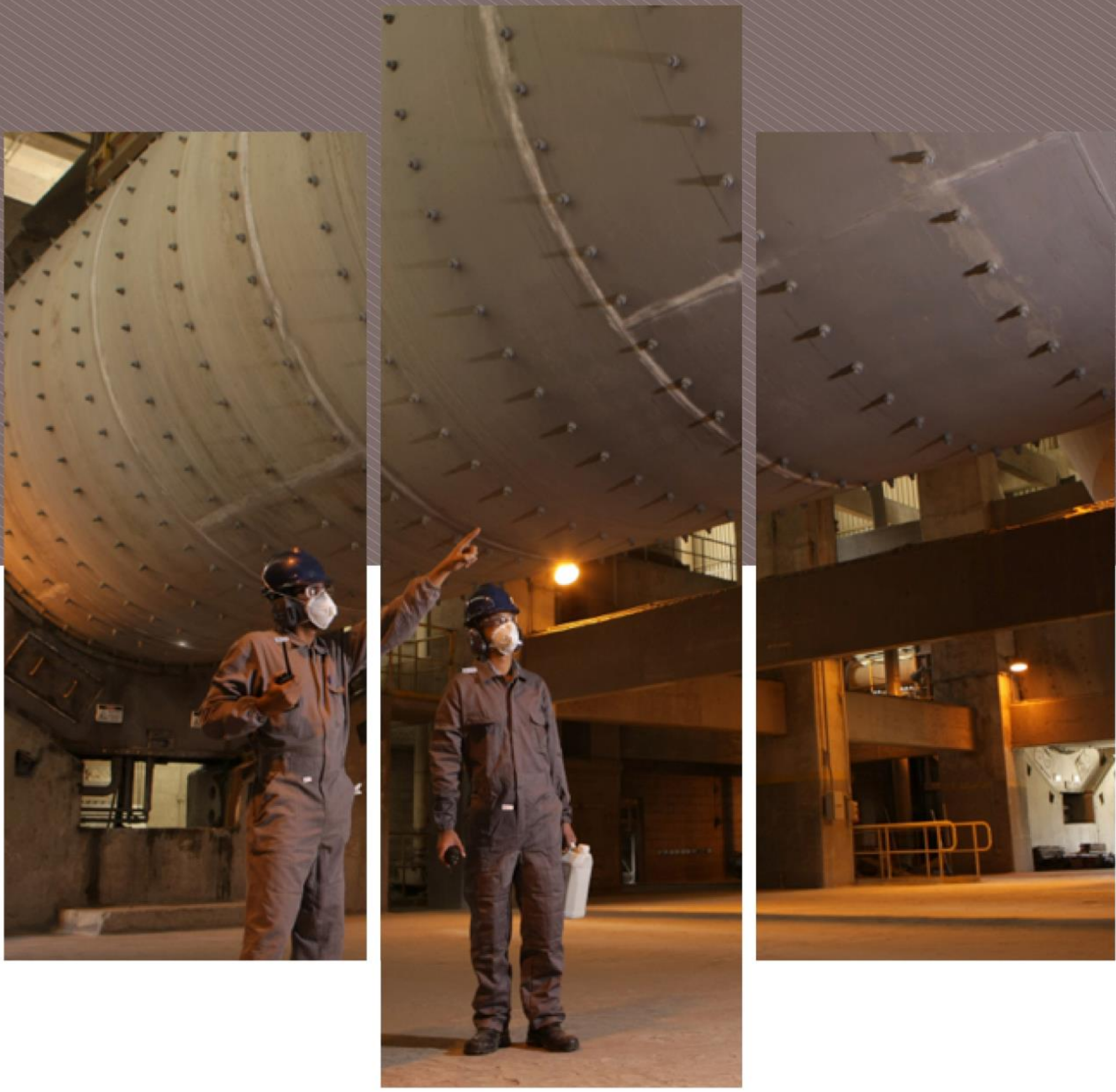
Building sustainable partnerships



2020

FINANCIAL STATEMENTS

InterCement

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Independent auditor's report on the consolidated financial statements

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

Opinion

We have audited the consolidated financial statements of InterCement Participações S.A. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2020, and the consolidated statements of profit or loss, of comprehensive income (loss), of changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of InterCement Participações S.A. as of December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the *Code of Professional Ethics for Accountants* (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Brazil, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

<u>Goodwill impairment test</u>

As of December 31, 2020, as described in Note 8, the Company has recorded goodwill of US$857,128 thousand, generated in business combinations from prior years, representing 27% of total assets, on that date. At least once a year, the Company performs impairment test of goodwill, based on estimates of future profitability that take in consideration the business plans and annual budget, adopted by management. The methodology and modeling used to determine the recoverable value of this asset, which was based on the Company's discounted cash flows of each cash-generating unit, refer to estimates that include subjective assumptions that were used by Management and involve a high degree of judgment, information and expected market and economic conditions, determination of discount rates, country risks and company specific risk premiums (at the component levels), among others.

The monitoring of this matter was considered significant for our audit due to the relevance of the amounts involved in relation to the total assets and the potential risks to the Company's profit and loss for the year, in the event of identification of impairment of this asset, in addition to the uncertainties inherent to the determination of the estimate of expected recovery values, given the use of market information and a high degree of judgment exercised by management, in determining the assumptions on the different impairment models. A change in any of these assumptions may have a significant impact on the Company's consolidated financial statements.

How our audit conducted this matter

Our audit procedures included, but were not limited to, the involvement of valuation specialists to assist audit team in the analysis and review of the methodologies and models used by management, evaluation of the assumptions that supported the projections that determined the business plan, budget, technical studies and analyzes of the recoverable amount of the Company's asset related to each cash-generating unit. Our procedures also included an evaluation of the reasonableness and consistency of the data and assumptions used in the preparation of such models, including discount rates, country risk, company specific risk premiums and cash flow projections, among others, as provided by Company's management, and we also analyzed corresponding accuracy of arithmetic calculations of the models. We analyzed information that could contradict the most significant assumptions and methodologies selected.

Additionally, we compared the recoverable amounts determined by Company's management, based on the discounted cash flows for each cash-generating unit, with the corresponding carrying amounts, and evaluated the adequacy of the disclosures in Note 8 to the consolidated financial statements as of December 31, 2020.

Based on the results of the auditing procedures performed on the goodwill impairment test, which is consistent with management's assessment, we considered the criteria and assumptions of goodwill impairment test used by management, as well as the respective disclosures in Note 8, are acceptable, in the context of the consolidated financial statements taken as a whole.

Restrictive clauses on borrowings, financings and debentures - “covenants”

As of December 31, 2020, as described in Notes 9 and 10, the Company has recorded borrowings, financings, debentures and senior notes contracts in the total amount of US$1,625,062 thousand, out of which US$1,500,349 thousand classified as non-current liabilities, representing 51% and 47%, respectively, of total liabilities and equity on that date. These borrowings, financings, debentures and senior notes are subject to compliance with annual restrictive covenants, which are calculated using certain financial ratios and a gross debt cap of €1,800,000 thousand, as agreed with the creditors. The failure to comply with these covenants may result in the declaration of early maturity of such contracts, as well as other borrowings and financings due to cross default, which would require the Company to pay the respective outstanding amounts immediately on the date of any default, significantly impacting its equity and financial position, reason why we considered the compliance with the referred restrictive clauses as a significant risk to our audit.

How our audit conducted this matter

Our audit procedures included, among others: (i) reading and understanding the annual restrictive clauses (“covenants”) from such borrowing, financings, debentures and senior notes, including any amendments that contain changes to these covenants, which were renegotiated throughout 2020; (ii) analysis and review of the covenants' calculation performed by management, and; (iii) evaluation of information made available by the fiduciary agents and subsequent events, which include understanding of debt restructuring negotiations, as mentioned in Notes 1, 9 and 10. We also assessed the adequacy of the disclosures in Notes 9 and 10 to the consolidated financial statements as of December 31, 2020.

Based on the result of the audit procedures carried out on the covenants compliance, we considered that the criteria and premises adopted by management, as well as the respective disclosures in Notes 9 and 10, are acceptable, in the context of the consolidated financial statements taken as a whole.

Deferred tax assets impairment test

As of December 31, 2020, as described in Note 16, the Company has recorded deferred tax assets in the amount of US$70,183 thousand, which recognition and recoverability are based on analysis prepared by the management, in respect of generation of future taxable income. The preparation of such a study requires significant judgment in determining the projection of future taxable income.

The monitoring of this matter was considered significant for our audit due to the relevance of the amounts involved and the potential effects on the Company’s profit and loss for the year, and the degree of judgment used in the projections of future taxable income, its estimates and assumptions, and the potential impact that any changes in these estimates and assumptions could bring to the deferred tax assets recorded in the consolidated financial statements.

How our audit conducted this matter

Our auditing procedures included, but were not limited to, the use of specialized tax professionals to analyze the income tax bases according to current tax legislation. Additionally, we performed analysis and evaluation of the assumptions and methodology used by management in the projections of future taxable income, such as changes in sales and costs, tax rates and arithmetic mathematical calculations, as well as comparing certain projection data, when available, with other external sources and alignment of these premises with the business plans approved by the Company's management. Additionally, we have analyzed the adequacy of the disclosures made in Note 16 to the consolidated financial statements.

Based on the results of the audit procedures performed on the recognition, measurement and recoverability of deferred tax assets through the availability of future taxable income, which is consistent with management's assessment, we considered that the criteria and assumptions of recoverable values of deferred tax assets adopted by the Company’s management, as well as the respective disclosures in Note 16, are acceptable, in the context of the consolidated financial statements taken as a whole.

Other matters

The consolidated financial statements for the year ended December 31, 2018, were audited by another auditor who expressed an unmodified opinion dated on June 22, 2020, except for the items disclosed in Notes 2.24c and 25 to the accompanying consolidated financial statements, which explain the retrospective effects on December 31, 2018, whose date is March 25, 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s and its subsidiaries’ ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s and its subsidiaries’ financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercised professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including significant deficiencies in internal control that we may have identified during our audit.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 25, 2021.

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

Consolidated statements of financial position as of December 31, 2020, 2019 and 2018

(In thousands of U.S. Dollars – US$)

ASSETS	Notes	12.31.2020	12.31.2019	12.31.2018
CURRENT ASSETS				
Cash and cash equivalents	3	238,957	333,869	373,815
Securities	4	21,771	19,516	17,755
Trade receivables	5	76,550	75,490	83,861
Inventories	6	213,594	279,103	304,169
Recoverable taxes		39,468	58,658	48,742
Other receivables		37,444	37,693	40,349
		627,784	804,329	868,691
Assets classified as held for sale	2.24	-	-	855,804
Total current assets		627,784	804,329	1,724,495
NONCURRENT ASSETS				
Securities	4	1,212	1,427	1,532
Trade receivables	5	699	504	854
Inventories	6	61,449	80,607	53,826
Recoverable taxes		9,879	35,213	71,513
Deferred income tax and social contribution	16	6,945	10,706	17,426
Judicial deposits		13,013	17,607	19,104
Derivatives	24.10	4,754	7,060	3,852
Other assets and receivables		29,215	41,457	45,683
Right-of-use assets	14	52,508	60,750	-
Property, plant and equipment	7	1,388,273	1,690,789	1,546,449
Intangible assets:				
Goodwill	8	857,128	1,076,173	1,128,142
Other intangible assets	8	112,849	150,708	177,421
Total noncurrent assets		2,537,924	3,173,001	3,065,802
TOTAL ASSETS		3,165,708	3,977,330	4,790,297

LIABILITIES AND EQUITY	Notes	12.31.2020	12.31.2019	12.31.2018
CURRENT LIABILITIES				
Trade payables		235,155	295,625	285,950
Debentures	10	-	178,623	121,230
Borrowings and financing	9	124,713	220,663	441,675
Interest payable	9 and 10	20,213	27,632	45,125
Leases liabilities	14	27,074	30,644	-
Taxes payable		76,708	54,777	66,425
Payroll and related taxes		37,226	33,604	28,773
Advances from customers		14,896	10,019	14,375
Other payables		32,647	49,255	48,652
		568,632	900,842	1,052,205
Liabilities directly associated with assets classified as held for sale	2.24	-	-	351,767
Total current liabilities		568,632	900,842	1,403,972
NONCURRENT LIABILITIES				
Trade payables		1,638	3,033	11,397
Debentures	10	1,446,648	781,490	908,358
Borrowings and financing	9	53,701	750,459	749,114
Leases liabilities	14	30,403	39,708	-
Provision for tax, civil and labor risks	11	66,318	58,971	61,729
Provision for environmental recovery	12	18,798	20,751	17,900
Taxes payable		12,804	7,181	4,652
Deferred income tax and social contribution	16	226,391	257,006	268,801
Other payables		25,443	29,956	34,454
Total noncurrent liabilities		1,882,144	1,948,555	2,056,405
TOTAL LIABILITIES		2,450,776	2,849,397	3,460,377
SHAREHOLDER'S EQUITY				
Capital	15	1,445,943	1,440,119	1,440,119
Capital reserves	15	603,095	550,676	625,418
Earnings reserves	15	381,685	421,217	581,421
Accumulated profit		-	-	(229,120)
Other comprehensive loss		(2,011,728)	(1,622,369)	(1,410,308)
Equity attributable to the Company's owners		418,995	789,643	1,007,530
Non-controlling interests	15	295,937	338,290	322,390
Total equity		714,932	1,127,933	1,329,920
TOTAL LIABILITIES AND EQUITY		3,165,708	3,977,330	4,790,297

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated statements of profit or loss for the years ended December 31, 2020, 2019 and 2018

(In thousands of U.S. Dollars - US$, except per earnings (loss) per share expressed in U.S. Dollars)

	Notes	12.31.2020	12.31.2019 Restated note 2.24	12.31.2018 Restated note 2.24
CONTINUING OPERATIONS				
NET REVENUE	17	1,278,111	1,484,166	1,647,039
COST OF SALES AND SERVICES	18	(1,042,205)	(1,278,658)	(1,447,206)
GROSS PROFIT		235,906	205,508	199,833
OPERATING INCOME (EXPENSES)				
Selling expenses	18	(47,172)	(59,494)	(102,048)
Administrative expenses	18	(89,829)	(117,456)	(62,099)
Other income	18	(20,863)	(12,600)	(388)
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		78,042	15,958	35,298
FINANCIAL INCOME (EXPENSES)				
Foreign exchange gains/(losses), net	19	119,517	(18,096)	(92,843)
Financial income	19	22,705	55,939	54,310
Financial expenses	19	(167,723)	(198,470)	(208,348)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		52,541	(144,669)	(211,583)
INCOME TAX AND SOCIAL CONTRIBUTION				
Current	16	(43,579)	(29,025)	(44,548)
Deferred	16	(1,057)	(4,650)	6,172
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		7,905	(178,344)	(249,959)
DISCONTINUED OPERATIONS				
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	2.24	27,568	349,145	19,311
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO				
Company's owners		(4,622)	122,146	(227,938)
Non-controlling interests		40,095	48,655	(2,710)
LOSSES PER SHARE FOR CONTINUING OPERATIONS				
Basic/diluted losses per share	21	(1.63)	(9.37)	(10.47)
EARNINGS (LOSSES) PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS				
Basic/diluted earnings (losses) per share	21	(0.20)	5.38	(10.05)

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated statements of comprehensive income (loss) for the years ended December 31, 2020 2019 and 2018

(In thousands of U.S. Dollars - US$)

	Notes	12.31.2020	12.31.2019 Restated note 2.24	12.31.2018 Restated note 2.24
CONTINUING OPERATIONS				
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		7,905	(178,344)	(249,959)
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Employee benefits		42	72	17
Items that might be reclassified subsequently to profit or loss:				
Exchange differences from translation of foreign operations		(679,307)	(430,031)	(321,294)
Effects of hyperinflationary monetary adjustment (note 2.1)	2.1	251,790	200,616	250,663
Derivative and hedging transactions		2,520	3,232	11,340
TOTAL COMPREHENSIVE LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(417,050)	(404,455)	(309,233)
DISCONTINUED OPERATIONS				
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	2.24	27,568	349,145	19,311
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Employee benefits		-	-	(5,847)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS		27,568	349,145	13,464
COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:				
Company's owners		(427,333)	(424,647)	(341,700)
Non-controlling interests		10,283	20,192	32,467
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO:				
Company's owners		(393,981)	(89,915)	(337,917)
Non-controlling interests		4,499	34,605	42,148

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated statements of changes in shareholders' equity for the years ended December 31, 2020, 2019 and 2018

(In thousands of U.S. Dollars - US$)

	Notes	Share capital	Capital Reserves	Earnings reserves			Other comprehensive income (loss)	Accumulated profit / (losses)	Total attributable to Company's owners	Non-controlling interests	Total equity
				Legal	Capital Budget	Transactions with non-controlling interests					
BALANCE AS OF DECEMBER 31, 2017		1,439,387	548,727	-	-	1,334,808	(1,302,344)	(743,782)	1,276,796	284,793	1,561,589
Capital increase	15	732	76,691	-	-	-	-	-	77,423	-	77,423
Loss for the year		-	-	-	-	-	-	(227,938)	(227,938)	(2,710)	(230,648)
Loss absortion throught earnings reserves		-	-	-	-	(743,782)	-	743,782	-	-	-
Other comprehensive income (loss)	15	-	-	-	-	-	(109,979)	-	(109,979)	44,858	(65,121)
Realization of deemed cost of property, plant and equipment		-	-	-	-	-	2,015	(2,015)	-	-	-
Sale of noncontrolling interests	15	-	-	-	-	7,489	-	-	7,489	859	8,348
Aquisition of noncontrolling interests	15	-	-	-	-	(16,015)	-	-	(16,015)	12,527	(3,488)
Dividends paid to noncontrolling interests	15	-	-	-	-	-	-	-	-	(19,048)	(19,048)
Other		-	-	-	-	(1,079)	-	833	(246)	1,111	865
BALANCE AT DECEMBER 31, 2018		1,440,119	625,418	-	-	581,421	(1,410,308)	(229,120)	1,007,530	322,390	1,329,920
Loss absortion through earnings reserves		-	-	-	-	(229,120)	-	229,120	-	-	-
Capital decrease	15	-	(74,742)	-	-	-	-	-	(74,742)	-	(74,742)
Profit for the year		-	-	-	-	-	-	122,146	122,146	48,655	170,801
Appropriation of profit for the year to reserves	15	-	-	6,107	116,039	-	-	(122,146)	-	-	-
Other comprehensive loss	15	-	-	-	-	-	(212,061)	-	(212,061)	(14,050)	(226,111)
Aquisition of noncontrolling interests	15	-	-	-	-	267	-	-	267	(369)	(102)
Dividends to preferred shares - paid	15	-	-	-	-	(53,497)	-	-	(53,497)	-	(53,497)
Dividends paid to noncontrolling interests	15	-	-	-	-	-	-	-	-	(18,336)	(18,336)
BALANCE AS OF DECEMBER 31, 2019		1,440,119	550,676	6,107	116,039	299,071	(1,622,369)	-	789,643	338,290	1,127,933
Capital increase and acquisition of non-controlling interest	15	5,824	52,419	-	-	(34,910)	-	-	23,333	(23,333)	-
Profit (losses) for the year		-	-	-	-	-	-	(4,622)	(4,622)	40,095	35,473
Appropriation of losses for the year to reserves	15	-	-	-	(4,622)	-	-	4,622	-	-	-
Other comprehensive loss	15	-	-	-	-	-	(389,359)	-	(389,359)	(35,596)	(424,955)
Capital increase by Loma Negra C.I.A.S.A. in Ferrosur Roca S.A.	15	-	-	-	-	-	-	-	-	5,734	5,734
Dividends declared to noncontrolling interests	15	-	-	-	-	-	-	-	-	(29,253)	(29,253)
BALANCE AS OF DECEMBER 31, 2020		1,445,943	603,095	6,107	111,417	264,161	(2,011,728)	-	418,995	295,937	714,932

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

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Consolidated statements of cash flows for the years ended December 31, 2020, 2019 and 2018

(In thousands of U.S. Dollars - US$)

	Notes	12.31.2020	12.31.2019	12.31.2018
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (loss) before income tax and social contribution from continuing and discontinued operations		98,144	205,676	(195,143)
Adjustments to reconcile income before income tax and social contribution				
with net cash generated by (used in) operating activities:				
Depreciation, amortization and impairment losses		205,656	232,411	298,384
Recognition (Reversal) of expected credit losses, net		(689)	(1,235)	4,304
Recognition (Reversal) of allowance for inventories, net		26,239	(855)	(3,860)
Interest, accrued charges, and exchange differences		27,477	165,576	269,833
Gain on sale of long-lived assets		(352)	(10,238)	(8,389)
Gain on sale of discontinued operations	1 and 2.24	(38,542)	(336,372)	-
Equity pick-up		-	-	(1,183)
Other noncash operating losses (gains)		4,146	(5,016)	(9,680)
Decrease (increase) in operating assets:				
Related parties		18	-	(5,440)
Trade receivables		(16,008)	(11,090)	(39,954)
Inventories		(1,417)	(59,442)	(43,901)
Recoverable taxes		25,502	115	-
Other receivables		27,599	(286)	(121)
Increase (decrease) in operating liabilities:				
Related parties		2,035	-	538
Trade payables		48,240	(20,027)	40,763
Payroll and vacation payable		11,196	2,742	(399)
Other payables		(66,735)	51,216	(72,774)
Taxes payable		14,450	(2,864)	518
Cash generated by operating activities		366,959	210,311	233,497
Income tax and social contribution paid		(25,164)	(31,193)	(68,174)
Interest paid		(142,642)	(157,185)	(178,697)
Net cash generated by (used in) operating activities		199,153	21,933	(13,374)
CASH FLOW FROM INVESTING ACTIVITIES				
Redemption of (Investments in) securities		(3)	(301)	51,872
Purchase of property, plant and equipment		(168,084)	(277,054)	(224,229)
Purchase of intangible assets		(7,203)	(3,960)	(1,976)
Cash received from discontinued operations, net o cash balance carved-out	2.24	92,757	742,515	-
Intersegment payments to carved-out companies	2.24	-	(133,663)	-
Cash received from sale of property, plant and equipment		5,298	6,911	6,258
Other		(937)	(12,488)	982
Net cash generated by (used in) investing activities		(78,172)	321,960	(167,094)
CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings, financing and debentures	9 and 10	1,114,333	213,418	94,314
Swap transactions	25.10	-	-	(26,541)
Acquisition of noncontrolling interests		(11)	(102)	(3,488)
Capital increase/(decrease)	15	-	(74,742)	77,423
Repayment of borrowings, financing and debentures	9 and 10	(1,293,699)	(472,981)	(802,407)
Dividends paid	15	(27,909)	(71,833)	-
Sale of noncontrolling interests	15	-	-	13,494
Payment of principal portion of lease liabilities	14	(32,159)	(24,081)	-
Other instruments		963	905	(22,828)
Net cash used in financing activities		(238,482)	(429,416)	(670,032)
DECREASE IN CASH AND CASH EQUIVALENTS		(117,501)	(85,523)	(850,500)
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		22,589	(21,670)	(73,337)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3	333,869	441,062	1,364,899
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3	238,957	333,869	441,062

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

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES
Notes to the consolidated financial statements for the year ended December 31, 2020, 2019 and 2018
(Amounts in thousands of U.S. Dollars - US$, unless otherwise stated)

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 5 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 34 cement plants, 44 concrete plants, and 6 aggregates plants (located in Brazil, Argentina, 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 S.A. and InterCement Brasil S.A. in an aggregate principal amount of R$4,676,827 thousands (equivalent to approximately US$910,490 considering the exchange currency rate at the date of the transaction). The proceeding was fully addressed to prepay existing debts. See Note 9 and 10 for further information.

Such transaction released from the current portion of borrowing and financing and debentures US$260,633 (considering the exchange currency rate at the date of the transaction), which was sufficient to equilibrate the working capital to a sustainable level.

Sales of Paraguay Business operations in 2020

As mentioned in Note 2.24, on August 21, 2020, the Company, through its Argentinian subsidiary Loma Negra C.I.A.S.A. ("Loma Negra"), sold its total interests in Yguazú Cementos S.A. ("Yguazú), represented by 51,0017% of the entity's capital stock. The sale was made to the local shareholders of Yguazú.

The goal of the Company is to seek and execute high potential projects, for this reason, after having started marketing operations in Paraguay in 2000, built and operated the factory since 2013, and currently reaching high standards of production and profitability, Management have finally decided to sell its Paraguayan operations.

The Company considers that the result obtained from this operation is very beneficial and is in line with Group intention of maximizing value for the shareholders. The divesture resulted in a gain before income taxes of US$38,542 (including the reversal of negative accumulated exchange differences of US$7,220).

The transaction sales price was US$107,000. The amount of US$100,000 was collected at the transaction date and the remaining balance ccommenced to be collected in January 2021 in 13 monthly consecutive and equal instalments. Loma Negra applied the proceedings received to anticipate the liquidation of some the existing debts (see Note 9 below) and to distribute dividends to its shareholders (see Note 15 below).

As a result, Paraguay segment is presented as “Discontinued operations” in the statement of profit or loss and comprehensive income or loss for the year ended 2020 and, for comparative purposes, the years ended in 2019 and 2018 are being restated as required by International Financial Reporting Standard 5 (“IFRS 5”) – Non Current Assets Held for Sale and Discontinued Operating Units (Note 2.24).

Sale of Portugal and Cape Verde business operations in 2019

On October 26, 2018, InterCement Participações S.A, announced the signing of a definitive agreement to sell its operations in Portugal and Cape Verde. On January 17, 2019 the final closing agreement was signed, completing the sale of business operations to Ordu Yardimlasma Kurumu (OYAK) (presented as “Discontinued operations” since then). The sale included 3 integrated cement plants and 2 independent milling facilities, with a total cement production capacity of 9.1 million tons, 46 concrete units, 2 dry mortar units, 17 quarries and a cement bagging plant.

With a reference price of €707,000 thousands (US$809,939 at the transaction date), the final selling price for the transaction was determined in the quarter ended September 30, 2019, in the amount of €703,720 thousands (US$806,181 at the transaction date), after considering the closing net debt, related party balances and changes in working capital since June 30, 2018. The proceedings were fully received in 2019 and were used mainly to reduce corporate indebtedness, consequently, materially strengthening Company’s capital structure. This transaction is an important component of “InterCement’s Liability Management Program”, which was publicly announced in early 2017 and included, among other actions, the initial public offering of Loma Negra – the cement market leader in Argentina – in NYSE and BYMA stock markets.

As a result, Portugal and Cape Verde segment is present as “Discontinued operations” in 2019 and 2018 in the statement of profit or loss and comprehensive income or loss and as “Assets held for sale” in the consolidated financial statements as of December 31, 2018, as required by International Financial Reporting Standard 5 (“IFRS 5”) – Non Current Assets Held for Sale and Discontinued Operating Units (Note 2.24).

Effects of the 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 was 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 in each business 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 reported to Company´s board and current and future impacts in economy and society are closely monitored by this multi-task team and decisions are being taking as deemed necessary.

As a consequence of the pandemic and following each region restrictions imposed by local government, in March of 2020 plants in South Africa, Brazil and Argentina paralyzed its operations. The Brazilian plants resume the operations at beginning of April 2020, after local government determined the cement industry to be an essential segment for the domestic economy. South Africa and Argentina were the two segments mostly impacted due to the complete lockdown in April 2020 which corresponding operations returning only in May 2020.

In 2021, a “second wave” of the pandemic has come across many countries, including those where the Group operates. Nevertheless, until the issuance of the consolidated financial statements, the operations are running without any restrictions besides the ones already taken by the Group as a consequence of the “first wave”.

In the preparation of the consolidated financial statements for the year ended December 31, 2020, Management assessed all relevant estimates, critical accounting judgments and the evaluation of net realizable values of long-lived assets considering any impact resulting from the pandemic. Based on such analysis, Management concluded to be adequate the recognition of impairment losses for certain of our property, plant and equipment in Argentina and Mozambique business segments (see Note 7 below).

Specifically, in Egypt segment, were the Company recorded impairment losses in 2019, sales volumes performed above the budget by approximately 22.8% in 2020, and based on our impairment testing, there was no need to recognize additional impairment losses in the current year.

2. Basis of Preparation and Significant Accounting Policies

2.1. Basis of presentation

The accompanying consolidated financial statements were prepared on a going concern basis from the books and accounting records of the Company and the companies included in the consolidation prepared in accordance with International Financial Reporting Standards (“IFRS”). Such standards include the IFRS issued by the International Accounting Standards Board (“IASB”), the International Accounting Standards (“IAS”) issued by the Accounting Standards Committee (“IASC”) and the interpretations issued by the IFRS Interpretation Committee (“IFRIC”). These standards and interpretations are hereinafter referred to collectively as “IFRS”.

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

The Company’s functional currency is the Brazilian real (R$) and the financial statements are presented in U.S. Dollars (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 statements in any currency. The selection of U.S. Dollars for presentation currency consider (i) the fact the Brazilian Real presents certain challenges for benchmarking certain business operations; (ii) that world trade reference prices for clinker and cement are denominated in U.S. Dollars, and; (iii) the interests from our stakeholders on financial information to be presented in U.S. Dollars, which currency is a benchmark that trades against other major currencies (including Euro, Japanese yen, and British pound).

Note on the accounting practice for the effects of inflation on the financial statements of Loma Negra CIASA.

Inflation levels in Argentina have been high these past years and the inflation rate accumulated over these past three years has exceeded 100% without the expectation of a significant decrease in the short-term. Therefore, such situation had trigged the requirement to transition to hyperinflation accounting as prescribed by IAS 29 Financial Reporting in Hyperinflationary Economies, or IAS 29, applicable to our segment whose functional currency is the Argentine peso. Such adjustments were required to be shown from July 1, 2018 (date at which hyperinflation was identified).

IAS 29 requires that the financial statements recorded in a hyperinflationary currency be adjusted by applying a general price index and expressed in the measuring unit (the hyperinflationary currency) current at the end of the reporting period. As a result of the above, our consolidated financial statements for the year end December 31, 2020, 2019 and 2018 reflect hyperinflation accounting for our Argentinean subsidiaries applying IAS 29 rules.

The impacts of such accounting standard in our consolidated financial statements for the year ended December 31, 2020 were an equity increase of US$251,790 (US$200,616 as of December 31, 2019 and US$250,663 as of December 31, 2018), with reference to the opening balance, reported in other comprehensive income (loss), mainly arising from the revaluations of Tangible and Intangible assets (Notes 7 and 8) and also the impact of the year presented in financial results, amounting of US$9,907 (US$18,962 as of December 21,2019 and US$6,314 as of December 31, 2018) (Note 19).

2.2. New standards and interpretations, revisions and amendments

a) New standards and interpretations came into effect during the year ended December 31,2020:

Standard	Effective date	Description
IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform	January 1, 2020	The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.
IFRS 3 Definition of a Business	January 1, 2020	The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

IAS 1 and IAS 8 Definition of Material	January 1, 2020	The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.
Conceptual Framework for Financial Reporting	January 1, 2020	The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.
IFRS 16 Covid-19 Related Rent Concessions	May 28, 2020	On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

Management evaluated the respective amendments to the pronouncements and concluded that no adjustments were required to the consolidated financial statements ended December 31, 2020 due to the corresponding adoptions (where applicable).

b) New standards and interpretations that will take effect in future years

Standard	Effective date	Description
IFRS 17 – Insurances Contracts	January 1, 2022	This standard requires that all insurance contracts be accounted for consistently. Insurance obligations are recognized and measured based on current values, providing more useful information to users of the insurers 'financial statements, while at the same time increasing the insurers' earnings and equity volatility.

The evaluation of the potential impacts on the Group's financial statements has not yet started. Considering our current operations no relevant impacts are expected.

2.3. Critical accounting judgements/estimates

The preparation of the consolidated financial statements in accordance with IFRS recognition and measurement principles requires the Board of Directors (”Management”) to make judgements, estimates and assumptions that can affect the presented amount of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as of income and expenses.

These estimates are based on the best knowledge existing at each moment and the planned actions, and are regularly reviewed based on the information available. Changes in facts and circumstances can lead to a revision of the estimates and so actual results may differ from these estimates.

The significant estimates and assumptions made by Management in preparing these financial statements include assumptions used in estimating the following items:

• Impairment of non-current assets (excluding Goodwill)

The determination of a potential impairment loss can arise as result from the occurrence of several events, many of them external to the ICP Group, such as macroeconomic conditions, industry and market considerations, cost factors, financial performance or any other changes, either internal or external, to ICP Group.

The identification of impairment indicators and the determination of the assets' recoverable amount, are subject to a Management's judgement referring to the identification and evaluation of the different impairment indicators, cash-generating units, expected cash flows, applicable discount rates, growth rates, useful lives and transaction values.

• Impairment of goodwill

Goodwill is subjected to annual impairment tests or whenever there are indications of a possible loss in value. The recoverable amounts of the cash-generating units to which goodwill has been allocated, is the higher between the market value, determined according with recent transaction multiples, and the value in use, determined according to the expected future discounted cash flows. The calculation of these amounts requires the use by Management of estimates regarding the projections of expected future discounted cash flows and the determination of discount rates considered.

• Accounts receivable impairment

The credit risk associated to accounts receivable is evaluated at the end of each reporting period, taking into consideration the debtor's historical information and his risk profile. The accounts receivable are adjusted by the assessment of the estimated collection risks at the balance sheet dates, which might differ from the effective risk to incur.

• Useful lives of intangible and property, plant and equipment.

The useful life of an asset is the time period during which an entity expects that an asset will be available for use and it must be reviewed at least at the end of each year.

The determination of the assets useful lives, amortization/depreciation methods to be applied, residual values and estimated losses resulting from the early replacement of equipment, due to technological obsolescence, is essential to determine the amount of amortization/depreciation charge to the statements of profit or loss of each year.

These parameters are defined according to Management's best estimate, for the assets and businesses in question, also considering the best practices adopted by companies operating in the same business activity.

• Provisions recognition and contingent liabilities disclosure

The Group periodically analyses possible obligations that arise from past events that should be recognized or disclosed. The inherent subjectivity to the determination of the probability and amount of internal resources required to settle the obligations, might lead to significant adjustments, either by the variation of the assumptions used or by the future recognition of provisions previously disclosed as contingent liabilities.

• Recognition of deferred tax assets

Deferred tax assets are only recognised when there is strong expectation that there will be sufficient future taxable income to utilise them or when there are deferred tax liabilities whose reversal is expected to occur in the same period of the reversal of the deferred tax assets. The carrying amount of deferred tax assets is reviewed by Management at the end of each year and takes into consideration the expectation about the future performance.

• Measurement of derivative financial instruments

The measurement of derivative financial instruments involves a number of estimates and assumptions, in particular expectations about interest rate and exchange rates, as well as estimates of the Group's credit risk and the various involved counterparties, which may differ from the original ones.

2.4. Consolidation principles

a) Controlled entities – Subsidiaries

Subsidiary companies have been consolidated in each accounting period. The Group controls a company when it is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Although the Group generally holds a majority of voting rights in the companies that are controlled, this applies irrespective of the percentage of interest in the share capital if control is obtained through agreements with other shareholders.

Third party participation in shareholders' equity and net profit of such companies is presented separately in the consolidated statements of financial position and consolidated statement of comprehensive income under the caption "Non-controlling interests".

The results of controlled companies acquired or sold during the period are included or excluded in the consolidated statement of comprehensive income from the date of their control is obtained to the date of their control is lost, respectively.

Significant balances and transactions between controlled companies are eliminated in the consolidation process. Capital gains or losses within the Group on the sale of subsidiary and associated companies are also eliminated.

Whenever necessary, adjustments are made to the financial statements of subsidiaries and associated companies to conform to the Group's accounting policies.

b) Business combinations

Business combinations, namely the acquisition of controlled companies are recorded in accordance with the purchase method.

Acquisition cost is determined by the sum of the fair value of the assets given, liabilities and contingent liabilities incurred or assumed and equity instruments issued by the Group in exchange for the assumption of control in the entity acquired. Costs relating to the acquisition are recognized as expenses when incurred. Where applicable, cost includes the fair value of the contingent payments measured as of the date of acquisition. Subsequent changes in the value of the contingent payments or deferred payments, measured in accordance with IFRS 13, are recorded in the statements of operations.

The identifiable assets, liabilities and contingent liabilities of a subsidiary that meet the criteria to be recognised in accordance with IFRS 3 - Business Combinations ("IFRS 3"), are measured by their fair value as of the purchase date, except for non-current assets (or groups of assets) that are identified as held for sale in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"), which are recognised and measured by their respective fair values less costs to sell.

Any excess of cost plus the amount of the non-controlling interests over the fair value of the identifiable assets and liabilities acquired as of the purchase date is recorded as Goodwill. Where acquisition cost increased with non-controlling interests is lower than the fair value of the net assets identified, the difference is recorded as a gain in the statements of profit and loss for the period in which the acquisition is made after reconfirmation of the fair value attributed.

If the process for recording combinations of business activities is incomplete at the end of the year in which the combination occurs, the Group discloses the situation and the amounts provided can be adjusted during the provisional measuring period (the period between the date of acquisition and the date the Group obtains complete information on the facts and circumstances that existed as of the date of acquisition, up to a maximum of 12 months).

Non-controlling interests are reflected separately in equity from the interests of the shareholders. Non-controlling interests can initially be measured at their fair value or by the proportion of the fair value of the assets and liabilities of the subsidiary acquired. This option is made separately for each transaction.

After initial recognition, the book value of the non-controlling interests is determined as the amount initially recognized plus the proportion of changes in equity of the subsidiary. Comprehensive income of a subsidiary is attributed to non-controlling interests even if it is negative.

The results of subsidiaries acquired or sold during the period are included in the statement of comprehensive income (loss) as from the date of acquisition or up to the date of sale.

In specific situations in which the Group has in substance control of other entities created for a specific purpose, even if it does not have participations directly in the entities, they are consolidated.

Changes in the percentage of control over subsidiaries that do not result in loss of control are recorded as equity transactions. The value of the Group's non-controlling interests is adjusted to reflect changes in percentages. Any difference between the amount for which the non-controlling interests is adjusted and the fair value of the transaction is recorded directly in equity and attributed to the shareholders of the Parent Company.

When the Group loses control over a subsidiary, the gain or loss on the sale is calculated as the difference between (i) the aggregated amount of the fair value of the assets received and the fair value of the interests retained and (ii) the book value of the assets (including goodwill) and liabilities of the subsidiary and the non-controlling interests. Amounts previously recognized in equity as "Other comprehensive income", namely the exchange effect resulting from the translation of foreign currency financial statements are transferred to the statements of operation or to retained earnings in the same way as would happen if related assets or liabilities were sold. The fair value of the interests retained corresponds to the fair value at the initial recognition for purposes of the subsequent recording in accordance with IAS 39 – Financial instruments or, where applicable, cost for purposes of the initial recognition of an investment in an associate or joint venture.

c) Goodwill

Differences between the cost of investments in subsidiaries, plus the fair value of non-controlling interests, and the fair value of the identifiable assets, liabilities and contingent liabilities of these companies as of the date of acquisition, if positive, are recognized as goodwill.

Goodwill is stated in the functional currency of the respective cash-generating unit, being translated to the Company functional currency (Brazilian Reais) at the rate of exchange as of the balance sheet date. Exchange differences generated in that translation are recorded in the equity caption "Currency translation adjustments".

Goodwill on acquisition prior to December 31, 2008 was maintained at the former amount and denominated in Reais, being subject to annual impairment tests as from that date.

Where cost is lower than the fair value of the net assets and contingent liabilities identified, the difference is recorded as a gain in the consolidated statement of profit or loss and other comprehensive income (loss) for the period in which the acquisition takes place.

2.5. Intangible assets

Intangible assets, which comprise essentially contractual rights and costs incurred on specific projects with future economic value, are stated at cost less accumulated amortisation and impairment losses. Intangible assets are only recognised if it is probable that they will produce future economic benefits for the Group, they are controlled by the Group and their value can be determined reliably.

Internally generated intangible assets, namely current research and development costs, are recognised as costs when incurred.

Internal costs relating to the maintenance and development of software are recorded as costs in the statements of profit or loss and other comprehensive income when incurred, except where such costs relate directly to projects which will probably generate future economic benefits. In such cases these costs are capitalised as intangible assets.

Amortization of such assets is provided on a straight-line basis as from the date the assets are available for use, in accordance with their estimated useful life, as follows:

	Useful life in years
Software licenses	3 to 5
Project development costs	3 to 5
Concession-related assets	10 to 35

2.6. Property, Plant and Equipment

Property, plant and equipment used in production, rendering services or for administrative use are stated at cost, including expenses incurred with their purchase, less accumulated depreciation and impairment losses, when applicable.

Depreciation of tangible fixed assets is provided on a straight-line basis over their estimated useful lives (reviewed when evidence of inadequacy exists), except when another method is shown to be more adequate based on its use, as from the date the assets become available for their intended use and in the proper place, in accordance with the following estimated periods of useful lives:

	Useful life in years
Buildings and other constructions	5 to 50
Machinery and equpment	4 to 40
Vehicles	4 to 32
Furniture and fixtures	2 to 14
Mines and reserves	(*)
Reservoirs, dams, and feeders	50
Furnaces, mils and silos	50 to 100

(*) The depletion of mines and ore reserves is conducted: (a) based on actual output as compared to total expected yield; or (b) on a straight-line basis over the mine's useful lives.

Land relating to stone quarry operations and mineral resources is depreciated on a straight-line basis over their expected operating periods less, where applicable, their residual amount.

The amount subject to depreciation does not include, when determinable and significant the estimated residual value of the assets at the end of their useful lives. Additionally, the assets stop being depreciated when they are classified as assets held for sale.

Improvements are only recognised as assets when they increase the useful life or efficiency of the assets, resulting in increased future financial benefits.

Tangible assets in progress correspond to tangible assets under construction/production and are recorded at acquisition or production cost less possible impairment losses. These assets are depreciated as from the date they become available for their intended use.

Gains and losses arising from the sale or write off of tangible assets, which are determined by the difference between the proceeds of the sale of the assets and their net book value at the date of sale, are recognised by its net amount in the statements of profit or loss as "Other operating income" or "Other operating expenses".

2.7. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of Use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (Note 2.6).

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. See accounting policies for impairment of non-financial assets in Note 2.8.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate (nominal rate) at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and low value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.8. Impairment of non-current assets, excluding goodwill

Impairment valuations are made whenever an event or change in circumstances is identified that indicates that the book value of an asset may not be recovered. Where such indications exist, the Group determines the recoverable value of the asset, so as to determine the possible extent of the impairment loss. In situations in which the individual asset does not generate cash flows independently of other assets, the recoverable value is estimated for the cash generating unit to which the asset belongs.

Whenever the book value of an asset exceeds its recoverable amount, an impairment loss is recognised by charge to the consolidated statement of comprehensive income caption “Depreciation, amortisation and impairment losses on goodwill, tangible and intangible assets”.

The recoverable amount is the higher between the net selling price (selling price, less costs to sell) and the value in use. Net selling price is the amount that would be obtained from selling the asset in a transaction between knowledgeable independent entities, less the costs directly attributable to the sale. The value in use is the present value of the estimated future cash flows resulting from the continued use of the asset and sale thereof at the end of its useful life. The recoverable amount is estimated for each asset individually or, where this is not possible, for the unit generating the cash flows to which the asset belongs.

Impairment losses recognised in prior periods are reversed when there are indications that such losses no longer exist or have decreased. The reversal of impairment losses are recognised in the consolidated statement of comprehensive income caption “Depreciation, amortisation and impairment losses on goodwill, tangible and intangible assets”. However, the impairment loss is reversed up to the amount that would have been recognised (net of amortisation or depreciation) if the impairment loss had not been recorded in prior periods.

2.9. Foreign currency assets, liabilities and transactions

Transactions in currencies other than the functional currency of the respective subsidiary are recorded at the exchange rates in force on the date of the transaction. Foreign currency monetary assets and liabilities at the balance sheet dates are translated to the functional currency of the respective subsidiary at the rates of exchange in force on that dates.

Exchange gains and losses resulting from differences between the exchange rates in force on the dates of the transactions and those in force on the dates of collection, payment or the Financial Position date are recognised as income or expenses in the consolidated statement of comprehensive income, except for those relating to non-monetary items where the change in fair value is recognised directly in shareholders’ equity

(“Other comprehensive income (loss)”).

The foreign currency financial statements of subsidiary and associated companies are translated as follows: assets and liabilities at the exchange rates in force on the balance sheet dates; shareholders’ equity captions at the historical exchange rates; and consolidated statements of profit or loss, other comprehensive income (loss) and statement of cash-flows captions at the average exchange rates, with the exception of Argentinean segment that profit or loss, other comprehensive income (loss) and statement of cash-flows are translated at the exchange rate on the balance sheet dates due to hyperinflationary accounting required per IAS 29 (see note 2.1 above) .

The exchange differences arising on translating foreign operations are recognized in the shareholders’ equity within “Other comprehensive income (loss)” caption in the case of subsidiary companies and in the shareholders’ equity caption “Reserves - Adjustments in investments in associates”, when applicable, in the case of investments in associated companies, and is transferred to the statements of profit or loss when the corresponding investments are sold.

In accordance with IAS 21, goodwill and fair value corrections determined on the acquisition of foreign entities are considered in the reporting currency of such entities, and are translated to Brazilian Reais at the exchange rate in force on the Financial Position date. Exchange differences arising from these translations are reflected in the equity caption “Other comprehensive income (loss)”, except when they correspond to a discontinued operation, in which case they are included in net result of discontinued operations.

2.10. Borrowing costs

Costs incurred on loans obtained directly to finance the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for its intended use or sale (“qualifying assets”) are capitalised as part of the cost of the assets during that period.

To the extent that variable interest rate loans, attributable to finance the acquisition, construction or production of qualifying assets, are being covered through a cash flow hedge relation, the effective portion of fair value of the derivative financial instrument is recognized in Reserves and transferred to the statements of profit or loss when the qualifying asset has an impact on results. Additionally, to the extent that fixed interest rate loans used to finance a hedged item are covered by a fair value hedge relation, the financial burden in addition to the cost of the asset should reflect the interest rate covered.

Any financial income generated by loans obtained in advance to finance specific capital expenditure is deducted from the capital expenditure subject to capitalisation.

2.11. Inventories

Raw materials and consumable materials are stated at average cost using the average cost as the costing method.

Finished and semi-finished products and work in progress are stated at production cost, which includes the cost of the raw materials incorporated, labour and production overheads.

Inventories are adjusted when net realizable value is lower than book value, through the recognition of an impairment loss, the reduction being reversed when the reasons that gave rise to it cease to exist.

2.12. Non-current assets held for sale and discontinued operations

Non-current assets (or disposal group) are classified as held for sale if their value is realizable through a sale transaction rather than through its continued use. This situation is only considered to arise when: (i) the sale is highly probable; (ii) the asset is available for immediate sale in its present condition; (iii) the management is committed to a plan of sale; and (iv) the sale is expected to take place within a period of twelve months.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of the book value or their fair value less the costs incurred in their sale, and are presented separately in the consolidated statements of financial position.

A discontinued operation is a component of an entity which was either sold or is classified as available for sale and:

- Represents a significant separate operating or geographic business line;
- Is part of a single coordinated plan to sell a significant separate business line or geography;
- Is a subsidiary acquired exclusively to be resold.

The amounts included in the consolidated statements of profit or loss and other comprehensive income and consolidated statement of cash flows relating to these discontinued operations are presented separately for the current period and all earlier periods that are presented in the financial statements.

Assets and liabilities relating to discontinued operations (not yet sold) are presented in separate lines for the latest year presented, without readjustment of prior years.

2.13. Segment reporting

An operating segment is a distinguishable component of an entity that is engaged in providing a product or service or a group of related products or services which are different from those of other segments.

The Group reports its assets and liabilities, as well as its operations, as geographical segments, following the way Management carries out businesses.

2.14. Balance sheet classification

Assets to be realized and liabilities to be settled within one year of the balance sheet date are classified as current assets and current liabilities, respectively.

In addition, the liabilities are also classified as current, when there is no unconditional right to defer its settlement for a period of at least twelve months after the balance sheet date.

2.15. Provisions

Provisions are recognised when: (i) exists an obligation (legal or constructive) resulting from a past event; (ii) under which it is probable that it will have an outflow of resources to settle the obligation; and (iii) the amount of the obligation can be reasonably estimated. At each balance sheet date provisions are reviewed and adjusted to reflect the best estimate as of that date.

When one of the conditions described is not completed the Group disclosures the events in question as contingent liabilities, unless the possibility of outflow of resources is remote, in which case they are not subject to disclosure.

a) Onerous contracts

If the Group has a contract that is onerous (i.e. take or pay), the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract (if applicable).

An onerous contract is a contract under which the unavoidable costs (i.e. take or pay contracts, which the costs cannot be avoid because it has contract) of meeting the obligation under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from the failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e. both incremental costs and an allocation of costs directly related to contract activities).

b) Provisions for restructuring costs

Provisions for restructuring costs are recognised by the Group whenever there is a formal detailed restructuring plan which has been communicated to the parties involved.

c) Environmental recovery

In accordance with current legislation and practices in force in several business areas in which the Group operates, land used for quarries must be environmentally rehabilitated.

In this regard, provisions are recorded to cover the estimated cost of environmentally recovering and rehabilitating the land used for quarries, whenever this can be reasonably determined. Such provisions are recorded together with a corresponding increase in the amount of the underlying assets, based on the conclusions of landscape rehabilitation studies, being recognised in the statements of profit or loss as the corresponding assets are depreciated.

In addition, the Group has the procedure of progressively rehabilitating the areas freed up by the quarries, using the recorded provisions.

2.16. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial measurement of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

• Financial assets at amortised cost (debt instruments);
• Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
• Financial assets at fair value through profit or loss

The main financial assets as of December 31, 2020, 2019 and 2018 are:

a) Cash and cash equivalents and securities

The caption "Cash and cash equivalents" includes cash, bank deposits, and financial investments which mature or are redeemable in the short-term (three months or less), highly liquid and immediately convertible into cash with insignificant risk of change in value. Securities includes mainly by exclusive and investments funds, which are determined as amortized cost or at fair value depending on its characteristics and portfolio.

b) Accounts receivable

Accounts receivable are measured at fair value on the initial recognition and are subsequently stated at amortised cost in accordance with the effective interest rate method. Correspond to receivable from sale in the normal course of business, net of the expected credit losses, which is evaluated at the end of each reporting period, taking into consideration the debtor's historical information and his risk profile. The accounts receivable are adjusted by the assessment of the estimated collection risks at the balance sheet dates, which might differ from the effective risks when incurred.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contract independently of its legal form. Equity instruments are contracts that have a residual interest in the Group's assets after deducting its liabilities.

Equity instruments issued are recorded at the amount received net of costs incurred to issue them.

The Company also has contracts, which contains components of equity instruments and financial instruments, these components are classified separately according to their contractual characteristics. Equity instruments are measured at historical cost and derivative financial instruments at fair value through profit or loss.

The main financial liabilities and equity instruments as of December 31, 2020, 2019 and 2018 are as follows:

a) Borrowings, financing and debentures

Borrowing, financing and debentures are initially recorded as liabilities at the amount received, net of loan issuing costs, which corresponds to their fair value on that date. Borrowing, financing and debentures are subsequently measured at amortised cost, being the corresponding financial costs calculated at the effective interest rate.

Accrued interest is recognized on an accruals basis and is presented in the consolidated statements of financial position caption "Interest payable".

b) Trade payables and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost in accordance with the effective interest rate method.

Trade and other payables relates to payables to services rendered or goods received in the normal course of business and includes "forfaiting" transactions with maturities within 12-months, therefore, are classified as current trade payables. Forfaiting outstanding balances amounted to US$20,865 as of December 31, 2020 (US$20,042 as of December 31, 2019 and US$22,226 as of December 31, 2018), with interest rates between 7% to 11% per annual.

c) Derivative financial instruments and hedge accounting

The Group has the policy of using financial derivative instruments to hedge the financial risks to which it is exposed as a result of changes in interest and exchanges rates, when deemed necessary.

The Group contracts financial derivative instruments in accordance with internal policies set and approved by the Board of Directors.

Financial derivative instruments are measured at fair value. The method of its recognition depends on the nature and purpose of the transaction.

Hedge instruments

Derivative financial instruments are designated as hedging instruments in accordance with the provisions of IFRS 9, as regards their documentation and effectiveness.

Changes in the fair value of derivative instruments designated as “fair value hedging” are recognised as financial income or expense for the period, together with changes in the fair value the asset or liability subject to the risk.

Changes in the fair value of derivative financial instruments designated as “cash flow hedging” instruments are recorded in “Other comprehensive income” as hedging operations reserves regarding their effective component and in financial income or expense for the period regarding their non-effective component. The amounts recorded are transferred to financial income or expense in the period in which the effect on the hedged item is also reflected in the statements of profit or loss.

Changes in the fair value of derivative financial instruments hedging net investments in a foreign entity are recorded in “Other comprehensive income” as currency translation adjustments regarding their effective component. The ineffective component of such changes is recognised immediately as net financial expenses for the period. If the hedging instrument is not a derivative, the corresponding variations resulting from changes in the exchange rate are recorded in “Other comprehensive income” as currency translation adjustments.

Hedge accounting is discontinued when the hedging instrument matures, is sold or exercised, or when the hedging relationship ceases to comply with the requirements of IFRS 9.

Trading instruments

Changes in the fair value of derivative financial instruments which are contracted for financial hedging purposes in accordance with the Group’s risk management policies, but do not comply with all the requirements of IFRS 9 to qualify for hedge accounting, are recorded as net financial expenses in the statements of profit or loss for the year in which they occur.

Determination of Fair value of financial instruments

The fair value of financial assets and financial liabilities is determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices from observable current market transactions;

Derecognition of financial assets and liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statements of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at Fair Value through Other Comprehensive Income "FVTOCI", the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the statements of profit or loss. In contrast, on derecognition of an investment in equity instrument, which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to the statements of profit or loss, but is transferred to retained earnings.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statements of profit or loss.
When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in the statements of profit or loss as the modification gain or loss within other gains and losses.

2.17. Impairment of financial assets

The Group recognises expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses for trade receivables and other receivables. The expected credit losses on these financial assets are estimated based on the business segment historical credit loss experience, adjusted for factors that are specific to the debtors. For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the expected credit losses for that financial instrument at an amount equal to 12-month expected credit losses.

Lifetime expected credit losses represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month expected credit losses represents the portion of lifetime expected credit losses that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2.18. Contingent assets and liabilities

A contingent liability is (i) a possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events; or (ii) a present obligation that arises from past events, but that is not recognized because an outflow of funds are not probable or the amount cannot be reliably measured.

Contingent liabilities are not recognised in the financial statements but are disclosed in their notes, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events.

Contingent assets are not recognised in the financial statements, but are disclosed in the notes to the financial statements when a future economic benefit is probable.

2.19. Revenue recognition and accruals basis

Income resulting from sales is recognised in the statements of profit or loss when delivered has occurred and the transfer of control of the goods or services has being completed and there are no other significant performance obligation to be fulfilled thereafter. Sales are recognised at the fair amount received or receivable, net of taxes, discounts and other costs incurred to realise them, by the fair value of the amount received or receivable.

Income from services rendered is recognised in the statements of profit or loss operations in the period in which they are rendered considering the phase of completion of the transaction as of the balance sheet date.

Interest and financial income are recognised on an accrual basis in accordance with the effective interest rate.

Costs and income are recognised in the period to which they relate regardless the date of invoicing. Costs and income, the amount of which is not known, are estimated.

Costs and income attributable to the current period which will only be paid or received in future periods, as well as amounts paid and received in the current period that relate to future periods and will be attributed to each of the periods by the amount corresponding to them, are recorded in the captions “Other current assets” and “Other current liabilities”.

Dividends relating to investments recorded at cost or in accordance with IFRS9 are recognized when is given the right to receive them.

2.20. Income tax

Tax on income for the year is calculated based on the taxable results of the companies included in the consolidation and takes into consideration deferred taxation.

Current income tax is calculated based on the taxable results (which could differ from the accounting results) of the companies included in the consolidation, in accordance with the tax rules applicable to the area in which the tax jurisdiction of each Group Company.

Deferred taxes refer to temporary differences between the amounts of assets and liabilities for accounting purposes and the corresponding amounts for tax purposes and are recorded in the statements of profit or loss, except when they are related with items registered as other comprehensive income recognised directly in equity, in which case the deferred tax is recorded in equity.

Deferred tax assets and liabilities are calculated and assessed periodically using the tax rates expected to be in force when the temporary differences reverse, and are not subject to discounting.

Deferred tax liabilities are recognised for all the taxable temporary differences. Deferred tax assets are only recognised when there is reasonable expectation that there will be sufficient future taxable income to utilise them. At each balance sheet date a reappraisal is made of the temporary differences underlying the deferred tax assets so as to recognize or adjust them based on the current expectations of their future recovery. The compensation of deferred tax assets and liabilities is not allowed, except if: i) there is a legal right to compensate such assets and liabilities or there is the intention and its allowed to do such compensation; ii) such assets and liabilities are related to income taxes due to the same tax authority; iii) there is an intention to clear those balances for settlement purposes.

Deferred income taxes assets are recognized by unused tax losses when it is probable that future income subject to taxation will be available and against which they will be used in accordance with each subsidiary's tax regulations.

2.21. Earnings (loss) per share

Earnings (loss) per share are calculated dividing the result attributable to the ordinary shareholders of the parent company, by the weighted average number of shares in circulation during the period.

The diluted earnings per share are calculated dividing the result attributable to the ordinary shareholders of the parent company, by the weighted average number of shares in circulation during the period, adjusted by potential ordinary diluting shares.

Potential ordinary diluting shares can result from options over shares and other financial instruments issued by the Group, convertible to shares of the Parent Company.

2.22. Exchange rates

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

		Closing exchange rate (R$)			Average exchange rate (R$)		
Currency		12.31.2020	12.31.2019	12.31.2018	12.31.2020	12.31.2019	12.31.2018
USD	US Dollar	5.19670	4.03070	3.87480	5.23078	3.95685	3.64976
EUR	Euro	6.37790	4.53050	4.43900	6.02402	4.42869	4.30371
MZN	Mozambique Metical	0.07004	0.06592	0.06316	0.07666	0.06437	0.06203
EGP	Egyptian Pound	0.33160	0.25190	0.21660	0.32802	0.23858	0.20418
ZAR	South African Rand	0.35400	0.28760	0.26990	0.32346	0.27160	0.27735
CVE	Cape Verde Escudo	-		0.04026	-	-	0.03903
ARS	Argentinian Peso (*)	0.06176	0.06730	0.10278	0.06176	0.06730	0.10278
PYG	Paraguayan Guaraní (**)	0.00081	0.00062	0.00065	0.00075	0.00063	0.00064

(*) 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.

(**) The closing exchange rate refers to August 21, 2020 and the average exchange rate to the period from January 01, 2020 through August 21, 2020. See Note 2.24 for further consideration in the Paraguayan divesture.

2.23. Consolidation

The consolidated financial statements incorporate the following direct and indirect subsidiaries and joint operations:

				12.31.2020		12.31.2019		12.31.2018	
				Equity interest - %		Equity interest - %		Equity interest - %	
				Direct	Indirect	Direct	Indirect	Direct	Indirect
SUBSIDIARIES:									
HOLDINGS AND BUSINESS AND CORPORATE SUPPORT COMPANIES SEGMENT									
InterCement Austria Holding GmbH		Austria	a)	-	-	100	-	100	-
InterCement Portugal, S,A,	1	Portugal	a) b)	99,68	-	-	94,84	-	94,84
Intercement Trading e Inversiones S.A.	2	Spain		-	99,68	-	94,84	-	94,84
Intercement Trading e Inversiones Egipto S.L.	3	Spain		-	99,68	-	94,84	-	94,84
InterCement Trading e Inversiones Argentina, S.L	4	Spain			99,68	-	-	-	-
Caue Austria Holding GmbH		Austria	c)	-	-	-	94,84	-	94,84
Intercement Financial Operations B.V.	5	Netherlands		-	99,68	-	94,84	-	94,84
Intercement Reinsurance S.A.	6	Luxembourg		-	99,68	-	94,84	-	94,84
Intercement Imobiliária S.A.	7	Portugal	a)	100,00	-	-	100,00	-	100,00
BRAZIL SEGMENT									
InterCement Brasil S.A.	8	Brazil		-	99,68	-	94,84	-	94,84
Cauê Finance Limited		Virgin Islands	c)	-	-	-	-	-	94,84
Neogera Investimentos em Inovação Ltda.	9	Brazil		-	99,68	-	94,84	-	94,84
Barra Grande Participações, S.A.	10	Brazil		-	79,84	-	75,93	-	75,93
Estreito Participações S.A.	11	Brazil		-	80,54	-	76,65	-	76,65
Machadinho Participações S.A	12	Brazil		-	80,94	-	77,01	-	77,01
CECC - Incorporadora e Administradora de Bens, Ltda.	13	Brazil		-	99,68	-	94,84	-	94,84
Ecoprocessa - Tratamento de residuos, Ltda.	14	Brazil		-	99,68	-	94,84	-	94,84
Comican - Companhia de Mineração Candiota, Ltda.	15	Brazil		-	99,69	-	97,52	-	97,52
ARGENTINA SEGMENT									
Loma Negra C.I.A. S.A.	16	Argentina		-	50,88	-	48,41	-	48,41
Cofesur S.A.	17	Argentina		-	50,88	-	48,41	-	48,41
Recycomb S.A.	18	Argentina		-	50,88	-	48,41	-	48,41
Ferrosur Roca S.A.	19	Argentina		-	40,70	-	48,41	-	48,41
Cementos del Plata S.A.	20	Uruguay		-	0,09	-	0,09	-	0,09
EGYPT SEGMENT									
InterCement Egypt for Cement Company SAE	21	Egypt		-	99,68	-	94,84	-	94,84
Amreyah Cement Company, S.A.E.	22	Egypt		-	98,82	-	94,02	-	94,02
InterCement Amreyah Co. (IAC)	23	Egypt		-	99,04	-	94,22	-	94,22
Cement Services Company, S.A.E.	24	Egypt		-	99,30	-	94,47	-	94,47
InterCement Sacs Co. (INTSACS)	25	Egypt		-	99,58	-	94,74	-	94,74
Amreyah Dekheila Terminal Company, S.A.E.	26	Egypt		-	99,05	-	94,24	-	94,24
Amreyah Cimpor Ready Mix Company, S.A.E.	27	Egypt		-	98,93	-	94,13	-	94,13
MOZAMBIQUE SEGMENT									
Cimentos de Moçambique, S.A.	28	Mozambique		-	92,20	-	88,10	-	88,10
Cimbetão - Moçambique S.A.	29	Mozambique		-	92,31	-	88,10	-	88,10
Imopar - Imobiliária de Moçambique, S.A.	30	Mozambique		-	100,00	-	100,00	-	100,00
Cimentos de Nacala, S.A.	31	Mozambique		-	92,24	-	88,14	-	88,14
SOUTH AFRICA SEGMENT									
Natal Portland Cement Company (Pty) Ltd.	32	South Africa		-	99,68	-	94,84	-	94,84
NPC Intercement (Pty) Limited.	33	South Africa		-	73,76	-	70,18	-	70,18
Simuma Rehabilitation Trust	34	South Africa		-	35,70	-	31,58	-	31,58
NPC Concrete (Pty) Ltd.	35	South Africa		-	73,76	-	70,18	-	70,18
South Coast Stone Crushers (Pty) Ltd.	36	South Africa		-	54,58	-	52,16	-	52,16
Sterkspruit Aggregates (Pty) Ltd.	37	South Africa		-	54,58	-	52,16	-	52,16
Intercement South Africa (Pty) Ltd.	38	South Africa		-	99,68	-	94,84	-	94,84

				12.31.2020		12.31.2019		12.31.2018	
				Equity interest - %		Equity interest - %		Equity interest - %	
				Direct	Indirect	Direct	Indirect	Direct	Indirect
JOINT OPERATIONS:									
BRAZIL SEGMENT									
BAESA - Energética Barra Grande S.A.	39	Brazil		-	7,19	-	8,54	-	8,54
CONSORTIUM:									
BRAZIL SEGMENT									
Consórcio Estreito Energia - OESTE	40	Brazil		-	3,58	-	4,21	-	4,21
Consórcio Machadinho	41	Brazil		-	4,27	-	5,01	-	5,01
DISCONTINUED OPERATION (PORTUGAL AND CAPE VERDE AND PARAGUAY SEGMENT)									
Cimpor - Serviços de Apoio à Gestão de Empresas S.A.		Portugal	d)	-	-	-	-	-	-
Cimpor Portugal, SGPS, S.A.		Portugal	d)	-	-	-	-	-	94,84
Cement Trading Activities – Comércio Internacional, S.A.		Portugal	d)	-	-	-	-	-	94,84
Cimpor - Indústria de Cimentos, S.A.		Portugal	d)	-	-	-	-	-	94,84
Cimentaçor - Cimentos dos Açores, Lda.		Portugal	d)	-	-	-	-	-	94,84
Betão Liz, S.A.		Portugal	d)	-	-	-	-	-	93,41
Agrepor Agregados - Extracção De Inertes, S.A.		Portugal	d)	-	-	-	-	-	94,84
Ibera - Indústria de Betão, S.A.		Portugal	d)	-	-	-	-	-	47,42
Sacopor - Sociedade de Embalagens e Sacos de Papel, S.A.		Portugal	d)	-	-	-	-	-	94,84
Ciarga - Argamassas Secas, S.A.		Portugal	d)	-	-	-	-	-	94,84
Nova Cimpor - Serviços Portugal, S.A.		Portugal	d)	-	-	-	-	-	94,84
Cimpor Cabo Verde, S.A.		Cape Verde	d)	-	-	-	-	-	93,07
Setefrete - Sociedade Gestora de Participações Sociais, S.A		Portugal	d)	-	-	-	-	-	23,71
AVE- Gestao Ambiental e Valorização Energética, S.A.		Portugal	d)	-	-	-	-	-	33,19
Yguazu Cementos S.A.		Paraguay	d)	-	-	-	24,69	-	24,69

Changes in ownership in 2020, 2019 and 2018 were mainly as follow:

a) InterCement Austria Holding GmbH was liquidated as of December 31, 2020 with the net assets incorporated by InterCement Participações S.A. As a consequence, InterCement Portugal and InterCement Imobiliaria became a directly controlled entity by the ultimate Parent Company, with no changes in participation to the Group.

b) As mentioned in Note 15, the subscription of Company´s new shares by Mover Participações S.A. was paid-in with InterCement Portugal´s shares (131,719,069 shares, which represents 4.84% of the capital). Consequently, as InterCement Portugal directly or indirectly invests in the majority of Company's segments and entities, such change also increases equity interest attributable to Company´s owner in all segments/geographies;

c) Changes occurred from mergers or dissolution with no equity effect in the consolidated financial statements.

d) Relates to Paraguay and Portugal and Cape Verde segment disposals, previously classified as "discontinued operations". See Note 2.24 for further information regarding the sales terms and accounting treatment in accordance with IFRS 5.

2.24. IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations

a) Paraguay divesture in 2020

As mentioned in Note 1 above, on August 21, 2020, the Company, through its Argentinian subsidiary Loma Negra C.I.A.S.A. ("Loma Negra"), sold its total interests in Yguazú Cementos S.A. ("Yguazú), represented by 51,0017% of the entity's capital stock. The sale was made to the local shareholders of Yguazú.

Management has agreed not to operate in the territory of Paraguay for five years from August 2020 and to provide certain assistance in the transition to the new board of Yguazú Cementos for a period of 36 months.

b) Portugal and Cape Verde divesture in 2019

As mentioned in Note 1, on October 26, 2018 the Company announced the definitive agreement to sell our operations in Portugal and Cape Verde segment to the Turkish group OYAK. The final closing agreement was signed on January 17, 2019.

c) Changes to financial information resulting from divestures

As required by International Financial Reporting Standard 5 ("IFRS 5") – Non-Current Assets Held for Sale and Discontinued Operating Units, the net income or loss (including the gain on sales) for the Paraguayan and Portugal and Cape Verde operating segment were presented in a single line as "Profit for the year from Discontinued Operations" in the consolidated statements of profit or loss and statements of comprehensive Income (loss) for the years ended December 31, 2020, 2019 and 2018 (December 31, 2019 and 2018 are identified as restated due to Paraguay segment that were originally presented as continued operations).

Portugal and Cape Verde financial position as of December 31, 2018 were presented as "Assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale", since the definitive agreement to sell were signed in 2018, but final closing agreement in 2019.

When preparing the financial information as mentioned above, the following main changes were considered in relation to the normal presentation of the remaining continuing operations:

- Notes to the financial statements were adjusted to present the profit or loss, assets and liabilities of the continuing operations, even if in some cases, whenever considered significant for a proper understanding of the effects, details on the "Discontinued operations" are also presented therein;

- The valuation criteria used for the "Discontinued operations" are consistent with those used for continuing operations.

The details of the “Profit for year from Discontinued Operations” in the consolidated statements of profit or loss for the aforementioned years are demonstrated below:

	12.31.2020	12.31.2019			12.31.2018		
DISCONTINUED OPERATIONS	Paraguay	Paraguay (Restated)	Portugal & Cape Verde	Total (Restated)	Paraguay (Restated)	Portugal & Cape Verde	Total (Restated)
NET REVENUE	36,651	66,164	-	66,164	70,578	291,529	362,107
COST OF SALES AND SERVICES	(26,520)	(45,254)	-	(45,254)	(49,786)	(221,487)	(271,273)
GROSS PROFIT	10,131	20,910	-	20,910	20,792	70,042	90,834
OPERATING INCOME (EXPENSES)							
Administrative and selling expenses	(1,145)	(1,855)	-	(1,855)	(2,729)	(82,563)	(85,292)
Other income/(expenses), net	49	(133)	-	(133)	307	25,202	25,509
Equity pick-up	-	-		-	-	1,182	1,182
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	9,035	18,922	-	18,922	18,370	13,863	32,233
FINANCIAL INCOME (EXPENSES)							
Foreign exchange gains/(losses), net	371	58	-	58	(231)	(411)	(642)
Financial income	92	178	-	178	241	1,009	1,250
Financial expenses	(2,437)	(5,185)	-	(5,185)	(6,856)	(9,546)	(16,402)
Gain on the sale	31,322	-	145,672	145,672	-	-	-
Reversal of accumulated exchange differences	7,220	-	190,700	190,700	-	-	-
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	45,603	13,973	336,372	350,345	11,524	4,915	16,439
INCOME TAX AND SOCIAL CONTRIBUTION							
Current	(17,949)	(978)	-	(978)	(641)	(5,754)	(6,395)
Deferred	(86)	(222)	-	(222)	(291)	9,558	9,267
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	27,568	12,773	336,372	349,145	10,592	8,719	19,311
PROFIT FOR THE PERIOD ATTRIBUTABLE TO							
Company’s owners	33,352	3,153	331,579	334,732	2,283	7,347	9,630
Non-controlling interests	(5,784)	9,620	4,793	14,413	8,309	1,372	9,681

The details of the “Assets classified as held for sale” and “liabilities directly associated with assets classified as held for sale” as of December 31, 2018 related to Portugal and Cape Verde discontinued operations is demonstrated below:

ASSETS	12/31/2018 Portugal and Cape Verde
CURRENT ASSETS	
Cash and cash equivalents	67,247
Trade receivables	12,861
Inventories	62,492
Recoverable taxes	4,002
Other receivables	7,495
Total current assets	154,097
NONCURRENT ASSETS	
Deferred income tax and social contribution	1,793
Other receivables	237
Investments	10,320
Property, plant and equipment	286,863
Intangible assets:	
Goodwill	349,251
Other intangible assets	53,243
Total noncurrent assets	701,707
Assets from discontinued operations	855,804
LIABILITIES	
CURRENT LIABILITIES	
Trade payables	69,159
Borrowings and financing	778
Interest payable	887
Taxes payable	10,043
Payroll and related taxes	9,395
Advances from customers	529
Actuarial liabilities	836
Other payables	8,388
Total current liabilities	100,015
NONCURRENT LIABILITIES	
Trade payables	1,898
Borrowings and financing	153,317
Provision for tax, civil and labor risks	11,600
Provision for environmental recovery	15,354
Deferred income tax and social contribution	45,209
Actuarial liabilities	24,340
Other payables	34
Total noncurrent liabilities	251,752
Liabilities from discontinued operations	351,767
Net assets	504,037

The impacts in the cash flow statement originally presented had we segregated the impacts of the Paraguay business as discontinued operations for the years ended December 31, 2020 and 2019 are as follows:

	12.31.2020			12.31.2019		
	Presented	Discontinued operation	Continued operation	Presented	Discontinued operation	Continued operation
Net cash generated by operating activities	199,153	8,278	190,875	21,933	23,235	(1,302)
Net cash used in investing activities	(78,173)	(7,524)	(70,649)	321,960	(1,726)	323,686
Net cash used in financing activities	(238,482)	(21,272)	(217,210)	(429,416)	(14,251)	(415,165)
Exchange differences on cash and cash equivalents	22,578	(449)	23,027	(21,670)	(1,473)	(20,197)
Increase (Decrease) in cash and cash equivalents	(94,924)	(20,967)	(73,957)	(107,193)	5,785	(112,978)
Cash and cash equivalents at the beginning of the year	333,869	20,967	312,902	441,062	15,182	425,880
Cash and cash equivalents at the end of the year	239,663	-	239,663	333,869	20,967	312,902

The impacts in the cash flow statement originally presented had we segregated the impacts of the Paraguay business and Portugal and Cape Verde business as discontinued operations as of December 31, 2018 is as follows:

	Presented	Portugal and Cape Verde	Paraguay	Continued operation
Net cash generated by (used in) operating activities	(13,374)	41,270	15,150	(69,794)
Net cash used in investing activities	(167,094)	(6,770)	(2,279)	(158,045)
Net cash used in financing activities	(670,032)	(64,218)	(2,917)	(602,897)
Exchange differences on cash and cash equivalents	(73,337)	(5,426)	(693)	(67,218)
Increase (Decrease) in cash and cash equivalents	(923,837)	(35,144)	9,261	(897,953)
Cash and cash equivalents at the beginning of the year	1,364,899	102,391	5,921	1,256,587
Cash and cash equivalents at the end of the year	441,062	67,247	15,182	358,633

The reconciliation of the referred sales prices of Portugal and Cape Verde segments to the cash received and the amount presented in the cash flow statements is demonstrated below:

	12.31.2019
Cash received as of December 31, 2019	809,762
Cash balance carved-out	(67,247)
	742,515
Intersegment payments to carved-out companies	(133,663)
Cash received, net	608,852
Final sales price	806,181
Intercompany working capital adjustment	3,581
Outstanding amount to be received as of December 31, 2019	-

The reconciliation of the referred sales prices of Paraguay segments to the cash received and the amount presented in the cash flow statements, which amount is presented in "Other receivables" – current, is demonstrated below:

	12.31.2020
Cash received as of December 31, 2020	100,000
Cash balance carved-out	(6,543)
	93,457
Expenses to sell the business	(700)
Cash received, net (as of December 31, 2020)	92,757
Final sales price	107,000
Outstanding amount to be received as of December 31, 2020	7,000

3. Cash and Cash Equivalents

	12.31.2020	12.31.2019	12.31.2018
Cash and bank accounts	82,223	195,569	163,867
Short-term investments	156,734	138,300	209,949
Total cash and cash equivalents	238,957	333,869	373,815
Cash and cash equivalents from discontinued operations (Note 2.24)	-	-	67,247
	238,957	333,869	441,062

Short-term investments were as follows:

	12.31.2020	12.31.2019	12.31.2018
Short Term Investment in Brazilian Reais (a)	83,865	88,806	33,916
Fixed-income funds in Brazilian Reais (b)	226	18,648	88,530
Short-term investments in foreign subsidiaries:			
Investment fund in Argentinean Pesos (c)	48,832	15,549	30,236
Short-term investments in U.S. Dollars (d)	-	1,475	25,340
Short-term investments in Euro (h)	11,000	15	-
Short-term investments in Egyptian Pounds (e)	1,361	1,134	1,065
Short-term investments in South African Rand (f)	11,450	12,673	23,949
Short-term investments in Mozambique Metical (g)	-	-	6,911
Total short-term investments	156,734	138,300	209,949

(a) Short-term investments in Brazilian Reais have a yield between 70% and 125% (70% and 98.75% as of December 31, 2019, and 75% and 96.75% as of December 31, 2018).

(b) Fixed-income funds in Brazilian Reais have a yield of 83.09% of the Interbank Deposit Certificate (CDI) (100% as of December 31, 2019 and 101.31% as of December 31, 2018).

(c) Represents short-term investments in Argentinean pesos with interest of 56.78% per year (49.7% as of December 31, 2019 and between 40.5% and 59.1% as of December 31, 2018).

(d) Short-term investments in US dollar with yields of 0.1% to 0.61% as of December 31, 2019 and 0.1% to 2.5% as of December 31, 2018.

(e) Deposit in Egyptian pounds yielded interest from 5.0% to 8.5% per year (7% to 8.50% as of December 31, 2019 and 1.10% to 8.5% as of December 31, 2018).

(f) Deposit in Rands yielded interest from 3.3% to 3.5% per year (6.30% to 6.55% as of December 31, 2019 and 6.55% to 6.7% as of December 31, 2018).

(g) Deposit in Meticals yielded interest from 12.5% to 13% per year as of December 31, 2018.

(h) Deposit in Euros yielded interest of 0.15% per year (0.0% as of December 31, 2019).

4. Securities

Securities are classified as financial assets, as follows:

	12.31.2020	12.31.2019	12.31.2018
Market investments	1,212	1,676	1,532
Investment funds	21,771	19,267	17,755
Total	22,983	20,943	19,287
Total - current	21,771	19,516	17,755
Total - noncurrent	1,212	1,427	1,532

"Market investments"

"Market investments" are held by the Brazilian subsidiaries, which are composed mainly by deposit judicial accounts that do not bear interests.

"Investment funds"

Consists in a portfolio of investment funds held by InterCement Reinsurance, which is presented at fair value. The funds resulted in an unrealized gain of US$0,687 for the year ended December 31, 2020 (unrealized gain of US$1,840 for the year ended December 31, 2019 and US$0,506 unrealized loss for the year ended December 31, 2018).

5. Trade Receivables

	12.31.2020	12.31.2019	12.31.2018
Current			
Domestic and foreign customers	94,159	99,051	109,213
(-) Expected Credit Losses	(17,609)	(23,561)	(25,352)
Trade receivables	76,550	75,490	83,861
Noncurrent			
Domestic and foreign customers	2,339	1,285	1,685
(-) Expected Credit Losses	(1,640)	(781)	(831)
Trade receivables	699	504	854

As of December 27, 2019, the Company derecognized receivables in the amount of US$22,537 at a marginal discount, due to corresponding securitization with a financial institution (true sale). No similar securitization was observed as of December 31, 2020.

As of December 31, 2018, the Company derecognized receivables subject to securitization with the related parties CCSA Finance, Ltda. and Camargo Corrêa Desenvolvimento Imobiliário S.A. in the amount of U$$24,707 and US$27,284, respectively, also considered true sales.

Due to IFRS 5 adoption, as of December 31, 2018, trade receivables related to "Portugal and Cape Verde discontinued operations", totalling US$12,861, were reclassified to the caption "Assets classified as held for sale" (Note 2.24).

Aging list of trade receivables (current and noncurrent) by maturity

	12.31.2020	12.31.2019	12.31.2018
Current	62,135	60,346	67,090
Past-due:			
0 to 30 days	10,325	11,280	15,828
31 to 60 days	447	4,016	4,139
61 to 90 days	208	954	1,305
91 to 180 days	6,739	1,928	1,705
181 days or more	16,644	21,812	20,831
Total	96,498	100,336	110,898

Changes in expected credit losses (current and noncurrent)

	12.31.2020	12.31.2019	12.31.2018
Opening balance	24,342	26,183	42,359
Effects of hyperinflationary adjustments (Note 2.1)	312	210	219
Recognitions	929	1,756	4,575
Derecognitions	(1,618)	(2,991)	(271)
Amounts written off in the year as uncollectible	(613)	(86)	(825)
Exchange gains or losses	(4,035)	(730)	(3,375)
Discontinued operations (Note 2.24)	(68)	-	(16,499)
Closing balance	19,249	24,342	26,183

6. Inventories

	12.31.2020	12.31.2019	12.31.2018
Current:			
Finished products	16,538	24,224	25,558
Work in process	45,584	81,144	77,588
Raw material	77,118	51,979	59,361
Fuel	23,519	32,529	42,573
Spare parts	76,835	100,385	100,751
Advances to suppliers	6,629	1,198	1,294
Packaging and other	6,642	4,507	20,274
Allowance for impairment losses	(39,271)	(16,863)	(23,230)
Total	213,594	279,103	304,169
Noncurrent:			
Raw material	35,825	41,649	35,858
Spare parts	26,522	39,434	18,700
Packaging and other	-	30	33
Allowance for impairment losses	(898)	(506)	(765)
Total	61,449	80,607	53,826

As a result of IFRS 5 adoption, in the year ended December 31, 2018, inventories related to “Portugal and Cape Verde discontinued operations”, totalling US$62,492, were reclassified to the caption “Assets classified as held for sale” (Note 2.24).

Changes in the allowance for impairment losses (current and noncurrent)

	12.31.2020	12.31.2019	12.31.2018
Opening balance	17,369	23,995	35,597
Effects of hyperinflationary monetary adjustment (Note 2.1)	150	307	585
Recognitions	31,617	259	-
Derecognitions	(5,378)	(1,114)	(3,861)
Write-off	-	(636)	(2,278)
Exchange variation gains or losses	(3,589)	(5,442)	(4,412)
Discontinued operations (Note 2.24)	-	-	(1,636)
Closing balance	40,169	17,369	23,995

As mentioned in Note 20, the Brazilian business segment was committed to purchase slags as part of a take or pay agreement until January, 2021. With the commitment expiring and the fact that there is almost no demand for such raw material in the region besides InterCement plants, the raw material price per tons is expected to significantly drop in comparison with the price that InterCement Brasil was committed. Due to the fact that certain manufacturing processing are necessary for the consumption of the inventories on hand, the

Company deemed that at the moment it is more feasible to purchase new slags at the market versus processing our own slags, reason why the Company recorded a full allowance for the existing slags as of December 31, 2020 in the total amount of US$20,956 .

As mentioned in note 7 above, the Mozambique business segment hibernated an industrial oven due to local market conditions. Therefore, some raw materials and spare parts in inventories will no longer be used anymore and an allowance for impairment losses in the amount of US$7,810 deemed necessary.

7. Property, Plant and Equipment

	12.31.2020			12.31.2019	12.31.2018
	Cost	Depreciation & Impairment	Net book value	Net book value	Net book value
Land	94,899	(39,494)	55,405	70,402	41,461
Buildings	596,437	(364,807)	231,630	277,791	282,655
Machinery and equipment	1,560,098	(974,000)	586,098	814,498	860,586
Vehicles	104,566	(87,901)	16,665	30,442	36,685
Furniture and fixtures	29,750	(27,661)	2,089	2,340	4,054
Mines and ore reserves	158,853	(110,812)	48,041	46,513	78,000
Reservoirs, dams and feeders	54,033	(21,105)	32,928	45,044	49,522
Spare parts	8,017	(1,263)	6,754	3,237	4,848
Other	12,675	(9,173)	3,502	7,342	4,191
Advances to suppliers	17,516	-	17,516	24,870	24,295
Construction in progress	490,283	(102,638)	387,645	368,310	160,152
Total	3,127,127	(1,738,854)	1,388,273	1,690,789	1,546,449

Construction in progress includes (i) the construction of new L´Amalí II cement plant in the city of Olavarría, province of Buenos Aires, in Argentina business segment, with a total investment of US$282,584 (ARS 23,779,437 as of December 31, 2020 (US$240,600 and around US$130,000 as of December 31, 2019 and 2018, respectively). During the year ended 31, December, 2020, the construction process was suspended for approximately one month in accordance with decreed by the Argentine government, which established mandatory isolation., Currently, the work continues under strict sanitary protocols established by the Provincial Government and by the Group,; and (ii) improvement in facilities and equipment of cement plants.

The line item construction in progress also contain impairment losses of US$102,638 (US$154,804 as of December 31, 2019 and US$159,695 as of December 31, 2018) due to expansion projects for certain production lines that were ceased for an undetermined period of time due to current demand. Such impairment losses are revised on an annual basis and might be reversed once the expansion projects are finalized. In 2020, it was reverted impairment losses in Caxitú and Cezarina expansion projects in the amount of US$17,254. The reversal was due to the fact that some taxes obligations that payment were deferred expired, reducing the carrying amount of associated fixed assets.

As of December 31, 2020, there are assets in Brazil business segment given as collateral for loans obtained for their own acquisition in the amount of approximately US$3,080 (as of December 31, 2019 in the Argentina business segment and Brazil business segment, the assets given as collateral totalled approximately US$50,365 and US$4,603, respectively and as of December 31, 2018 the amounts of US$67,873 and US$5,327, respectively).

In addition, in Brazil business area, two cement plants were given as guarantee in the “CADE” process, as referred in Note 11.

During the year ended December 31, 2020, the Company capitalized financial charges amounting to US$8,861 related to loans granted to finance eligible assets (US$8,002 as of December 31, 2019 and US$1,544 as of December 31, 2018).

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, 2017	139,306	367,713	1,098,725	31,166	3,383	74,061	61,151	5,110	2,023	47,801	27,885	1,858,324
Effects of hyperinflationary monetary adjustment (Note 2.1)	7,713	113,101	124,398	22,722	673	25,639	-	-	400	12,400	-	307,046
Additions	6,003	10,530	54,106	389	526	6,103	6	878	496	179,723	1,375	260,135
Disposals	(2,093)	(658)	(48)	(193)	(9)	-	-	-	5	(774)	(29)	(3,799)
Depreciation	(7,480)	(34,143)	(151,268)	(9,622)	(4,520)	(15,187)	(2,856)	-	(1,765)	-	-	(226,841)
Impairment provision	(7,775)	(10,765)	(43,218)	(17)	-	-	-	-	(887)	-	-	(62,662)
Effect of changes in exchange rates	(10,719)	(55,526)	(144,204)	(13,410)	(683)	(19,822)	(8,779)	(777)	(931)	(22,593)	(3,700)	(281,144)
Transfers	(6,700)	(205)	20,680	6,158	4,958	7,206	-	(363)	4,938	(53,277)	(1,152)	(17,757)
Discontinued operations (Note 2.24)	(76,794)	(107,392)	(98,585)	(508)	(274)	-	-	-	(88)	(3,128)	(84)	(286,853)
Balance as of December 31, 2018	41,461	282,655	860,586	36,685	4,054	78,000	49,522	4,848	4,191	160,152	24,295	1,546,449
Effects of hyperinflationary monetary adjustment (Note 2.1)	2,859	46,703	56,655	11,114	336	15,601	-	-	247	30,003	-	163,518
Additions	240	6,518	27,086	69	345	153	21	-	238	296,986	1,305	332,961
Disposals	(4,777)	(15,465)	(4,010)	(447)	(126)	-	-	(3)	(21)	-	(321)	(25,170)
Depreciation	(7,468)	(21,285)	(90,791)	(8,420)	(900)	(29,916)	(2,635)	-	(1,658)	-	-	(163,073)
Impairment provision	(6,458)	16,820	2,729	15	(251)	-	-	-	(7,275)	-	-	5,580
Effect of changes in exchange rates	47,747	(54,517)	(84,219)	(12,191)	(364)	(17,982)	(1,867)	(162)	(394)	(36,209)	(408)	(160,566)
Transfers	(3,202)	16,362	46,462	3,617	(754)	657	3	(1,446)	12,014	(82,622)	(1)	(8,910)
Balance as of December 31, 2019	70,402	277,791	814,498	30,442	2,340	46,513	45,044	3,237	7,342	368,310	24,870	1,690,789
Effects of hyperinflationary monetary adjustment (Note 2.1)	2,130	32,820	41,517	7,081	196	12,605	-	-	174	72,028	-	168,551
Additions	45	3,136	17,534	7	97	-	-	9,808	(4,251)	78,187	57	104,620
Disposals	(2,123)	(1,036)	(2,074)	(1,134)	(258)	-	-	-	(862)	(5)	(119)	(7,611)
Depreciation	(206)	(19,115)	(75,407)	(11,131)	(781)	(11,302)	(2,000)	-	(586)	-	-	(120,528)
Impairment provision	(2,225)	(2,399)	(28,516)	(3,340)	27	(23)	-	-	(101)	17,254	-	(19,323)
Effect of changes in exchange rates	(12,545)	(66,632)	(138,138)	(8,547)	(370)	(13,509)	(10,119)	(699)	(1,569)	(90,104)	(4,484)	(346,716)
Transfers	268	6,693	30,203	3,326	927	13,719	3	(5,592)	3,337	(49,710)	(2,749)	425
Discontinued operations (Note 2.24)	(341)	372	(73,519)	(39)	(89)	38	-	-	18	(8,315)	(59)	(81,934)
Balance as of December 31, 2020	55,405	231,630	586,098	16,665	2,089	48,041	32,928	6,754	3,502	387,645	17,516	1,388,273

As a result of IFRS 5 adoption, in the year ended December 31, 2018, property, plant and equipment related to “Portugal and Cape Verde discontinued operations”, totalling US$286,863 respectively, were reclassified to the caption “Assets classified as held for sale” (Note 2.24).

Additions

Argentinean business area:

Disbursements in the total amount of US$53,751 for the year ended December 31, 2020 (US$240,600 for the year ended December 31, 2019 and US$130,000 for the year ended December 31, 2018), due to the increase of the installed capacity at L'Amalí plant amounting to US$30,271 (US$179,300 for the year ended December 31, 2019 and US$46,400 for the year ended December 31, 2018).

Additions related to quarry recovery of US$10,880 for the year ended December 31, 2020 (US$15,200 for the year ended December 31, 2019 and US$$20,000 for the year ended December 31, 2018).

Brazil business area:

Disbursements in the total amount of US$44,238 for the year ended December 31, 2020 (US$66,000 for the year ended December 31, 2019 and US$47,000 for the year ended December 31, 2018), substantially referred to improvements in the production process for the full utilization of the capacity of the existing units.

Mozambique business area:

For the year ended December 31, 2018, acquisition of a cement gridding in the region of Matola in the amount of US$32,500.

Write-offs

Brazil business segment

For the year ended December 31, 2019, refers mainly to the write-off in the amount of US$18,010 of Cubatão plant located in São Paulo State. Such assets were fully impaired in 2018.

Impairment provision

Brazil business segment

Given the macroeconomic context in Brazil in past years, which results in reductions of cement consumption, the Group has decided to take some actions as follows:

In 2018, Management decided to concentrate efforts in plants with better margins, therefore, the Group recorded additional impairment losses in the amount of US$62,855, which could be reversed once the market conditions allow the recovering of such operations.

In 2019, as a continuing efforts to focus in plants with better margins, Management recorded additional impairment losses to certain plants in the amount of US$18,001, and reversed impairment losses in the amount of US$9,652 for plants that improved their performance during 2019. Furthermore, the impairment provision was also positively impacted by US$18,010 due to the disposal of Cubatão plant´s resulting in the reversal of its carrying amount that was fully impaired in prior years and such amount is offset by the write-off of the assets (See above write-offs in Brazilian segment).

In 2020, with the Brazilian market growth in prices and volumes and demand expansion expectation for 2021, Management returned the operations of some production lines, resulting in an impairment loss reversal of US$10,407.

The Group expects Brazilian economy to keep growing in 2021 and upcoming years, based on factors as expansive tone of monetary policy and the increase in confidence of investors.

Argentina business segment

In 2020, considering the particular impact of the pandemic of COVID-19 and the uncertainty of the Argentine economic situation, among other micro and macroeconomic factors, the Argentinian subsidiary has estimated a decrease in the demand for railway logistics services provided by the Group and the demand for the stone of the aggregates in such cash-generating unit. As a result, Management recorded an impairment loss of US$11,181.

Other business segment

In 2020, Mozambique business segment recorded an impairment related to property, plant and equipment tangible fixed assets (Matola kiln) in the amount of US$35,803.

In 2019, Egypt business segment recorded an impairment related to property, plant and equipment in the amount of US$7,445. Management decided to hibernate a production line in order to better adequate to local demand.

8. Other intangible assets and goodwill

	12.31.2020	12.31.2019	12.31.2018
Other intangible assets:			
Software licenses	5,546	5,595	6,244
Concession-related assets	75,227	112,389	125,394
Mining rights	11,446	12,488	20,174
Project development costs	3,954	3,608	4,640
Trademarks, patents and others	16,676	16,628	20,969
	112,849	150,708	177,421

As a result of the adoption of IFRS 5, in the year ended December 31, 2018, other intangible assets (including the related impairment losses) and goodwill related to "Portugal and Cape Verde discontinued operations" in the amount of US$53,243 and US$349,251, respectively, were reclassified to the caption "Assets classified as held for sale" (Note 2.24).

Impairment analysis

Goodwill is subject to impairment tests annually and whenever there are indications of possible impairment, which are made based on the recoverable amounts of each of the corresponding business segments (Note 26).

Attending to business model and considering the financial statement structure adopted for management purposes, goodwill is attributed generally to each operating segment, due to the existence of synergies between the units of each segment in a perspective of vertical integration of business.

The recoverable value of each group of cash-generating units is compared, in the tests performed, with the respective recognized value of assets and liabilities (“book value”). An impairment loss is only recognized when the book value exceeds the higher of the value in use and transaction value, based on cash flow projections under medium and long term business plans approved by the Board of Directors, plus perpetuity.

Cash Flow projections

The Group annually or when there is impairment indicatives revises assumptions underlying to the determination of recoverable amount of liquid assets, considering the estimate of future cash flows which reflect, among others, a set of estimates related to market growth, market share, investments and costs.
In general, the plan was projected by applying growth rates for the markets, considering estimated GDP growth for related economies, leading to expected demand growth for building materials.

In preparing the cash flow projections, Management considered the best assumptions available as of December 31, 2020. In assessing such best assumptions, Management concluded that future cash flows is not expected to be severely impacted by COVID-19 pandemic worsening situation, given that cement industry is considered as an essential product/service.

Determination of discount rate

Discount rates are calculated for each cash generating unit based on risk-free rate adjusted by the country risk premium, among other parameters.

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:

	12.31.2020		12.31.2019		12.31.2018	
Goodwill per operating segments:	**12.31.2020**	**"WACC" rate (*)**	**12.31.2019**	"WACC" rate (*)	**12.31.2018**	"WACC" rate (*)
Brazil	528,920	8.90%	681,927	8.18%	709,364	10.75%
Argentina	186,220	54,46% - 33,56%	239,983	67.28% - 10.97%	249,636	44.52% - 12.22%
Egypt	5,397	12.91%	5,285	15.97%	22,824	22.24%
Mozambique	35,577	12.86%	43,171	14.29%	43,028	17.54%
South Africa	101,014	8.60%	105,807	10.10%	103,290	12.71%
	857,128		1,076,173		1,128,142	

(*) Discount rate calculated after taxes.

For Argentina business segment, 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”).

Due to rising economic uncertainties in Argentina after the elections in 2019, the Group added a “Specific Risk” factor of 4.0% for that year in Argentina business area. In 2020, passed one year from elections and the market recovery even under a COVID-19 pandemic situation, Management understands that the WACC determined already considers the risks factor seem by market and the risk factor was not deemed necessary.

Based on discounted cash flow determined by Management, as of December 31, 2020, considering the premises above mentioned, the expected cash flow generation for each business segment is larger than the corresponding carrying amounts.

As of December 31, 2019, the Group recorded a goodwill impairment of US$20,146 (after fixed asset impairment recognition of US$7,445 – Note 7) in Egypt business area, due to the deterioration of expected future cash flow from such operation business unit.

Sensitive analysis

Considering the discounted cash flow of December 31, 2020, the Group calculated the eventual impact of changes in discount rate and in the EBITDA margin in relation with all the business areas projections. Performing sensitive analysis in discount rates and EBITDA Margin considering the scenarios describe below, it would result in an impairment loss in Egypt and Argentinian segment.

Impact on DCF	0.50%	-0.50%	1.00%	-1.00%	2.00%	-2.00%
Impact on DCF with changes in Wacc Rate	(235,868)	279,112	(438,279)	615,732	(768,733)	1,562,241
Impairment BR	-	-	-	-	-	-
Impairment AR	-	-	(24,540)	-	(72,620)	-
Impairment EGY	-	-	(5,814)	-	(23,449)	-
Impairment AS	-	-	-	-	-	-
Impairment MZ	-	-	-	-	-	-
Impact on DCF with change in EBITDA Margin	78,969	(78,969)	157,938	(157,938)	315,876	(315,876)
Impairment BR	-	-	-	-	-	-
Impairment AR	-	-	-	-	-	(29,233)
Impairment EGY	-	-	-	-	-	(5,445)
Impairment AS	-	-	-	-	-	-
Impairment MZ	-	-	-	-	-	-

Changes in intangible assets in the year ended December 31, 2020, 2019 and 2018 were as follows:

	Software licenses	Concession-related assets	Mining rights	Project development costs	Trademarks, patents and others	Goodwill	Total
Balance as of December 31, 2017	20,194	161,010	47,192	7,531	5,256	1,679,507	1,920,690
Effects of hyperinflationary monetary adjustment (Note 2.1)	1,126	-	-	-	2,940	-	4,066
Additions	2,148	3,435	-	390	1,016	-	6,989
Amortization	(4,876)	(1,594)	(2,422)	(2,243)	(1,034)	-	(12,169)
Impairment	-	-	-	-	367	-	367
Effect of changes in exchange rates	(1,521)	(52,792)	29,107	(902)	137	(191,882)	(217,853)
Transfers	(10,022)	15,335	-	(137)	12,581	-	17,757
Discontinued operations (Note 2.24)	(805)	-	(53,703)	-	(294)	(359,484)	(414,286)
Balance as of December 31, 2018	6,244	125,394	20,174	4,640	20,969	1,128,142	1,305,563
Effects of hyperinflationary monetary adjustment (Note 2.1)	723	-	-	-	1,265	152	2,140
Additions	3,706	3,195	-	49	65	-	7,015
Disposals	(625)	-	-	-	(10)	-	(635)
Amortization	(1,541)	(11,905)	(365)	(7,571)	(1,526)	-	(22,908)
Impairment	(1,257)	-	-	-	-	(20,610)	(21,867)
Effect of changes in exchange rates	(770)	(106,691)	102,211	(90)	19	(31,511)	(36,832)
Transfers	(885)	102,396	(109,532)	6,580	(4,154)	-	(5,595)
Balance as of December 31, 2019	5,595	112,389	12,488	3,608	16,628	1,076,173	1,226,881
Effects of hyperinflationary monetary adjustment (Note 2.1)	537	-	-	-	882	109	1,528
Additions	3,638	9,535	-	8,427	811	-	22,411
Disposals	-	(1,591)	-	-	(15)	-	(1,606)
Amortization	(3,057)	(8,735)	(329)	(7,358)	(235)	-	(19,714)
Impairment	10	(10,744)	-	(16)	(1,115)	-	(11,865)
Effect of changes in exchange rates	(1,153)	(25,627)	(713)	(707)	(280)	(219,154)	(247,634)
Discontinued operations (Note 2.24)	(24)	-	-	-	-	-	(24)
Balance as of December 31, 2020	5,546	75,227	11,446	3,954	16,676	857,128	969,977

Impairment losses

In 2020, Management reviewed its concession-related assets portfolio in Brazil business segment and based on expected use of such assets in current Business Plan considered that such assets are no longer recoverable in the future and concluded appropriate to record an impairment losses of US$10,744.

9. Borrowings and Financing

Functional Currency	Business unit	Type of financing	Currency	Annual Interest rates	Maturity		12.31.2020 Current	12.31.2020 Noncurrent	12.31.2019 Current	12.31.2019 Noncurrent	12.31.2018 Current	12.31.2018 Noncurrent
EUR	Holdings and Financial Vehicles (*)	Bilateral (**)	USD	US Libor + 3.10% - 4.40%	Jan/21-Jan/22	a)	7,000	14,000	50,782	173,546	50,000	224,191
EUR	Holdings and Financial Vehicles (*)	Bilateral	USD	US Libor + 3.95%	Feb-24	a)	-	-	-	159,452	152,250	159,270
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	Euribor + 3.60%	Feb-24	a)	-	-	-	220,587	119,486	164,977
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	2.55%	Jun-20		-	-	5,620	-	-	-
EUR	Holdings and Financial Vehicles (*)	Billateral	EUR	3.20%	Oct-21		20,250	-	3,091	18,546	3,150	22,053
EUR	Holdings and Financial Vehicles (*)	Commercial paper	EUR	2.80%	Mar-20		-	-	39,340	-	-	40,096
BRL	Holdings and Financial Vehicles (*)	Promissory note (**)	BRL	3% + 100% CDI	Mar-21		22,129	-	-	-	-	-
ARS	Holdings and Financial Vehicles (*)	Billateral	ARS	21.75%	Oct-21		-	-	-	-	9,539	-
ARS	U.N. Argentina	Billateral	USD	US Libor + (4.25% to 7.38%)	Several		39,747	21,782	36,074	42,555	51,124	13,563
ARS	U.N. Argentina	Billateral	ARS	Badlar + 9,25%	Jan-22	c)	-	-	11,505	-	-	-
ARS	U.N. Argentina	Billateral	EUR	4.00%	Apr-Oct/21		13,354	-	-	9,047	-	-
PYG	U.N. Paraguay	Billateral	PYG	8.5% - 9.00%	Aug-25	b)	-	-	5,260	43,385	11,391	56,263
ARS	U.N. Argentina	Billateral	ARS	8.00% + Badlar	Jan-22	c)	-	-	-	16,697	-	-
ARS	U.N. Argentina	Working capital	ARS	21.70% - 70%	Mar-21	c)	376	-	34,845	-	13,884	-
MZN	U.N. Mozambique	Billateral (**)	MZN	Prime Rate + 2%	Jan/24-Aug/25		-	4,818	-	-	-	-
BRL	U.N. Brazil	Billateral	BRL	126% CDI	Apr-23	a)	-	-	-	49,297	-	51,979
BRL	U.N. Brazil	Subsidised loan	BRL	2.50% - 5.00%	Dec-24		2,095	5,701	2,886	9,988	3,137	13,420
BRL	U.N. Brazil	Billateral	BRL	15.34%	Dec-22		552	2,838	551	3,207	403	2,701
EGP	U.N. Egypt	Billateral	EGP	Corridor + 1.50%	Apr-24		2,669	4,562	671	4,152	27,311	601
EGP	U.N. Egypt	Working capital	EGP	15.50% - 17.00%	Apr-21		16,541	-	30,038	-	-	-
							124,713	53,701	220,663	750,459	441,675	749,114

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

(**) The borrowings contains certain restrictive financial covenants, which are describe in section “covenants” below.

(a) On June 08, 2020, the following bilateral were prepaid with the proceedings from the new debenture issuances indicated in Note 10:
   - Caue Austria Holding prepaid US$420,050, (which US$197,356 were denominated in US$ and the remaining portion denominated in Euros);
   - InterCement Financial Operations B.V. prepaid US$159,452; and
   - InterCement Brasil prepaid US$38,949 (R$200,062 thousands).

(b) As mentioned in Note 2.24, Paraguayan operating segment was sold and, therefore, respective borrowings and financings were transferred to purchaser.

(c) Management decided to apply a substantial part of the cash collected from the sales of Paraguayan operations segment (see Note 2.24 above) to liquidate working capital borrowings and to anticipate payment of some others borrowings and financing with future maturity dates, which explains the overall reduction in Argentinian segment indebtedness.

As of December 31, 2020, 2019 and 2018, the incurred interest related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to US$2,678, US$19,298 and US$22,814, respectively.

Changes in Borrowings and Financing were as follows:

	Borrowings and financing
Balance as of December 31, 2017	2,053,830
New borrowings and financing	94,314
Payments	(719,403)
Discontinuing operations (Note 2.24)	(158,611)
Effect of changes in Exchange rates, comissions and other	(79,341)
Balance as of December 31, 2018	1,190,789
New borrowings and financing	213,418
Payments	(416,975)
Effect of changes in Exchange rates, comissions and other	(16,110)
Balance as of December 31, 2019	971,122
New borrowings and financing	203,842
Payments	(970,585)
Discontinuing operations (Note 2.24)	(25,284)
Effect of changes in Exchange rates, comissions and other	(681)
Balance as of December 31, 2020	178,414

Maturity schedule

As of December 31, 2020, the non-current portions mature as follows:

Period	12.31.2020
2022	33,275
2023	12,841
2024	2,365
2025	5,220
	53,701

Covenants

The loans and financing agreements contain certain annual restrictive covenants, including change of control clauses and those requiring the maintenance of certain financial ratios, namely a Net Debt versus Adjusted EBITDA ratio, within pre-established parameters.

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 outstanding bilateral in the amount of US$21,000 is subject to restrictive covenants and is required to maintain the same financial ratios of the debentures issued in 2020 (see Note 10 below).

The promissory note in the amount of US$22,129 requires that Net Debt / Adjusted EBITDA ratio to be no higher than 5.0x as of December 31, 2020.

The Mozambique bilateral in the amount of US$4,818 requires the following ratios at stand-alone figures and in a twelve month basis range at the end of each fiscal year (December 31): (a) Senior Debt /EBITDA to be no higher than 1,5x; (b) EBITDA / Total Accrued Interest to be no lower than 4x; and (c) Free Cash Flow / Debt Service to be no lower than 1,2x. Initial measurement is based as of December 31, 2020 figures.

As of December 31, 2020, all covenants conditions were met. Next measurement is on December 31, 2021.

10. Debentures

							12.31.2020		12.31.2019		12.31.2018	
Functional Currency	Business unit	Instrument	Currency	Annual interest rate	Final maturity		Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
BRL	Holdings and Financial Vehicles (*)	Debenture	BRL	CDI + 3.75%	June-27	a)	-	573,474	-	-	-	-
BRL	Brazil	Debenture	BRL	CDI + 3.75%	June-27	a)	-	327,162	-	-	-	-
BRL	Brazil	Debenture	BRL	115% - CDI	Apr-22	b)	-	-	54,655	109,363	56,811	170,602
BRL	Brazil	Debenture	BRL	115% - CDI	Aug-22	b)	-	-	123,968	124,010	64,419	193,450
EUR	Holdings and Financial Vehicles (*)	Senior Notes	USD	5.75%	Jul-24	c)	-	546,012	-	548,117	-	544,306
							-	1,446,648	178,623	781,490	121,230	908,358

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

(a) As mentioned in Note 1 above, on June 8, 2020, the Company issued two Debentures, one by InterCement Participações S.A of US$579,502 (R$2,976,666 thousands) and another by InterCement Brasil S.A. of US$330,989 (R$1,700,161 thousands).

The instrument is guaranteed by Loma Negra shares held by the Company. The debentures will be mandatorily redeemable in May 2024 if the Group is unable to refinance its existing senior notes due in 2024.

(b) On June 08, 2020, InterCement Brasil S.A. ("InterCement Brasil") partially prepaid the amount of US$292,040 (R$1,500,100 thousands) of its debentures issued in 2012 with the proceedings from the issuance of new debentures, as mentioned in item (a) above. The remaining portion were fully repurchased during October through December of 2020 by InterCement Brasil and subsequently cancelled. As of December 31, 2020, there was no outstanding balance.

(c) 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 December 31, 2020, 2019 and 2018, the Group holds bonds at the face value of US$198,812. On June 24, 2020 InterCement Financial Operations B.V., announced a private exchange offer to any and all of its 5.75% Senior Notes due 2024. On July 22, 2020, as the conditions to the Exchange Offer were not satisfied, the Exchange Offer were not consummated.

As of December 31, 2020, 2019 and 2018, the incurred interest classified in current liabilities and presented as 'Interest payable' amount to US$17,535, US$8,334 and US$22,311, respectively.

Changes in Debentures were as follows:

	Debentures
Balance as of December 31, 2017	1,201,211
Payments	(83,004)
Effect of changes in Exchange rates, comissions and other	(88,619)
Balance as of December 31, 2018	1,029,588
Payments	(56,006)
Effect of changes in Exchange rates, comissions and other	(13,469)
Balance as of December 31, 2019	960,113
New debentures	910,491
Payments	(323,114)
Effect of changes in Exchange rates, comissions and other	(100,842)
Balance at December 31, 2020	1,446,648

Maturity schedule

As of December 31, 2020, the debentures mature as follows:

Period	12.31.2020
2023	157,494
2024	726,679
2025	224,990
Following years	337,485
	1,446,648

Covenants

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

Debentures

Company agreed with debentures holders compliance with a gross debt cap of €1,800,000 thousands (equivalent to US$2,209,137 as of December 31, 2020) measured as of December 31, 2020. In the following years, 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.

As of December 31, 2020, the covenants condition were met. The next measurement is on December 31, 2021.

Senior notes

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

i) Limitation in US$500,000 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$25,000 per year, on a cumulative basis, for preferred shareholders after the Senior Notes issuance (July/2014).

As of December 31, 2020, the conditions were met, therefore, restrictions are not applicable until the next measurement period that will be based on the financial figures for the year to be ended December 31, 2021.

11. Provisions and Contingent assets and liabilities

The Group is subject to tax, civil and labor 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 annual reporting period.

The provision for risks is demonstrated as follows:

	12.31.2020	12.31.2019	12.31.2018
Labor and social security	8,583	6,963	9,966
Tax (a)	19,789	17,013	19,735
Civil and other (b)	39,846	37,835	35,114
	68,218	61,811	64,815
Judicial deposit (c)	(1,900)	(2,840)	(3,086)
Total	66,318	58,971	61,729

(a) Brazil: Refer basically to tax assessments notices and lawsuits amounting to US$5,009 (US$2,294 as of December 31, 2019 and US$1,423 as of December 31, 2018) 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; and (iv) IPTU – increase in the calculation base. The increase in the year of US$2,715 mainly relates to fines incurred on the assessments, monetary adjustments and new ICMS assessments Paraíba State.

InterCement Participações S.A.: In 2019, the Company entered into a legal dispute regarding the charging of financial transaction services over purchasing and reselling InterCement Portugal´s shares occurred in 2014. In 2020, legal advisors considered that the risk of loss is probable, therefore, the amount of US$2,999 was recorded.

InterCement Portugal: Refer basically to the provisions for tax risks related to income tax, amounting to US$6,941 as of December 31, 2020 (US$6,351 as of December 31, 2019 and US$6,473 as of December 31, 2018), which are being challenged in courts.

Egypt: Is mainly justified by tax provisions in this business area related to income tax from years 2015 to 2019, which is being challenged in courts, in the amount of US$3,782. As of December 31, 2019 the provision was US$7,574 (US$7,629 as of December 31, 2018). The reduction is mainly due to final judicial decision in 2020 related to income tax from years 2006 to 2014, which the entity will have to disburse US$3,157.

(b) Egypt: Includes mainly a provision related to a dispute about the expiration of an industrial licence and corresponding interest and monetary accretion totalling US$34,425 (US$33,831 as of December 31, 2019 and US$30,261 as of December 31, 2018).

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

	12.31.2020	12.31.2019	12.31.2018
Labor and social security	1,005	2,079	2,135
Tax	681	745	903
Civil and other	214	16	48
Total	1,900	2,840	3,086

Changes in the provision for risks for the years ended December 31, 2020, 2019 and 2018 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance as of December 31, 2017	31,015	33,905	39,034	(3,627)	100,327
Effects of hyperinflationary monetary adjustment (Note 2.1)	574	61	412	-	1,047
Recognition/deposit	2,760	347	10,127	(3,199)	10,035
Payment	(4,603)	(7,390)	(4,975)	3,209	(13,759)
Reversal	(4,743)	(6,244)	(7,904)	-	(18,891)
Exchange differences	(3,133)	(943)	(1,543)	530	(5,090)
Discontinued operations (Note 2.24)	(11,904)	-	(37)	-	(11,940)
Balance as of December 31, 2018	9,966	19,735	35,114	(3,086)	61,729
Effects of hyperinflationary monetary adjustment (Note 2.1)	509	266	358	-	1,133
Recognition/deposit	1,216	2,272	191	(1,278)	2,401
Payment	(1,675)	(2,405)	(492)	1,408	(3,164)
Reversal	(2,234)	(3,147)	(1,038)	-	(6,419)
Exchange differences	(819)	291	3,702	117	3,291
Balance as of December 31, 2019	6,963	17,013	37,835	(2,840)	58,971
Effects of hyperinflationary monetary adjustment (Note 2.1)	429	236	151	-	816
Recognition/deposit	5,103	8,905	2,089	(1,027)	15,070
Payment	(1,068)	(3,340)	(355)	1,329	(3,434)
Reversal	(1,305)	(3,043)	(284)	-	(4,632)
Exchange differences	(1,539)	18	410	638	(473)
Balance as of December 31, 2020	8,583	19,789	39,846	(1,900)	66,318

Contingent liabilities

In the normal course of its business the Group is involved in several legal cases and complaints relating to its labor and social security, tax, civil and other natures, which the likelihood of loss is assessed as possible or less likely than not for uncertain income tax positions in light of IFRIC 23,

As of December 31, 2020, the Group has an exposure of approximately US$1,533,607 (US$1,767,976 as of December 31, 2019 and US$939,392 as of December 31, 2018), being US$14,332 of contingent liabilities related to labor contingences (US$14,612 as of December 31, 2019 and US$10,310 as of December 31, 2018), US$1,330,223 of tax contingencies, including uncertain income tax position as per IFRIC 23 assessment (US$1,486,976 as of December 31, 2019 and US$686,214 as of December 31, 2018), US$189,052 of civil contingencies and administrative processes of other natures (US$266,388 as of December 31, 2019 and US242,868 as of December 31, 2018), whose likelihood of loss was considered possible, according to the opinion of our legal counsel.

The most significant contingencies are:

Brazil

a) Tax

The tax contingencies, in the approximately amount of US$1,188,303 (US$1,375,415 as of December 31, 2019 and US$585,402 as of December 31, 2018) 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; (viii) non-collection of the Property Transfer Tax ("ITBI") on mergers transactions; (ix) alleged non-payment of federal taxes; and (x) undue charge of a municipal tax (Services Taxes - "ISS"), and CFEM no collection.

b) Civil

The main lawsuits are linked to civil, environmental, mining and administrative proceedings related 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, were parties to administrative proceedings related to antitrust regulation in progress at the Administrative Council for Economic Defence (“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 December 31, 2020, the fines imposed to the Group corresponds to US$155,788 (US$194,748 as of December 31, 2019 and US$192,463 as of December 31, 2018), 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 December 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 US$147,276 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 above. The amounts under dispute is of approximately US$34,364 for 2009 to 2011 and negative taxable income of approximately US$297,006 for 2012. Recently, the state’s attorney informed the High Court of the acceptance of some of the issues in the litigation. If the High Court confirms this, which is foreseeable, the negative tax bases questioned would be US$20,901 (€17,030 thousands) for 2009-2011, and US$222,644 (€181,410 thousands) for 2012. Management and Company’s legal counsel believe the risk of a favourable outcome of this dispute is “more likely than not”, therefore, no contingency reserve was recorded.

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 US$325,234 as of December 31, 2020 and US$297,860 as of December 31, 2019 (equivalent to (€265,000 thousand in both years), were generated due to property, plant and equipment sales between group companies.

During the Corporate Income tax (CIT) inspection of the fiscal year 2016, the Tax Authority requested the provision of information relating to such property, plant and equipment 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 in 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.

The final Income tax inspection Report for the year 2016 incorporate a correction of US$121,412 (€98,926 thousands) as of December 31, 2020 and US$111,192 (€98,926 thousands) as of December 31, 2019 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, and for that year an additional tax assessment of US$5,189 (€4,228 thousands) was received and is being contested. Even so, the amount of US$5,032 (€4,100 thousands) was already requested to be compensated with a Company tax credit.

As of the date of the issuance of the consolidated financial statements, the inspection of the fiscal year 2017 is ongoing.

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

12. Provision for Environmental Recovery

Changes in the provisions for environmental recovery in the years ended December 31, 2020, 2019 and 2018 are as follows:

	Environmental recovery
Balance as of December 31, 2017	46,361
Hyperinflationary monetary adjustment (Note 2.1)	1,048
Recognition	13,049
Payment	(1,590)
Reversal	(19,759)
Exchange differences	(5,406)
Discontinued operations (Note 2.24)	(15,803)
Balance as of December 31, 2018	17,900
Hyperinflationary monetary adjustment (Note 2.1)	1,980
Recognition	4,880
Payment	(1,621)
Exchange differences	(2,388)
Balance as of December 31, 2019	20,751
Hyperinflationary monetary adjustment (Note 2.1)	1,932
Recognition	6,533
Payment	(541)
Reversal	(4,605)
Exchange differences	(5,123)
Discontinued operations (Note 2.24)	(149)
Balance as of Dezembro 31, 2020	18,798

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, 2020, Mover Participações made a capital increase, paid in by transferring to the Company its indirect participation of 4,84% (131,719,069 shares) in InterCement Portugal previously held by C.C. Cimentos Luxembourg (wholly subsidiary of Mover) in the amount of US$58,243. See note 15 for further considerations (see Note 15).

In the year ended December 31, 2019, the Company (i) released Capital Reserves in the amount of US$74,742 (R$300,000 thousands) to its parent company, Mover Participações S.A. (see Note 15) and (ii) sold fixed assets (land) to A.Y.U.S.P.E. Empreendimentos e Participações S.A. in the amount of US$5,657. As of December 31, 2020, the outstanding balance is US$4,387 (US$5,657 as of December 31, 2019) recorded within "Other Receivables" as non-current assets. In 2020, rights over such the land and corresponding obligations were transferred from A.Y.U.S.P.E. to HM Engenharia e Construção S.A.

For the year ended December 31, 2018, the following transactions with Mover controlling companies occurred:

- Capital increase by Mover Participações S.A. in InterCement Participações on December 28, 2018, amounting of US$77,424 (R$300,000 thousand) (Note 15);

- Credit assignment agreements (accounts receivable securitization) were settled with CCSA Finance Ltda. and Camargo Corrêa Desenvolvimento Imobiliário S.A., in the amount of US$24,707 and US$27,284, respectively (Note 5);

Balances as of December 31, 2020, 2019 and 2018 with related parties, are as follows:

	12.31.2020							
	Current assets				Non current assets	Current liabilities		
	Trade receivables	Other receivables	Advances to suppliers	Other receivables	Other receivables	Trade payables	Advances from customers	Dividends payable
Affiliates:								
HM Engenharia e Construções S.A.	-	-	-	-	4,387	-	-	-
Concessionária de Rodovia Sul - Matogrossense, S.A.	-	-	-	-	-	-	7	-
Construções e Comércio Camargo Corrêa S.A.	3	-	100	192	443	273	15	-
ICB others	-	-	-	-	19	-	-	1,317
Loma Negra others	-	-	-	-	-	-	-	179
Egypt others	-	-	-	-	-	-	-	50
Others noncontrolling interests	-	-	-	-	-	-	-	103
Mover Participações, S.A.	-	-	-	-	-	-	1	-
Total as of December 31, 2020	3	-	100	192	4,849	273	23	1,650
Total as of December 31, 2019	11	77	129	257	6,476	962	37	229
Total as of December 31, 2018	886	-	-	266	1,136	1,825	1,916	183

Transactions conducted in the years ended December 31, 2020, 2019 and 2018 are as follows:

	12.31.2020			
	Sales	Other operating income	Purchases/ expenses	Financial income
Affiliates:				
Construções e Comércio Camargo Corrêa S.A.	99	-	2,058	35
CCR, S.A.	15	-	-	-
Instituto InterCement	-	-	435	-
Controlling shareholders:				
Mover Participações, S.A.	-	-	32	-
Total as of December 31, 2020	113	-	2,524	35

	12.31.2019			
	Sales	Other operating income	Purchases/ expenses	Financial income
Affiliates:				
CCDI and subsidiaries	129	-	-	-
CCR S.A.	57	-	54	-
Construções e Comércio Camargo Corrêa S.A.	755	-	2,690	48
Instituto InterCement	-	-	452	1
A.Y.U.S.P.E. Empreendimentos e Participações S.A.	-	5,633	-	-
PARMV Properties-Empreendimentos, S.A.	-	-	717	-
Yguazú others	-	-	151	-
Controlling shareholders:				
Mover Participações, S.A.	-	-	89	-
Participações Morro Vermelho	-	-	(14)	-
Total as of December 31, 2019	941	5,633	4,139	49

	12.31.2018			
	Sales	Other operating income	Purchases/ expenses	Financial income
Affiliates:				
AVE- Gestao Ambiental e Valorização Energética, S.A.	21	1	1,903	-
CCDI e controladas	238	-	-	6
CCR S.A.	238	-	-	-
Concret Mix S.A.	4,047	118	9,629	-
Consorcio Concret Mix & Asociados	1,148	2	-	-
Consorcio Ruta 9	186	-	-	-
Construções e Comércio Camargo Corrêa S.A.	222	-	2,650	32
Constructora Acaray S.A.	937	0	-	-
Construshopping S.A.	679	1	-	-
Instituto InterCement	-	-	766	-
Camargo Correa Infraestrutura S.A	23	-	-	-
PARMV Properties-Empreendimentos, S.A.	-	-	1,631	-
Setefrete - SGPS, S.A.	-	22	490	-
Yguazú others	-	-	32	-
Controlling shareholders:				
Mover Participações, S.A.	-	-	41	-
Participações Morro Vermelho	-	-	(15)	-
Total as of December 31, 2018	7,741	145	17,127	39

Management compensation

The amount of US$1,990 was paid in the year ended December 31, 2020 and refers to short-term benefits, such as salaries, profit sharing and other benefits (US$3,242, US$4,527 in the years ended December 31, 2019 and 2018, respectively). There is no relevant long-term compensation to Management.

14. Right-of-use assets and lease liabilities

The change of rights-of-use assets since its initial adoption through December 31, 2020 is demonstrated as follows:

Composition and movements of right-of-use assets

	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other	Total
Cost						
Initial adoption as of January 01, 2019	15,161	53,947	3,676	-	276	73,060
Additions	1,276	14,268	1,237	-	-	16,781
Write-offs	-	(3,927)	-	-	-	(3,927)
Exchange difference	(3,240)	(2,120)	(114)	-	(10)	(5,484)
As of December 31, 2019	13,197	62,168	4,799	-	266	80,430
Additions	1,092	31,882	(18)	33	115	33,104
Write-offs	(69)	(926)	(58)	-	-	(1,053)
Impairment	(294)	(588)	-	-	-	(882)
Discontinued operations	-	(24)	-	-	-	(24)
Exchange difference	(1,147)	(13,449)	(874)	1	(59)	(15,528)
As of December 31, 2020	12,779	79,063	3,849	34	322	96,047
(-) Accummulated depreciation						
Initial adoption as of January 01, 2019						
Additions	(2,146)	(17,145)	(597)	-	(154)	(20,042)
Write-offs	-	87	-	-	-	87
Exchange difference	(15)	282	6	-	2	275
As of December 31, 2019	(2,161)	(16,776)	(591)	-	(152)	(19,680)
Additions	(2,201)	(24,277)	(1,335)	(13)	(116)	(27,942)
Write-offs	3	428	13	-	-	444
Discontinued operations	-	17	-	-	-	17
Exchange difference	24	3,471	92	1	34	3,622
As of December 31, 2020	(4,335)	(37,137)	(1,821)	(12)	(234)	(43,539)
Balance as of December 31, 2020	8,444	41,926	2,028	22	88	52,508
Balance as of December 31, 2019	11,036	45,392	4,208	-	114	60,750

The lease liabilities since its adoption through December 31, 2020 are demonstrated below:

Movements of lease liabilities

	Lease Liabilities
Initial adoption as of January 01, 2019	73,060
Additions, net of write-offs	12,854
Payments	(24,081)
Present value adjust	12,746
Exchange difference	(4,227)
As of December 31, 2019	70,352
Additions, net of write-offs	32,050
Payments	(32,159)
Present value adjust	5,462
Leasing liability remeasurement	(4,383)
Exchange difference	(13,845)
As of December 31, 2020	57,477

The lease liabilities are broken down as current and non-current and is aged as demonstrated below:

Lease liabilities included in the statements of financial position

	12.31.2020	12.31.2019
Current	27,074	30,644
Non-current	30,403	39,708
Lease liabilities	57,477	70,352

Lease liabilities - Maturity analysis

	Lease Liabilities
Less than one year	27,074
One to five years	28,099
More than five years	2,304
Lease liabilities	57,477

15. Shareholder's Equity

Share Capital

As of December 31, 2017 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.

At the Extraordinary Shareholders' Meeting held as of December 28, 2018, the shareholders decided to approve the creation of the Class B Preferred Shares, passing to exist two distinct classes of preferred shares, namely the Class A Preferred Shares already existing at that date, and Class B Preferred Shares. The dividends to which the Class B Preferred Shares will be entitled a priority, in relation to the common shares issued by the Company. Notwithstanding and with no prejudice, the dividends to which Class A Preferred Shares will be entitled shall have priority 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.).

At the same date aforementioned, the Company approved the capital increase with the issuance of 2,836,773 Class B Preferred Shares, all subscribed by the shareholder Mover Participações SA, and paid in national currency, the issuance price was allocated as follows: US$732 (R$2,837 thousand) for the Company's capital stock and the rest in the amount of US$76,691 (R$297,163 thousand) allocated to the "Capital reserve" account.

As a result of the aforementioned capital increase, as of December 31, 2018, share capital was represented by 27,883,213 registered shares without par value, of which 22,687,439 were common shares and 2,359,001 were preferred shares Class A and 2,836,773 were preferred shares Class B.

On April 30, 2019, the Board of Director decided to redeem the 2,836,773 Class B preferred shares entirely held by its parent company, Mover Participações S.A. at a share value of R$105,75397 totaling R$300,000 thousand (US$74,742) by releasing Capital Reserves. The liquidation took place in May 2019 and the shares were subsequently cancelled.

As a result of the aforementioned capital decrease, as of 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.

At the Extraordinary Shareholders' Meeting held on December 23, 2020, the shareholders authorized the issuance of 30,233,325 common shares without par value, at a price of US$58,243 (R$301,354 thousand), which was fully subscribed and paid-in by Mover Participações S.A. through the transferring to the Company of 131.719.069 shares of InterCement Portugal held by the subscriber. The issuance price was allocated as follows: US$5,824 (R$30,135 thousand) for the Company's capital stock and US$52,419 (R$271,219 thousand) allocated to the "Capital reserve" account.

As a result of the aforementioned capital increase, as of December 31, 2020 share capital is represented by 55,279,765 registered shares without par value, of which 52,920,764 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 Parent Company; consequently, the Company does not have any contractual obligation assumed with such holders of the preferred shares.

Class B

The preferred shares (Class B), when they were outstanding, did not grant their holders the right to receive minimum dividends, did not grant voting rights in the Company's shareholders' meetings, and could be redeemed by decision of the Board of Directors.

As previously informed in "Capital section", the dividends to which the Class B Preferred Shares was 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 was entitled had preference over Class B Preferred Shares. Class B Preferred Shares did not have preference in capital reimbursement in relation to common shares, considering the holders of Class B was the final controlled entity of the Company (Mover S.A.).

Earnings reserves

In the year ended December 31, 2020, the movement in this caption relates to the following:

a) Acquisition of non-controlling interest: As aforementioned in item "Share Capital" above, the capital increase by Mover Participações was paid in by transferring to the Company its indirect participation of 4,84% (131,719,069 shares) in InterCement Portugal previously held by C.C. Cimentos Luxembourg (wholly subsidiary of Mover). Consequently, as InterCement Portugal directly or indirectly invests in the majority of Company's segments and entities, such change resulted in an increase in equity attributable to the Company of US$23,333. The net impact in caption "Transactions with non-controlling interests" within "Earnings reserves" is a reduction of US$34,910.

In the year ended December 31, 2019, the movement in this caption relates to the following:

a) Based on Brazilian Corporate Law, the Company constituted a Legal Reserve in the amount of US$6,107, which represents 5% of net income for the year.

b) The Board of Director recommended the constitution of a retention reserve based on the capital budget of the Company in the amount of US$116,039.

c) Acquisition of non-controlling interest: the acquisition from minority shareholders of an additional stake of 0.01% of InterCement Portugal shares (formerly named Cimpor) in the amount of US$103 led to a gain of US$267 recognized directly in equity.

d) Dividends: US$53,497 of dividends were declared and paid to preferred shares Class A.

In the year ended December 31, 2018, the movement in this caption includes mainly the following:

a) Sale of non-controlling interest: the amount net of tax effect of US$7,489 US$8,348 including non-controlling interests) relates to the gain on the sale of the participations in Barra Grande and Machadinho (see Note 2.23);

b) Acquisition of non-controlling interest: the acquisition from minority shareholders of an additional stake of 0.66% of InterCement Portugal shares in the amount of US$3,404, led to a total loss of US$16,915 recognized directly in equity. Also note for the acquisition of minority shareholders in Mozambique companies, resulting from a capital increase that resulted in a gain of US$900 recognized directly in equity.

Dividends

The holders of common shares are entitled to annual minimum mandatory dividends equivalent to 25% of adjusted profit for the year as provided by the bylaws and the Brazilian Corporate Law. In 2020, due to losses for the year attributable to Company´s owners, the Company did not constitute any minimum mandatory dividends.

Other comprehensive income (loss) attributable to the Company´s owners

Other comprehensive loss attributable to Company´s owners of US$389,359 (US$212,061 and US$109,979 as of December 31, 2019 and 2018, respectively) corresponds to: (i) the positive equity recognition of actuarial losses on the liability to employees in the amount of US$42, net of taxes (US$72 and negative US$5,267 as of December 31, 2019 and 2018, respectively),(ii) negative equity recognition of exchange differences from translation of foreign operations in the amount of US$519,600 (US$311,281 and US$233,515 as of December 31, 2019 and 2018, respectively (iii) the positive equity recognition of derivative and hedging transactions amounting to US$2,404, net of taxes (US$3,056 and US$9,200 as of December 31, 2019 and 2018, respectively); and (iv) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US$127,795 (US$96,092 and US$119,603 as of December 31, 2019 and 2018, respectively).

Non-controlling interests

Changes in non-controlling interests for the year ended December 31, 2020:

a) As mentioned in section “Earnings reserves”, item “a” above, the non-controlling interests reduced by US$23,333 due to the increase by the Company of 4,84% in the capital participation in InterCement Portugal;

b) In other comprehensive loss, the negative amount of US$35,596 corresponds to: i) the negative equity recognition of exchange differences from translation of foreign operations in the amount of US$159,707, ii) the positive equity recognition of derivative and hedging transactions amounting to US$116 and (iii) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US$123,995 (see note 2.1).

c) On September 30, 2020, following the cash collected from the sales of Paraguayan operating segment (see Note 1 and 2.24 above), the Argentinean subsidiary´s declared dividends distribution of US$31,502 to its shareholders, which was fully paid on October 14, 2020. The non-controlling interests corresponds to US$15,434.

d) Special purposes entities (SPEs) declared dividends to non-controlling interests in the amount of US$13,819, which the amount of US$12,475 were paid in 2020.

e) The Argentinean subsidiary, Loma Negra, increased capital in the amount of US$26,187 in its directly controlled entity, Cofesur S.A., for immediate capital increase in its indirectly controlled entity, Ferrosur Roca S.A. in order to strength its working capital. Due to statutory regulations and the concession contract, only 80% of the shares issued were subscribed in its own interest and the remaining 20% were issued to non-controlling interest, resulting in a loss to the group of US$5,734. The loss was recognized as operating expenses, see Note 18

<u>Changes in non-controlling interests for the year ended December 31, 2019:</u>

a) In relation with the acquisitions, it is worthy of mention the effect of US$369 with the additional stake of 0.01% of Cimpor shares;

b) In other comprehensive loss, the negative amount of US$14,050 corresponds to: i) the negative equity recognition of exchange differences from translation of foreign operations in the amount of US$118,750, ii) the positive equity recognition of derivative and hedging transactions amounting to US$176 and (iii) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US$104,524 (see note 2.1).

c) Special purposes entities (SPEs) declared and paid dividends to non-controlling interests in the amount of, US$18,336.

<u>Changes in non-controlling interests for the year ended December 31, 2018:</u>

a) The impact of the sales of participations in non-controlling interests, especially with the sale of the participation in Barra Grande and Machadinho was US$859 (net tax effect);

b) In relation with the acquisitions, it is worthy of mention the negative effect of US$13,411 with the additional stake of 0.66% together with capital increase of Cimpor shares and also the acquisition of minority shareholders in Mozambique companies, resulting from a capital increase, with a positive impact of US$884;

c) In other comprehensive income, the positive amount of US$44,858 corresponds to: i) the negative equity recognition of actuarial losses on the liability to employees in the amount of US$563; ii) the negative equity recognition of exchange differences from translation of foreign operations in the amount of US$87,779, iii) the positive equity recognition of derivative and hedging transactions amounting to US$2,140 and (iv) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US$131,060 (see note 2.1).

d) Special purposes entities (SPEs) declared and paid dividends to non-controlling interests in the amount of, US$19,048.

Preferred shares of special purposes entities (Brazilian segment)

Preferred shares for its special purpose entities ("SPE") of Barra Grande Participações, Machadinho Participações and Estreito Participações are held by non-controlling entities. These preferred shares have certain specific characteristics, in particular, in terms of:

• Right to priority dividends of the profit and/or reserves distributed in each year;

• Absence of voting rights (except for specific matters established in the corresponding statutes);

• Priority relating to the common shares in case of liquidation;

• Be converted into common shares (conversion rights);

• Non-participation in future capital increases.

There is also contracts clauses establishing a set of assumptions which regulate terms of an eventual divestment by the holders, including rights to receive minimum dividends, as well as rights to convert preferred shares into common shares. The Company is not required or obligated to repurchase these preferred shares any time.

Considering all contract characteristics, attending to the disposals of IAS 32, the referred instruments (either Barra Grande, Machadinho and Estreito) acquire characteristics of equity and financial instruments components, taking into account that those instruments simultaneously incorporate components that can be classified as an equity instrument and a financial instrument (financial asset or liability). Consequently, these components were measured and recognized separately in the financial statements, as follows:

a) The initial contribution received as a consideration of such preferred shared by InterCement Brasil was classified as an equity instrument, taking into consideration that, under the terms established, there is no obligation to repurchase those shares (obligation to deliver cash or other financial assets), as well as convertibility clauses in common shares (by option of the shareholders) and their respective dividends;

b) There are also contractual clauses regarding to options of minimum return and possible coverage of significant devaluation of these investments, for a period up to seven years or by the holders during that period, respectively. Such options generated gain or loss for the Company and such instruments were classified as derivative financial instruments and measured at fair value at the date of the financial statements.

In the years ended December 31, 2020, 2019 and 2018, the SPEs declared dividends to non-controlling interests in the amount of, respectively, US$13,819, US$18,336 and US$19,048. The amount of US$12,474 were paid in 2020.

16. Income Tax and Social Contribution

For the years ended December 31, 2020, 2019 and 2018 the reconciliation between the nominal and the effective income tax was as follows:

	12.31.2020	31.12.2019 (Restated)	31.12.2018 (Restated)
Profit (Loss) before income tax and social contribution	52,541	(144,669)	(211,583)
Tax rate	34%	34%	34%
Income tax and social contribution at statutory rates	(17,864)	49,187	71,938
Adjustments to calculate income tax and social contribution at effective rate:			
Permanent additions / (deductions), net (a)	(6,508)	(8,221)	(2,296)
Impairment losses	-	(4,392)	-
Unrecorded deferred income tax and social contribution tax (b)	(43,820)	(53,677)	(105,936)
Other (c)	23,556	(16,572)	(2,082)
Income tax and social contribution expense	(44,636)	(33,675)	(38,376)
Current Income tax and social contribution expense	(43,579)	(29,025)	(44,548)
Deferred Income tax and social contribution expense	(1,057)	(4,650)	6,172

(a) Includes the effect of the differences in tax rates and other adjustments;

(b) Includes the tax effect from tax losses on entities that deferred tax assets were not recognized due to lack of positive evidences that would justify the corresponding recoverability in a foreseeable future;

(c) In 2020, includes (i) a positive amount of US$2,072 related to the impact of monetary adjustment in Argentina due to hyperinflationary economy (negative impact of US$14,231 and US$8,203 as of December 31, 2019 and 2018, respectively (ii) a positive impact of US$24,541 related to negative results recorded in Spanish subsidiary that were eliminated for consolidation purposes as they were transactions between intragroup entities. Such negative results are deductible for tax purposes in local books and, therefore, it is a reconciliation item for consolidation purposes, since income tax and social contribution at statutory rates were determined excluding such tax benefit.
In the year ended December 31, 2018, it also includes the reduction of a tax provision amounting to US$4,700 and estimates corrections in our companies in Egypt in the amount of around US$5,900.

Deferred income tax and social contribution

Deferred income tax and social contribution were recognized on tax losses carry forwards 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, for the years ended December 31, 2020, 2019 and 2018, the Group recorded deferred tax of US$226, US$275 and US$4,481, respectively, directly in equity.

Deferred income tax and social contribution are demonstrated as follows:

	12.31.2020	12.31.2019	12.31.2018
Assets:			
Tax loss carryforwards	28,475	35,546	33,215
Tax, labor and civil contingencies	11,835	12,745	9,292
Expected credit loss	1,777	2,483	3,367
Impairment of inventories	2,399	2,237	3,023
Financial Instruments derivatives	11,041	13,752	10,306
Exchange rate changes taxed on a cash basis	11,396	13,471	14,408
Other temporary provisions	3,260	3,443	406
Total assets	70,183	83,677	74,017
Liabilities:			
Goodwill amortization (future earnings)	44,619	48,585	50,079
Exchange rate changes taxed on a cash basis	29,617	23,280	24,810
Deemed cost of property, plant and equipment	29,006	30,951	31,117
Useful life estimate of property, plant and equipment	83,180	100,831	105,776
Measurement of assets acquired at fair value (a)	62,980	83,903	91,623
Other temporary provisions	40,227	42,427	21,987
Total liabilities	289,629	329,977	325,392
Noncurrent assets	6,945	10,706	17,426
Noncurrent liabilities	226,391	257,006	268,801

(a) Refers mainly to the revaluation of assets at fair value on the purchase price allocation resulted from the acquisition of former CIMPOR occurred in 2012.

As a result of the adoption of IFRS 5, in the year ended December 31, 2018, deferred tax assets and deferred tax liabilities related to “Portugal and Cape Verde discontinued operations” in the amount of US$1,793 and US$45,209, respectively, were reclassified to caption “Assets classified as held for sale” and “Liabilities directly associated with assets classified as held for sale”, respectively (Note 2.24).

The Group recorded deferred income tax assets over tax losses of US$28,131 (US$35,546 and US$33,215 as of December 31, 2019 and 2018, respectively), which corresponds to a tax losses bases of approximately US$119,327 (US$143,764 as of December 31, 2019 and US$137,536 as of December 31, 2018). Approximately US$2,611,850 (US$2,316,566 as of December 31, 2019 and U$2,007,628 as of December 31, 2018) of consolidated tax losses bases, Management decided to not recognize deferred income tax assets due to the unpredictability of their recovery in a reasonable period of time, based on estimated future taxable income and estimated period for reversal of temporary differences.

17. Net Revenue

The breakdown of the Company's net revenues for the years ended December 31, 2020, 2019 and 2018 is as follows:

	12.31.2020	12.31.2019 (Restated)	12.31.2018 (Restated)
Products sold	1,562,093	1,636,788	1,758,130
Services provided	68,895	93,581	107,010
(-) Taxes on sales	(152,713)	(170,188)	(178,656)
(-) Discounts	(200,164)	(76,015)	(39,445)
Total	1,278,111	1,484,166	1,647,039

Taxes on sales comprise federal, state and municipal taxes such as Federal VAT, State VAT, Taxes on Revenues, and Service Tax.

18. Information on the Nature of the Costs and Expenses Recognized in the statements of profit or loss

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

	12.31.2020	12.31.2019 (Restated)	12.31.2018 (Restated)
Depreciation and amortization	(168,188)	(186,581)	(170,526)
Impairment losses, net (a)	(31,188)	(35,940)	(60,822)
Salaries and employee benefits	(178,411)	(207,905)	(237,650)
Raw materials and consumables	(308,864)	(343,213)	(380,871)
Tax expenses	(17,682)	(23,661)	(36,041)
Outside services	(103,034)	(164,767)	(165,156)
Rental	(5,571)	(2,189)	(10,676)
Freight expenses	(95,870)	(134,142)	(163,266)
Maintenance costs	(63,113)	(73,232)	(89,774)
Fuel	(106,276)	(151,679)	(165,387)
Electricity	(89,301)	(121,824)	(143,221)
Recognition of inventories and trade receivable impairments	(8,130)	(679)	(86)
Gain on sale of property, plant and equipment	353	10,238	5,567
Other (b)	(24,794)	(32,634)	6,169
Total	(1,200,069)	(1,468,208)	(1,611,740)
Cost of sales and services	(1,042,205)	(1,278,658)	(1,447,206)
Selling expenses	(47,172)	(59,494)	(102,048)
Administrative expenses	(89,829)	(117,456)	(62,099)
Other income (loss)	(20,863)	(12,600)	(388)
Total	(1,200,069)	(1,468,208)	(1,611,740)

(a) In the year ended December 31, 2020 includes the net impact of fixed assets and intangible impairment in a total of US$31,188 (Note 7 and 8), from which US$ 35,803 relates to Mozambique business segment and US$11,181 relates to Argentinian business segment, It also includes the impairment reversion in Brazilian business segment of US$15,581 and in unallocated business segment of US$0,214.

In the year ended December 31, 2019 includes the net impact of fixed assets impairment provisions in Brazilian business segment of US$8,349 and in Egypt business segment of US$7,445 (Note 7). It also includes the goodwill impairment recorded in Egypt business segment in the amount of US$20,146 (Note 8). In the year ended December 31, 2018 includes the impairments of the Brazil business area in fixed assets amounting to US$60,822 (Note 7).

(b) In the year ended December 31, 2020, main items are (i) gain of US$3,403 related to sales of legal disputes, including exclusion of ICMS from the basis of PIS/COFINS (see below item "Exclusion of ICMS from the basis of PIS and COFINS"); and (ii) loss resulting from capital contribution of US$5,723 to Ferrosur Roca S.A. subscribed to minorities interests (see Note 15 above).

Exclusion of ICMS from the basis of PIS and COFINS:
In the year ended December 31, 2018, the Brazilian entities purchased in 2012 that was part of the Group Cimpor obtained a favourable judicial decision about the dispute regarding the exclusion of ICMS from the basis of calculation of the contribution to PIS and COFINS and recognized tax credit of US$36,890 (R$134,642 thousand).

In the year ended December 31, 2019, part of the recoverable taxes recognized from favourable decision mentioned above related to Cimpor entities were sold in the form of judicial certificate debts with a discount and the remaining portion were remeasured to reflect most recent Tax Authorities´ methodology to determine the recoverable tax amount, resulting in a loss of US$26,785. Furthermore, in the last quarter of 2019, the remaining entities of the Brazilian subsidiary also obtained a favourable decision in this regard and recorded a tax credit of US$13,860, reflecting Management´s best estimate of realization of such credits. Those credits were sold in 2020, generating a gain of US$3,402.

19. Financial Income (expenses) and Foreign exchanges losses (net)

	12.31.2020	12.31.2019 (Restated)	12.31.2018 (Restated)
Foreign exchange gain (losses), net (a):			
Exchange gain	279,691	51,305	110,943
Exchange loss	(160,174)	(69,401)	(203,786)
Total	119,517	(18,096)	(92,843)
Financial income:			
Inflation adjustment (b)	3,687	9,150	34,485
Effects of Hyperinflationary monetary adjustments (d)	9,907	18,962	6,314
Financial earnings	3,401	8,740	10,453
Interest income	484	796	845
Derivative financial instruments (e)	-	3,760	-
Other income (f)	5,226	14,531	2,213
Total	22,705	55,939	54,310
Financial expenses:			
Inflation adjustment (c)	(11,339)	(28,539)	(3,839)
Expenses on interest and charges	(99,325)	(127,373)	(151,341)
Expenses on banking commissions	(10,413)	(12,165)	(17,905)
Fines	(723)	(2,340)	(7,672)
Derivative financial instruments (e)	(717)	-	(14,056)
Lease liabilities present value	(1,079)	(12,746)	-
Other expenses (f)	(44,127)	(15,307)	(13,535)
Total	(167,723)	(198,470)	(208,348)

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

(b) In the year ended December 31, 2018, includes the amount of US$32,879 related to monetary adjustment arising from a favourable decision in legal proceedings, related to the exclusion of ICMS from the calculation basis of PIS and COFINS for entities acquired in business combination in 2012. (See Note 18, item “b”, above).

(c) In the year ended December 31, 2019, part of the recoverable taxes recognized from favourable decision mentioned in item (b) above related to entities acquired as part of business combination in 2012, were sold in the form of judicial certificate debts with a discount and the remaining portion were remeasured to reflect most recent Tax Authorities´ methodology to determine the recoverable tax amount, resulting in a reversal of monetary adjustment of US$23,937.

(d) It relates to the application of hyperinflationary monetary adjustments in Argentinean business due to the application of IAS29 – Hyperinflationary economy (Note 2.1).

(e) These captions are composed by fair value variation of trading derivative financial instruments contracted to cover exchange and interest rate risks (liquidated in 2018), and the written-put options in connection with “Baesa”, “Machadinho” and “Estreito” operations;

(f) In the year ended December 31, 2020, other expenses mainly includes (i) US$2,307 related with financial operations taxes paid over intercompany loans transactions in the period; and (ii) US$12,955 related with bank commissions incurred as part of the new debentures issued by the Company and its Brazilian subsidiary (see Note 10). The recognition as expenses of such commissions is in light with IFRS9 that determines when a debt instruments is accounted for as an extinguishment of the original debt, fees incurred should be immediately recognized as part of gain or loss on the extinguishment.

In the year ended December 31, 2019, other income mainly includes an amount of US$9,791 related to reimbursements of financial expenses incurred by InterCement Trading e Inversiones S.A. a consequence of the positive judicial decision related to a tax dispute with tax authorities in Spain (Note 11).

In the year ended December 31, 2018, other income was mainly influenced by the repurchase of bonds issued by InterCement Financial Operations, B.V. with a nominal value of US$25,044 (Note 10) which has generated a financial income in the amount of US$2,230.

20. Commitments

Purchase agreements

InterCement Brasil has a contractual agreement for purchase of raw slag effective until January 1, 2021 adjusted by the Brazilian Chamber of Construction Industry (CBIC) and also contracts for the acquisition of electric power until 2024, railway transportation services until 2023 logistics services such as storage, transport and handling until 2029 (“take or pay contract”), and sale of clinker according to the minimum stipulated in the contract until 2022, whose total estimated cash disbursements, in nominal amounts, are as follows:

	12.31.2020
2021	32,562
2022	31,075
2023	27,296
After 2023	21,286
Total	112,219

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:

	12.31.2020
2021	41,495
2022	17,979
2023	14,190
After 2023	113,196
Total	186,860

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

The Argentina segment has certain contractual commitments for the purchase of slag with effect until 2022. Estimated future cash flows are approximately US$7,579 (ARS637,796 thousands) between 2021 and 2022.

The Argentina segment also signed contracts for the supply of gas, assuming payment commitments in the total amount of approximately US$9,492 (ARS798,730 thousands), to be paid during 2021.

The Argentina segment signed energy supply contracts with certain suppliers, in the total amount of US$14,160 (ARS1,191,522 thousands) to be paid during 2021 and 2022 and US$127,316 (ARS10,713,600 thousands) to be paid between 2023 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 US$26,327 (ARS2,215,400 thousand), plus US$107,700 (ARS9,062,955 thousand) and US$50,687 (€41,300 thousands). Whereas, as agreed, the amounts in pesos (ARS2,215,400 thousands) are subject to periodic updating in accordance with an adjustment formula. The amount committed as of December 31, 2020 is US$5,338 (ARS449,184 thousands).

21. Earnings (losses) Per Share

The table below shows the reconciliation of profit for each year with the amounts used to calculate basic and diluted per share:

	12.31.2020	12.31.2019 (Restated)	12.31.2018 (Restated)
Profit (loss) for the year from continuing and discontinuing operations attributable to Company's owners	(4,622)	122,146	(227,938)
Profit (loss) for the year attributable to common shares	(4,622)	122,146	(227,938)
Weighted average number of common shares	23,348,277	22,687,439	22,687,439
Basic/diluted earnings (losses) per common share	(0.20)	5.38	(10.05)
Loss for the year from continuing operations attributable to Company's owners	(37,974)	(212,586)	(237,568)
Loss for the year attributable to common shares	(37,974)	(212,586)	(237,568)
Weighted average number of common shares	23,348,277	22,687,439	22,687,439
Basic/diluted losses per common share	(1.63)	(9.37)	(10.47)

As a result of the net loss from continuing operations for the years ended December 31, 2020, 2019 and 2018 the profit (loss) per share calculation does not include profit allocation to preferred shares A.

22. Insurance

The businesses of InterCement Group are covered through a Master Policy with international insurance company for property damage and business interruption with indemnity limits up to US$184,095 (€150.000 thousands) per insured event and liability risks with indemnity limits up to US$18,409 (€15.000 thousands) per insured event.

Argentinian business´s liability risk is not covered by this Master Policy and insurances is contracted directly by Loma Negra and its subsidiaries.

The scope of the work of our auditors does not include the issuance of an opinion on the sufficiency of the insurance coverage, which was determined by Management and which considers it sufficient to cover any claims.

23. Guarantees

The comfort letters and guarantees given within the Group, in the amount of US$1,600,000 (US$1,600,000 and US$2,000,000 as of December 31, 2019 and 2018, respectively), relates to financial liabilities already reflected in the consolidated financial position. In addition, as of December 31, 2020, several Group companies obtained guarantees with third parties, mainly related with tax legal disputes in the business areas of Brazil and Spain, in the amount of US$200,000 (US$297,000 and US$435,000 as of December 31, 2019 and 2018, respectively).

24. 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 Group contracts short-term investments, borrowings and financing, as well as derivatives.

24.1 Capital risk management

The Group capital structure consists on net debt and equity. The Net Debt comprises borrowings and financing and debentures less the cash and cash equivalents, current securities and derivatives. Interest payable and lease liabilities are not included within the net debt.

As mentioned in note 9 and 10, the Company is subject to certain covenants metrics, as gross debt and the ratio Net Debt / Adjusted EBITDA. The breach of such covenants can lead to the anticipation due date of the borrowings and financing and debentures.

For the purpose to determine the metrics aforementioned, the adjusted EBITDA is calculate as profit or loss from continuing operations adjusted by (i) financial income (expenses),(ii) income taxes and depreciation and amortization costs and expenses; (iii) plus or minus impairment loss and reversal, plus taxes on financial transactions in Argentinian businesses segment, plus or minus non-recurring expenses.

Gross Debt is calculated as the sum of current and non-current borrowings and financings and debentures (excluding interest payable, current and non-current obligations under finance leases and other financing liabilities, such as forfaiting).

24.2 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 is deemed to mean the probability of obtaining a positive or negative outcome different to that expected, and which materially and unpredictability may result in changes in 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 forecasted financial information by means of meticulous financial planning based on multi-year budgets.

Furthermore, another concern of the Group is that the processes for managing these risks meet internal information needs and also external requirements (regulators, auditors, financial markets and all other stakeholders).
The Group, as a rule, does not take speculative positions. Therefore 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 Association (ISDA) contracts were completed in advance, in accordance with international standards.

The 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).

24.3 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 later 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 December 31, 2020, 2019 and 2018, there were no hedge instruments contracted to protect such risk.

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 and Prime-rate on borrowings and debentures. Interest rates on short-term investments are mostly linked to the CDI fluctuation. These positions are as follows:

	Borrowings and financing	Debentures	Cash and cash equivalents	Securities	Other payables	12.31.2020	12.31.2019	12.31.2018
Assets:								
CDI	-	-	84,091	183	-	84,274	107,754	122,807
Total	-	-	84,091	183	-	84,274	107,754	122,807
Liabilities:								
IGP-M	-	-	-	-	7,384	7,384	7,116	7,491
CDI	22,129	900,636	-	-	-	922,765	461,292	553,827
EURIBOR	-	-	-	-	-	-	220,587	324,930
LIBOR	82,530	-	-	-	-	82,530	462,409	650,399
Prime Rate	4,818	-	-	-	-	4,818	-	-
Outros	7,231	-	-	-	-	7,231	51,559	41,770
Total	116,708	900,636	-	-	7,384	1,024,728	1,202,963	1,578,417

As of December 31, 2020, 2019 and 2018 the Group's liability by type of interest rate, considering derivative financial instruments, when applicable, between floating and fixed rate, is as follows:

	12.31.2020	12.31.2019	12.31.2018
Floating rates	63%	62%	71%
Fixed rates	37%	38%	29%

24.4 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 made in those countries. These operations are not frequent, considering such operations which is generally too high considering the risks involved.

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 financial results may be materially impacted by exchange rate fluctuations.

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

	12.31.2020	12.31.2019	12.31.2018
Assets:			
Cash, cash equivalents and securities	31,101	76,939	97,655
Trade receivables	7,893	1,111	5,567
Related parties (a)	212,037	454,694	605,534
Other credits	18,266	1,534	3,016
Exposed assets	269,297	534,278	711,772
Liabilities:			
Interest, borrowings, financing and debentures	822,463	1,053,579	1,223,098
Foreign trade payables	52,569	6,390	122,290
Related parties (a)	1,296,834	488,788	487,805
Other debits	6,155	1,379	506
Exposed liabilities	2,178,021	1,550,136	1,833,699

(a) It relates to balances between related parties with currency exposure for creditor, debtor or both. Risk arises when the currency determined in the transaction is different from entities functional currencies and even though balances (assets and liabilities) are eliminated during the consolidation process; exchange variation results are not eliminated.

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

		12.31.2020		12.31.2019		12.31.2018	
Functional currency	**Currency**	**Currency**	**USD**	**Currency**	**USD**	**Currency**	**USD**
ARS	USD	156	156	4,557	4,557	22,888	22,888
BRL	USD	1	1	206	206	104	104
PYG	USD	-	0	684	684	903	903
EGP	USD	1,259	1,259	3,273	3,273	1,196	1,196
EUR	USD	28,465	28,464	64,144	64,144	70,434	70,434
MZN	USD	382	382	99	99	160	160
ARS	BRL	-	0	9	2	8	2
PYG	BRL	-	0	1	-	1	-
ARS	EUR	16	13	27	30	12	13
PYG	EUR	-	0	18	20	9	10
EGP	EUR	109	88	92	104	211	242
MZN	EUR	440	358	1,579	1,774	1,285	1,473
EUR	EGP	2,742	175	2,745	172	2,730	153
ARS	PYG	1	0	5,475	-	4,918	1
MZN	ZAR	3,011	205	2,008	143	1,093	76
EUR	MZN	-	0	105,821	1,731	-	-
Amount exposed to foreign exchange risks			31,101		76,939		97,655
BRL	BRL	442,923	85,232	437,043	108,429	496,517	128,140
EUR	EUR	65,624	53,471	73,821	82,974	39,027	43,522
ARS	ARS	4,339,317	51,566	1,178,500	19,678	1,378,090	36,554
MZN	MZN	1,392,084	18,762	998,691	16,333	787,200	12,832
EGP	EGP	51,684	3,297	108,098	6,756	367,965	20,569
PYG	PYG	-	-	130,908,940	20,252	84,543,494	14,183
ZAR	ZAR	253,955	17,299	308,669	22,024	547,205	38,115
Amount by functional currency			229,627		276,446		293,915
			260,728		353,385		391,570

The main debt instruments (essentially related with loans and debentures) as of December 31, 2020, 2019 and 2018, and considering the effect of the existing cross currency swaps, when applicable, were denominated in the following currencies:

	12.31.2020	**12.31.2019**	**12.31.2018**
USD	38%	53%	54%
BRL	60%	25%	25%
EUR	1%	15%	16%
Other	1%	7%	5%

24.5 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 1 and 10, Company successfully refinanced its debts, releasing pressures in the next three years related to liquidity risk. Management continues to work in its liabilities plan, targeting extension of the remaining loans and debentures providing sufficient period of time to Brazilian business to recover from recent financial crises and, also, the world economy to recover from COVID-19 crisis.

The table below summarizes the maturity profile of the Company's financial liabilities undiscounted payments:

	12.31.2020						
	Up to 1 year	1-2 years	3-5 years	More than 5 years	Total	12.31.2019	12.31.2018
Borrowings and financing and debentures	217,146	130,961	1,337,583	374,948	2,060,638	2,241,082	2,862,867
Trade payables	236,235	1,638	-	-	237,873	298,658	297,347
Obligations under finance leases	27,945	20,906	12,133	2,694	63,678	76,979	-
	481,326	153,505	1,349,716	377,642	2,362,189	2,616,719	3,160,214

25.6 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 reduce the probability of non-performance of its obligations.

The Group's level of solvency is also reflected in its Leverage ratio (Net Debt / EBITDA). As described in Notes 9 and 10, as of December 31, 2020, the Company complied with restrictive covenants. Furthermore, the Company successfully refinanced some of its debts, which included different covenant clauses to be met as of December 31, 2021 and following years (see Notes 9 and 10 above).

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.

24.7 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 endeavors 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.

Due to COVID-19 crisis, Management reassessed the assumption related to the risk of defaults by its clients by each business units in order to determine if the expected credit losses reflected Management´s expected losses, which are based on historical losses 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 due to COVID-19.

Until the issuance of the consolidated 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 expected credit losses as of December 31, 2020, when compared to the amount recorded as of December 31, 2019.

24.8 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 December 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 December 31, 2020, with all the other assumptions remaining constant would result in an increase in annual financial costs (before taxes) as shown in table below:

Indexing	Currency	Asset (Liability)	1%	2%	3%
US Libor	USD	(82,530)	(825)	(1,651)	(2,476)
CDI	BRL	(838,492)	(8,385)	(16,770)	(25,155)

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 December 31, 2020, the significant impacts on net financial results would be as follows:

				USD depreciation		USD appreciation	
Amount in USD	Funcional currency	FX Rate (12-31-20)		-10%	-5%	5%	10%
(608,917)	EUR	0.81	Effect in USD	(74,732)	(37,366)	37,366	74,732
900	ARS	84.15	Effect in ARS	7,570	3,785	(3,785)	(7,570)
			Effect in USD	100	47	(43)	(82)
(16,922)	BRL	5.20	Effect in BRL	(8,794)	(4,397)	4,397	8,794
			Effect in USD	(1,880)	(891)	806	1,538
19,116	ZAR	14.68	Effect in ZAR	28,062	14,031	(14,031)	(28,062)
			Effect in USD	2,124	1,006	(910)	(1,738)
(10,574)	EGP	15.67	Effect in EGP	(16,571)	(8,286)	8,286	16,571
			Effect in USD	(1,175)	(557)	504	961
(31,111)	MZN	74.20	Effect in MZN	(230,830)	(115,415)	115,415	230,830
			Effect in USD	(3,457)	(1,637)	1,481	2,828

				EUR depreciation		EUR appreciation	
Amount in EUR	Funcional currency	FX Rate (12-31-20)		-10%	-5.0%	5.0%	10.0%
(2,351)	ZAR	18.02	Effect in ZAR	4,235	2,117	(2,117)	(4,235)
			Effect in USD	321	152	(137)	(262)
89,807	BRL	6.38	Effect in BRL	(57,278)	(28,639)	28,639	57,278
			Effect in USD	(12,247)	(5,801)	5,249	10,020
(46,558)	EGP	19.23	Effect in EGP	89,549	44,775	(44,775)	(89,549)
			Effect in USD	6,349	3,007	(2,721)	(5,195)
(15,480)	ARS	103.28	Effect in ARS	159,868	79,934	(79,934)	(159,868)
			Effect in USD	2,111	1,000	(905)	(1,727)

				BRL depreciation		BRL appreciation	
Amount in BRL	Funcional currency	FX Rate (12-31-20)		-10%	-5.0%	5.0%	10.0%
(5,953,334)	EUR	0.16	Effect in EUR	93,343	46,672	(46,672)	(93,343)
			Effect in USD	114,560	57,280	(57,280)	(114,560)

(Thousand)

24.9 Categories of financial instruments

	12.31.2020	12.31.2019	12.31.2018
Current assets:			
Cash and bank accounts (Note 3)	82,223	195,569	163,867
Financial assets at amortized cost:			
Short-term investments - financial asset (Note 3)	-	1,475	23,808
Trade receivables (Note 5)	76,550	75,490	83,861
Other receivables	37,444	37,693	40,349
Financial assets at fair-value through profit & Loss:			
Short-term investments - financial asset	156,734	137,074	186,141
Investments funds (Note 4)	21,771	19,267	17,755
Non-current assets:			
Financial assets at amortized cost:			
Trade receivables (Note 5)	699	504	854
Other receivables	29,216	39,621	40,417
Financial assets at fair-value through profit & loss:			
Long-term investments - financial asset (Note 4)	1,212	1,427	1,532
Derivatives (Note 25.10)	4,754	7,060	3,852
Current liabilites:			
Financial liabilities at amortized cost:			
Debentures (Note 10)	-	178,623	121,230
Borrowings and financing (Note 9)	124,713	220,663	441,675
Trade payables	235,155	295,625	285,950
Interest payable (Notes 9 and 10)	20,213	27,632	45,125
Leasing (Note 14)	27,074	30,644	-
Other payables	32,647	49,026	48,425
Non-current liabilites:			
Financial liabilities at amortized cost:			
Debentures (Note 10)	1,446,648	781,490	908,358
Borrowings and financing (Note 9)	53,701	750,459	749,114
Trade payables	1,638	3,033	11,397
Leasing (Note 14)	30,403	39,708	-
Other payables	25,443	29,232	33,375
Financial liabilities at fair value through profit & loss:			
Derivatives (Note 25.10)	-	-	347

24.10 Derivative transactions

As of December 31, 2020, 2019 and 2018, the fair value of derivatives is as follows:

	Assets			Liabilities		
	Non-current			Non-current		
	12.31.2020	12.31.2019	12.31.2018	12.31.2020	12.31.2019	12.31.2018
Written-put options ("Baesa", "Machadinho" and "Estreito" operations)	4,754	7,060	3,852	-	-	347
	4,754	7,060	3,852	-	-	347

<u>Trading derivatives</u>

Represented by three derivatives options in connection with "Baesa", "Machadinho" and "Estreito" operations, whose asset and liability fair value as of December 31, 2020, 2019 and 2018, were estimated in the amount of US$4,754, US$7,060 and US$3,505, respectively.

<u>Hedging derivatives</u>

The remaining hedging derivative instruments portfolio were settled during the year ended December 31, 2018 having been paid the amount of US$26,647. In accordance with IFRS9, the remaining amount excluding tax effect, accumulated up to December 2019, recorded as "other comprehensive income", in the amount of approximately US$4,833 (US$8,254 up to December 2018) will be amortized to the statements of profit or loss, when the cash flow is realized.

24.11 Market values

<u>Estimated fair value – assets measured at fair value</u>

The following table presents the Group's assets and liabilities measured at fair value as of December 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	21,771	156,734	-
Financial assets available for sale	Securities - non current	-	1,212	-
Financial assets at fair value	Financial derivative instruments	-	-	4,754

The valuation technique to determine the fair value measurement of the financial statements categorized within Level 3 of the fair value hierarchy, which comprises the derivative options of the Baesa", "Machadinho" and “Estreito” operations, was Black-Scholes. The significant unobservable inputs to the measurement include: expected dividends payments based upon on discounted cash flows projections; benchmarking information of comparative listed entities volatility, among others. We have also used the Monte Carlo valuation technique to create a probability distribution (or risk assessment) in the determination of the exercise of the put options, which assumption was also used in the determination of the fair value.

Estimated fair value – financial instruments 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 lease liabilities, borrowings financing and debentures, financial assets and liabilities mature in the short term and so their fair value is considered to be the same as their book values.

The valuation to fair value in relation to their book value (amortized cost) being as follows:

	12.31.2020	
	Amortized cost	Fair value
Borrowing and financing (Note 9)	178,414	163,848
Debentures (Note 10)	1,446,648	1,343,500
Leases liabilities (Note 14)	57,477	54,110

25. 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 profit and loss information are as follows:

	12.31.2020				12.31.2019 (Restated)				12.31.2018 (Restated)			
	Net Revenue				Net Revenue				Net Revenue			
	Foreign sales	Intersegment sales	Total	Results	Foreign sales	Intersegment sales	Total	Results	Foreign sales	Intersegment sales	Total	Results
Operating segments:												
Brazil	458,781	539	459,320	35,996	478,042	520	478,562	(48,992)	493,788	1,144	494,932	(109,419)
Argentina	491,447	-	491,447	87,954	596,595	-	596,595	109,356	688,973	-	688,973	116,347
Egypt	92,329	-	92,329	(4,543)	132,532	-	132,532	(36,700)	135,327	-	135,327	(3,128)
Mozambique	121,055	-	121,055	(27,776)	126,519	-	126,519	16,879	126,562	-	126,562	18,239
South Africa	114,443	-	114,443	11,612	138,823	3,088	141,911	13,555	157,520	3,081	160,601	25,859
Total	1,278,055	539	1,278,594	103,243	1,472,511	3,608	1,476,119	54,098	1,602,170	4,225	1,606,395	47,898
Unallocated (a)	56	27,898	27,954	(25,201)	11,655	66,383	78,038	(38,140)	44,869	145,024	189,893	(12,600)
Eliminations	-	(28,437)	(28,437)	-	-	(69,991)	(69,991)	-	-	(149,249)	(149,249)	-
Sub-total	1,278,111	-	1,278,111	78,042	1,484,166	-	1,484,166	15,958	1,647,039	-	1,647,039	35,298
Income before financial income (expenses)				78,042				15,958				35,298
Foreign exchange, net				119,517				(18,096)				(92,843)
Financial income				22,705				55,939				54,310
Financial expenses				(167,723)				(198,470)				(208,348)
Income (loss) before income tax and social contribution				52,541				(144,669)				(211,583)
Income tax and social contribution				(44,636)				(33,675)				(38,376)
Profit (Loss) for the year from continuing operations				7,905				(178,344)				(249,959)
Profit for the year from discontinued operations (note 2.24)				27,568				349,145				19,311
Profit/(Loss) for the year				35,473				170,801				(230,648)

This caption includes holding companies and trading companies not attributable to specific segments.
The profit for each years above includes the full amount of the Company's segments disregarding the following amounts attributable to noncontrolling interests:

	Noncontrolling interests		
	12.31.2020	12.31.2019 (Restated)	12.31.2018 (Restated)
Continuing operating segments:			
Brazil	12,700	10,610	(22,174)
Argentina	36,032	27,571	25,588
Egypt	(932)	(2,024)	(1,176)
Mozambique	(5,290)	1,130	1,514
South Africa	981	1,006	4,733
	43,491	38,293	8,485
Unallocated	2,390	(4,051)	(20,876)
	45,881	34,242	(12,391)
Discontinued operating segments (note 2.24)	(5,786)	14,413	9,681
Profit (loss) for the year attributable to non-controlling interests	40,095	48,655	(2,710)

Other information:

	12.31.2020		12.31.2019 (Restated)		12.31.2018 (Restated)	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Operating segments:						
Brazil	46,665	66,984	56,801	100,399	53,112	141,299
Argentina	54,773	57,280	247,328	47,096	135,072	53,244
Egypt	9,129	16,282	10,523	50,857	5,965	10,432
Mozambique	8,634	47,961	6,623	9,415	39,922	13,461
South Africa	6,709	10,719	12,939	11,001	12,286	10,876
	125,910	199,226	334,214	218,768	246,357	229,312
Unallocated	(1)	150	2,644	3,753	3,848	2,036
	125,909	199,376	336,858	222,521	250,205	231,348
Discontinued operating segments (note 2.24)	1,673	6,280	3,118	9,891	16,919	67,036
Total	127,582	205,656	339,976	232,412	267,124	298,384

In addition, segment assets and liabilities reconciled with the consolidated balances as of December 31, 2020, 2019 and 2018 are as follows:

	12.31.2020			12.31.2019			12.31.2018		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:									
Brazil	1,343,169	652,609	690,560	1,745,112	833,862	911,250	1,782,304	915,940	866,364
Argentina (2020) and Argentina & Paraguai (2019 and 2018)	1,027,590	302,340	725,250	1,225,221	496,406	728,815	1,121,373	432,933	688,440
Egypt	279,245	259,207	20,038	283,685	244,327	39,358	289,112	219,899	69,213
Mozambique	164,210	140,941	23,269	261,495	163,861	97,634	254,077	166,152	87,925
South Africa	333,315	58,168	275,147	385,038	106,258	278,780	382,767	109,023	273,744
Total	3,147,529	1,413,265	1,734,264	3,900,551	1,844,714	2,055,837	3,829,633	1,843,947	1,985,686
Unallocated	251,235	1,270,567	(1,019,332)	365,199	1,293,104	(927,905)	560,713	1,720,516	(1,159,803)
Eliminations	(233,056)	(233,056)	-	(288,421)	(288,421)	-	(313,482)	(313,482)	-
Other investments	-	-	-	-	-	-	-	-	-
Total	3,165,708	2,450,776	714,932	3,977,329	2,849,397	1,127,932	4,076,864	3,250,981	825,883
Portugal and Cape Verde Discontinuing operating segments	-	-	-	-	-	-	855,804	351,767	504,037
Eliminations	-	-	-	-	-	-	(4,938)	(4,938)	-
Total discontinuing segments (note 2.24)	-	-	-	-	-	-	850,866	346,829	504,037
Inter-segment eliminations	-	-	-	-	-	-	(137,433)	(137,433)	-
Total	3,165,708	2,450,776	714,932	3,977,329	2,849,397	1,127,932	4,790,297	3,460,377	1,329,920

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

26. Events After the Reporting Period

Bonds Interest payment

On January 15, 2021, the Senior Notes interests in the net amount of US$15,847 that were due on January 18, 2021 were fully paid out by the Company.

Purchase of own shares by Loma Negra

On February 12, 2021, the Board of Director approved a plan to acquire up to US$8,913 (ARS750,000 thousands) of own shares, within a period of 90 days. Purchases will take place according to market opportunities, closings, prices and corners, as determined by the Management of Loma Negra.

The purpose of the approved repurchase plan is to efficiently manage the cash of the Argentinean subsidiary, resulting in a greater return of value for the shareholders considering the attractive current value of the share.

The acquisition cannot exceed the limit of 10% of the share capital in conformity with article 64 of the Argentinian Capital Market Law.

At the date of the issuance of the consolidated financial statements, Loma Negra already acquired 1,189,108 own shares for a total value of US$2,453 (ARS206,439 thousands).

Promissory note – amortization and new issuance

On March 16, 2021 (expiration date), the Company paid its current Promissory Note in the amount of R$115,000 thousands (US$23,246 at the transaction date) and issued a new Promissory Note in the amount of R$100,000 thousands (US$17,905 at the transaction date) that expires on March 16, 2022. The extension is part of management´s efforts to refinance its bank indebtedness and ensure a healthy cash position.

Proposed dividends distribution

On March 24, 2021, the Board of Director proposed dividend distribution in the amount of R$42,000 thousands (US$7,643 at the transaction date) to preferred shares. The distribution is subject to Ordinary General Assembly approval.

27. Authorization for Completion of Financial Statements

The Board of Directors authorized the completion of this consolidated financial statements dated as March 25, 2021.