Other	Total
Cost					
As of December 31, 2019	11,741	55,310	4,270	236	71,557
Write-offs	-	(8)	-	-	(8)
Exchange difference	(733)	(11,338)	(723)	(49)	(12,843)
As of March 31, 2020	11,008	43,964	3,547	187	58,706
(-) Accummulated depreciation					
As of December 31, 2019	(1,923)	(14,925)	(526)	(135)	(17,509)
Additions	(495)	(3,673)	(135)	(31)	(4,334)
Exchange difference	151	3,493	121	33	3,798
As of March 31, 2020	(2,267)	(15,105)	(540)	(133)	(18,045)
Balance as of March 31, 2020	8,741	28,859	3,007	54	40,661
Balance as of December 31, 2019	9,818	40,385	3,744	101	54,048

The obligations under finance leases changed since its adoption through December 31, 2019 as demonstrated below:

Composition and movements of lease liabilities:

	03.31.2020
As of December 31, 2019	62,591
Payments	(5,063)
Present value adjust	2,485
Exchange difference	(10,966)
As of March 31, 2020	49,047

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

Lease liabilities included in the statement of financial position:

	03.31.2020
Current	16,905
Non-current	32,142
Lease liabilities	49,047

Lease liabilities - Maturity analysis:

	03.31.2020
Less than one year	16,905
One to five years	30,024
More than five years	2,118
Lease liabilities	49,047

20. Commitments

Purchase agreements

InterCement Brasil has a contractual agreement for purchase of raw slag effective until 2021 adjusted by the Brazilian Chamber of Construction Industry (CBIC) ("take or pay contract") and also contracts for the acquisition of hydroelectric power until 2024 whose total estimated cash disbursements, in nominal amounts, are as follows:

	03.31.2020	12.31.2019 Restated
2020	19.381	32.726
2021	21.922	27.713
2022	21.703	27.431
After 2022	35.140	44.416
Total	98.146	132.286

Other subsidiaries are parties to contractual agreements for the purchase of inventories and property, plant and equipment, and the operation of facilities located in third-party properties, as follows:

	03.31.2020	12.31.2019
2020	45.594	16.479
2021	23.780	25.529
2022	18.935	22.600
After 2022	115.175	139.812
Total	203.484	204.420

The above balances refer mainly to the contracts signed by Loma Negra as details below:

The Argentinian segment has certain contractual commitments for the purchase of slag with effect until 2022. Estimated future cash flows are approximately €12,615 (ARS895.8 million) between 2020 and 2022.

The Argentinian segment also signed contracts for the supply of gas, assuming payment commitments in the total amount of approximately €10,252 (ARS728 million), with payment of €5,407 (ARS384 million) during the year 2020 and €4,844 (ARS344 million) in 2021.

In the year ended December 31, 2017, the Argentinian segment signed energy supply contracts with certain suppliers, in the total amount of €10,083 (ARS716 million) and €13,434 (ARS954 million) during 2020 and 2021 and €126,977 (ARS9.017 million) between 2022 and 2037.

Additionally to the above figures, in accordance with the contract concluded with Sinoma International Engineering Co. Ltd for the construction of a new cement factory, Loma Negra C.I.A.S.A. made commitments totalling €30,516 (ARS2,167 million), plus €95,551 (ARS6.923 million) and €41,600. Whereas, as agreed, the amounts in pesos (ARS2,167 million) are subject to periodic updating in accordance with an adjustment formula. The amount committed as of March 31, 2020 is €10,688 (ARS759 million).

21. Earnings Per Share

The table below shows the reconciliation of profit/loss for each period with the amounts used to calculate basic and diluted earnings (loss) per share:

	03.31.2020	03.31.2019 (Restated)
Profit / (Loss) for the period from continuing and discontinuing operations attributable to Company's owners	(24,602)	258,306
Profit / (Loss) for the period attributable to common shares	(24,602)	258,306
Weighted average number of common shares	22,687,439	22,687,439
Basic/diluted gain (loss) per common share	(1.08)	11.39
Loss for the period from continuing operations attributable to Company's owners	(24,602)	(51,227)
Loss for the period attributable to common shares	(24,602)	(51,227)
Weighted average number of common shares	22,687,439	22,687,439
Basic/diluted loss per common share	(1.08)	(2.26)

22. Financial Instruments

The Group conduct transactions involving financial instruments, including derivatives, all of which recorded in balance sheet accounts, which are intended to meet their operating and financial needs. The Company contracts short-term investments, borrowings and financing, as well as derivatives.

22.1. Capital risk management

The Group capital structure consists on net debt (borrowings less cash equivalents and securities) and equity (which includes issued capital, reserves, retained earnings and non-controlling interests).

22.2. Financial risk management

General principles

During its normal business activities, ICP Group is exposed to a variety of financial risks likely to change its net worth, which can be grouped, according to their nature, in the following categories:

- Interest rate risk;
- Exchange rate risk;
- Liquidity risk;
- Credit risk;
- Counterparty risk.

Financial risk means the probability of obtaining a positive or negative outcome different to that expected, and which materially and unexpectedly alters the Group's net worth.

All risk management, focused on that objective, is conducted according to two core concerns:

- Reducing, whenever possible, fluctuations in profit/loss and cash flows that are exposed to risk situations;

- Curbing deviation from forecast financials by means of strict financial planning based on multi-year budgets.

Furthermore, another concern of the Group is that the processes for managing these risks meet internal information requirements and external requirements (regulators, auditors, financial markets and all other stakeholders).

The Group, as a rule, does not take speculative positions and so the sole aim of all operations carried out with the purpose of managing financial risks is to control existing risks to which the Group is unavoidably exposed.

Hedging the interest-rate risk and exchange-rate risk normally means contracting financial derivatives on the over-the-counter market (for reasons of flexibility), involving a limited number of counterparties with high ratings. These operations are undertaken with financial entities with which International Swaps and Derivatives Associaton (ISDA) contracts were completed in advance, in accordance with international standards.

The whole treasury department is responsible for managing financial risks, including identifying, assessing and hedging such risks. This risk management is conducted under the guidance of the Executive Committee, in particular of the director responsible for the financial risk area (whose approval is required prior to any operation).

22.3. Interest rate risk

The Group's exposure to interest-rate risk arises from the fact that its balance sheet includes financial assets and liabilities that may have been contracted at fixed interest rates or at variable interest rates. In the former case, the Group runs the risk of variation in the fair value of those assets and liabilities, whereby any change in market rates involves a (positive or negative) opportunity cost. In the latter case, such change has a direct impact on the amount of interest paid/received, resulting in cash account changes.

Interest-rate swaps can be contracted to hedge this type of risk, in accordance with the Group's expectations concerning the development of market rates

As of March 31, 2020 and December 31, 2019, there were no hedge instruments contracted to protect such risks.

Exposure to interest rate risks and to floating and fixed rates

The Group is exposed to floating interest rates and inflation rates mainly related to changes in the IGP-M, CDI, Libor, Euribor and Badlar on borrowings and debentures. Interest rates on short-term investments are mostly linked to the CDI and Selic fluctuation. These positions are as follows:

	Borrowings and financing	Debentures	Cash and cash equivalents	Securities	Other payables	03.31.2020	12.31.2019
Assets:							
CDI	-	-	59.770	168	-	59.938	95.867
Total	-	-	59.770	168	-	59.938	95.867
Liabilities:							
IGP-M	-	-	-	-	5.096	5.096	6.331
CDI	54.420	290.314	-	-	-	344.734	410.402
EURIBOR	196.216	-	-	-	-	196.216	196.252
LIBOR	424.065	-	-	-	-	424.065	411.397
Badlar	42.222	-	-	-	-	42.222	-
Outros	4.688	-	-	-	-	4.688	45.871
Total	721.611	290.314	-	-	5.096	1.017.021	1.070.253

As of March 31, 2020 and December 31, 2019, the Group's liability by type of interest rate, considering derivative financial instruments, between floating and fixed rate, was as follows:

	03.31.2020	12.31.2019
Floating rates	60%	62%
Fixed rates	40%	38%

22.4. Exchange rate risk

The Group is exposed to the exchange-rate risk for the currencies of different countries due to the amounts of capital invested in those countries where functional currency is different from Group functional currency.

The exchange effects of the translation of local financial statements in the Group's consolidated financial statements can be mitigated by hedging the net investments in such countries.

When hedging the exchange-rate risk, swaps and forward contracts and with maturities equivalent to the instrument that serves as a hedging basis, are contracted.

The Group does not carry out exchange-rate operations that do not adequately cover existing or contracted positions.

The fact that the Group operates in countries with significant interest rate differentials in relation to the consolidation currency, results in the search for natural hedge strategies. In this respect there was a seeking to increase the debt of the Business Units in order to obtain better correspondence between assets and liabilities in the same currency, thus decreasing the Group's overall exposure.

Exposure to foreign exchange risk

The Group has assets and liabilities in currencies other than their own functional currencies, mainly the US dollar, and their individual financial results may be materially impacted by exchange rate fluctuations.

The main account groups exposed to foreign exchange risk are as follows:

	03.31.2020	12.31.2019
Assets:		
Cash, cash equivalents and securities	22,720	68,451
Trade receivables	3,922	988
Related parties (a)	406,581	404,533
Other credits	1,193	1,366
Exposed assets	434,416	475,338
Liabilities:		
Interest, borrowings, financing and debentures	1,244,020	937,349
Foreign trade payables	16,852	5,685
Related parties (a)	401,802	434,866
Other debits	161	1,227
Exposed liabilities	1,662,835	1,379,127

(a) It relates to intercompany balances with currency exposure at least in one of the related companies, (considering subsidiaries with different functional currencies), where balances (assets and liabilities) are eliminated during the consolidation; however, gain or loss impact in exchange variation are not eliminated since impacts the profit or loss of individual entities.

The presentation of cash and cash equivalents and current securities by currencies and related foreign exchange exposures are as follows:

		03.31.2020		12.31.2019	
Functional currency	**Currency**	**Currency**	**Euros**	**Currency**	**Euros**
ARS	USD	4.887	4.436	4.557	4.054
BRL	USD	3	2	206	184
PYG	USD	5.534	5.024	684	609
EGP	USD	1.851	1.681	3.273	2.912
EUR	USD	12.629	11.465	64.144	57.067
MZN	USD	-	-	99	88
ARS	BRL	9	1	9	2
PYG	BRL	1	-	1	-
ARS	EUR	27	27	27	27
BRL	EUR	-	-	-	-
PYG	EUR	18	18	18	18
EGP	EUR	66	66	92	92
MZN	EUR	-	-	1.579	1.579
EUR	EGP	-	-	2.745	153
ARS	PYG	-	-	5.475	-
MZN	ZAR	-	-	2.008	127
EUR	MZN	-	-	105.821	1.539
Amount exposed to foreign exchange risks			22.720		68.451
BRL	BRL	393.691	68.750	437.043	96.467
EUR	EUR	11.424	11.424	73.821	73.821
ARS	ARS	2.030.573	28.594	1.178.500	17.507
MZN	MZN	595.827	8.086	998.691	14.531
EGP	EGP	162.699	9.413	108.098	6.010
PYG	PYG	42.661.179	5.893	130.908.940	18.018
ZAR	ZAR	243.621	12.449	308.669	19.595
Amount by functional currency			144.609		245.949
			167.329		314.399

The main debt instruments (essentially related with loans and debentures) as of March 31, 2020 and December 31, 2019, and considering the effect of the existing cross currency swaps, were denominated in the following currencies:

	03.31.2020	12.31.2019
USD	55%	53%
BRL	22%	25%
EUR	13%	15%
Other	10%	7%

22.5. Liquidity risk

Liquidity risk management means maintaining an appropriate level of cash resources and contracting credit limits that not only ensure the normal pursuit of the Group’s activities but also meet the needs of any extraordinary operations.

As mentioned in note 24 above, Company successfully refinanced its debts releasing pressures in the next three years related to liquidity risk. Management continues working in its liabilities plan to, targeting extension to remaining loans, financing and debentures with the expectation of recover in Brazil from its recent financial crises and all of Company´s business after COVID-19 crisis..

22.6. Credit risk

The markets view of Group's credit risk in regards to financing operations is naturally reflected in the financial costs associated to such operations. The Group's influence in such matters is merely ancillary, embodying the prudent and balanced management of the business in order to lessen the probability of defaulting on its obligations.

The Group's level of solvency is also reflected in its Leverage ratio (Net Debt / EBITDA). As described in Notes 10 and 11, as of December 31, 2019, the Company agreed with financial institutions the increase of such parameters from 4.5 to 5.5 (ratio Net Debt versus EBITDA), which was in compliance at year-end. Furthermore, the Company successfully refinanced its debts, including the amendment of the covenants for 2020 and following years (see notes 10, 11 and 24).

Financial instruments that potentially subject the Company and its subsidiaries to concentrations of credit risk consist primarily of short-term investments. The Company and its subsidiaries maintain bank accounts and short-term investments with financial institutions approved by Management, and only carry out sale transactions according to credit approval criteria for minimizing default risks.

22.7. Counterparty risk

When the Group establishes different contractual relations with third parties, it takes on the risk of the probability of non-fulfilment or even, in an extreme scenario, default by a counterparty.

The Group endeavours to limit its exposure to this risk, when making bank deposits and other cash investments and also, when contracting derivative instruments, by carefully selecting the counterparties, based on their rating and taking into account the nature, maturity and scope of the operations.

No losses due to default by counterparties are expected based on the information currently available. As mentioned in note 1 above, Management carefully reviewed any impact in the expected credit losses as part of our evaluation of the potential impacts arising from COVID-19, and concluded that the allowance for doubtful accounts is reasonable to cover the expected risks.

22.8. Sensitivity analysis of financial instruments

Exposure to interest-rate risk results in the variability of the Group's net financial expenses. The results of a sensitivity analysis of exposure as of March 31, 2020 were as follow:

a) Sensitivity analysis - Interest rates with Euribor, US Libor and CDI index

A parallel change of +/- in the interest rate curves applied on principal amounts as of March 31, 2020, with all the other assumptions remaining constant would result in an increase in financial costs for the period then ended (before taxes) as shown in table below:

Indexing	Currency	Asset (liability)	1%	2%	3%
Euribor	EUR	(196,216)	(1,962)	(3,924)	(5,886)
US Libor	USD	(424,065)	(4,241)	(8,481)	(12,722)
CDI	BRL	(284,796)	(2,647)	(5,294)	(7,941)

b) Exchange rates

In the debt balances, considering the currency distribution aforementioned, the exchange rate risks from exchange rate volatility may result in significant impacts on consolidated financial results.

Considering the Group's companies financial asset and liability profile (including intercompany balances) as of March 31, 2020, the more significant impacts on net financial results would be as follows:

				USD depreciation		USD appreciation	
Amount in USD	Funcional currency	FX Rate (03-31-20)		-10%	-5%	5%	10%
(1.227.467)	EUR	1,10	Effect in EUR	123.817	58.650	67.603	135.206
(106.405)	ARS	64,47	Effect in ARS	(685.979)	(342.990)	342.990	685.979
			Effect in EUR	(10.733)	(5.084)	4.600	8.782
5.541	PYG	6.571,73	Effect in PYG	3.641.540	1.820.770	(1.820.770)	(3.641.540)
			Effect in USD	559	265	(240)	(457)
(3.555)	BRL	5,20	Effect in BRL	(1.848)	(924)	924	1.848
			Effect in EUR	(359)	(170)	154	293
77.394	ZAR	17,77	Effect in ZAR	137.508	68.754	(68.754)	(137.508)
			Effect in EUR	7.807	3.698	(3.346)	(6.387)
246	EGP	15,69	Effect in EGP	387	193	(193)	(387)
			Effect in EUR	25	12	(11)	(20)
(87.569)	MZN	66,90	Effect in MZN	(585.823)	(292.911)	292.911	585.823
			Effect in EUR	(8.833)	(4.184)	3.786	7.227

				EUR depreciation		EUR appreciation	
Amount in EUR	Funcional currency	FX Rate (03-31-20)		-10%	-5,0%	5,0%	10,0%
(33.224)	ZAR	19,57	Effect in ZAR	65.023	32.511	(32.511)	(65.023)
			Effect in EUR	3.351	1.588	(1.436)	(2.742)
86.858	BRL	5,73	Effect in BRL	(49.739)	(24.869)	24.869	49.739
			Effect in EUR	(8.762)	(4.150)	3.755	7.169
(52.569)	MZN	73,69	Effect in MZN	387.378	193.689	(193.689)	(387.378)
			Effect in EUR	5.303	2.512	(2.273)	(4.339)

				EGP depreciation		EGP appreciation	
Amount in EGP	Funcional currency	FX Rate (03-31-20)		-10%	-5,0%	5,0%	10,0%
57.013	EUR	17,28	Effect in EUR	363	182	(182)	(363)

(Thousand)

22.9. Categories of financial instruments

	03.31.2020	12.31.2019
Current assets:		
Cash and bank accounts (Note 4)	60.698	173.994
Financial assets at amortized cost:		
Short-term investments - financial asset (Note 4)	1.338	1.312
Trade receivables (Note 6)	79.390	67.162
Other receivables	37.341	33.535
Financial assets at fair-value through profit & Loss:		
Short-term investments - financial asset	89.725	121.953
Exclusive funds (Note 5)	15.568	17.142
Non-current assets:		
Financial assets at amortized cost:		
Trade receivables (Note 6)	286	448
Other receivables	31.973	35.250
Financial assets at fair-value through profit & loss:		
Long-term investments - financial asset (Note 5)	962	1.270
Derivatives (Note 22.10)	5.286	6.281
Current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 11)	125.740	158.917
Borrowings and financing (Note 10)	330.081	196.320
Trade payables	196.288	263.012
Interest payable (Notes 10 and 11)	19.116	24.583
Leasing (Note 19)	16.905	27.263
Other payables	24.804	43.617
Non-current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 11)	647.557	695.277
Borrowings and financing (Note 10)	567.941	667.669
Trade payables	1.582	2.698
Leasing (Note 19)	32.142	35.328
Other payables	20.936	26.007

22.10. Derivative transactions

As of March 31, 2020 and December 31, 2019, the fair value of derivatives is as follows:

	Assets	
	Non-current	
	03.31.2020	12.31.2019
Written-put options ("Baesa", "Machadinho" and "Estreito" operations)	5,286	6,281
	5,286	6,281

Trading derivatives

Represented by three derivative options in connection with "Baesa", "Machadinho" and "Estreito" operations, whose asset and liability fair value as of March 31, 2020 and December 31, 2019, were estimated in the amount of €5,286 and €6,281, respectively.

22.11. Market values

Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value as of March 31, 2020 in accordance with the following fair value seniority levels:

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

Category	Item	Level 1	Level 2	Level 3
Assets:				
Financial assets at fair value	Securities	15,568	89,725	-
Financial assets available for sale	Securities - non current	-	962	-
Financial assets at fair value	Financial derivative instruments	-	-	5,286

Estimated fair value – assets and liabilities not measured at fair value

Measurement of fair value of derivatives financial instruments is based on criteria extracted from external database agencies, and the results obtained faced with the corresponding evaluations made by counterparties.

Except as regards non-current loans the majority of financial assets and liabilities mature in the short term and so their fair value is considered to be the same as their book values.

Regarding loans and debentures, as shown in Notes 10 and 11, in general, are contracted at variable interest rates. Consequently, it is understood that the corresponding book value (amortized cost) does not differ significantly from their corresponding market value, except for the Senior Notes issued by InterCement B.V.

and for the fixed interest rate loans contracted in the Brazilian segment, which effect of their valuation to fair value in relation to their book value being as follows:

	03.31.2020	12.31.2019
Fair value	594,885	779,052
Carrying amount (note 10)	786,408	861,608

23. Operating Segment

The operating segments are identified based on the internal reports on the Company's components, periodically reviewed by the Chief Executive Officer (CEO), the chief operating decision-maker, so that funds can be allocated to the segments and their performances assessed.

To manage its business taking into consideration its financial and operating activities, the Company classified its business into each geographical area where the Company operates.

The statement of operations information are as follows:

	03.31.2020				03.31.2019 (Restated)			
	Net Revenue				Net Revenue			
	Foreign sales	Intersegment sales	Total	Results	Foreign sales	Intersegment sales	Total	Results
Operating segments:								
Brazil	93,079	-	93,079	(8,030)	98,619	-	98,619	(14,797)
Argentina and Paraguay	126,618	-	126,618	27,243	156,621	-	156,621	29,487
Egypt	26,631	-	26,631	(946)	30,643	-	30,643	(3,403)
Mozambique	24,946	-	24,946	1,018	22,530	-	22,530	1,023
South Africa	24,874	735	25,609	997	27,142	567	27,709	1,991
Total	296,148	735	296,883	20,282	335,555	567	336,122	14,301
Unallocated (a)	2,491	100	2,591	(4,925)	6,515	31,338	37,853	(7,909)
Eliminations	-	(835)	(835)	-	-	(31,905)	(31,905)	-
Sub-total	298,639	-	298,639	15,357	342,070	-	342,070	6,392
Income before financial income (expenses)				15,357				6,392
Foreign exchange, net				13,618				(18,985)
Financial income				4,608				14,713
Financial expenses				(35,038)				(38,135)
Income (loss) before income tax and social contribution				(1,455)				(36,015)
Income tax and social contribution				(14,921)				(2,936)
Loss for the period from continuing operations				(16,376)				(38,951)
Profit for the period from discontinuing operations				-				314,134
Profit/(Loss) for the period				(16,376)				275,183

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

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

	Noncontrolling interests	
	03.31.2020	03.31.2019 (Restated)
Continuing operating segments:		
Brazil	2,635	1,572
Argentina and Paraguay	7,342	12,150
Egypt	(128)	(173)
Mozambique	(885)	123
South Africa	711	265
	9,675	13,937
Unallocated	(1,449)	(1,662)
	8,226	12,275
Discontinued operating segments	-	4,602
Profit for the period attributable to non-controlling interests	8,226	16,877

Other information:

	03.31.2020		03.31.2019	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Operating segments:				
Brazil	8,795	19,144	6,248	20,922
Argentina and Paraguay	16,511	14,757	59,761	13,788
Egypt	2,081	4,065	458	2,480
Mozambique	546	4,055	741	2,255
South Africa	687	2,626	2,360	2,282
	28,620	44,647	69,568	41,727
Unallocated	-	126	401	312
Total	28,620	44,773	69,969	42,039

The impairment losses, when it occurs, respects to impairment losses on goodwill, tangible and intangible assets.

In addition, segment assets and liabilities reconciled with the consolidated balances as of March 31, 2020 and December 31, 2019 are as follows:

	03.31.2020			12.31.2019		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	1,217,072	592,221	624,851	1,552,593	741,871	810,722
Argentina and Paraguay	1,070,549	445,656	624,893	1,090,056	441,643	648,413
Egypt	267,647	233,312	34,335	252,389	217,373	35,016
Mozambique	220,973	146,443	74,530	232,647	145,784	86,863
South Africa	284,004	75,008	208,996	342,561	94,536	248,025
Total	3,060,245	1,492,640	1,567,605	3,470,246	1,641,207	1,829,039
Unallocated	252,310	1,115,301	(862,991)	324,911	1,150,449	(825,538)
Eliminations	(263,835)	(263,835)	-	(256,603)	(256,603)	-
Total	3,048,720	2,344,106	704,614	3,538,554	2,535,053	1,003,501

The unallocated assets and liabilities include assets and liabilities not attributable to specific segments basically allocated to holding and trading companies.

24. Events After the Reporting Period

Refinancing of debts

As mentioned in note 1 above, on June 8, 2020, the Company concluded its Debt refinancing program that Management designed with the Company´s main lenders and approximately €806,029 (considering the currency exchange rate at the transaction date) of its debt were extended by the issuance of two Debentures, one by InterCement Participações S.A. (R$2,976,666 thousands equivalent to €513,014) and other by InterCement Brasil S.A (R$1,700,161 thousands equivalent to €293,015).

These debentures are negotiated in Brazilian Reais and have final maturity in May 2027, with partial amortizations starting in 2023 with an annual interest rate of CDI + 3,75%. The instrument is guaranteed by Loma Negra shares held by the Company. The debt was issued in Brazilian Reais and will provide an appropriate amortization schedule, avoiding pressures on the next three years, supporting the company liquidity in this challenge period. The debentures will be mandatorily redeemable in May 2024 if the Group is unable to refinance its existing notes due 2024.

Additionally, the debentures will carry financial covenants, measured at the consolidated level of ICP, adequate to the current scenario. In 2020, due to the COVID-19 pandemic situation, the Company needs to comply with a gross debt cap of €1,800,000, measured at year end. In the following year ends, the financial covenant changes from gross debt cap, to net leverage, measured by the Net Debt over Adjusted EBITDA. In 2021, the limit is 5.85X, and for the following years 5.35X in 2022; 4.85X in 2023; 3.85X in 2024 and 3.35 from 2025 until 2027.

The use of proceeds from the issuance was fully addressed to prepay the existing debts in the Companies Caue Austria Holding (€375,000, which €179,000 were denominated in US$ and the remaining portion denominated in Euros), InterCement Financial Operations BV (€145,000 denominated in US$) and InterCement Brasil (€$296,000 were denominated in Brazilian Reais). Corresponding amounts were rounded.

25. Authorization for issuance of Financial Information

At the meeting held on June 11, 2020, the Board of Directors authorized the issuance of this condensed consolidated interim financial statements, being approved by them for disclosure.