



# INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Condensed Consolidated Interim  
Financial Information for the  
three-months periods ended  
March 31, 2021



Building sustainable partnerships

## **Independent auditor's review report on interim financial information**

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

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial information of InterCement Participações S.A. and subsidiaries (the "Company"), which comprises the condensed consolidated statement of financial position as of March 31, 2021 and the related condensed consolidated statements of profit or loss, of comprehensive income (loss), of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

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

### **Scope of review**

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

### **Emphasis of matter - Restatement of the consolidated interim financial information**

As mentioned in note 2.3, as a result of the sale of Yguazú Cementos S.A. on August 20, 2020, the consolidated interim financial information for the three-months period ended March 31, 2020, presented for comparison purposes, have been adjusted and are being restated to present the Paraguayan operating segment as Discontinued Operations as required by International Financial Reporting Standard 5 ("IFRS 5") – Non-Current Assets Held for Sale and Discontinued Operating Units. Our conclusion does not have contain any modification in respect of this matter.

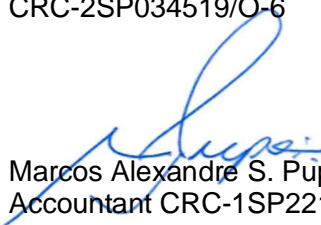


## **Conclusion**

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

São Paulo, June 02, 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

### Condensed Consolidated Statements of Financial Position as of March 31, 2021 and December 31, 2020

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

ASSETS	Notes	03.31.2021	12.31.2020	LIABILITIES AND EQUITY	Notes	03.31.2021	12.31.2020
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash and cash equivalents	4	184,858	238,957	Trade payables		198,352	235,155
Securities	5	39,931	21,771	Borrowings and financing	10	139,227	124,713
Trade receivables	6	88,099	76,550	Interest payable	10 and 11	21,635	20,213
Inventories	7	226,367	213,594	Leases liabilities	14	22,709	27,074
Recoverable taxes		40,171	39,468	Taxes payable		89,188	76,708
Other receivables		36,388	37,444	Payroll and related taxes		37,656	37,226
Total current assets		615,814	627,784	Advances from customers		14,154	14,896
				Other payables		30,215	32,647
						553,136	568,632
<b>NONCURRENT ASSETS</b>				<b>NONCURRENT LIABILITIES</b>			
Securities	5	1,018	1,212	Trade payables		350	1,638
Trade receivables	6	612	699	Debentures	11	1,367,441	1,446,648
Inventories	7	62,683	61,449	Borrowings and financing	10	23,561	53,701
Recoverable taxes		8,946	9,879	Leases liabilities	14	26,808	30,403
Deferred income tax and social contribution		9,359	6,945	Provision for tax, civil and labor risks	12	63,506	66,318
Judicial deposits		12,212	13,013	Provision for environmental recovery		15,391	18,798
Derivatives	22.10	4,498	4,754	Taxes payable		9,880	12,804
Other assets and receivables		28,235	29,215	Deferred income tax and social contribution		220,855	226,391
Right-of-use assets	14	45,042	52,508	Other payables		23,575	25,443
Property, plant and equipment	8	1,360,742	1,388,273	Total noncurrent liabilities		1,751,367	1,882,144
Intangible assets:				<b>TOTAL LIABILITIES</b>		2,304,503	2,450,776
Goodwill	9	797,060	857,128				
Other intangible assets	9	99,550	112,849	<b>SHAREHOLDER'S EQUITY</b>			
Total noncurrent assets		2,429,957	2,537,924	Capital	15	1,445,943	1,445,943
				Capital reserves	15	603,095	603,095
				Earnings reserves	15	379,553	381,685
				Accumulated profit		23,217	-
				Other comprehensive loss		(2,030,400)	(2,011,728)
				Equity attributable to the Company's owners		421,408	418,995
				Non-controlling interests	15	319,860	295,937
				Total equity		741,268	714,932
<b>TOTAL ASSETS</b>		3,045,771	3,165,708	<b>TOTAL LIABILITIES AND EQUITY</b>		3,045,771	3,165,708

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

**INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES**
**Condensed Consolidated Statements of profit or loss for the three-months periods ended March 31, 2021 and 2020**

(In thousands of U.S. Dollars - US\$, except per earnings (losses) per share)

	Notes	03.31.2021	03.31.2020 (Restated)
<b>CONTINUING OPERATIONS</b>			
NET REVENUE	17	355,904	314,170
COST OF SALES AND SERVICES	18	(258,367)	(267,048)
GROSS PROFIT		97,537	47,122
OPERATING INCOME (EXPENSES)			
Selling expenses	18	(12,631)	(13,757)
Administrative expenses	18	(22,994)	(22,800)
Other income	18	4,122	2,347
PROFIT BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		66,034	12,912
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	19	15,578	15,047
Financial income	19	7,458	5,044
Financial expenses	19	(30,053)	(37,724)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		59,017	(4,721)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	16	(18,691)	(9,674)
Deferred	16	1,680	(6,376)
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		42,006	(20,771)
<b>DISCONTINUED OPERATIONS</b>			
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.3	-	2,731
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO			
Company's owners		23,217	(27,103)
Non-controlling interests		18,789	9,063
EARNINGS (LOSSES) PER SHARE FOR CONTINUING OPERATIONS			
Basic/diluted earnings (losses) per share	21	0.44	(1.22)
EARNINGS (LOSSES) PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS			
Basic/diluted earnings (losses) per share	21	0.44	(1.19)

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



**INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES**
**Condensed Consolidated Statements of Comprehensive Income (loss) for the three-months periods ended March 31, 2021 and 2020**

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

	Notes	03.31.2021	03.31.2020 (Restated)
<b>CONTINUING OPERATIONS</b>			
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		42,006	(20,771)
Other comprehensive income:			
Items that might be reclassified subsequently to profit or loss:			
Exchange differences from translation of foreign operations		(169,097)	(386,090)
Effects of hyperinflationary monetary adjustment (note 2.2)	2.2	155,953	51,529
Derivative and hedging transactions		249	805
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		<u>29,111</u>	<u>(354,527)</u>
<b>DISCONTINUED OPERATIONS</b>			
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.3	-	2,731
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS		<u>-</u>	<u>2,731</u>
COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:			
Company's owners		4,545	(337,101)
Non-controlling interests		24,566	(17,426)
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO:			
Company's owners		4,545	(336,427)
Non-controlling interests		24,566	(15,369)

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

## INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

### Condensed Consolidated Statements of Changes in Shareholders' Equity for the three-months periods ended March 31, 2021 and 2020

(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, 2019		1,440,119	550,676	6,107	116,039	299,071	(1,622,369)	-	789,643	338,290	1,127,933
Profit (loss) for the period		-	-	-	-	-	-	(27,103)	(27,103)	9,063	(18,040)
Other comprehensive loss	15	-	-	-	-	-	(309,324)	-	(309,324)	(24,432)	(333,756)
BALANCE AS OF MARCH 31, 2020		1,440,119	550,676	6,107	116,039	299,071	(1,931,693)	(27,103)	453,216	322,921	776,137
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
Profit for the period		-	-	-	-	-	-	23,217	23,217	18,789	42,006
Other comprehensive income (loss)	15	-	-	-	-	-	(18,672)	-	(18,672)	5,777	(12,895)
Transactions with shareholders, recorded directly in equity	2 and 15	-	-	-	-	(2,132)	-	-	(2,132)	(643)	(2,775)
BALANCE AS OF MARCH 31, 2021		1,445,943	603,095	6,107	111,417	262,029	(2,030,400)	23,217	421,408	319,860	741,268

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

**INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES**
**Condensed Consolidated Statements of Cash Flows for the three-months periods ended March 31, 2021 and 2020**

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

	Notes	03.31.2021	03.31.2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit (loss) before income tax and social contribution from continuing and discontinued operations		59,017	(1,602)
Adjustments to reconcile income before income tax and social contribution with net cash generated by (used in) operating activities:			
Depreciation, amortization and impairment losses		38,947	49,324
Recognition (Reversal) of expected credit losses, net		(225)	290
Recognition (Reversal) of allowance for inventories, net		1,042	(779)
Interest, accrued charges, and exchange differences		7,017	18,520
Gain on sale of long-lived assets		(1,123)	(276)
Other noncash operating gains, net		(287)	(10,014)
Decrease (increase) in operating assets:			
Related parties		(41)	-
Trade receivables		(16,679)	(28,167)
Inventories		(26,863)	(42,910)
Recoverable taxes		(1,279)	(2,639)
Other receivables		3,564	39
Increase (decrease) in operating liabilities:			
Related parties		1,769	(24)
Trade payables		(25,977)	12,898
Payroll and vacation payable		3,194	5,904
Other payables		(4,146)	(46,194)
Taxes payable		2,086	(2,963)
Cash generated by (used in) operating activities		40,016	(48,593)
Income tax and social contribution paid		(4,477)	(4,948)
Interest paid		(19,167)	(51,582)
Net cash generated by (used in) operating activities		16,372	(105,123)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Redemption of (Investments in) securities		(18,804)	281
Purchase of property, plant and equipment		(21,567)	(75,772)
Purchase of intangible assets		(1,743)	(230)
Cash received from discontinued operations	2.3	1,000	-
Cash received from sale of property, plant and equipment		962	1,447
Other		(226)	(338)
Net cash used in investing activities		(40,378)	(74,612)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Borrowings, financing and debentures	10 and 11	27,400	130,661
Acquisition of noncontrolling interests	15	(2,775)	-
Repayment of borrowings, financing and debentures	10 and 11	(39,945)	(83,599)
Payment of principal portion of lease liabilities	14	(6,985)	(5,749)
Other instruments		292	196
Net cash generated by (used in) financing activities		(22,013)	41,509
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(46,019)</b>	<b>(138,226)</b>
<b>EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>(8,080)</b>	<b>(28,478)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4	<b>238,957</b>	<b>333,869</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	4	<b>184,858</b>	<b>167,165</b>

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





## **INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES**

### **Notes to the Consolidated Interim Condensed Financial Information for the three-months periods ended March 31, 2021**

(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., a non-listed Brazilian company. 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.

#### 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 severely impacted, resulting in volatility and uncertainties in several perspectives and also about Global Gross Domestic Product ("GDP") in 2020 and upcoming years.

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

The committees have constantly been in communication with 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. All plants are in operation with the needful care to prevent virus dissemination.

Management is continually analysing the impacts the Pandemic scenario. In the preparation of the condensed consolidated interim financial information for the three-months periods ended March 31, 2021, Management assessed all relevant estimates, critical accounting judgments and the evaluation of net realizable values of financial and non-financial assets and concluded that no additional provisions and allowances were deemed necessary.

#### **2. Basis of Preparation and Significant Accounting Policies**

##### **2.1. Basis of preparation**

The condensed consolidated interim financial information as of and for the three-months periods ended March 31, 2021 has been prepared based on the International Standard IAS 34 – Interim Financial

Reporting, issued by the International Accounting Standards Board (IASB), which allows the entities to present selected notes to the financial statements, in cases of redundant information already disclosed in the Annual Financial Statements. Accordingly, this Interim Financial Information should be read together with Company's consolidated financial statements for the year ended December 31, 2020.

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

## 2.2. Significant accounting policies

The accounting policies adopted are consistent with those considered in the consolidated financial statements for the year ended as of December 31, 2020 and disclosed in the corresponding notes.

Reference also to the application of hyperinflation accounting for our Argentinean subsidiaries. As described in the consolidated financial statements as of and for the year ended December 31, 2020, note 2.1, applying IAS 29 rules requires that the financial statements recorded in a hyperinflationary currency are adjusted by applying a general price index and expressed in the measuring unit (the hyperinflationary currency) current at the end of the reporting periods prior to conversion to the Company's functional currency.

As a result of the above, our condensed consolidated interim financial information for the three-months periods ended March 31, 2021, reflects an equity increase of US\$155,953 (US\$51,529 for the three-months periods ended March, 31, 2020), with reference to the opening balance, reported in other comprehensive loss, and also the monetary adjustment for the three-months periods ended March 31, 2021, presented in financial income, in the amount of US\$6,302 (US\$1,885 for the periods ended March 31, 2020) (see Note 19).

## 2.3. Discontinued Operations

### Paraguay divestiture in 2020

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 transaction sales price was US\$107,000. The amount of US\$100,000 was collected at the transaction date and the remaining balance will be collected until January, 2022. In 2020, Loma Negra applied the proceedings received to anticipate the liquidation of some the existing debts and to distribute dividends to its shareholders.

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 periods of 36 months.

As required by International Financial Reporting Standard 5 ("IFRS 5") – Non-Current Assets Held for Sale and Discontinued Operating Units, the financial information recorded for the Paraguayan operations were presented as Discontinued Operations in the Condensed Consolidated Statements of profit or loss and Statements of Comprehensive Income (loss) for the three-months periods ended March 31, 2020. Therefore, Statements of profit or loss and Statements of Comprehensive Income (loss) are indicated as "Restated".

The discontinued operations presented in the corresponding Statements of profit or loss for the three-months periods ended March 31, 2020 and the reconciliation between presented and restated are presented below:

	03.31.2020		
	Original presented	Discontinued operation	Restated
<b>DISCONTINUED OPERATIONS</b>			
NET REVENUE	328,995	14,825	314,170
COST OF SALES AND SERVICES	(277,363)	(10,315)	(267,048)
GROSS PROFIT	51,632	4,510	47,122
OPERATING INCOME (EXPENSES)			
Selling and administrative expenses	(37,075)	(518)	(36,557)
Other income/(expenses), net	2,361	14	2,347
PROFIT BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	16,918	4,006	12,912
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	15,003	(44)	15,047
Financial income	5,077	33	5,044
Financial expenses	(38,600)	(876)	(37,724)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(1,602)	3,119	(4,721)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	(9,981)	(307)	(9,674)
Deferred	(6,457)	(81)	(6,376)
PROFIT FOR THE PERIOD	(18,040)	2,731	(20,771)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO FROM CONTINUING OPERATIONS			
Company's owners	(27,103)	674	(27,777)
Non-controlling interests	9,063	2,057	7,006

The cash flow generated by the segment for the three-months periods ended March 31, 2020 is presented as continued operations. The impacts in the cash flows had we segregated the impacts of the continued and discontinued operations for the three-months periods ended March 31, 2020 is as follows:

	03.31.2020		
	Presented	Discontinued operation	Continued operation
Net cash generated by (used in) operating activities	(105,123)	758	(105,881)
Net cash used in investing activities	(74,612)	(447)	(74,165)
Net cash used in financing activities	41,509	(9,481)	50,990
Increase (Decrease) in cash and cash equivalents	(138,226)	(9,170)	(129,056)
Exchange differences on cash and cash equivalents	(28,478)	(96)	(28,382)
Cash and cash equivalents at the beginning of the period	333,869	20,967	312,902
Cash and cash equivalents at the end of the period	167,165	11,701	155,464

The outstanding amount to be received as of March 31, 2021 was US\$6,000 (US\$7,000 as of December 31, 2020), and is presented in “Other receivables”.

#### 2.4. Functional, reporting and presentation currencies

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

For the translation into the presentation currency, changes in equity were translated from functional currency considering the historical exchange rates of each transaction. The financial position was translated from functional currency considering the closing exchange rates of the reporting periods, which the operations and cash flows were translated considering the average exchange rates of the reporting periods.

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

		Closing exchange rate (R\$)		Average exchange rate (R\$)	
Currency		03.31.2021	12.31.2020	03.31.2021	03.31.2020
USD	US Dollar	5.69730	5.19670	5.48371	4.41416
EUR	Euro	6.69150	6.37790	6.60434	4.86286
MZN	Mozambique Metical	0.08378	0.07004	0.07408	0.06880
EGP	Egyptian Pound	0.36350	0.33160	0.35134	0.28569
ZAR	South African Rand	0.38610	0.35400	0.36973	0.29050
ARS	Argentinian Peso (*)	0.06193	0.06176	0.06193	0.08064
PYG	Paraguayan Guaraní (**)	N/A	0.00081	N/A	0.00067

(\*) 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 periods-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 periods from January 01, 2020 through August 21, 2020. See Note 2.3 for further consideration in the Paraguayan divestiture.

### 3. Critical Accounting Judgments and Key Sources of Estimation Uncertainties

Estimates and judgments are continually evaluated and are based on historical experience and on other factors, including expectations of future events that are believed to be reasonable under the circumstances. There were no changes in relation to what was presented in Note 2.3 to the Company's consolidated Financial Statements as of December 31, 2020.

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

#### 4. Cash and Cash Equivalents

	03.31.2021	12.31.2020
Cash and bank accounts	49,219	82,223
Short-term investments	135,639	156,734
Total cash and cash equivalents	184,858	238,957

Short-term investments were as follows:

	03.31.2021	12.31.2020
Short Term Investment in Brazilian Reais (a)	75,405	83,865
Fixed-income funds in Brazilian Reais (b)	207	226
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean Pesos (c)	44,720	48,832
Short-term investments in Euro (d)	-	11,000
Short-term investments in Egyptian Pounds (e)	1,361	1,361
Short-term investments in South African Rand (f)	11,593	11,450
Short-term investments in Mozambique Metical (g)	2,353	-
Total short-term investments	135,639	156,734

- a) Short-term investments in Brazilian Reais have a yield between 70% and 125% in both periods.
- b) Fixed income funds in Brazilian Reais have a yield of 103.60% of the Interbank Deposit Certificate (CDI), (83.09% as of December 31, 2020).
- c) Represents short-term investments in Argentinean pesos with interest of 29.41% per annum (56.78% per annum as of December 31, 2020).
- d) Deposit in Euros yielded interest of 0.15% per year as of December 31, 2020.
- e) Deposit in Egyptian pounds yielded interest from 5% to 8.50% per year (5% to 8.50% as of December 31, 2020).
- f) Deposit in Rands yielded interest from 3.30% to 3.50% per year (3.3% to 3.5% as of December 31, 2020).
- g) Deposit in Meticals yielded interest of 8.10% per year as of March 31, 2021.

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

## 5. Securities

Securities are classified as financial assets, as follows:

	03.31.2021	12.31.2020
Market investments	1,018	1,212
Investment funds	21,607	21,771
Bonds investments	18,324	-
Total	<u>40,949</u>	<u>22,983</u>
Total - current	39,931	21,771
Total - noncurrent	1,018	1,212

“Market investments” are held by the Brazilian subsidiaries, which are composed mainly by escrow accounts that do not bear interests.

“Investment funds” consist in a portfolio of investment funds held by InterCement Reinsurance, which is presented at fair value as of March 31, 2021 and December 31, 2020. The funds resulted in an unrealized gain of US\$0,037 for the three-months periods ended March 31, 2021 (US\$0,687 unrealized gain for the year ended December 31, 2020).

“Bonds investments” consist in short-term government bonds in Argentinean pesos indexed to dollar plus a spread of 0,1% per year.

## 6. Trade Receivables

	03.31.2021	12.31.2020
<u>Current</u>		
Domestic and foreign customers	98,991	94,159
(-) Expected Credit Losses	<u>(10,892)</u>	<u>(17,609)</u>
Trade receivables	<u>88,099</u>	<u>76,550</u>
	-	-
<u>Noncurrent</u>		
Domestic and foreign customers	2,244	2,339
(-) Expected Credit Losses	<u>(1,632)</u>	<u>(1,640)</u>
Trade receivables	<u>612</u>	<u>699</u>



## 7. Inventories

	03.31.2021	12.31.2020
Current:		
Finished products	15,855	16,538
Work in process	52,340	45,584
Raw material	73,628	77,118
Fuel	29,942	23,519
Spare parts	80,993	76,835
Advances to suppliers	3,215	6,629
Packaging and other	5,990	6,642
Allowance for impairment losses	(35,596)	(39,271)
Total	226,367	213,594
Noncurrent:		
Raw material	36,316	35,825
Spare parts	27,320	26,522
Allowance for impairment losses	(953)	(898)
Total	62,683	61,449

## 8. Property, Plant and Equipment

	12.31.2020			12.31.2020
	Cost	Depreciation & Impairment	Net book value	Net book value
Land	91,257	(38,216)	53,041	55,405
Buildings	596,378	(371,673)	224,705	231,630
Machinery and equipment	1,536,572	(973,300)	563,272	586,098
Vehicles	107,466	(91,364)	16,102	16,665
Furniture and fixtures	30,828	(28,666)	2,162	2,089
Mines and ore reserves	167,187	(118,292)	48,895	48,041
Reservoirs, dams and feeders	49,286	(19,696)	29,590	32,928
Spare parts	6,994	(1,157)	5,837	6,754
Other	12,421	(9,149)	3,272	3,502
Advances to suppliers	16,156	-	16,156	17,516
Construction in progress	491,715	(94,005)	397,710	387,645
Total	3,106,260	(1,745,518)	1,360,742	1,388,273



Construction in progress includes (i) the construction of the 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\$293,946 (ARS 27,043,056) as of March 31, 2021 (US\$282,584 as of December 31, 2020). Currently, the work continues under strict sanitary protocols established by the Provincial Government and by the Group, (ii) improvement in facilities and equipment of the cement plants and (iii) impairment losses in Brazil business segment of US\$94,005 (US\$102,638 as of December 31, 2020) due to expansion projects production lines that were ceased for an undetermined period. Such impairment losses might be reversed once the expansion projects are finalized and the expected future cash flows are sufficient to cover their respective costs.

As of March 31, 2021, there are assets in Brazil business segment given as collateral for loans obtained for their own acquisition in the amount of approximately US\$2,809 (as of December 31, 2020 in Brazil business segment, the assets given as collateral totalled approximately US\$3,080).

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

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, 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)	604	9,305	11,771	2,008	55	3,574	-	-	49	20,421	-	47,787
Additions	-	8	1,403	8	-	-	-	-	488	22,581	341	24,829
Disposals	(5)	(115)	-	(408)	(14)	-	-	-	-	-	-	(542)
Depreciation	(57)	(5,815)	(22,921)	(2,370)	(200)	(4,308)	(591)	(112)	(226)	-	-	(36,600)
Impairment reversal (provision)	-	-	-	-	14	-	-	-	-	(172)	-	(158)
Effect of changes in exchange rates	(11,890)	(37,972)	(104,252)	(2,273)	(193)	(2,853)	(10,031)	(740)	(1,567)	(32,357)	(4,435)	(208,563)
Transfers	-	3,798	5,761	813	491	4,181	-	198	546	(15,772)	-	16
Balance as of March 31, 2020	59,054	247,000	706,260	28,220	2,493	47,107	34,422	2,583	6,632	363,011	20,776	1,517,558
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
Effects of hyperinflationary monetary adjustment (Note 2.1)	994	14,167	18,522	1,853	76	5,916	-	-	79	36,742	-	78,349
Additions	-	7	405	-	-	-	-	112	1,528	14,822	-	16,874
Disposals	-	-	(21)	(19)	(9)	-	-	(686)	(106)	-	-	(841)
Depreciation	(49)	(4,607)	(16,401)	(1,591)	(162)	(3,959)	(462)	(5)	(994)	-	-	(28,230)
Impairment reversal (provision)	53	353	1,068	-	3	-	-	-	60	(401)	-	1,136
Effect of changes in exchange rates	(3,362)	(16,736)	(32,782)	(1,425)	(25)	(4,296)	(2,876)	(581)	(211)	(31,172)	(1,360)	(94,826)
Transfers	-	(109)	6,383	619	190	3,193	-	243	(586)	(9,926)	-	7
Balance as of March 31, 2021	53,041	224,705	563,272	16,102	2,162	48,895	29,590	5,837	3,272	397,710	16,156	1,360,742



#### Additions

During the three-months periods ended March 31, 2021 there were additions in the amount of US\$16,874 (US\$24,829 for the three-months periods ended March 31, 2020), from which US\$5,961 refers to Argentina business segment (US\$17,683 for the three-months periods ended March 31, 2020), primarily due to the increase of the installed capacity on its L'Amali plant and quarry; and US\$11,408 refers to Brazilian business segment (US\$9,629 for the three-months periods ended March 31, 2020), mainly referring to improvements in the production process.

#### Impairment

The Group performs its property, plant and equipment impairment test annually in the last quarter of the year, or when the circumstances indicate that the carrying amount may be impaired.

The Group's impairment test for property, plant and equipment is based on estimates of the recoverable amount per cash-generating unit, as the higher of fair value less cost to sell and value in use. To estimate the value in use, the estimated future cash flows are discounted using a discount rate that reflects market appreciations at the end of the periods regarding the time value of money considering the risks specific to the assets involved.

The Group has considered various factors when reviewing the impairment indicators, such as market capitalization, participation in each of the operating segments, unused installed capacity, trends in industry, among other factors.

As of March 31, 2021, there are no internal or external evidences that property, plant and equipment could be impairment.

## 9. Other intangible assets and goodwill

	03.31.2021	12.31.2020
Other intangible assets:		
Software licenses	5,186	5,546
Concession-related assets	64,026	75,227
Mining rights	11,367	11,446
Project development costs	2,292	3,954
Trademarks, patents and others	16,679	16,676
	<u>99,550</u>	<u>112,849</u>

Goodwill per operating segments:	03.31.2021	12.31.2020
Brazil	482,447	528,920
Argentina	169,907	186,220
Egypt	5,396	5,397
Mozambique	38,817	35,577
South Africa	100,493	101,014
	<u>797,060</u>	<u>857,128</u>

Goodwill is subject to impairment tests annually and whenever there are indications impairment, which is prepared based on the recoverable amounts of each of the corresponding business segments. As of March 31, 2021, there are no internal or external evidences that goodwill could be impaired

Changes in intangible assets for the three-months periods ended March 31, 2021 and 2020 were as follows:

	Software licenses	Concession-related assets	Mining rights	Project development costs	Trademarks, patents and others	Goodwill	Total
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)	152	-	-	-	-	31	183
Additions	77	2,608	-	2,521	1,494	-	6,700
Disposals	-	(760)	-	-	-	-	(760)
Amortization	(555)	(3,049)	(88)	(2,232)	(57)	-	(5,981)
Effect of changes in exchange rates	(644)	(24,677)	(2,513)	(763)	(500)	(233,016)	(262,113)
Balance as of March 31, 2020	<u>4,625</u>	<u>86,511</u>	<u>9,887</u>	<u>3,134</u>	<u>17,565</u>	<u>843,188</u>	<u>964,910</u>
Balance as of December 31, 2020	5,546	75,227	11,446	3,954	16,676	857,128	969,977
Effects of hyperinflationary monetary adjustment (Note 2.1)	281	-	-	-	-	51	332
Additions	488	974	-	1,349	239	-	3,050
Disposals	-	(4,095)	-	-	-	-	(4,095)
Amortization	(677)	(2,356)	(89)	(1,529)	(76)	-	(4,727)
Impairment reversal (provision)	-	85	-	(1,206)	16	-	(1,105)
Effect of changes in exchange rates	(452)	(5,809)	10	(276)	(176)	(60,119)	(66,822)
Balance as of March 31, 2021	<u>5,186</u>	<u>64,026</u>	<u>11,367</u>	<u>2,292</u>	<u>16,679</u>	<u>797,060</u>	<u>896,610</u>

## 10. Borrowings and Financing

Functional Currency	Business unit	Type of financing	Currency	Annual Interest rates	Maturity	03.31.2021		12.31.2020	
						Current	Noncurrent	Current	Noncurrent
EUR	Holdings and Financial Vehicles (*)	Bilateral (**)	USD	US Libor + 4.40%	Jan/21-Jan/22	14,000	-	7,000	14,000
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	3.20%	Oct-21	19,379	-	20,250	-
BRL	Holdings and Financial Vehicles (*)	Promissory note (**)	BRL	3% + 100% CDI	Mar-22	17,552	-	22,129	-
ARS	U.N. Argentina	Bilateral	USD	US Libor + (4.25% to 7.70%)	Several	52,291	6,825	39,747	21,782
ARS	U.N. Argentina	Bilateral	EUR	4.00%	Apr-Oct/21	12,780	-	13,354	-
ARS	U.N. Argentina	Working capital	ARS	45%	Apr-21	387	-	376	-
MZN	U.N. Mozambique	Bilateral (**)	MZN	Prime Rate + 2%	Jan/24-Aug/25	570	5,219	-	4,818
BRL	U.N. Brazil	Subsidised loan	BRL	2.50% - 5.00%	Dec-24	1,895	4,707	2,095	5,701
BRL	U.N. Brazil	Bilateral	BRL	15.34%	Dec-22	453	2,075	552	2,838
EGP	U.N. Egypt	Bilateral	EGP	Corridor + 1.50%	Apr-24	3,518	4,735	2,669	4,562
EGP	U.N. Egypt	Working capital	EGP	10.00% - 10.50%	Apr-21	16,402	-	16,541	-
						<u>139,227</u>	<u>23,561</u>	<u>124,713</u>	<u>53,701</u>

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

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



As of March 31, 2021, and December 31, 2020, the incurred interest related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to US\$916 and US\$2,678, respectively.

Changes in Borrowings and Financing in the three-months periods ended March 31, 2021 and 2020 were as follows:

	<b>Borrowings and financing</b>
Balance as of December 31, 2019	971,122
New borrowings and financing	130,661
Payments	(83,599)
Effect of changes in Exchange rates, commissions and other	(29,008)
Balance as of March 31, 2020	<u>989,176</u>
Balance as of December 31, 2020	178,414
New borrowings and financing	27,400
Payments	(39,945)
Effect of changes in Exchange rates, commissions and other	(3,081)
Balance as of March 31, 2021	<u>162,788</u>

## Maturity schedule

As of March 31, 2021, the noncurrent portion of the borrowings and financing mature as follows:

Period	03.31.2021
2022	3,982
2023	12,639
2024	4,799
2025	2,141
	<u>23,561</u>

## 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.

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\$14,000 is subject to restrictive covenants and is required to maintain the same financial ratios of the debentures issued in 2020 (see Note 11 below).

The promissory note in the amount of US\$17,552 requires that Net Debt / Adjusted EBITDA ratio to be no higher than 5.0x as of December 31, 2021.

The Mozambique bilateral in the amount of US\$5,789 requires the following ratios at stand-alone figures and in a twelve months basis range at the end of each fiscal year (December 31<sup>st</sup>): (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.

As of December 31, 2020, the covenants conditions were met, and such obligations will only be measured again based on the financial figures as of December 31, 2021.

## 11. Debentures

						03.31.2021		12.31.2020		
Functional Currency	Business unit	Instrument	Currency	Annual interest rate	Final maturity		Current	Noncurrent	Current	Noncurrent
BRL	Holdings and Financial Vehicles (*)	Debenture	BRL	CDI + 3.75%	June-27	a)	-	522,526	-	573,474
BRL	U.N. Brazil	Debenture	BRL	CDI + 3.75%	June-27	a)	-	298,415	-	327,162
EUR	Holdings and Financial Vehicles (*)	Senior Notes	USD	5.75%	Jul-24	b)	-	546,500	-	546,012
							-	1,367,441	-	1,446,648

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

(a) On June 8, 2020, the Company issued two Debentures, one by InterCement Participações S.A. in the amount of US\$579,502 (R\$2,976,666 thousands) and another by InterCement Brasil S.A. in the amount of US\$330,989 (R\$1,700,161 thousands). The interest expenses are presented separately in the statements of financial position as 'Interest payable'.

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

(b) In July 2014, the Senior Notes ("Notes") were issued by InterCement Financial Operations, B.V., with a payment maturity of 10 years. The notes were launched with coupon of 5.75% per annum and are listed at the Singapore Stock Exchange. As of March 31, 2021, and December 31, 2020, the Group holds bonds at the face value of US\$198,812.

As of March 31, 2021, and December 31, 2020, the incurred interest expenses classified in current liabilities and presented as 'Interest payable' amounts to US\$20,719 and US\$17,535, respectively.

Changes in Debentures in the three-months periods ended March 31, 2021 and 2020 were as follows:

	Debentures
Balance as of December 31, 2019	960,113
Effect of changes in Exchange rates, commissions and other	(108,322)
Balance as of March 31, 2020	851,791
Balance as of December 31, 2020	1,446,648
Effect of changes in Exchange rates, commissions and other	(79,207)
Balance as of March 31, 2021	1,367,441

## Maturity schedule

As of March 31, 2021, the non-current portion of debentures mature as follows:

Period	03.31.2021
2023	143,655
2024	710,733
2025	205,221
Following years	307,832
	1,367,441

## Covenants

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

### Debentures

The Company agreed with the debentures holder's compliance with a gross debt cap of €1,800,000 thousands as metrics for the year ended December 31, 2020 and the conditions were met. For December 31, 2021 and 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.

### Senior notes

The non-compliance with covenant (ratio of 4.5) at year-end 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 Company met the covenants conditions. Next measurement period will be based on the financial figures for the year to be ended December 31, 2021.

## 12. Provisions and contingent assets and liabilities

### Provisions

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

The provision for risks is demonstrated as follows:

	03.31.2021	12.31.2020
Labor and social security	7,904	8,583
Tax (a)	18,542	19,789
Civil and other (b)	38,426	39,846
	64,872	68,218
Judicial deposit (c)	(1,366)	(1,900)
Total	63,506	66,318

- (a) Brazil: Refer to tax assessment notices and lawsuits amounting to US\$4,576 (US\$5,009 as of December 31, 2020) mainly 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.

InterCement Participações S.A.: Refers to legal dispute regarding the charging of financial transaction services over purchasing and reselling InterCement Portugal's shares occurred in 2014 in the amount of US\$2,736 (US\$2,999 as of December 31, 2020).

InterCement Portugal: Refers basically to the provisions for tax risks related to income tax, amounting to US\$6,643 as of March 31, 2021 (US\$6,941 as of December 31, 2020), 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\$4,017 (US\$3,782 in December 31, 2020).

- (b) Egypt: Includes mainly a provision related to a dispute about the requirement of an industrial license and corresponding interest and monetary accretion totalling US\$25,039 (US\$34,425 on December 31, 2020).
- (c) The Group have escrow deposits related to the labor and social security, tax, civil and other risks as follows:

	03.31.2021	12.31.2020
Labor and social security	1,111	1,005
Tax	53	681
Civil and other	202	214
Total	1,366	1,900

Changes in the provision for risks for the three-months periods ended March 31, 2021 and 2020 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance as of December 31, 2019	6,963	17,013	37,835	(2,840)	58,971
Effects of hyperinflationary monetary adjustment (Note 2.1)	105	72	23	-	200
Recognition/deposit	100	32	(145)	(21)	(34)
Payment	(192)	(128)	(299)	15	(604)
Reversal	-	-	(51)	-	(51)
Exchange differences	(1,220)	(520)	498	638	(604)
Balance as of March 31, 2020	5,756	16,469	37,861	(2,208)	57,878
Balance as of December 31, 2020	8,583	19,789	39,846	(1,900)	66,318
Effects of hyperinflationary monetary adjustment (Note 2.1)	153	92	57	-	302
Recognition/deposit	930	6	-	(363)	573
Payment	(872)	(289)	(588)	762	(987)
Reversal	(152)	-	(691)	-	(843)
Exchange differences	(738)	(1,056)	(198)	135	(1,857)
Balance as of March 31, 2021	7,904	18,542	38,426	(1,366)	63,506

## 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 risks, which the likelihood of loss is assessed as possible or less likely than not of loss for uncertain income tax positions in light of IFRIC 23.

As of March 31, 2021, the Group has an exposure of US\$1,635,344 (US\$1,777,152 as of December 31, 2020), being US\$13,098 of contingent liabilities related to labor contingencies (US\$14,332 as of December 31, 2020), US\$1,448,552 of tax contingencies, including uncertain income tax position as per IFRIC 23 assessment (US\$1,573,768 as of December 31, 2020), US\$173,694 of civil contingencies and administrative processes of other natures (US\$189,052 as of December 31, 2020), whose likelihood of loss was considered possible, according to the opinion of our legal counsel or “less likely than not” for income tax and social contribution assessments.



The most significant of the contingencies are:

#### Brazil

##### a) Tax

The tax contingencies, in the approximately amount of US\$1,096,656 (US\$1,188,303 as of December 31, 2020) refer mainly to administrative and judicial proceedings related to: (i) collection of alleged difference or non-payment of CFEM, a financial compensation paid to the Federal Government for the economic use of mineral resources; (ii) 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; (iii) undue PIS and COFINS credit resulting from freight expenses on goods transfers between industrial plants and distributors; (iv) non-collection of the Property Transfer Tax ("ITBI") on mergers transactions; and (v) undue charge of a municipal tax (Services Taxes - "ISS").

#### IFRIC 23 assessment

Income tax and social contribution contingencies or uncertainties that legal advisors assessed as "less likely than not" of loss, based on IFRIC 23, are: (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) 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; (iv) alleged taxation of interest on capital not paid by the Company; (v) alleged non-payment of federal taxes resulting from non-approved deductible expenditures resulting in lower negative tax balances.

##### b) Civil

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

#### Administrative Council for Economic Defence ("CADE")

The Company, along with other companies in the industry, is part of administrative proceedings related to antitrust regulation in progress at the Administrative Council for Economic Defense ("CADE"). In July 2015, CADE's tribunal judged the administrative appeal presented by the Group under the process initiated in 2007 regarding competition in Brazil (as well by other involved companies), maintaining the condemnation decision about cartel formation and the imposition of a pecuniary fine and other accessory penalties. As of March 31, 2021, the fines imposed to the Group corresponds to US\$142,514 and as of December 31, 2020, fines corresponds to US\$155,788, besides the obligation to sell 20% of its installed capacity of the concrete assets in the relevant Brazilian markets in which the Company operates, among other accessory penalties.

After the referred administrative CADE's decision became final, the Group appealed judicially, having obtained, on October 22, 2015, the grant of the preliminary injunction to suspend all penalties imposed by CADE, by the presentation of real guarantees (two plants), until the final judgment decision. Such preliminary injunction

decision was judicially appealed by CADE and was rejected. The proceeding did not have any significant change until March 31, 2021. 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\$140,940 (US\$147,276 as of December 31, 2020) 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\$32,886 (US\$34,364 as of December 31, 2020) for 2009 to 2011 and negative taxable income of approximately US\$284,230 (US\$297,006 as of December 31, 2020) 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\$20,002 (US\$20,901 as of December 31, 2020) for 2009-2011, and US\$213,067 (US\$222,644 as of December 31, 2020) 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\$311,243 as of March 31, 2021 and US\$325,234 as of December 31, 2020 (equivalent to (€265,000 thousands 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\$116,189 (€98,926 thousands) as of March 31, 2021 and US\$121,412 (€98,926 thousands) as of December 31, 2020 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\$4,966 (€4,228 thousands) was received and is being contested. Even so, the amount of US\$4,815 (€4,100 thousands) was already 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 an unfavourable outcome on this dispute is "less likely than not", therefore, no contingency reserve was recorded.

### 13. Related Parties

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

### 14. Right-of-use assets and lease liabilities

The change of rights-of-use assets in the three-months periods ended March 31, 2021 and 2020 are demonstrated as follows:

#### Composition and movements of right-of-use assets

	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other	Total
<b>Cost</b>						
As of December 31, 2019	13,197	62,168	4,799	-	266	80,430
Write-offs	-	(9)	-	-	-	(9)
Exchange difference	(1,071)	(13,732)	(892)	-	(60)	(15,755)
As of March 31, 2020	12,126	48,427	3,907	-	206	64,666
As of December 31, 2020	12,779	79,063	3,849	34	322	96,047
Additions	28	1,946	-	-	-	1,974
Write-offs	-	(300)	-	-	-	(300)
Impairment	7	45	-	-	-	52
Exchange difference	81	(6,869)	(133)	-	(29)	(6,950)
As of March 31, 2021	12,895	73,885	3,716	34	293	90,823
<b>(-) Accumulated depreciation</b>						
As of December 31, 2019	(2,161)	(16,776)	(591)	-	(152)	(19,680)
Additions	(545)	(4,046)	(149)	-	(34)	(4,774)
Write-offs	-	(84)	-	-	-	(84)
Exchange difference	209	4,268	145	-	39	4,661
As of March 31, 2020	(2,497)	(16,638)	(595)	-	(147)	(19,877)
As of December 31, 2020	(4,335)	(37,137)	(1,821)	(12)	(234)	(43,539)
Additions	(570)	(5,246)	(160)	(17)	(28)	(6,021)
Write-offs	-	253	13	-	-	266
Exchange difference	17	3,432	42	1	21	3,513
As of March 31, 2021	(4,888)	(38,698)	(1,926)	(28)	(241)	(45,781)
Balance as of March 31, 2021	8,007	35,187	1,790	6	52	45,042
Balance as of December 31, 2020	8,444	41,926	2,028	22	88	52,508

The obligations under finance leases changed since December 31, 2020 through March 31, 2021 as demonstrated below:

Composition and movements of lease liabilities:

	<b>Lease Liabilities</b>
As of December 31, 2019	70,352
Payments	(5,749)
Present value adjust	2,738
Exchange difference	(13,316)
As of March 31, 2020	54,025
As of December 31, 2020	57,477
Additions, net of write-offs	1,674
Payments	(6,985)
Present value adjust	1,085
Exchange difference	(3,734)
As of March 31, 2021	49,517

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

Lease liabilities included in the statement of financial position:

	<b>03.31.2021</b>	<b>12.31.2020</b>
Current	22,709	27,074
Non-current	26,808	30,403
Lease liabilities	49,517	57,477

Lease liabilities - Maturity analysis:

	<b>Lease Liabilities</b>
Less than one year	22,709
One to five years	25,004
More than five years	1,804
Lease liabilities	49,517

## 15. Shareholder's Equity

### Share Capital

As of March 31, 2021, and 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 controller shareholder; consequently, the Company does not have any contractual obligation assumed with such holders of the preferred shares.

### Earning Reserves

On February 12, 2021, the Board of Director approved a plan to acquire up to US\$8,913 (ARS750,000 thousands) of Loma Negra 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.

In the three-months periods ended March 31, 2021, the movement in this caption relates to the acquisition of non-controlling interest by Loma Negra, following the approved plan to acquire its own shares. As of March 31, 2021, Loma Negra already acquired 1,447,608 of its own shares for a total value of US\$2,132 (US\$2,775 considering the impact on non-controlling interest).

### Dividends

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

No dividends were declared or paid for the three-months periods ended March 31, 2021 and 2020. Subsequently, At the Ordinary General Assembly held on April 30, 2021, it was declared dividends to preferred shares holders in the amount of US\$8,698 (R\$47,001 thousands), which was paid on May 07, 2021.

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

Other comprehensive loss attributable to Company's owners of US\$18,672 (US\$309,324 as of March 31, 2020) corresponds to: i) negative equity recognition of exchange differences from translation of foreign operations in the amount of US\$97,987 (US\$334,966 as of March 31, 2020); (ii) the positive equity recognition of derivative and hedging transactions amounting to US\$248, net of taxes (positive US\$763 as of March 31, 2020); and (iii) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US\$79,067 (US\$24,879 as of March 31, 2020).

## Non-controlling interests

### Changes in non-controlling interests

a) In other comprehensive loss attributable to non-controlling interests, the negative amount of US\$5,777 (negative of US\$24,432 as of March 31, 2020) corresponds to: i) the negative equity recognition of exchange differences from translation of foreign operations in the amount of US\$71,110 (negative of US\$51,124 as of March 31, 2020), ii) the positive equity recognition of derivative and hedging transactions amounting to US\$1 (positive of US\$42 as of March 31, 2020) and (iii) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US\$76,886 (positive of US\$26,650 as of March 31, 2020).

b) Following the approved plan to acquire own shares of Loma Negra, during the three-months periods ended March 31, 2021 were acquired 1,447,608 own shares for a total value of US\$2,775, which US\$643 impacted on non-controlling interest.

## 16. Income Tax and Social Contribution

For the three-months periods ended March 31, 2021 and 2020, the reconciliation between the nominal and the effective income tax was as follows:

	03.31.2021	03.31.2020 (Restated)
Profit (Loss) before income tax and social contribution	59,017	(4,721)
Tax rate	34%	34%
Income tax and social contribution at statutory rates	(20,066)	1,605
Adjustments to calculate income tax and social contribution at effective rate:		
Permanent additions / (deductions), net (a)	307	9,920
Deferred income tax and social contribution recognized (not recognized) (b)	3,561	(20,167)
Other (c)	(813)	(7,408)
Income tax and social contribution expense	(17,011)	(16,050)
Current Income tax and social contribution expense	(18,691)	(9,674)
Deferred Income tax and social contribution expense	1,680	(6,376)

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



- (b) For the periods ended March 31, 2020 it includes the tax effect from tax losses and/or tax temporary differences on entities where deferred tax assets were not recognized due to lack of positive evidences that would justify the corresponding recoverability in a foreseeable future. In 2021, due to business recoverability in Brazil segment, it was possible to recognized partial deferred taxes assets over tax temporary differences of previous years.
- (c) For the three-months periods ended March 31, 2021, includes a negative amount of US\$1,275 related to the impact of monetary adjustment in Argentina due to hyperinflationary economy (negative impact of US\$5,461 for the three-months periods ended March 31, 2020).

### Deferred income tax and social contribution

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

In addition to the income tax charge, in the three-months periods ended March 31, 2021 and 2020, the Group recorded deferred taxes in the amount of US\$59 and US\$54, respectively, directly in equity.

## 17. Net Revenue

The breakdown of the Company's net revenues for the three-months periods ended March 31, 2021 and 2020 is as follows:

	03.31.2021	03.31.2020 (Restated)
Products sold	439,852	369,821
Services provided	17,078	23,246
(-) Taxes on sales	(41,062)	(35,673)
(-) Discounts	(59,964)	(43,224)
Total	<u>355,904</u>	<u>314,170</u>

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

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

	03.31.2021	03.31.2020 (Restated)
Depreciation and amortization	(38,978)	(46,912)
Impairment reversal (losses), net	31	(158)
Salaries and employee benefits	(45,723)	(48,798)
Raw materials and consumables	(64,250)	(55,769)
Tax expenses	(5,569)	(5,006)
Outside services	(27,144)	(32,986)
Rental	(1,359)	(1,715)
Freight expenses	(29,233)	(24,159)
Maintenance costs	(20,564)	(18,588)
Fuel	(31,001)	(32,860)
Electricity	(21,848)	(25,836)
Recognition of inventories and trade receivable impairments	(172)	(445)
Gain on sale of property, plant and equipment	1,123	276
Other	(5,183)	(8,302)
Total	(289,870)	(301,258)
Cost of sales and services	(258,367)	(267,048)
Selling expenses	(12,631)	(13,757)
Administrative expenses	(22,994)	(22,800)
Other income (loss)	4,122	2,347
Total	(289,870)	(301,258)

## 19. Financial Income (Expenses) and Foreign Exchanges Gains (net)

	03.31.2021	03.31.2020 (Restated)
Foreign exchange gain (losses), net (a):		
Exchange gain	97,665	101,140
Exchange loss	(82,087)	(86,093)
Total	15,578	15,047
Financial income:		
Inflation adjustment	79	841
Effects of Hyperinflationary monetary adjustments (b)	6,302	1,885
Financial earnings	583	1,180
Interest income	69	149
Derivative financial instruments	168	412
Other income	257	577
Total	7,458	5,044
Financial expenses:		
Inflation adjustment	(1,082)	(1,391)
Expenses on interest and charges	(22,825)	(25,185)
Expenses on banking commissions	(591)	(480)
Fines	(91)	(43)
Lease liabilities present value	(1,085)	(2,738)
Other expenses	(4,379)	(7,887)
Total	(30,053)	(37,724)

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

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

## 20. Commitments

### Purchase agreements

InterCement Brasil S.A. has a contractual agreement for the acquisition of hydroelectric power until 2024 and contracts “take or pay contract” for rail transport services until 2023, logistics services for storage, transport and handling until 2029 and sale of clinker in accordance with the minimum stipulated in the contract until 2022, whose estimated cash disbursements, in amounts nominal amounts are as follows:

**03.31.2021**

2021	25,339
2022	28,722
2023	25,275
2024	14,779
After 2024	<u>5,640</u>
Total	<u><u>99,755</u></u>

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

**03.31.2021**

2021	38,340
2022	24,167
2023	14,687
2024	14,194
After 2024	<u>95,519</u>
Total	<u><u>186,907</u></u>

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\$6,506 (ARS598,563 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\$15,698 (ARS1,444,203 thousands), to be paid during 2021 and US\$6,255 (ARS575,487 thousands) to be paid during 2022.

The Argentina segment signed energy supply contracts with certain suppliers, in the total amount of US\$14,167 (ARS1,303,330 thousands) to be paid during 2021 and 2022 and US\$123,838 (ARS11,393,086 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\$24,080 (ARS2,215,400 thousand), plus US\$107,700 (ARS9,908,400 thousand) and US\$48,507 (€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\$4,920 (ARS452,630 thousands).

## 21. Earnings (loss) Per Share

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

	03.31.2021	03.31.2020 (Restated)
<b>Profit (loss) for the period from continuing and discontinuing operations attributable to Company's owners</b>	23,217	(27,103)
Profit (loss) for the period attributable to common shares	23,217	(27,103)
Weighted average number of common shares	52,920,764	22,687,439
Basic/diluted profit (loss) per common share	0.44	(1.19)
<b>Profit (loss) for the period from continuing operations attributable to Company's owners</b>	23,217	(27,777)
Profit (loss) for the period attributable to common shares	23,217	(27,777)
Weighted average number of common shares	52,920,764	22,687,439
Basic/diluted profit (loss) per common share	0.44	(1.22)

## 22. Financial Instruments

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

### 22.1. Capital risk management

The Group capital structure consists on net debt and equity. The net debt comprises borrowings and financing and debentures less the cash and cash equivalents, current securities and derivatives. Interest payable and obligations under finance leases are not included within the net debt.

As mentioned in Note 10 and 11, 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). Senior Debt is calculated as the sum of Gross Debt and the obligations under finance leases.

## 22.2. Financial risk management

### General principles

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

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

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

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

- Reducing, whenever possible, fluctuations in profit/loss and cash flows that are exposed to risk situations;
- Curbing deviation from forecast financials by means of strict financial planning based on multi-year budgets.

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

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

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

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

## 22.3. Interest rate risk

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

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

As of March 31, 2021, and December 31, 2020, there were no hedge instruments contracted to protect such risks.

#### Exposure to interest rate risks and to floating and fixed rates

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

	Borrowings and financing	Debentures	Cash and cash equivalents	Securities	Other payables	03.31.2021	12.31.2020
Assets:							
CDI	-	-	75,612	132	-	75,744	84,274
Total	-	-	75,612	132	-	75,744	84,274
Liabilities:							
IGP-M	-	-	-	-	7,058	7,058	7,384
CDI	17,552	820,942	-	-	-	838,494	922,765
LIBOR	73,116	-	-	-	-	73,116	82,530
Prime Rate	5,789	-	-	-	-	5,789	4,818
Others	8,253	-	-	-	-	8,253	7,231
Total	104,710	820,942	-	-	7,058	932,710	1,024,728

As of March 31, 2021, and December 31, 2020, the Group's liability by type of interest rate, considering derivative financial instruments, between floating and fixed rate, was as follows:

	03.31.2021	12.31.2020
Floating rates	60%	63%
Fixed rates	40%	37%

#### 22.4. Exchange rate risk

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

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

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

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

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

### Exposure to foreign exchange risk

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

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

	03.31.2021	12.31.2020
<b>Assets:</b>		
Cash, cash equivalents and securities	4,687	31,101
Trade receivables	3,036	7,893
Related parties (a)	189,289	212,037
Other credits	4,130	18,266
<b>Exposed assets</b>	<b>201,142</b>	<b>269,297</b>
<b>Liabilities:</b>		
Interest, borrowings, financing and debentures	638,926	822,463
Foreign trade payables	30,383	52,569
Related parties (a)	1,291,627	1,296,834
Other debits	594	6,155
<b>Exposed liabilities</b>	<b>1,961,530</b>	<b>2,178,021</b>

(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 current securities by currencies and related foreign exchange exposures are as follows:

Functional currency	Currency	03.31.2021		12.31.2020	
		Currency	USD	Currency	USD
ARS	USD	156	156	156	156
BRL	USD	-	-	1	1
EGP	USD	1,259	1,259	1,259	1,259
EUR	USD	2,177	2,177	28,465	28,464
MZN	USD	359	359	382	382
ARS	EUR	14	12	16	13
EGP	EUR	99	85	109	88
MZN	EUR	352	300	440	358
EUR	EGP	2,726	174	2,742	175
ARS	PYG	-	-	1	-
MZN	ZAR	2,434	165	3,011	205
Amount exposed to foreign exchange risks			4,687		31,101
BRL	BRL	449,602	78,915	442,923	85,232
EUR	EUR	57,074	48,594	65,624	53,471
ARS	ARS	5,992,814	65,139	4,339,317	51,566
MZN	MZN	453,243	6,665	1,392,084	18,762
EGP	EGP	65,649	4,189	51,684	3,297
ZAR	ZAR	244,969	16,600	253,955	17,299
Amount by functional currency			220,102		229,627
			<u>224,789</u>		<u>260,728</u>

The main debt instruments (essentially related with loans and debentures) as of March 31, 2021 and December 31, 2020, and considering the effect of the existing cross currency swaps, were denominated in the following currencies:

	03.31.2021	12.31.2020
USD	40%	38%
BRL	55%	60%
EUR	2%	1%
Other	2%	1%

## 22.5. Liquidity risk

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

As mentioned in Note 11, in 2020, 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 cement business recovering that has already started and is releasing pressure in liquidity risk.

## 22.6. Credit risk

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

The Group's level of solvency is also reflected in its Leverage ratio (Net Debt / EBITDA). As described in Notes 10 and 11, as of December 31, 2020, the Company complied with restrictive covenants. Furthermore, in 2020, the Company successfully refinanced some of its debts, extending debts maturities to 2024 and releasing financing pressures. Furthermore, covenants metrics were reviewed and Management does not foresee any issue in complying with them (see Notes 10 and 11 above) in accordance with current and expected Adjusted EBITDA's generation

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

## 22.7. Counterparty risk

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

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

Due to COVID-19 crisis that started in 2020, Management reassessed the assumption related to the risk of defaults by its clients by each business units in order to determine if the allowance for doubtful accounts 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. Those actions are still in place in 2021.

Until the issuance of the condensed consolidated interim financial statements, the Company has not observed

a significant change in the assessed risks of its portfolio that could result in a significant increase in its allowance for doubtful accounts as of March 31, 2021, compared to the amount as of December 31, 2020.

## 22.8. Sensitivity analysis of financial instruments

Exposure to interest-rate risk results in the variability of the Group's net financial expenses. The results of a sensitivity analysis of exposure as of March 31, 2021 were as follow:

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

A parallel change of +/- in the interest rate curves applied on principal amounts as of March 31, 2021, 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	(73,116)	(731)	(1,462)	(2,193)
CDI	BRL	(762,750)	(7,628)	(15,255)	(22,883)

### b) Exchange rates

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

Considering the Group's companies financial asset and liability profile (including intercompany balances) as of March 31, 2021, the significant impacts on net financial results would be as follows:

Amount in USD	Funcional currency	FX Rate (03-31-21)		USD depreciation		USD appreciation	
				-10%	-5%	5%	10%
554,150	EUR	0.85	Effect in USD	65,085	32,543	(32,543)	(65,085)
58,829	ARS	92.00	Effect in ARS	541,230	270,615	(270,615)	(541,230)
			Effect in USD	6,537	3,096	(2,801)	(5,348)
(733)	BRL	5.70	Effect in BRL	(418)	(209)	209	418
			Effect in USD	(81)	(39)	35	67
16,858	ZAR	14.76	Effect in ZAR	24,876	12,438	(12,438)	(24,876)
			Effect in USD	1,873	887	(803)	(1,533)
(10,817)	EGP	15.67	Effect in EGP	(16,954)	(8,477)	8,477	16,954
			Effect in USD	(1,202)	(569)	515	983
(26,537)	MZN	68.00	Effect in MZN	(180,459)	(90,230)	90,230	180,459
			Effect in USD	(2,949)	(1,397)	1,264	2,412

Amount in EUR	Funcional currency	FX Rate (03-31-21)		EUR depreciation		EUR appreciation	
				-10%	-5.0%	5.0%	10.0%
(17)	ZAR	17.33	Effect in ZAR	29	14	(14)	(29)
			Effect in USD	2	1	(1)	(2)
(4,441)	BRL	6.69	Effect in BRL	2,972	1,486	(1,486)	(2,972)
			Effect in USD	580	275	(248)	(474)
(46,569)	EGP	18.41	Effect in EGP	85,727	42,863	(42,863)	(85,727)
			Effect in USD	6,077	2,879	(2,605)	(4,972)
10,890	ARS	108.05	Effect in ARS	(117,668)	(58,834)	58,834	117,668
			Effect in USD	(1,421)	(673)	609	1,163
702	MZN	79.87	Effect in MZN	(5,605)	(2,802)	2,802	5,605
			Effect in USD	(92)	(43)	39	75

Amount in EGP	Funcional currency	FX Rate (03-31-21)		EGP depreciation		EGP appreciation	
				-10%	-5.0%	5.0%	10.0%
56,061	EGP	15.67	Effect in USD	358	179	(179)	(358)

Amount in BRL	Funcional currency	FX Rate (03-31-21)		BRL depreciation		BRL appreciation	
				-10%	-5.0%	5.0%	10.0%
6,992,213	EUR	5.70	Effect in USD	122,729	61,364	(61,364)	(122,729)

(Thousand)

## 22.9. Categories of financial instruments

	03.31.2021	12.31.2020
Current assets:		
Cash and bank accounts (Note 4)	49,219	82,223
Financial assets at amortized cost:		
Securities - bonds investments (Note 5)	18,324	-
Trade receivables (Note 6)	88,099	76,550
Other receivables	31,930	37,444
Financial assets at fair-value through profit & Loss:		
Short-term investments - financial asset	135,639	156,734
Securities - Investments funds (Note 5)	21,607	21,771
Non-current assets:		
Financial assets at amortized cost:		
Trade receivables (Note 6)	612	699
Other receivables	28,235	29,215
Long-term investments - financial asset (Note 5)	1,018	1,212
Financial assets at fair-value through profit & loss:		
Derivatives (Note 22.10)	4,498	4,754
Current liabilities:		
Financial liabilities at amortized cost:		
Borrowings and financing (Note 10)	139,227	124,713
Trade payables	198,352	235,155
Interest payable (Notes 10 and 11)	21,635	20,213
Lease liabilities (Note 14)	22,709	27,074
Other payables	30,215	32,647
Non-current liabilities:		
Financial liabilities at amortized cost:		
Debentures (Note 11)	1,367,441	1,446,648
Borrowings and financing (Note 10)	23,561	53,701
Trade payables	350	1,638
Lease liabilities (Note 14)	26,808	30,403
Other payables	23,575	25,443

## 22.10. Derivative transactions

As of March 31, 2021, and December 31, 2020, the fair value of derivatives is as follows:

	Assets		Liabilities	
	Non-current		Non-current	
	03.31.2021	12.31.2020	03.31.2021	12.31.2020
Written-put options ("Baesa", "Machadinho" and "Estreito" operations)	4,498	4,754	-	-
	4,498	4,754	-	-

### Trading derivatives

Represented by three derivative options in connection with "Baesa", "Machadinho" and "Estreito" operations, whose asset and liability fair value as of March 31, 2021 and December 31, 2020.

## 22.11. Market values

### Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value as of March 31, 2021 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
<b>Assets:</b>				
Financial assets at fair value	Securities	21,607	135,639	-
Financial assets at fair value	Financial derivative instruments	-	-	4,498

The valuation technique to determine the fair value measurement of the financial instruments categorized within Level 3 of the fair value hierarchy, which comprises the derivative options of "Baesa", "Machadinho" and "Estreito" operations, was Black-Scholes. The significant unobservable inputs to the measurement include: expected future 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 – assets and liabilities not measured at fair value

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

Except as regards 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

	03.31.2021		12.31.2020	
	Amortized cost	Fair value	Amortized cost	Fair value
Borrowing and financing (Note 10)	162,788	162,408	178,414	163,848
Debentures (Note 11)	1,367,441	1,250,262	1,446,648	1,343,500
Leases liabilities (Note 14)	49,517	45,204	57,477	54,110

## 23. Operating Segment

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

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

The statement of profit or loss information are as follows:

	03.31.2021				03.31.2020 (Restated)			
	Net Revenue		Results		Net Revenue		Results	
	Foreign sales	Intersegment sales			Foreign sales	Intersegment sales		
Operating segments:								
Brazil	126,050	515	126,565	29,050	102,540	-	102,540	(8,846)
Argentina	148,797	-	148,797	40,818	124,664	-	124,664	26,006
Egypt	20,896	-	20,896	(1,810)	29,338	-	29,338	(1,042)
Mozambique	27,011	-	27,011	3,464	27,481	-	27,481	1,121
South Africa	32,656	-	32,656	2,537	27,404	810	28,214	1,098
Total	355,410	515	355,925	74,059	311,427	810	312,237	18,337
Unallocated (a)	494	26,610	27,104	(8,025)	2,743	110	2,853	(5,425)
Eliminations	-	(27,125)	(27,125)	-	-	(920)	(920)	-
Sub-total	355,904	-	355,904	66,034	314,170	-	314,170	12,912
Income before financial income (expenses)				66,034				12,912
Foreign exchange, net				15,578				15,047
Financial income				7,458				5,044
Financial expenses				(30,053)				(37,724)
Income (loss) before income tax and social contribution				59,017				(4,721)
Income tax and social contribution				(17,011)				(16,050)
Profit (Loss) for the period from continuing operations				42,006				(20,772)
Profit for the period from discontinued operations (note 2.3)				-				2,731
Profit/(Loss) for the period				42,006				(18,041)

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

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

	<b>Noncontrolling interests</b>	
	<b>03.31.2021</b>	<b>03.31.2020 (Restated)</b>
Continuing operating segments:		
Brazil	3,906	2,903
Argentina	14,017	6,032
Egypt	(28)	(141)
Mozambique	852	(975)
South Africa	70	783
	<u>18,817</u>	<u>8,602</u>
Unallocated	(28)	(1,596)
	<u>18,789</u>	<u>7,006</u>
Discontinued operating segments (note 2.3)	-	2,057
Profit for the year attributable to non-controlling interests	<u>18,789</u>	<u>9,063</u>

Other information:

	<b>03.31.2021</b>		<b>03.31.2020 (Restated)</b>	
	<b>Capital expenditure</b>	<b>Depreciation, amortisation and impairment losses</b>	<b>Capital expenditure</b>	<b>Depreciation, amortisation and impairment losses</b>
Operating segments:				
Brazil	10,161	18,281	9,689	21,090
Argentina	6,165	11,868	17,727	14,002
Egypt	3,084	4,074	2,293	4,478
Mozambique	354	1,931	601	4,467
South Africa	151	2,719	757	2,893
	<u>19,915</u>	<u>38,873</u>	<u>31,067</u>	<u>46,930</u>
Unallocated	9	74	17	140
Total	<u>19,924</u>	<u>38,947</u>	<u>31,084</u>	<u>47,070</u>

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



In addition, segment assets and liabilities reconciled with the consolidated balances as of March 31, 2021 and December 31, 2020 are as follows:

	03.31.2021			12.31.2020		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	1,230,015	584,407	645,608	1,343,169	652,609	690,560
Argentina	1,052,892	300,967	751,925	1,027,590	302,340	725,250
Egypt	280,695	262,793	17,902	279,245	259,207	20,038
Mozambique	161,914	124,589	37,325	164,210	140,941	23,269
South Africa	327,027	51,298	275,729	333,315	58,168	275,147
Total	3,052,543	1,324,054	1,728,489	3,147,529	1,413,265	1,734,264
Unallocated	202,152	1,189,373	(987,221)	251,235	1,270,567	(1,019,332)
Eliminations	(208,924)	(208,924)	-	(233,056)	(233,056)	-
Total	3,045,771	2,304,503	741,268	3,165,708	2,450,776	714,932

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

## 24. Events After the Reporting Period

### Possible listing of InterCement Brasil S.A.

InterCement Brasil S.A. ("ICB") and InterCement Trading e Inversiones S.A. ("ICTI"), subsidiaries of the Company, has submitted on May 18, 2021 a request to register with the Brazilian Securities Commission (CVM) a secondary offering of common shares issued by ICB and held by ICTI for a possible listing of its common shares on the B3 S.A. - Brasil, Bolsa Balcão.

## 25. Authorization for issuance of the Condensed consolidated financial information

At the meeting held on June 02, 2021, the Board of Directors authorized the issuance of this condensed consolidated interim financial information, being approved by them for disclosure.