



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

**Condensed Consolidated Interim  
Financial Information for the six  
months period ended June 30,  
2021**



**InterCement**

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 June 30, 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 six-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 six-months period ended June 30, 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 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, August 24, 2021.

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

A handwritten signature in blue ink is written over the text of the accountant's name and registration number.

Cezar Augusto Ansoain de Freitas  
Accountant CRC-1SP246234/O-0

**INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES**
**Condensed Consolidated Statements of Financial Position as of June 30, 2021 and December 31, 2020**

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

ASSETS	Notes	06.30.2021	12.31.2020	LIABILITIES AND EQUITY	Notes	06.30.2021	12.31.2020
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash and cash equivalents	4	137,489	238,957	Trade payables		218,021	235,155
Securities	5	39,830	21,771	Borrowings and financing	10	124,865	124,713
Trade receivables	6	102,610	76,550	Interest payable	10 and 11	20,608	20,213
Inventories	7	261,054	213,594	Leases liabilities	14	24,222	27,074
Recoverable taxes		44,685	39,468	Taxes payable		81,898	76,708
Other receivables		44,796	37,444	Payroll and related taxes		31,566	37,226
Total current assets		630,464	627,784	Advances from customers		12,270	14,896
				Other payables		31,910	32,647
						545,360	568,632
<b>NONCURRENT ASSETS</b>				<b>NONCURRENT LIABILITIES</b>			
Securities	5	1,310	1,212	Trade payables		281	1,638
Trade receivables	6	607	699	Debentures	11	1,481,653	1,446,648
Inventories	7	63,426	61,449	Borrowings and financing	10	25,451	53,701
Recoverable taxes		25,710	9,879	Leases liabilities	14	25,231	30,403
Deferred income tax and social contribution		12,133	6,945	Provision for tax, civil and labor risks	12	64,915	66,318
Judicial deposits		13,467	13,013	Provision for environmental recovery		16,786	18,798
Derivatives	22.10	4,349	4,754	Taxes payable		11,399	12,804
Other assets and receivables		30,120	29,215	Deferred income tax and social contribution		266,240	226,391
Right-of-use assets	14	44,969	52,508	Other payables		27,217	25,443
Property, plant and equipment	8	1,463,880	1,388,273	Total noncurrent liabilities		1,919,173	1,882,144
Intangible assets:				<b>TOTAL LIABILITIES</b>		2,464,533	2,450,776
Goodwill	9	894,100	857,128				
Other intangible assets	9	110,062	112,849	<b>SHAREHOLDER'S EQUITY</b>			
Total noncurrent assets		2,664,133	2,537,924	Capital	15	1,445,943	1,445,943
				Capital reserves	15	603,095	603,095
				Earnings reserves	15	367,098	381,685
				Accumulated losses		(19,784)	-
				Other comprehensive loss		(1,898,103)	(2,011,728)
				Equity attributable to the Company's owners		498,249	418,995
				Non-controlling interests	15	331,815	295,937
				Total equity		830,064	714,932
<b>TOTAL ASSETS</b>		3,294,597	3,165,708	<b>TOTAL LIABILITIES AND EQUITY</b>		3,294,597	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 six-month period ended June 30, 2021 and 2020**

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

	Notes	06.30.2021	06.30.2020 (Restated)
<b><u>CONTINUING OPERATIONS</u></b>			
NET REVENUE	17	725,549	562,940
COST OF SALES AND SERVICES	18	(532,369)	(482,883)
GROSS PROFIT		193,180	80,057
OPERATING INCOME (EXPENSES)			
Selling expenses	18	(28,358)	(22,749)
Administrative expenses	18	(41,901)	(43,732)
Other income	18	22,023	5,499
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		144,944	19,075
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	19	(36,266)	48,141
Financial income	19	25,671	8,434
Financial expenses	19	(72,499)	(92,513)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		61,850	(16,863)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	16	(43,481)	(11,738)
Deferred	16	(21,499)	957
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(3,130)	(27,644)
<b><u>DISCONTINUED OPERATIONS</u></b>			
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.3	-	5,525
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO			
Company's owners		(19,784)	(36,948)
Non-controlling interests		16,654	14,829
LOSS PER SHARE FOR CONTINUING OPERATIONS			
Basic/diluted losses per share	21	(0.37)	(1.69)
LOSS PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS			
Basic/diluted losses per share	21	(0.37)	(1.63)

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 six-month period ended June 30, 2021 and 2020**

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

	Notes	06.30.2021	06.30.2020 (Restated)
<b>CONTINUING OPERATIONS</b>			
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(3,130)	(27,644)
Other comprehensive income:			
Items that might be reclassified subsequently to profit or loss:			
Exchange differences from translation of foreign operations		(166,274)	(507,768)
Effects of hyperinflationary monetary adjustment (note 2.2)	2.2	304,904	89,807
Derivative and hedging transactions		479	1,386
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		<u>135,979</u>	<u>(444,219)</u>
<b>DISCONTINUED OPERATIONS</b>			
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.3	-	5,525
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS		<u>-</u>	<u>5,525</u>
COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:			
Company's owners		93,841	(416,894)
Non-controlling interests		42,138	(27,325)
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO:			
Company's owners		93,841	(415,530)
Non-controlling interests		42,138	(23,164)

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 six-month period ended June 30, 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		-	-	-	-	-	-	(36,948)	(36,948)	14,829	(22,119)
Other comprehensive loss	15	-	-	-	-	-	(378,582)	-	(378,582)	(37,993)	(416,575)
Dividends paid to noncontrolling interests	15	-	-	-	-	-	-	-	-	(3,246)	(3,246)
BALANCE AS OF JUNE 30, 2020		1,440,119	550,676	6,107	116,039	299,071	(2,000,951)	(36,948)	374,113	311,880	685,993
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 (loss) for the period		-	-	-	-	-	-	(19,784)	(19,784)	16,654	(3,130)
Other comprehensive income	15	-	-	-	-	-	113,625	-	113,625	25,484	139,109
Dividends to preferred shares	15	-	-	-	(8,699)	-	-	-	(8,699)	-	(8,699)
Transactions with shareholders, recorded directly in equity	15	-	-	-	-	(5,888)	-	-	(5,888)	(2,024)	(7,912)
Dividends declared to noncontrolling interests	15	-	-	-	-	-	-	-	-	(4,236)	(4,236)
BALANCE AS OF JUNE 30, 2021		1,445,943	603,095	6,107	102,718	258,273	(1,898,103)	(19,784)	498,249	331,815	830,064

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 six-month period ended June 30, 2021 and 2020**

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

	Notes	06.30.2021	06.30.2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit (loss) before income tax and social contribution from continuing and discontinued operations		61,850	(10,701)
Adjustments to reconcile income before income tax and social contribution with net cash generated by (used in) operating activities:			
Depreciation, amortization and impairment losses		77,855	86,087
Recognition of expected credit losses, net		345	263
Recognition (Reversal) of allowance for inventories, net		643	(1,378)
Interest, accrued charges, and exchange differences		83,094	37,456
Gain on sale of long-lived assets		(2,879)	(1,209)
Other noncash operating gains, net		(313)	(12,584)
Decrease (increase) in operating assets:			
Related parties		162	(41)
Trade receivables		(26,643)	(29,863)
Inventories		(50,036)	(20,522)
Recoverable taxes		(18,781)	3,533
Other receivables		(8,201)	98
Increase (decrease) in operating liabilities:			
Related parties		(8)	627
Trade payables		(15,173)	57,416
Payroll and related taxes		(4,305)	(2,729)
Other payables		6,258	(47,946)
Taxes payable		1,902	2,948
Cash generated by operating activities		105,770	61,455
Income tax and social contribution paid		(32,815)	(7,142)
Interest paid		(46,833)	(83,137)
Net cash generated by (used in) operating activities		26,122	(28,824)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Redemption of (Investments in) securities		(18,082)	256
Purchase of property, plant and equipment		(51,383)	(101,378)
Purchase of intangible assets		(4,224)	(4,427)
Cash received from discontinued operations	2.3	2,500	-
Cash received from sale of property, plant and equipment		6,656	1,932
Other		(408)	(351)
Net cash used in investing activities		(64,941)	(103,968)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Borrowings, financing and debentures	10 and 11	38,214	1,118,737
Acquisition of noncontrolling interests	15	(7,912)	-
Repayment of borrowings, financing and debentures	10 and 11	(67,100)	(1,084,108)
Dividends paid	15	(14,242)	(3,246)
Payment of principal portion of lease liabilities	14	(14,052)	(10,534)
Other instruments		583	498
Net cash generated by (used in) financing activities		(64,509)	21,347
DECREASE IN CASH AND CASH EQUIVALENTS		(103,328)	(111,445)
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		1,860	(38,214)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	238,957	333,869
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	137,489	184,210

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 six-month period ended June 30, 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. 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 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 in its business of the pandemic scenario. For the preparation of the condensed consolidated interim financial information for the six-month period ended June 30, 2021, management assessed all relevant estimates, the critical accounting judgments and any indicative of loss on the net realizable values of financial and non-financial assets, concluding that no additional provisions and allowances were deemed necessary due to COVID-19.

**2. Basis of Preparation and Significant Accounting Policies****2.1. Basis of preparation**

The condensed consolidated interim financial information as of and for the six-month period ended June 30, 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 period prior to conversion to the Company's functional currency.

As a result of the above, our condensed consolidated interim financial information for the six-month period ended June 30, 2021, reflects an equity increase of US\$304,904 (US\$89,807 for the period ended June 30, 2020), with reference to the opening balance, reported in other comprehensive income (loss), and also the positive monetary adjustment for the six-month period ended June 30, 2021, presented in financial income, in the amount of US\$11,376 (US\$2,736 for the period ended June 30, 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 in the next five years starting on August 2020, and to provide certain assistance in the transition to the new board of Yguazú Cementos for a period 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 six-month period ended June 30, 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 six-month period ended June 30, 2020 and the reconciliation between presented and restated are presented below:

	06.30.2020		
	Original presented	Discontinued operation	Restated
<b>DISCONTINUED OPERATIONS</b>			
NET REVENUE	591,957	29,017	562,940
COST OF SALES AND SERVICES	(503,339)	(20,456)	(482,883)
GROSS PROFIT	88,618	8,561	80,057
OPERATING INCOME (EXPENSES)			
Administrative and selling expenses	(67,403)	(922)	(66,481)
Other income/(expenses), net	5,540	41	5,499
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	26,755	7,680	19,075
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	48,325	184	48,141
Financial income	8,491	57	8,434
Financial expenses	(94,272)	(1,759)	(92,513)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	(10,701)	6,162	(16,863)
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	(12,324)	(586)	(11,738)
Deferred	906	(51)	957
PROFIT (LOSS) FOR THE PERIOD	(22,119)	5,525	(27,644)
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS ATTRIBUTABLE TO			
Company's owners	(36,948)	1,364	(38,312)
Non-controlling interests	14,829	4,161	10,668

The cash flow generated by the segment for the six-month period ended June 30, 2020 is presented as continued operations. The impacts in the cash flow had if we segregated the impacts of the continued and discontinued operations for the six-month period ended June 30, 2020 are as follows:

	06.30.2020		
	Presented	Discontinued operation	Continued operation
Net cash generated by (used in) operating activities	(28,821)	5,048	(33,869)
Net cash used in investing activities	(103,968)	(343)	(103,625)
Net cash generated by (used in) financing activities	21,347	(9,456)	30,803
Decrease in cash and cash equivalents	(111,442)	(4,752)	(106,690)
Exchange differences on cash and cash equivalents	(38,217)	(257)	(37,960)
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	184,210	15,958	168,252

The outstanding amount to be received as of June 30, 2021 is US\$4,500 (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, while the statements of profit or loss, comprehensive income 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:

Currency	Closing exchange rate (R\$)		Average exchange rate (R\$)	
	06.30.2021	12.31.2020	06.30.2021	06.30.2020
US Dollar	5,00220	5,19670	5,37950	4,87088
Euro	5,92760	6,37790	6,48212	5,37953
Mozambique Metical	0,07959	0,07004	0,08134	0,07329
Egyptian Pound	0,31940	0,33160	0,34167	0,30112
South African Rand	0,34990	0,35400	0,37342	0,30036
Argentinian Peso (*)	0,05226	0,06176	0,05226	0,07772
Paraguayan Guaraní	N/A	N/A	N/A	0,00074

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

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

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

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

#### 4. Cash and Cash Equivalents

	06.30.2021	12.31.2020
Cash and bank accounts	42,479	82,223
Short-term investments	95,010	156,734
Total cash and cash equivalents	137,489	238,957

Short-term investments were as follows:

	06.30.2021	12.31.2020
Short Term Investment in Brazilian Reais (a)	69,650	83,865
Fixed-income funds in Brazilian Reais (b)	238	226
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean Pesos (c)	8,590	48,832
Short-term investments in Euro (d)	-	11,000
Short-term investments in Egyptian Pounds (e)	1,218	1,361
Short-term investments in South African Rand (f)	15,314	11,450
Total short-term investments	95,010	156,734

- a) Short-term investments in Brazilian Reais have a yield between 70% and 105.5% per annum (70% and 125% per annum as of December 31, 2020).
- b) Fixed income funds in Brazilian Reais have a yield of 103.6% per annum of the Interbank Deposit Certificate (CDI) (83.09% per annum as of December 31, 2020).
- c) Represents short-term investments in Argentinean pesos with interest of 30.9% per annum (56.78% per annum as of December 31, 2020).
- d) Deposit in Euros yielded interest of 0.15% per annum as of December 31, 2020. Corresponding investment was withdrawal in 2021.
- e) Deposit in Egyptian pounds yielded interest from 5% to 8.50% per annum in both periods.
- f) Deposit in Rands yielded interest from 3.3% to 3.5% per annum in both periods.

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:

	06.30.2021	12.31.2020
Market investments	1,310	1,212
Investment funds	21,503	21,771
Bonds investments	18,327	-
Total	<u>41,140</u>	<u>22,983</u>
Total - current	39,830	21,771
Total - noncurrent	1,310	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 June 30, 2021 and December 31, 2020. The funds resulted in an unrealized gain of US\$0,491 for the six-month period ended June 30, 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

	06.30.2021	12.31.2020
<u>Current</u>		
Domestic and foreign customers	113,857	94,159
(-) Expected Credit Losses	<u>(11,247)</u>	<u>(17,609)</u>
Trade receivables	<u>102,610</u>	<u>76,550</u>
<u>Noncurrent</u>		
Domestic and foreign customers	2,291	2,339
(-) Expected Credit Losses	<u>(1,684)</u>	<u>(1,640)</u>
Trade receivables	<u>607</u>	<u>699</u>

## 7. Inventories

	06.30.2021	12.31.2020
Current:		
Finished products	18,198	16,538
Work in process	60,102	45,584
Raw material	78,888	64,674
Fuel	36,034	23,519
Spare parts	101,103	89,279
Advances to suppliers	3,016	6,629
Packaging and other	3,069	6,642
Allowance for impairment losses	(39,356)	(39,271)
Total	261,054	213,594
Noncurrent:		
Raw material	36,400	35,825
Spare parts	28,105	26,522
Allowance for impairment losses	(1,079)	(898)
Total	63,426	61,449

## 8. Property, Plant and Equipment

	06.30.2021			12.31.2020
	Cost	Depreciation & Impairment	Net book value	Net book value
Land	93,125	(39,017)	54,108	55,405
Buildings	648,693	(406,727)	241,966	231,630
Machinery and equipment	1,703,678	(1,071,656)	632,022	586,098
Vehicles	112,715	(96,437)	16,278	16,665
Furniture and fixtures	33,461	(31,214)	2,247	2,089
Mines and ore reserves	178,591	(130,772)	47,819	48,041
Reservoirs, dams and feeders	56,137	(22,929)	33,208	32,928
Spare parts	7,431	(1,362)	6,069	6,754
Other	13,529	(10,430)	3,099	2,614
Advances to suppliers	18,119	(6,339)	11,780	11,415
Construction in progress	516,281	(100,997)	415,284	394,634
Total	3,381,760	(1,917,880)	1,463,880	1,388,273



Construction in progress include (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\$315,260 (ARS 30,176,687 thousands) for the six-month period ended June 30, 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. Furthermore, as of June 30, 2021, all detailed engineering is concluded and the construction is substantially completed with the operation expected to start until the end of the year. (ii) improvement in facilities and equipment of the cement plants and (iii) impairment losses in Brazil business segment of US\$100,956 (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 June 30, 2021, there are assets in Brazil business segment given as collateral for loans obtained for their own acquisition in the amount of approximately US\$745 (as of December 31, 2020 in Brazil business segment, the assets given as collateral totalled approximately US\$956).

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)	963	14,839	18,771	3,201	88	5,699	-	-	79	32,566	-	76,206
Additions	-	176	5,494	8	40	-	-	871	625	33,542	29	40,785
Disposals	(4)	(95)	(3)	(593)	(110)	-	-	-	(820)	-	(114)	(1,739)
Depreciation	(106)	(10,643)	(39,844)	(4,315)	(382)	(5,702)	(1,071)	(101)	(225)	-	-	(62,389)
Impairment reversal (provision)	-	-	498	-	113	-	-	-	-	(308)	-	303
Effect of changes in exchange rates	(14,401)	(53,497)	(135,612)	(4,411)	(296)	(6,639)	(11,770)	(788)	(1,829)	(57,036)	(5,346)	(291,625)
Transfers	-	6,481	8,496	985	638	5,536	-	(1,372)	1,051	(21,786)	-	29
Balance as of June 30, 2020	56,854	235,052	672,298	25,317	2,431	45,407	32,203	1,847	6,223	355,288	19,439	1,452,359
Balance as of December 31, 2020	55,405	231,630	586,098	16,665	2,089	48,041	32,928	6,754	2,614	394,634	11,415	1,388,273
Effects of hyperinflationary monetary adjustment (Note 2.1)	1,671	23,825	31,151	3,116	127	6,979	-	-	89	64,763	-	131,721
Additions	-	404	2,848	-	2	-	-	346	957	37,732	-	42,289
Disposals	(4,532)	(53)	(30)	(43)	(10)	-	-	(83)	-	(77)	-	(4,828)
Depreciation	(103)	(8,238)	(33,441)	(3,203)	(351)	(8,081)	(933)	(68)	(1,438)	-	-	(55,856)
Impairment reversal (provision)	1,155	9	(78)	-	-	-	-	-	-	(885)	-	201
Effect of changes in exchange rates	512	(6,416)	2,606	(1,669)	41	(5,422)	1,211	197	20	(29,378)	365	(37,933)
Transfers	-	805	42,868	1,412	349	6,302	2	(1,077)	857	(51,505)	-	13
Balance as of June 30, 2021	54,108	241,966	632,022	16,278	2,247	47,819	33,208	6,069	3,099	415,284	11,780	1,463,880

Additions

During the six-month period ended June 30, 2021 there were additions in the amount of US\$42,289 (US\$40,785 for the six-month period ended June 30, 2020), from which US\$15,957 refers to Argentina business segment (US\$18,432 for the six-month period ended June 30, 2020), primarily due to the increase of the installed capacity on its L'Amalí plant and quarry; and US\$23,966 refers to Brazilian business segment (US\$15,412 for the period ended June 30, 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 period 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 June 30, 2021, there are relevant indicators that property, plant and equipment could be impaired, even considering the pandemic scenario, further commented in note 1 above.

## 9. Other intangible assets and goodwill

	06.30.2021	12.31.2020
Other intangible assets:		
Software licenses	5,386	5,546
Mining rights and concession related assets	83,618	86,674
Project development costs	4,138	3,954
Trademarks, patents and others	16,920	16,676
	<u>110,062</u>	<u>112,849</u>

Goodwill per operating segments:	06.30.2021	12.31.2020
Brazil	549,487	528,920
Argentina	193,486	186,220
Egypt	5,400	5,397
Mozambique	42,000	35,577
South Africa	103,727	101,014
	<u>894,100</u>	<u>857,128</u>

Goodwill is subject to impairment tests annually in the last quarter of the year, or whenever there are indications of impairment. The impairment tests are prepared based on the recoverable amounts of each of the corresponding business segments (cash generating units). As of June 30, 2021, there are no relevant indicators that goodwill could be impaired, even considering the pandemic scenario, further commented in note 1 above.

Changes in intangible assets for the six-month period ended June 30, 2021 and 2020 were as follows:

	Software licenses	Mining rights and concession related assets	Project development costs	Trademarks, patents and others	Goodwill	Total
Balance as of December 31, 2019	5,595	124,877	3,608	16,628	1,076,173	1,226,881
Effects of hyperinflationary monetary adjustment (Note 2.1)	273	-	-	-	55	328
Additions	428	2,734	4,296	1,298	-	8,756
Disposals	-	(1,462)	-	-	-	(1,462)
Amortization	(1,253)	(4,626)	(3,774)	(628)	-	(10,281)
Effect of changes in exchange rates	(953)	(31,302)	(923)	(831)	(268,959)	(302,968)
Balance as of June 30, 2020	<u>4,090</u>	<u>90,221</u>	<u>3,207</u>	<u>16,467</u>	<u>807,269</u>	<u>921,254</u>
Balance as of December 31, 2020	5,546	86,674	3,954	16,676	857,128	969,977
Effects of hyperinflationary monetary adjustment (Note 2.1)	473	-	-	-	24	497
Additions	924	1,960	4,417	224	-	7,525
Disposals	-	(4,584)	-	-	-	(4,584)
Amortization	(1,411)	(4,274)	(3,015)	(122)	-	(8,822)
Impairment	-	-	(1,231)	-	-	(1,231)
Effect of changes in exchange rates	(146)	3,842	13	142	36,948	40,799
Balance as of June 30, 2021	<u>5,386</u>	<u>83,618</u>	<u>4,138</u>	<u>16,920</u>	<u>894,100</u>	<u>1,004,161</u>

## 10. Borrowings and Financing

Functional Currency	Business unit	Type of financing	Currency	Annual Interest rates	Contract date	Maturity	06.30.2021		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	19,552	-	20,250	-
BRL	Holdings and Financial Vehicles (*)	Promissory note (**)	BRL	3% + 100% CDI		Mar-22	19,991	-	22,129	-
ARS	U.N. Argentina	Bilateral	USD	US Libor + (4.25% to 7.70%)		Several	39,919	5,850	39,747	21,782
ARS	U.N. Argentina	Bilateral	EUR	4.00%		Apr-Oct/21	9,491	-	13,354	-
ARS	U.N. Argentina	Working capital	ARS	34.00% - 45.00%		Jul-21	218	-	376	-
MZN	U.N. Mozambique	Bilateral (**)	MZN	Prime Rate + 2%		Jan/24-Aug/25	783	5,409	-	4,818
BRL	U.N. Brazil	Subsidised loan	BRL	2.50% - 5.00%		Dec-24	2,127	4,804	2,095	5,701
BRL	U.N. Brazil	Bilateral	BRL	15.34%		Dec-22	573	2,948	552	2,838
EGP	U.N. Egypt	Bilateral	EGP	Corridor + 1.50%		Apr-24	1,837	6,440	2,669	4,562
EGP	U.N. Egypt	Working capital	EGP	10.00% - 10.50%		Jul-21	16,374	-	16,541	-
							<u>124,865</u>	<u>25,451</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 June 30, 2021 and December 31, 2020, the incurred interest expenses related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to US\$1,836 and US\$2,678 respectively.

Changes in Borrowings and Financing for the six-month period ended June 30, 2021 and 2020 were as follows:

	<b>Borrowings and financing</b>
Balance as of December 31, 2019	971,122
New borrowings and financing	208,246
Payments	(792,066)
Effect of changes in Exchange rates, commissions and other	(36,648)
Balance as of June 30, 2020	<u>350,654</u>
Balance as of December 31, 2020	178,414
New borrowings and financing	38,214
Payments	(69,376)
Effect of changes in Exchange rates, commissions and other	3,064
Balance as of June 30, 2021	<u>150,316</u>

## Maturity schedule

As of June 30, 2021, the noncurrent portion of the borrowings and financing mature as follows:

<b>Period</b>	<b>06.30.2021</b>
2022	5,633
2023	12,768
2024	4,692
2025	2,358
	<u>25,451</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\$19,991 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\$6,192 requires the following ratios at stand-alone figures and in a twelve-month 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

							06.30.2021		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)	-	595,758	-	573,474
BRL	U.N. Brazil	Debenture	BRL	CDI + 3.75%	June-27	a)	-	339,883	-	327,162
EUR	Holdings and Financial Vehicles (*)	Senior Notes	USD	5.75%	July-24	b)	-	546,012	-	546,012
							-	1,481,653	-	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 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 June 30, 2021 and December 31, 2020, the Group holds bonds at the face value of US\$198,812.

As of June 30, 2021 and December 31, 2020, the incurred interest expenses classified in current liabilities and presented as 'Interest payable' amounts to US\$18,772 and US\$17,535, respectively.

Changes in Debentures in the six-month period ended June 30, 2021 and 2020 were as follows:

	Debentures
Balance as of December 31, 2019	960,113
New debentures	910,491
Payments	(292,042)
Effect of changes in Exchange rates, commissions and other	(164,092)
Balance as of June 30, 2020	<u>1,414,470</u>
Balance as of December 31, 2020	1,446,648
Effect of changes in Exchange rates, commissions and other	35,005
Balance as of June 30, 2021	<u>1,481,653</u>

## Maturity schedule

As of June 30, 2021, the non-current portion of debentures mature as follows:

Period	06.30.2021
2023	163,617
2024	733,690
2025	233,738
Following years	<u>350,608</u>
	<u>1,481,653</u>

## Covenants

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

### Debentures

Company agreed with the debentures holders' 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 and group tax positions, assesses the likelihood of losses and recognizes corresponding provisions 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:

	06.30.2021	12.31.2020
Labor and social security	8,236	8,583
Tax (a)	19,581	19,789
Civil and other (b)	38,767	39,846
	66,584	68,218
Judicial deposit (c)	(1,669)	(1,900)
Total	64,915	66,318

- (a) Brazil: Refer to tax assessment notices and lawsuits amounting to US\$5,174 (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\$3,116 (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\$6,702 as of June 30, 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\$3,874 (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\$24,836 (US\$34,425 on December 31, 2020).
- (c) The Group has escrow deposits related to the labor and social security, tax, civil and other risks as follows:

	06.30.2021	12.31.2020
Labor and social security	1,374	1,005
Tax	60	681
Civil and other	235	214
Total	1,669	1,900

Changes in the provision for risks for the six-month period ended June 30, 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)	172	99	55	-	326
Recognition/deposit	968	(306)	1,246	(265)	1,643
Payment	(415)	(110)	(342)	1,016	149
Reversal	(712)	(417)	(104)	-	(1,233)
Exchange differences	(1,529)	(660)	(674)	667	(2,196)
Balance as of June 30, 2020	5,447	15,619	38,016	(1,422)	57,660
Balance as of December 31, 2020	8,583	19,789	39,846	(1,900)	66,318
Effects of hyperinflationary monetary adjustment (Note 2.1)	270	161	101	-	532
Recognition/deposit	736	140	-	(734)	142
Payment	(975)	(283)	(595)	1,017	(836)
Reversal	(450)	(207)	(559)	-	(1,216)
Exchange differences	72	(19)	(26)	(52)	(25)
Balance as of June 30, 2021	8,236	19,581	38,767	(1,669)	64,915

## 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 as per IFRIC 23.

As of June 30, 2021, the Group has an exposure of US\$1,798,520 (US\$1,777,152 as of December 31, 2020), being US\$15,332 of contingent liabilities related to labor contingencies (US\$14,332 as of December 31, 2020), US\$1,590,347 of tax contingencies, including uncertain income tax position as per IFRIC 23 assessment (US\$1,573,768 as of December 31, 2020), and US\$192,841 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 and uncertain tax positions related to Income Tax assessed as “less likely than not” based on IFRIC23, in the amount of US\$1,012,286 (US\$964,911 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; (v) undue charge of a municipal tax (Services Taxes - “ISS”); (vi) disallowance of credits for allegedly undue deduction of the IRPJ and CSLL calculation base, as goodwill amortization resulting from the acquisition of other companies; (vii) 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; (viii) alleged taxation of interest on capital not paid by the Company; and (ix) 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 June 30, 2021, the fines imposed to the Group corresponds to US\$163,400 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 June 30, 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.

#### InterCement Participações

Income tax and social contribution contingencies, and uncertain tax positions that legal advisors assessed as “less likely than not”, based on IFRIC 23, refer primarily to ongoing challenges of taxable income earned abroad by subsidiaries and affiliated entities. The risk exposure is US\$251,121 as of June 30, 2021 (US\$223,392 as of December 31, 2020).

#### Spain

As a result of the tax inspections of the years 2005 to 2008, tax assessments of approximately US\$142,200 (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\$33,180 (US\$34,364 as of December 31, 2020) for 2009 to 2011 and negative taxable income of approximately US\$286,770 (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\$20,181 (US\$20,901 as of December 31, 2020) for 2009-2011, and US\$214,971 (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. The risk exposure is US\$235,151 (US\$243,545 as of December 31, 2020)

#### 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\$314,025 as of June 30, 2021 and US\$325,234 as of December 31, 2020 (equivalent to €265,000 thousand in both periods), 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 that 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 incorporated a correction of US\$117,227 as of June 30, 2021 and US\$121,412 as of December 31, 2020 (equivalent to €98,926 thousands in both periods) to the Group’s Taxable base, corresponding to 25% (cf. Law No. 7-A / 2016, of June 30) of the eliminated results

calculated by the Tax Authority by reference to December 31, 2015, and for that year an additional tax assessment of US\$5,010 (€4,228 thousands) was received and is being contested. Even so, the amount of US\$4,858 (€4,100 thousands) was already compensated with a Company tax credit.

The risk exposure from the dispute above ranges from US\$29,625 through US\$88,874 (equivalent to €25,000 thousands and €75,000 thousands), depending on the outcome of the 2017 inspection over the available tax losses. 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 changes of rights-of-use assets in the six-month period ended June 30, 2021 and 2020 are demonstrated as follows:

#### Changes in 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
Additions	670	-	1,916	33	-	2,619
Write-offs	(67)	(913)	(56)	-	-	(1,036)
Exchange difference	(1,429)	(16,147)	(1,056)	1	(70)	(18,701)
As of June 30, 2020	12,371	45,108	5,603	34	196	63,312
As of December 31, 2020	12,779	79,063	3,849	34	322	96,047
Additions	1,386	3,833	184	-	228	5,631
Write-offs	(3,146)	(803)	-	-	-	(3,949)
Impairment reversal (provision)	(89)	45	-	-	-	(44)
Exchange difference	1,080	3,201	204	-	28	4,513
As of June 30, 2021	12,010	85,339	4,237	34	578	102,198
<b>(-) Accumulated depreciation</b>						
As of December 31, 2019	(2,161)	(16,776)	(591)	-	(152)	(19,680)
Additions	(1,086)	(7,249)	(716)	(7)	(63)	(9,121)
Write-offs	3	420	13	-	-	436
Exchange difference	255	5,104	172	-	48	5,579
As of June 30, 2020	(2,989)	(18,501)	(1,122)	(7)	(167)	(22,786)
As of December 31, 2020	(4,335)	(37,137)	(1,821)	(12)	(234)	(43,539)
Additions	(1,158)	(10,625)	(290)	(19)	(55)	(12,147)
Write-offs	813	257	13	-	-	1,083
Exchange difference	(336)	(2,197)	(79)	-	(14)	(2,626)
As of June 30, 2021	(5,016)	(49,702)	(2,177)	(31)	(303)	(57,229)
Balance as of June 30, 2021	6,994	35,637	2,060	3	275	44,969
Balance as of December 31, 2020	8,444	41,926	2,028	22	88	52,508



The changes in obligations under finance leases between December 31, 2020 and June 30, 2021 as demonstrated below:

Changes in lease liabilities:

	<b>Lease Liabilities</b>
As of December 31, 2019	70,352
Additions, net of write-offs	2,136
Payments	(10,534)
Present value adjust	5,021
Exchange difference	(15,706)
<b>As of June 30, 2020</b>	<b>51,269</b>
As of December 31, 2020	57,477
Additions, net of write-offs	1,682
Payments	(14,052)
Present value adjust	2,177
Exchange difference	2,169
<b>As of June 30, 2021</b>	<b>49,453</b>

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>06.30.2021</b>	<b>12.31.2020</b>
Current	24,222	27,074
Non-current	25,231	30,403
<b>Lease liabilities</b>	<b>49,453</b>	<b>57,477</b>

Lease liabilities - Maturity analysis:

	<b>Lease Liabilities</b>
Less than one year	24,222
One to five years	24,300
More than five years	931
<b>Lease liabilities</b>	<b>49,453</b>

## 15. Shareholder's Equity

### Share Capital

As of June 30, 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\$7,471 (ARS750,000 thousands) of Loma Negra shares, within a period of 90 days. Purchases took 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.

On June 18, 2021, the aforementioned acquisition plan expired and the total approved amount was acquired.

On June 02, 2021, The Board of Director approved another plan to acquire up to the lower of US\$9,674 (ARS975,000 thousands) or 10% of Loma Negra's share capital, within a period of 60 days.

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 six-month period ended June 30, 2021, the movement in this caption relates to the acquisition of non-controlling interest of Loma Negra, following the approved plans to acquire own shares. As of June 30, 2021, Loma Negra already acquired 3,873,880 own shares for a total value of US\$7,912 (ARS794,210 thousands), which US\$5,888 were attributed to Company's owners.

### 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.

At the Ordinary General Assembly held on April 30, 2021, it was declared dividends to preferred shares holders in the amount of US\$8,699 (R\$47,001 thousands), which was paid on May 07, 2021.

## Other comprehensive income attributable to the Company's owners

Other comprehensive income attributable to Company's owners of US\$113,625 (negative of US\$378,582 as of June 30, 2020) corresponds to: i) negative equity recognition of exchange differences from translation of foreign operations in the amount of US\$41,436 (US\$423,948 as of June 30, 2020); (ii) positive equity recognition of derivative and hedging transactions amounting to US\$477, net of taxes (US\$2,006 as of June 30, 2020); and (iii) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US\$154,584 (US\$43,360 as of June 30, 2020).

## Non-controlling interests

### Changes in non-controlling interests

a) In other comprehensive loss attributable to non-controlling interests, the negative amount of US\$25,484 (negative of US\$37,993 as of June 30, 2020) corresponds to: i) negative exchange differences from translation of foreign operations in the amount of US\$124,838 (negative of US\$84,549 as of June 30, 2020), ii) positive equity recognition of derivative and hedging transactions amounting to US\$2 (positive of US\$109 as of June 30, 2020) and (iii) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US\$150,320 (positive of US\$46,447 as of June 30, 2020).

b) Following the aforementioned approved plan to acquire own shares of Loma Negra, during the six month period ended June 30, 2021 were acquired 3,873,880 for a total value of US\$7,912 (ARS794,210 thousands) which US\$2,024 were attributed to non-controlling interests.

c) Special purposes entities (SPEs) controlled by Brazilian subsidiaries declared dividends to non-controlling interests in the amount of US\$4,131 (R\$21,628 thousands), which was fully paid on May 12, 2021. On the same date, it was also paid an amount of US\$1,307 (R\$6,845 thousands) related to dividends declared in 2020. The South African subsidiaries also declared and paid dividends to non-controlling interests in the amount of US\$105.

## 16. Income Tax and Social Contribution

For the six-month period ended June 30, 2021 and 2020, the reconciliation between the nominal and the effective income tax was as follows:

	06.30.2021	06.30.2020 (Restated)
Profit (Loss) before income tax and social contribution	61,850	(16,863)
Tax rate	34%	34%
Income tax and social contribution at statutory rates	(21,029)	5,734
Adjustments to calculate income tax and social contribution at effective rate:		
Permanent additions / (deductions), net (a)	(13,377)	5,337
Interest on capital, net	721	-
Effect of changes in tax rates in Argentinian business (b)	(31,107)	-
Deferred income tax and social contribution over tax losses recognized (not recognized) (c)	8,784	(26,776)
Other (d)	(9,530)	4,924
Income tax and social contribution expense	(64,980)	(10,781)
Current Income tax and social contribution expense	(43,481)	(11,738)
Deferred Income tax and social contribution gain (expense)	(21,499)	957

(a) Includes the effect of the differences in tax rates and other adjustments; which for the six-month period ended June 30, 2021 is a negative impact of US\$8,270 and June 30, 2020 is a positive impact of US\$0,799.

(b) Argentina authorities passed a tax reform resulting in a nominal tax rate of 35% from the previously 30%. Due to that, deferred income tax assets and liabilities were remeasured resulting in a loss of US\$31,107 in the six-month period ended June 30, 2021.

(c) For the period ended June 30, 2020 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 some regions, as Brazil segment, it was possible to partially recognize deferred taxes assets over tax losses from previous years.

(d) For the six-month period ended June 30, 2021, includes: (i) a negative amount of US\$470 related to the impact of monetary adjustment in Argentina due to hyperinflationary economy (positive impact of US\$4,092 for the six-month period ended June 30, 2020) (ii) a negative impact of US\$10,455 as of June 30, 2021 related to positive results recorded in our Spanish subsidiary that were eliminated for consolidation purposes as they were transactions between intragroup entities. Such negative results are deductible for tax purposes in local books and, therefore, represent a permanent difference in the group effective tax rate.

## 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 books and corporate records, to the extent considered realizable by the subsidiaries.

In addition to the income tax charge, in the six-month period ended June 30, 2021 and 2020, the Group recorded deferred taxes in the amount of US\$115 and US\$108, respectively, directly in equity.

## 17. Net Revenue

The breakdown of the Company's net revenues for the six-month period ended June 30, 2021 and 2020 is as follows:

	06.30.2021	06.30.2020 (Restated)
Products sold	897,161	681,483
Services provided	36,189	36,521
(-) Taxes on sales	(89,430)	(70,174)
(-) Discounts	(118,371)	(84,890)
Total	<u>725,549</u>	<u>562,940</u>

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

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

	06.30.2021	06.30.2020 (Restated)
Depreciation and amortization	(76,825)	(81,791)
Impairment reversal (losses), net	(1,030)	303
Salaries and employee benefits	(90,232)	(88,560)
Raw materials and consumables	(133,389)	(127,969)
Tax expenses	(12,400)	(8,352)
Outside services	(56,732)	(54,045)
Rental	(2,760)	(2,928)
Freight expenses	(62,707)	(42,749)
Maintenance costs	(34,592)	(30,056)
Fuel	(71,838)	(51,979)
Electricity	(48,338)	(43,732)
Impairment reversal (recognition) of inventories and trade receivables	(355)	131
Gain on sale of property, plant and equipment	2,879	1,209
Other (a)	7,714	(13,347)
Total	(580,605)	(543,865)
Cost of sales and services	(532,369)	(482,883)
Selling expenses	(28,358)	(22,749)
Administrative expenses	(41,901)	(43,732)
Other income	22,023	5,499
Total	(580,605)	(543,865)

- (a) In 2021 includes US\$12,874 (equivalent to R\$69,256 thousands) related to extemporaneous tax credits of PIS/COFINS (sales taxes), including an earnout on the sale of the corresponding legal proceeding at our subsidiary InterCement Brasil S.A. in prior years, upon the approval of the ruling per Brazilian Supreme Court of the exclusion of ICMS (state VAT) from the computation basis of such sales taxes occurred on May 2021. Additionally, interest income was recorded in the amount of US\$10,562 (equivalent to R\$56,822 thousands), classified as financial income in note 19.

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

	06.30.2021	06.30.2020 (Restated)
Foreign exchange gain (losses), net (a):		
Exchange gain	85,551	140,762
Exchange loss	(121,817)	(92,621)
Total	<u>(36,266)</u>	<u>48,141</u>
Financial income:		
Inflation adjustment	2,599	1,097
Effects of Hyperinflationary monetary adjustments (b)	11,376	2,736
Financial earnings	1,254	1,861
Interest income	277	201
Derivative financial instruments	-	1,738
Other income (c)	10,165	801
Total	<u>25,671</u>	<u>8,434</u>
Financial expenses:		
Inflation adjustment	(2,712)	(4,675)
Expenses on interest and charges	(52,196)	(55,030)
Expenses on banking commissions	(1,810)	(3,925)
Fines	(1,662)	(275)
Derivative financial instruments	(549)	-
Lease liabilities present value	(2,177)	(5,625)
Other expenses (d)	(11,393)	(22,983)
Total	<u>(72,499)</u>	<u>(92,513)</u>

- (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).
- (c) In 2021, includes interest income of US\$ US\$10,562 (equivalent to R\$56,822 thousands) related to extemporaneous tax credits of PIS/COFINS (sales taxes) referred to in note 18(a).
- (d) In the six-month period ended June 30, 2020, includes US\$2,324 related with financial operations taxes paid over intercompany loans transactions in the period; and US\$13,806 related with bank commissions incurred as part of the new debentures issued by the Company and its Brazilian subsidiary (see note 11). The recognition as expenses of such commissions is in light with IFRS9. When a debt instruments is accounted for as an extinguishment of the original debt, fees incurred should be immediately recognized as part of gain or loss on the extinguishment.



## 20. Commitments

### Purchase agreements

Our subsidiary 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:

	06.30.2021
2021	19,855
2022	32,713
2023	28,787
2024	23,256
Total	<u>104,611</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:

	06.30.2021
2021	30,820
2022	26,800
2023	14,190
2024	14,190
After 2024	99,080
Total	<u>185,080</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\$5,669 (ARS542,630 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\$13,770 (ARS1,318,018 thousands), to be paid during 2021 and US\$8,831 (ARS845,265 thousands) to be paid during 2022.

The Argentina segment signed energy supply contracts with certain suppliers, in the total amount of US\$7,082 (ARS677,856 thousands) to be paid during 2021 and 2022 and US\$14,163 (ARS1,355,713 thousands) to be paid during 2022 and US\$127,394 (ARS12,194,123 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\$23,145 (ARS2,215,400 thousand), plus US\$107,700 (ARS10,309,044 thousand) and US\$48,940 (€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 June 30, 2021 is US\$3,505 (ARS335,477 thousands).

## 21. Earnings (loss) Per Share

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

	06.30.2021	06.30.2020 (Restated)
<b>Loss for the period from continuing and discontinuing operations attributable to Company's owners</b>	(19,784)	(36,948)
Loss for the period attributable to common shares	(19,784)	(36,948)
Weighted average number of common shares	52,920,764	22,687,439
Basic/diluted loss per common share	(0.37)	(1.63)
<b>Loss for the period from continuing operations attributable to Company's owners</b>	(19,784)	(38,312)
Loss for the period attributable to common shares	(19,784)	(38,312)
Weighted average number of common shares	52,920,764	22,687,439
Basic/diluted loss per common share	(0.37)	(1.69)

## 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, debentures 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 in 2020 and the ratio Net Debt / Adjusted EBITDA in upcoming year. 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 June 30, 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 financing 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	06.30.2021	12.31.2020
Assets:							
CDI	-	-	69,888	139	-	70,029	84,274
Total	-	-	69,888	139	-	70,029	84,274
Liabilities:							
IGP-M	-	-	-	-	8,928	8,928	7,384
CDI	19,991	935,641	-	-	-	955,632	922,765
LIBOR	59,769	-	-	-	-	59,769	82,530
Prime Rate	6,192	-	-	-	-	6,192	4,818
Corridor Rate (Egypt)	8,277	-	-	-	-	8,277	7,231
Total	94,229	935,641	-	-	8,928	1,038,798	1,024,728

As of June 30, 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:

	06.30.2021	12.31.2020
Floating rates	63%	63%
Fixed rates	37%	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 Brazilian Reais, 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:

	06.30.2021	12.31.2020
<b>Assets:</b>		
Cash, cash equivalents and securities	11,910	31,101
Trade receivables	2,849	7,893
Related parties (a)	763,566	212,037
Other assets	6,929	18,266
<b>Exposed assets</b>	<b>785,254</b>	<b>269,297</b>
<b>Liabilities:</b>		
Borrowings, financing and debentures (note 10 and 11)	615,271	806,353
Interest payable	15,738	16,110
Foreign trade payables	24,105	52,569
Related parties (a)	1,416,578	1,296,834
Other liabilities	599	6,155
<b>Exposed liabilities</b>	<b>2,072,291</b>	<b>2,178,021</b>
<b>Exposed net position liability</b>	<b>(1,287,037)</b>	<b>(1,908,724)</b>

(a) Include 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	06.30.2021		12.31.2020	
		Currency	USD	Currency	USD
ARS	USD	633	633	157	157
EGP	USD	1,241	1,241	1,259	1,259
EUR	USD	8,924	8,924	28,465	28,464
MZN	USD	392	392	382	382
ARS	EUR	15	12	16	13
EGP	EUR	92	78	109	88
MZN	EUR	541	457	440	358
EUR	EGP	2,705	173	2,742	175
MZN	ZAR	-	-	3,011	205
Amount exposed to foreign exchange risks			11,910		31,101
BRL	BRL	354,052	70,779	442,923	85,232
EUR	EUR	34,064	28,746	65,624	53,471
ARS	ARS	2,983,523	31,169	4,339,317	51,566
MZN	MZN	771,533	12,276	1,392,084	18,762
EGP	EGP	67,512	4,311	51,684	3,297
ZAR	ZAR	259,164	18,128	253,955	17,299
Amount by functional currency			165,409		229,627
			<u>177,319</u>		<u>260,728</u>

The main debt instruments (essentially related with loans and debentures) as of June 30, 2021 and December 31, 2020, and considering the effect of the existing cross currency swaps, were denominated in the following currencies:

	06.30.2021	12.31.2020
USD	37%	38%
BRL	59%	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.

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 pandemic which started in 2020, management reassessed the assumption related to the risk of defaults of our clients on 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 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 June 30, 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 June 30, 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 June 30, 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%
Libor	USD	(59,769)	(598)	(1,195)	(1,793)
CDI	BRL	(885,604)	(8,856)	(17,712)	(26,568)

### 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 June 30, 2021, the significant impacts on net financial results would be as follows:

Transaction Currency	Amount in US\$ Asset (liability)	Local Currency	FX rate	USD depreciation		USD appreciation	
			Local / Transaction	-10%	-5%	5%	10%
US\$	(574,577)	EUR	0.84	57,458	28,729	(28,729)	(57,458)
US\$	(46,124)	ARS	95.72	4,612	2,306	(2,306)	(4,612)
US\$	(19)	BRL	5.00	2	1	(1)	(2)
US\$	16,847	ZAR	14.30	(1,685)	(842)	842	1,685
US\$	(6,436)	EGP	15.66	644	322	(322)	(644)
US\$	(19,497)	MZN	62.85	1,950	975	(975)	(1,950)
<u>(629,806)</u>			Total exposure transaction currency x local currency				

Transaction Currency	Amount in US\$ Asset (liability)	Local Currency	FX rate	EUR depreciation		EUR appreciation	
			Local / Transaction	-10%	-5.0%	5.0%	10.0%
EUR	(14)	ZAR	16.94	1	0	(0)	(1)
EUR	(5,263)	BRL	5.93	375	187	(187)	(375)
EUR	(51,947)	EGP	18.56	3,699	1,850	(1,850)	(3,699)
EUR	(9,478)	ARS	113.43	675	337	(337)	(675)
EUR	755	MZN	74.48	(54)	(27)	27	54
<u>(65,947)</u>			Total exposure transaction currency x local currency				

Transaction Currency	Amount in US\$ Asset (liability)	Local Currency	FX rate	EGP depreciation		EGP appreciation	
			Local / Transaction	-10%	-5.0%	5.0%	10.0%
EGP	3,752	EUR	0.05	(375)	(188)	188	375
<u>3,752</u>			Total exposure transaction currency x local currency				

Transaction Currency	Amount in US\$ Asset (liability)	Local Currency	FX rate	ZAR depreciation		ZAR appreciation	
			Local / Transaction	-10%	-5.0%	5.0%	10.0%
ZAR	35	MZN	4.40	(3)	(2)	2	3
<u>35</u>			Total exposure transaction currency x local currency				

Transaction Currency	Amount in US\$ Asset (liability)	Local Currency	FX rate	BRL depreciation		BRL appreciation	
			Local / Transaction	-10%	-5.0%	5.0%	10.0%
BRL	(595,072)	EUR	0.17	59,507	29,754	(29,754)	(59,507)
<u>(595,072)</u>			Total exposure transaction currency x local currency				



## 22.9. Categories of financial instruments

	06.30.2021	12.31.2020
Current assets:		
Cash and bank accounts (Note 4)	42,479	82,223
Financial assets at amortized cost:		
Securities - bonds investments (Note 5)	18,327	-
Trade receivables (Note 6)	102,610	76,550
Other receivables	44,796	37,444
Financial assets at fair-value through profit & Loss:		
Short-term investments - financial asset	95,010	156,734
Securities - Investments funds (Note 5)	21,503	21,771
Non-current assets:		
Financial assets at amortized cost:		
Trade receivables (Note 6)	607	699
Other receivables	30,120	29,215
Long-term investments - financial asset (Note 5)	1,310	1,212
Financial assets at fair-value through profit & loss:		
Derivatives (Note 22.10)	4,349	4,754
Current liabilities:		
Financial liabilities at amortized cost:		
Borrowings and financing (Note 10)	124,865	124,713
Trade payables	218,021	235,155
Interest payable (Notes 10 and 11)	20,608	20,213
Lease liabilities (Note 14)	24,222	27,074
Other payables	31,910	32,647
Non-current liabilities:		
Financial liabilities at amortized cost:		
Debentures (Note 11)	1,481,653	1,446,648
Borrowings and financing (Note 10)	25,451	53,701
Trade payables	281	1,638
Lease liabilities (Note 14)	25,231	30,403
Other payables	27,217	25,443

## 22.10. Derivative transactions

As of June 30, 2021, and December 31, 2020, the fair value of derivatives is as follows:

	Assets		Liabilities	
	Non-current		Non-current	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Written-put options ("Baesa", "Machadinho" and "Estreito" operations)	4,349	4,754	-	-
	4,349	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 June 30, 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 June 30, 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	21,503	95,010	-
Financial assets at fair value	Financial derivative instruments	-	-	4,349

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:

	06.30.2021		12.31.2020	
	Amortized cost	Fair value	Amortized cost	Fair value
Borrowing and financing (Note 9)	150,316	150,368	178,414	163,848
Debentures (Note 10)	1,481,653	1,433,036	1,446,648	1,343,500
Leases liabilities (Note 14)	49,453	46,533	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:

	06.30.2021				06.30.2020 (Restated)			
	Net Revenue			Results	Net Revenue			Results
	Foreign sales	Intersegment sales	Total		Foreign sales	Intersegment sales	Total	
Operating segments:								
Brazil	270,025	6,603	276,628	67,709	198,832	231	199,063	(4,701)
Argentina	280,637	-	280,637	68,045	218,157	-	218,157	37,382
Egypt	43,166	-	43,166	(2,716)	47,324	-	47,324	(4,153)
Mozambique	53,876	-	53,876	8,968	53,793	-	53,793	2,917
South Africa	71,258	-	71,258	9,887	44,811	-	44,811	1,473
Total	718,962	6,603	725,565	151,893	562,917	231	563,148	32,918
Unallocated (a)	(28,782)	64,134	35,352	(6,949)	23	7,857	7,880	(13,843)
Eliminations	35,369	(70,737)	(35,368)	-	-	(8,088)	(8,088)	-
Sub-total	725,549	-	725,549	144,944	562,940	-	562,940	19,075
Income before financial income (expenses)				144,944				19,075
Foreign exchange, net				(36,266)				48,141
Financial income				25,671				8,434
Financial expenses				(72,499)				(92,513)
Income (loss) before income tax and social contribution				61,850				(16,863)
Income tax and social contribution				(64,980)				(10,781)
Profit (Loss) for the year from continuing operations				(3,130)				(27,644)
Profit for the year from discontinued operations (note 2.3)				-				5,525
Profit/(Loss) for the year				(3,130)				(22,119)

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

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

	<b>Noncontrolling interests</b>	
	<b>06.30.2021</b>	<b>06.30.2020 (Restated)</b>
Continuing operating segments:		
Brazil	7,561	8,033
Argentina	7,232	4,470
Egypt	(66)	(789)
Mozambique	1,934	(1,935)
South Africa	283	709
	<u>16,944</u>	<u>10,488</u>
Unallocated	(290)	180
	<u>16,654</u>	<u>10,668</u>
Discontinued operating segments (note 2.3)	-	4,161
Profit for the year attributable to non-controlling interests	<u>16,654</u>	<u>14,829</u>

Other information:

	<b>06.30.2021</b>		<b>06.30.2020 (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	26,044	38,100	16,699	37,266
Argentina	15,957	23,224	25,752	23,409
Egypt	5,687	8,087	3,295	7,946
Mozambique	577	2,776	1,531	7,439
South Africa	1,547	5,522	1,285	5,321
	<u>49,812</u>	<u>77,709</u>	<u>48,562</u>	<u>81,381</u>
Unallocated	2	146	597	107
Total	<u>49,814</u>	<u>77,855</u>	<u>49,159</u>	<u>81,488</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 June 30, 2021 and December 31, 2020 are as follows:

	06.30.2021			12.31.2020		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	1,426,341	681,225	745,116	1,343,169	652,609	690,560
Argentina	1,092,121	296,538	795,583	1,027,590	302,340	725,250
Egypt	283,279	268,851	14,428	279,245	259,207	20,038
Mozambique	183,611	129,848	53,763	164,210	140,941	23,269
South Africa	335,802	51,440	284,362	333,315	58,168	275,147
Total	3,321,154	1,427,902	1,893,252	3,147,529	1,413,265	1,734,264
Unallocated	206,106	1,269,294	(1,063,188)	251,235	1,270,567	(1,019,332)
Eliminations	(232,663)	(232,663)	-	(233,056)	(233,056)	-
Total	3,294,597	2,464,533	830,064	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

On July 15, 2021, the Company paid interests in the amount of US\$15,845 to Senior Notes holders.

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

At the meeting held on August 24, 2021, the Board of Directors authorized the issuance of this condensed consolidated interim financial information, being approved by them for disclosure.