INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated Financial Statements for the year ended December 31, 2021

InterCement

Building sustainable partnerships

São Paulo Corporate Towers
Av. Presidente Juscelino Kubitschek, 1.909
Vila Nova Conceição
04543-011 - São Paulo – SP - Brasil

Tel: +55 11 2573-3000
ey.com.br

Independent auditor’s report on the consolidated financial statements

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

Opinion

We have audited the consolidated financial statements of InterCement Participações S.A. and its subsidiaries (the “Company”), which comprise the consolidated statement of financial position as of December 31, 2021, and the consolidated statements of profit or loss, of comprehensive income (loss), of changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of InterCement Participações S.A. as of December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for opinion

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

Key audit matters

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

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

Goodwill impairment test

As of December 31, 2021, as described in Note 8, the Company has recorded goodwill of US$806,202 thousand, generated in business combinations from prior years, representing 24% of total assets, on that date. At least once a year, the Company performs impairment test of goodwill, based on estimates of future profitability that take in consideration the business plans and annual budget, adopted by management. The methodology and modeling used to determine the recoverable value of this asset, which was based on the Company's discounted cash flows of each cash-generating unit, refer to estimates that include subjective assumptions that were used by Management and involve a high degree of judgment, information and expected market and economic conditions, determination of discount rates, country risks and company specific risk premiums (at the component levels), among others.

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

How our audit conducted this matter

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

Additionally, we compared the recoverable amounts determined by Company's management, based on the discounted cash flows for each cash-generating unit, with the corresponding carrying amounts, and evaluated the adequacy of the disclosures in Note 8 to the consolidated financial statements as of December 31, 2021.

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

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

As of December 31, 2021, as described in Notes 9 and 10, the Company has recorded borrowings, financing and debentures contracts in the total amount of US$1,545,992 thousand, out of which US$1,423,734 thousand classified as non-current liabilities, representing 47% and 43%, respectively, of total liabilities and equity on that date. These borrowings, financing and debentures are subject of compliance with annual restrictive covenants, which are calculated using certain financial ratios, as agreed with the creditors. The failure to comply with these covenants may result in the declaration of early maturity of such contracts, as well as other borrowings and financing due to cross default, which would require the Company to pay the respective outstanding amounts immediately on the date of any default, significantly impacting its financial position, reason why we considered the compliance with the referred restrictive clauses as a significant risk to our audit.

How our audit conducted this matter

Our audit procedures included, among others: (i) reading and understanding the restrictive clauses (“covenants”) from such borrowings, financing and debentures, including any new contracts in the current year; (ii) analysis and review of the covenants' calculation performed by management, and; (iii) confirmation of the restrictive clauses through available information from the fiduciary agents. We also assessed the adequacy of the disclosures in Notes 9 and 10 to the consolidated financial statements as of December 31, 2021.

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

Deferred tax assets impairment test

As of December 31, 2021, as described in Note 16, the Company has recorded deferred tax assets in the amount of US$181,496 thousand, which recognition and recoverability are based on analysis prepared by the management, in respect of generation of future taxable income. The preparation of such a study requires significant judgment in determining the projection of future taxable income.

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

How our audit conducted this matter

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

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

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

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

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

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

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

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

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

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

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

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

São Paulo, March 16, 2022.

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

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated statements of financial position as of December 31, 2021 and 2020

(In thousands of U.S. Dollars – US$)

ASSETS	Notes	12.31.2021	12.31.2020
CURRENT ASSETS			
Cash and cash equivalents	3	205,803	238,957
Securities	4	40,899	21,771
Trade receivables	5	82,032	76,550
Inventories	6	222,739	213,594
Recoverable taxes		42,629	39,468
Other receivables		29,529	37,444
Total current assets		623,631	627,784
NONCURRENT ASSETS			
Securities	4	1,103	1,212
Trade receivables	5	372	699
Inventories	6	81,942	61,449
Recoverable taxes		23,285	9,879
Deferred income tax and social contribution	16	82,845	6,945
Judicial deposits		12,490	13,013
Derivatives	24.10	1,303	4,754
Other assets and receivables		35,258	29,215
Right-of-use assets	14	30,249	52,508
Property, plant and equipment	7	1,500,304	1,388,273
Intangible assets:			
Goodwill	8	802,209	857,128
Other intangible assets	8	107,010	112,849
Total noncurrent assets		2,678,370	2,537,924
TOTAL ASSETS		3,302,001	3,165,708

LIABILITIES AND EQUITY	Notes	12.31.2021	12.31.2020
CURRENT LIABILITIES			
Trade payables		258,467	235,155
Borrowings and financing	9	122,618	124,713
Interest payable	9 and 10	24,503	20,213
Leases liabilities	14	19,069	27,074
Taxes payable		64,099	76,708
Payroll and related taxes		38,883	37,226
Advances from customers		19,539	14,896
Other payables		26,758	32,647
		573,936	568,632
NONCURRENT LIABILITIES			
Trade payables		-	1,638
Debentures	10	1,384,628	1,446,648
Borrowings and financing	9	38,746	53,701
Leases liabilities	14	15,250	30,403
Provision for tax, civil and labor risks	11	46,163	66,318
Provision for environmental recovery	12	12,688	18,798
Taxes payable		7,470	12,804
Deferred income tax and social contribution	16	215,391	226,391
Other payables		25,597	25,443
Total noncurrent liabilities		1,745,933	1,882,144
TOTAL LIABILITIES		2,319,869	2,450,776
SHAREHOLDER'S EQUITY			
Capital	15	1,445,943	1,445,943
Capital reserves	15	603,095	603,095
Earnings reserves	15	494,151	381,685
Other comprehensive loss		(1,938,416)	(2,011,728)
Equity attributable to the Company's owners		604,773	418,995
Non-controlling interests	15	377,359	295,937
Total equity		982,132	714,932
TOTAL LIABILITIES AND EQUITY		3,302,001	3,165,708

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated statements of profit or loss for the years ended December 31, 2021 and 2020

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

	Notes	12.31.2021	12.31.2020
CONTINUING OPERATIONS			
NET REVENUE	17	1,694,373	1,278,111
COST OF SALES AND SERVICES	18	(1,254,067)	(1,042,205)
GROSS PROFIT		440,306	235,906
OPERATING INCOME (EXPENSES)			
Selling expenses	18	(70,951)	(47,172)
Administrative expenses	18	(98,899)	(89,829)
Other income (loss)	18	19,057	(20,863)
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		289,513	78,042
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	19	(14,033)	119,517
Financial income	19	59,390	22,705
Financial expenses	19	(167,343)	(167,723)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		167,527	52,541
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	16	(80,871)	(43,579)
Deferred	16	100,722	(1,057)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		187,378	7,905
DISCONTINUED OPERATIONS			
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	2.24	-	27,568
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO			
Company's owners		139,282	(4,622)
Non-controlling interests		48,096	40,095
EARNINGS (LOSS) PER SHARE FOR CONTINUING OPERATIONS			
Basic/diluted earnings (loss) per share	21	2.63	(1.63)
EARNINGS (LOSS) PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS			
Basic/diluted earnings (loss) per share	21	2.63	(0.20)

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated statements of comprehensive income (loss) for the years ended December 31, 2021 and 2020

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

	Notes	12.31.2021	12.31.2020
CONTINUING OPERATIONS			
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		187,378	7,905
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Employee benefits		346	42
Items that might be reclassified subsequently to profit or loss:			
Exchange differences from translation of foreign operations		(491,701)	(679,307)
Effects of hyperinflationary monetary adjustment	2.1	613,334	251,790
Derivative and hedging transactions		959	2,520
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		310,316	(417,050)
DISCONTINUED OPERATIONS			
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	2.24	-	27,568
TOTAL COMPREHENSIVE INCOME FOR THE YEAR FROM DISCONTINUED OPERATIONS		-	27,568
COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:			
Company's owners		212,594	(427,333)
Non-controlling interests		97,722	10,283
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO:			
Company's owners		212,594	(393,981)
Non-controlling interests		97,722	4,499

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Consolidated statements of changes in shareholders' equity for the years ended December 31, 2021 and 2020

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

				Earnings reserves							
	Notes	Share capital	Capital Reserves	Legal	Capital Budget	Transactions with non-controlling interests	Other comprehensive income (loss)	Accumulated profit / (losses)	Total attributable to Company's owners	Non-controlling interests	Total equity
BALANCE AS OF DECEMBER 31, 2019		1,440,119	550,676	6,107	116,039	299,071	(1,622,369)	-	789,643	338,290	1,127,933
Capital increase and acquisition of non-controlling interest	15	5,824	52,419	-	-	(34,910)	-	-	23,333	(23,333)	-
Profit (losses) for the year		-	-	-	-	-	-	(4,622)	(4,622)	40,095	35,473
Appropriation of losses for the year to reserves	15	-			(4,622)	-	-	4,622	-	-	-
Other comprehensive loss	15	-	-	-	-	-	(389,359)	-	(389,359)	(35,596)	(424,955)
Capital increase by Loma Negra C.I.A.S.A. in Ferrosur Roca S.A.	15	-	-	-	-	-	-	-	-	5,734	5,734
Dividends declared and partially paid to noncontrolling interests	15	-	-	-	-	-	-	-	-	(29,253)	(29,253)
BALANCE AS OF DECEMBER 31, 2020		1,445,943	603,095	6,107	111,417	264,161	(2,011,728)	-	418,995	295,937	714,932
Profit for the year		-	-	-	-	-	-	139,282	139,282	48,096	187,378
Appropriation of profit for the year to reserves	15	-	-	6,964	132,318	-	-	(139,282)	-	-	-
Other comprehensive income	15	-	-	-	-	-	73,312	-	73,312	49,626	122,938
Dividends to preferred shares	15	-	-	-	(8,699)	-	-	-	(8,699)	-	(8,699)
Transactions with shareholders, recorded directly in equity	15	-	-	-	-	(18,117)	-	-	(18,117)	(5,910)	(24,027)
Dividends declared and paid to noncontrolling interests	15	-	-	-	-	-	-	-	-	(10,390)	(10,390)
BALANCE AS OF DECEMBER 31, 2021		1,445,943	603,095	13,071	235,036	246,044	(1,938,416)	-	604,773	377,359	982,132

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

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Consolidated statements of cash flows for the years ended December 31, 2021 and 2020

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

	Notes	12.31.2021	12.31.2020
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax and social contribution from continuing and discontinued operations		167,527	98,144
Adjustments to reconcile income before income tax and social contribution			
with net cash generated by (used in) operating activities:			
Depreciation, amortization and impairment losses	18	171,955	205,656
Recognition (reversal) of expected credit losses, net	18	1,057	(689)
Recognition of allowance for inventories, net	18	7,894	26,239
Interest, accrued charges, and exchange differences		121,987	27,477
Loss (gain) on sale of long-lived assets	18	5,764	(352)
Gain on sale of discontinued operations	2.24	-	(38,542)
Other noncash operating gains, net		1,217	4,146
Decrease (increase) in operating assets:			
Related parties		162	18
Trade receivables		(14,540)	(16,008)
Inventories		(56,578)	(1,417)
Recoverable taxes		(17,289)	25,502
Other receivables		(625)	27,599
Increase (decrease) in operating liabilities:			
Related parties		(8)	2,035
Trade payables		35,025	48,240
Payroll and vacation payable		6,131	11,196
Other payables		(21,962)	(66,735)
Taxes payable		(15,249)	14,450
Cash generated by operating activities		392,468	366,959
Income tax and social contribution paid		(79,409)	(25,164)
Interest paid		(111,200)	(142,642)
Net cash generated by operating activities		201,859	199,153
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in securities		(24,413)	(3)
Purchase of property, plant and equipment		(129,722)	(168,084)
Purchase of intangible assets		(8,465)	(7,203)
Cash received from discontinued operations	2.24	4,000	92,757
Cash received from sale of property, plant and equipment		10,919	5,298
Other		(920)	(937)
Net cash used in investing activities		(148,601)	(78,172)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings, financing and debentures	9 and 10	326,002	1,114,333
Acquisition of noncontrolling interests	15	(24,027)	(11)
Repayment of borrowings, financing and debentures	9 and 10	(342,011)	(1,293,699)
Dividends paid	15	(20,433)	(27,909)
Payment of principal portion of lease liabilities	14	(27,482)	(32,159)
Other instruments		987	963
Net cash used in financing activities		(86,964)	(238,482)
DECREASE IN CASH AND CASH EQUIVALENTS		(33,706)	(117,501)
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		552	22,589
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3	238,957	333,869
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3	205,803	238,957

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

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES

Notes to the consolidated financial statements for the year ended December 31, 2021 and 2020

(Amounts in thousands of U.S. Dollars - US$, unless otherwise stated)

1. General Information

InterCement Participações S.A. ("Company" or "ICP") is a privately-held company headquartered in the City of São Paulo, State of São Paulo, Brazil, engaged in holding equity interests and investments abroad, leading a business group operating in 5 countries ("ICP Group" or "Group"). Its ultimate parent company is Mover Participações S.A..The Group is primarily engaged in the manufacture and sale of cement and cement by-products, in addition to the extraction of the minerals used to manufacture these products.

The Company owns 34 cement plants, 44 concrete plants, and 6 aggregates plants (located in Brazil, Argentina, Egypt, Mozambique and South Africa). Additionally, in Brazil it holds participation in hydroelectric power generation equity interests and assets.

Refinancing of debts and debt pushdown to the Brazilian subsidiary

On June 8, 2020, the Company concluded a debenture issuance by InterCement Participações S.A. and InterCement Brasil S.A. in an aggregate principal amount of R$4,676,827 thousands (equivalent to approximately US$910,490 considering the exchange currency rate at the date of the transaction). The proceeding was fully addressed to prepay existing debts at the time.

On September 30, 2021, the Brazilian subsidiary, InterCement Brasil S.A., issued new debentures in the amount of R$1,000,000 thousands (equivalent to approximately US$183,844, considering the exchange rate at the date of the transaction). The proceeding was fully allocated to liquidate a portion of the debentures issued by the InterCement Participações S.A. on June 8, 2020 as if the original debt was pushed down to the Brazilian subsidiary. The consolidated leverage of the Group remained the same. Further considerations in note 10.

Sales of Paraguay Business operations 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 goal of the Company was to seek and execute high potential projects, for this reason, after having started marketing operations in Paraguay in 2000, built and operated the factory since 2013, and after reaching high standards of production and profitability, Management decided to sell such operations in prior year.

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

The transaction sales price was US$107,000. The amount of US$100,000 was collected at the transaction date and the remaining balance is being collected on a monthly basis. In 2020, Loma Negra applied the proceedings received to anticipate the liquidation of existing debts and to distribute dividends to its shareholders (see Note 15 below).

As required by International Financial Reporting Standard 5 (“IFRS 5”) – Non Current Assets Held for Sale and Discontinued Operating Units, Paraguay segment is presented as “Discontinued operations” in the statement of profit or loss and comprehensive income or loss for the year ended 2020. See Note 2.24 for further information.

Effects of the Coronavirus pandemic (COVID-19)

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

The global market was severed impacted, resulting in volatility and uncertainties in several perspectives and also about Global Gross Domestic Product (“GDP”) at the time.

In 2020, Management quickly responded to the situation and created committees in each business to respond to the situation with the purpose to prevent labours contamination and implement measures to mitigate or reduce the impact in Company´s business, clients, suppliers, credits and community.

The committees constantly reported to Company´s board and impacts in economy and society were closely monitored by this multi-task team and decisions were taken as deemed necessary.

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

In 2021, a “second wave” of the pandemic has come across in many countries, including those where the Group operates. In the last quarter of 2021, a virus variant (Omicron) was identified, bringing uncertainties once again about new waves and potential need of new lockdowns.

Nevertheless, in 2021, the operations were not ceased due to COVID-19 at any time and, at the date of the issuance of the consolidated financial statements, the operations are running without any restrictions besides the ones already taken by the Group as a consequence of the “first wave”. Moreover, some of our businesses are delivering better than expected results despite the pandemic since the construction and cement segments were less severely impacted in most of the regions.

In the preparation of the consolidated financial statements for the year ended December 31, 2021, Management assessed all relevant estimates, critical accounting judgments and the evaluation of net realizable values of long-lived assets (including Goodwill and deferred tax assets) considering any impact resulting from the pandemic and/or market conditions. Based on such analysis, Management concluded to be adequate the recognition of impairment losses of the goodwill in Mozambique (see Note 8 below).

2. Basis of Preparation and Significant Accounting Policies

2.1. Basis of presentation

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

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

The Company’s functional currency is the Brazilian real (R$) and the financial statements are presented in U.S. Dollars (presentation currency), for the convenience of stakeholders outside Brazil. As prescribed by IAS 21, paragraph 38 - The Effects of Changes in Foreign Exchange Rates, the Company may present its financial statements in any currency. The selection of U.S. Dollars for presentation currency consider (i) the fact the Brazilian Real presents certain challenges for benchmarking certain business operations; (ii) that world trade reference prices for clinker and cement are denominated in U.S. Dollars, and; (iii) the importance and relevance to our stakeholders to have the financial information presented in U.S. Dollars, which the currency is a benchmark that trades against other major currencies (including Euro, Japanese yen, and British pound).

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

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

IAS 29 requires that the financial statements recorded in a hyperinflationary currency be adjusted by applying a general price index and expressed in the measuring unit (the hyperinflationary currency) current at the end of the reporting period. As a result of the above, our consolidated financial statements for the year end December 31, 2021 and 2020 reflect hyperinflation accounting for our Argentinean subsidiaries applying IAS 29 rules.

The impacts of such accounting standard in our consolidated financial statements for the year ended December 31, 2021 were an equity increase of US$613,334 (US$251,790 as of December 31, 2020), with reference to the opening balance, reported in other comprehensive income (loss), mainly arising from the revaluations of Property, plant and equipment and Intangible assets (Notes 7 and 8) and also the impact of the year presented as financial income, amounting of US$18,855 (US$9,907 as of December 31, 2020) (Note 19).

2.2. New standards and interpretations, revisions and amendments

a) New standards and interpretations came into effect during the year ended December 31, 2021:

Standard	Effective date	Description
IFRS 7, IFRS 9, IFRS4, IFRS16 and IAS 39 - Interest Rate Benchmark Reform	January 1, 2021	The amendments to IFRS 9 and IAS 39 Financial Instruments: The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include some practical expedients in the adoption.
IFRS 16 Covid-19 Related Rent Concessions	April 1, 2021	On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

Management evaluated the respective amendments to the pronouncements and concluded that no adjustments were required to the consolidated financial statements for the year ended December 31, 2021 due to the corresponding adoptions (where applicable).

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

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard	Effective date	Description
IFRS 17 – Insurances Contracts	January 1, 2023	In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with

Standard	Effective date	Description
		discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by: • A specific adaptation for contracts with direct participation features (the variable fee approach) • A simplified approach (the premium allocation approach) mainly for short-duration contracts IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required.
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	January 1, 2023	In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group will assess the impact of the amendments on current practice.
Reference to the Conceptual Framework – Amendments to IFRS 3	January 1, 2022	In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the

Standard	Effective date	Description
		Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply Prospectively.
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 1, 2022	In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments will be assessed by Management in 2022 and based on current accounting practices are not expected to have a material impact on the Group.
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 1, 2022	In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	January 1, 2022	As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

Standard	Effective date	Description
		The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted and, based on current operation, is not applicable.
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	January 1, 2022	As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. Based on current accounting practices and financial instruments position, the amendments are not expected to have a material impact on the Group.
IAS 41 Agriculture – Taxation in fair value measurements	January 1, 2022	As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. Based on current operations of the Group, the amendments are not applicable.
Definition of Accounting Estimates - Amendments to IAS 8	January 1, 2023	In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes

Standard	Effective date	Description
		in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group based on current accounting practices.
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 1, 2023	In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group will assess the impact of the amendments to determine if they will impact have impact on the Group's accounting policy disclosures.

2.3. Critical accounting judgements/estimates

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

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

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

• Impairment of non-current assets (excluding Goodwill)

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

Group.

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

• Impairment of goodwill

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

• Accounts receivable allowances for expected credit losses

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

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

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

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

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

• Provisions recognition and contingent liabilities disclosure

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

• Recognition of deferred tax assets

Deferred tax assets are only recognised when it is probable that there will be sufficient future taxable income to utilise the corresponding deferred tax assets or when there are deferred tax liabilities whose reversal is expected to occur in the same period of the reversal of the deferred tax assets. The carrying amount of deferred tax assets is reviewed by Management at the end of each reporting period, at each jurisdiction.

• Measurement of derivative financial instruments

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

2.4. Basis for consolidation

a) Controlled entities – Subsidiaries

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

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

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

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

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

b) Business combinations

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

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

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

Any excess of cost plus the amount of the non-controlling interests over the fair value of the identifiable assets and liabilities acquired as of the purchase date is recorded as Goodwill. Where acquisition cost increased with non-controlling interests is lower than the fair value of the net assets identified, the difference is recorded as a gain in the statements of profit and loss for the period in which the acquisition is made after reconfirmation of the fair value attributed.
If the process for recording combinations of business activities is incomplete at the end of the year in which the combination occurs, the Group discloses the situation and the amounts provided can be adjusted during the provisional measuring period (the period between the date of acquisition and the date the Group obtains complete information on the facts and circumstances that existed as of the date of acquisition, up to a maximum of 12 months).

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

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

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

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

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

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

c) Goodwill

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

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

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

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

2.5. Intangible assets

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

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

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

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

	Useful life in years
Software licenses	3 to 5
Project development costs	3 to 5
Mining rights and concession related assets	10 to 35

2.6. Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

2.7. Leases

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

Group as lessee

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

Right of Use Assets

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

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

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

Lease liabilities

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

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

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

Short-term leases and low value assets

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

2.8. Impairment of non-current assets, excluding goodwill

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

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

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

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

2.9. Foreign currency assets, liabilities and transactions

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

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

The foreign currency financial statements of subsidiary and associated companies are translated as follows:

assets and liabilities at the exchange rates in force on the balance sheet dates; shareholders' equity captions at the historical exchange rates; and consolidated statements of profit or loss, other comprehensive income (loss) and statement of cash-flows captions at the average exchange rates, with the exception of Argentinean segment that profit or loss, other comprehensive income (loss) and statement of cash-flows are translated at the exchange rate on the balance sheet dates due to hyperinflationary accounting required per IAS 29 (see Note 2.1 above) .

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

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

2.10. Borrowing costs

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

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

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

2.11. Inventories

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

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

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

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

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

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

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

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

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

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

2.13. Segment reporting

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

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

2.14. Balance sheet classification

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

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

2.15. Provisions

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

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

a) Onerous contracts

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

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

b) Provisions for restructuring costs

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

c) Environmental recovery

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

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

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

2.16. Financial instruments

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

Financial assets

Initial measurement of financial assets

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

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

Subsequent measurement of financial assets

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

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

The main financial assets as of December 31, 2021 and 2020 are:

a) Cash and cash equivalents and securities

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

b) Accounts receivable

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

Financial liabilities and equity instruments

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

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

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

The main financial liabilities and equity instruments as of December 31, 2021 and 2020 are as follows:

a) Borrowings, financing and debentures

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

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

b) Trade payables and other payables

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

Trade and other payables relates to payables to services rendered or goods received in the normal course of business and includes "forfaiting" transactions with maturities within 12-months, therefore, are classified as current trade payables. Forfaiting outstanding balances amounted to US$ 50,016 as of December 31, 2021 (US$20,865 as of December 31, 2020), with interest rates between 8% to 15% per annual.

c) Derivative financial instruments and hedge accounting

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

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

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

Hedge instruments

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

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

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

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

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

Trading instruments

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

Determination of Fair value of financial instruments

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

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;

- The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices from observable current market transactions;

Derecognition of financial assets and liabilities

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

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

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

2.17. Impairment of financial assets

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

The Group recognises expected credit losses for trade receivables and other receivables as mentioned in note 2.3 above. For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the expected credit losses for that financial instrument at an amount equal to 12-month expected credit losses.

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

2.18. Contingent assets and liabilities

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

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

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

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

2.19. Revenue recognition and costs and income accruals basis

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

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

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

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

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

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

2.20. Income tax

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

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

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

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

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

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

2.21. Earnings (loss) per share

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

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

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

2.22. Exchange rates

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

		Closing exchange rate (R$)		Average exchange rate (R$)	
Currency		12.31.2021	12.31.2020	12.31.2021	12.31.2020
USD	US Dollar	5.58050	5.19670	5.38058	5.23078
EUR	Euro	6.32100	6.37790	6.36563	6.02402
MZN	Mozambique Metical	0.08830	0.07004	0.08180	0.07666
EGP	Egyptian Pound	0.35640	0.33160	0.34417	0.32802
ZAR	South African Rand	0.34980	0.35400	0.36641	0.32346
ARS	Argentinian Peso (*)	0.05433	0.06176	0.05433	0.06176
PYG	Paraguayan Guaraní (**)	N/A	0.00081	N/A	0.00075

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

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

2.23. Consolidation

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

				12.31.2021		12.31.2020	
				Equity interest - %		Equity interest - %	
				Direct	Indirect	Direct	Indirect
SUBSIDIARIES:							
HOLDINGS AND CORPORATE SUPPORT COMPANIES SEGMENT							
InterCement Portugal, S,A,	1	Portugal	b)	99.68	0.01	99.68	0.00
Intercement Trading e Inversiones S.A.	2	Spain		-	99.69	-	99.68
Intercement Trading e Inversiones Egipto S.L.	3	Spain		-	99.69	-	99.68
Intercement Trading e Inversiones Argentina S.L.	4	Spain		-	99.69		99.68
Intercement Financial Operations B.V.	6	Netherlands		-	99.69	-	99.68
Intercement Reinsurance S.A.	7	Luxembourg		-	99.69	-	99.68
Intercement Imobiliária S.A.	8	Portugal		100	-	100	0.00
InterCement Atividades Imobiliarias S.A.	9	Brazil	a)	-	99.69	-	-
BRAZIL SEGMENT							
InterCement Brasil S.A.	10	Brazil		-	99.69	-	99.68
Neogera Investimentos em Inovação Ltda.	11	Brazil		-	99.69	-	99.68
Barra Grande Participações, S.A.	12	Brazil		-	79.85	-	79.84
Estreito Participações S.A.	13	Brazil		-	80.55	-	80.54
Machadinho Participações S.A	14	Brazil		-	80.95	-	80.94
CECC - Incorporadora e Administradora de Bens, Ltda.	15	Brazil		-	99.69	-	99.68
Ecoprocessa - Tratamento de residuos, Ltda.	16	Brazil		-	99.69	-	99.68
Comican - Companhia de Mineração Candiota, Ltda.	17	Brazil		-	99.69	-	99.69
ARGENTINA AND PARAGUAY SEGMENT							
Loma Negra C.I.A. S.A.	18	Argentina		-	51.63	-	50.88
Cofesur S.A.	19	Argentina		-	51.63	-	50.88
Recycomb S.A.	20	Argentina		-	51.63	-	50.88
Ferrosur Roca S.A.	21	Argentina		-	41.30	-	40.70
Cementos del Plata S.A.	22	Uruguay		-	0.09	-	0.09
EGYPT SEGMENT							
InterCement Egypt for Cement Company SAE	23	Egypt		-	99.69	-	99.68
Amreyah Cement Company, S.A.E.	24	Egypt		-	98.83	-	98.82
InterCement Amreyah Co. (IAC)	25	Egypt		-	99.05	-	99.04
Cement Services Company, S.A.E.	26	Egypt		-	99.31	-	99.30
InterCement Sacs Co. (INTSACS)	27	Egypt		-	99.59	-	99.58
Amreyah Dekheila Terminal Company, S.A.E.	28	Egypt		-	99.06	-	99.05
Amreyah Cimpor Ready Mix Company, S.A.E.	29	Egypt		-	98.94	-	98.93
MOZAMBIQUE SEGMENT							
Cimentos de Moçambique, S.A.	30	Mozambique		-	92.21	-	92.20
Cimbetão - Moçambique S.A.	31	Mozambique		-	92.32	-	92.31
Imopar - Imobiliária de Moçambique, S.A.	32	Mozambique		-	100.00	-	100.00
Cimentos de Nacala, S.A.	33	Mozambique		-	92.25	-	92.24
SOUTH AFRICA SEGMENT							
Natal Portland Cement Company (Pty) Ltd.	34	South Africa		-	99.69	-	99.68
NPC Intercement (Pty) Limited.	35	South Africa		-	73.77	-	73.76
Simuma Rehabilitation Trust	36	South Africa		-	35.70	-	35.70
NPC Concrete (Pty) Ltd.	37	South Africa		-	73.77	-	73.76
South Coast Stone Crushers (Pty) Ltd.	38	South Africa		-	54.59	-	54.58
Sterkspruit Aggregates (Pty) Ltd.	39	South Africa		-	54.59	-	54.58
Intercement South Africa (Pty) Ltd.	40	South Africa		-	99.69	-	99.68
JOINT OPERATIONS:							
BRAZIL SEGMENT							
BAESA - Energética Barra Grande S.A.	41	Brazil		-	7.19	-	7.19
CONSORTIUM:							
BRAZIL SEGMENT							
Consórcio Estreito Energia - OESTE	42	Brazil		-	3.58	-	3.58
Consórcio Machadinho	43	Brazil		-	4.27	-	4.27

Changes in ownership in 2021 were as follow:

a) InterCement Trading Inversiones S.A. acquired a “shelf entity” located in Brazil, which was denominated InterCement Atividades Imobiliárias S.A. Such entity is engaged in Real Estate activities. On September 28, 2021, some properties were transferred from InterCement Brasil S.A. to InterCement Atividades Imobiliárias S.A. and since both entities are indirectly wholly-controlled by the Company, such transaction did not have any impact on the consolidated financial statements.

b) Additional InterCement Portugal´s stakes of 0.01% was acquired from minority interests' by InterCement Imobiliária S.A. (wholly-owned by the Company). Consequently, as InterCement Portugal directly or indirectly invests in the majority of Company´s segments and entities, such change also increases equity interest attributable to Company´s owner in all segments/geographies in the respective year.

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

a) Paraguay divesture in 2020

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

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

b) Changes to financial information resulting from divestures

As required by International Financial Reporting Standard 5 ("IFRS 5") – Non-Current Assets Held for Sale and Discontinued Operating Units, the net income or loss (including the gain on sales) for the Paraguayan operating segment were presented in a single line as "Profit for the year from Discontinued Operations" in the consolidated statements of profit or loss and statements of comprehensive Income (loss) for the year ended December 31, 2020.

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

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

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

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

DISCONTINUED OPERATIONS	12.31.2020
NET REVENUE	36,651
COST OF SALES AND SERVICES	(26,520)
GROSS PROFIT	10,131
OPERATING INCOME (EXPENSES)	
Selling expenses	(494)
Administrative expenses	(651)
Other income/(expenses), net	49
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	9,035
FINANCIAL INCOME (EXPENSES)	
Foreign exchange gains/(losses), net	371
Financial income	92
Financial expenses	(2,437)
Gain on the sale	31,322
Reversal of accumulated exchange differences	7,220
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	45,603
INCOME TAX AND SOCIAL CONTRIBUTION	
Current	(17,949)
Deferred	(86)
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS	27,568
PROFIT FOR THE YEAR ATTRIBUTABLE TO	
Company’s owners	33,352
Non-controlling interests	(5,784)

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

	12.31.2020		
	Presented	Discontinued operation	Continued operation
Net cash generated by (used in) operating activities	199,153	8,278	190,875
Net cash used in investing activities	(78,173)	(7,524)	(70,649)
Net cash used in financing activities	(238,482)	(21,272)	(217,210)
Exchange differences on cash and cash equivalents	22,578	(449)	23,027
Increase (Decrease) in cash and cash equivalents	(94,924)	(20,967)	(73,957)
Exchange differences on cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	333,869	20,967	312,902
Cash and cash equivalents at the end of the year	239,663	-	239,663

The reconciliation of the referred sales prices of Paraguay segments to the cash received and the amount presented in the cash flow statements as of December 31, 2020, which amount is demonstrated below:

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

The outstanding amount to be received as of December 31, 2021 is U$3,000 (US$7,000 as of December 31, 2020) and is presented in “Other Receivables”.

3. Cash and Cash Equivalents

	12.31.2021	12.31.2020
Cash and bank accounts	77,510	82,223
Short-term investments	128,293	156,734
Total cash and cash equivalents	205,803	238,957

Short-term investments were as follows:

	12.31.2021	12.31.2020
Short Term Investment in Brazilian Reais (a)	83,004	84,091
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean Pesos (b)	28,963	48,832
Short-term investments in Euro (c)	-	11,000
Short-term investments in Egyptian Pounds (d)	1,964	1,361
Short-term investments in South African Rand (e)	14,362	11,450
Total short-term investments	128,293	156,734

(a) Short-term investments in Brazilian Reais have a yield of 70% and 107% interbank interest rate “CDI” (70% and 125% as of December 31, 2020).

(b) Represents short-term investments in Argentinean pesos with interest between 34% and 38.5% per year (56.78% as of December 31, 2020).

(c) Deposit in Euros yielded interest of 0.15% per year as of December 31, 2020. Corresponding investment was redeemed in 2021.

(d) Deposit in Egyptian pounds with interest between 1.15% and 12.30% per year (1.15% to 13.10% as of December 31, 2020).

(e) Deposit in Rands with interest between 3.55% and 3.75% per year (3.3% to 3.5% as of December 31, 2020).

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

4. Securities

Securities are classified as financial assets, as follows:

	12.31.2021	12.31.2020
Market investments	1,103	1,212
Investment funds	20,929	21,771
Bonds investments	19,134	-
Treasury Bills	836	-
Total	42,002	22,983
Total - current	40,899	21,771
Total - noncurrent	1,103	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 December 31, 2021 and 2020. The funds resulted in an unrealized gain of US$0,873 for the year ended December 31, 2021 (US$0,687 unrealized gain for the year ended December 31, 2020).

“Bonds investments” consist in short-term government bonds in Argentinean pesos indexed to dollar plus a spread of 0.2% per year.

“Treasury bills” are held by the Egyptian subsidiary, consist in a short term investment that yield interest of 13.10% per year.

5. Trade Receivables

	12.31.2021	12.31.2020
Current		
Domestic and foreign customers	94,121	94,159
(-) Expected Credit Losses	(12,089)	(17,609)
Trade receivables	82,032	76,550
Noncurrent		
Domestic and foreign customers	1,100	2,339
(-) Expected Credit Losses	(728)	(1,640)
Trade receivables	372	699

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

	12.31.2021	12.31.2020
Current	64,606	62,135
Past-due:		
0 to 30 days	12,662	10,325
31 to 60 days	1,656	447
61 to 90 days	687	208
91 to 180 days	6,557	6,739
181 days or more	9,053	16,644
Total	95,221	96,498

Changes in expected credit losses (current and noncurrent)

	12.31.2021	12.31.2020
Opening balance	19,249	24,342
Effects of hyperinflationary adjustments (Note 2.1)	360	312
Recognitions	1,986	929
Derecognitions	(929)	(1,618)
Amounts written off in the year as uncollectible	(8,212)	(613)
Exchange gains or losses	363	(4,035)
Discontinued operations (Note 2.24)	-	(68)
Closing balance	12,817	19,249

6. Inventories

	12.31.2021	12.31.2020
Current:		
Finished products	17,677	16,538
Work in process	63,870	45,584
Raw material	68,694	77,118
Fuel	39,742	23,519
Spare parts	63,011	76,835
Advances to suppliers	154	6,629
Packaging and other	5,148	6,642
Allowance for impairment losses	(35,557)	(39,271)
Total	222,739	213,594
Noncurrent:		
Raw material	28,461	35,825
Spare parts (a)	58,187	26,522
Allowance for impairment losses	(4,987)	(898)
Total	81,942	61,449

a

(a) Refers to spare parts items that have an average consumption forecast for more than twelve months. The group revised and changed the consumption criteria in 2021 and reclassified additional items as non-current. Due to the limitation of applying the accounting practice retrospectively, the Company adopted this practice following the prospective approach.

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

	12.31.2021	12.31.2020
Opening balance	40,169	17,369
Effects of hyperinflationary monetary adjustment (Note 2.1)	400	150
Recognitions	7,894	31,617
Derecognitions/Write-off	(5,789)	(5,378)
Exchange variation gains or losses	(606)	(3,589)
Transfers	(1,524)	-
Closing balance	40,544	40,169

The Brazilian business segment was committed to purchase slags as part of a take or pay agreement until January, 2021. With the commitment expiring and the fact that there is almost no demand for such raw material in the region besides InterCement plants, the raw material price per tons dropped in comparison with the price that InterCement Brasil was previously committed. Due to the fact that certain manufacturing processing are necessary for the consumption of the inventories on hand, the Company deemed that it was more feasible to purchase new slags at the market (at lower prices) versus processing its own slags, reason why the Company recognized a full allowance for the existing slags as of December 31, 2020 in the total amount of US$20,956. During 2021, such slags are being consumed when feasible, nevertheless, Management´s strategy and market conditions remain the same, therefore, the allowance for impairment losses is still appropriate.

As mentioned in Note 7 below, during 2020 the Mozambique business segment hibernated an industrial kiln due to local market conditions. Therefore, some raw materials and spare parts in inventories are no longer in use and an allowance for impairment losses in the amount of US$7,810 was recorded at that year. In 2021, due to the continued depreciation in the market conditions, Management revised its inventory position and concluded an additional allowance for impairment losses was deemed necessary in the amount of US$2,556.

7. Property, Plant and Equipment

	12.31.2021			12.31.2020
	Cost	Depreciation & Impairment	Net book value	Net book value
Land	90,862	(35,966)	54,896	55,405
Buildings	688,182	(441,198)	246,984	231,630
Machinery and equipment	2,047,719	(1,085,134)	962,585	586,098
Vehicles	120,758	(105,454)	15,304	16,665
Furniture and fixtures	37,074	(34,670)	2,404	2,089
Mines and ore reserves	206,982	(158,026)	48,956	48,041
Reservoirs, dams and feeders	50,321	(21,348)	28,973	32,928
Spare parts	17,774	(3,377)	14,397	6,754
Other	14,364	(10,684)	3,680	2,614
Advances to suppliers	16,340	(5,682)	10,658	11,415
Construction in progress	194,915	(83,448)	111,467	394,634
Total	3,485,291	(1,984,987)	1,500,304	1,388,273

Construction in progress

As of December 31, 2021, construction in progress mainly relates to: (i) US$18,449 (US$298,501 as of December 31, 2020) in Argentinian business segment explained by the construction of the new L´Amalí II cement plant in the city of Olavarría, province of Buenos Aires; which commenced the operation in 2021, explaining the reduction of the line item, but still some constructions ongoing; and (ii) US$61,464, net of impairment losses of US$83,448 (US$56,186 as of December 31, 2020, net of impairment losses of US$102,638), in Brazilian business segment mainly due to expansion projects on production lines that were ceased for an undetermined period due to current demand. Such impairment losses are revised on an annual basis and might be reversed once the expansion projects are finalized and the expected future cash flows are sufficient to cover their respective costs. .

In 2021, the Company reverted impairment losses in the amount of US$6,252. The reversal refers substantially to the sale of certain assets and appreciation of market values based on appraisal reports of the paralyzed units. In 2020, the Company reverted impairment losses in Caxitú and Cezarina expansion projects in the amount of US$17,254. The reversal was due to the fact that certain taxes obligations which payments were deferred expired, reducing the carrying amounts of corresponding fixed assets.

As of December 31, 2021, there are assets in Brazil business segment given as collateral for loans obtained for their own acquisition in the amount of approximately US$2,498 (as of December 31, 2020 in Brazil business segment, the assets given as collateral totalled approximately US$3,080).

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

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)	2,130	32,820	41,517	7,081	196	12,605	-	-	174	72,028	-	168,551
Additions	45	3,136	17,534	7	97	-	-	9,808	(4,251)	78,187	57	104,620
Disposals	(2,123)	(1,036)	(2,074)	(1,134)	(258)	-	-	-	(862)	(5)	(119)	(7,611)
Depreciation	(206)	(19,115)	(75,407)	(11,131)	(781)	(11,302)	(2,000)	-	(586)	-	-	(120,528)
Impairment reversal (provision)	(2,225)	(2,399)	(28,516)	(3,340)	27	(23)	-	-	(101)	17,254	-	(19,323)
Effect of changes in exchange rates	(12,545)	(66,632)	(138,138)	(8,547)	(370)	(13,509)	(10,119)	(699)	(1,569)	(90,104)	(4,484)	(346,716)
Transfers	268	6,693	30,203	3,326	927	13,719	3	(5,592)	2,449	(42,721)	(8,850)	425
Discontinued operations (Note 2.24)	(341)	372	(73,519)	(39)	(89)	38	-	-	18	(8,315)	(59)	(81,934)
Balance as of December 31, 2020	55,405	231,630	586,098	16,665	2,089	48,041	32,928	6,754	2,614	394,634	11,415	1,388,273
Effects of hyperinflationary monetary adjustment (Note 2.1)	3,494	49,814	65,131	6,515	266	17,084	-	-	291	132,915	-	275,510
Additions	98	4,533	25,847	5	170	-	2	977	1,059	99,714	-	132,405
Disposals	(3,852)	(1,491)	(8,085)	(72)	(26)	(314)	-	(89)	(57)	(5)	-	(13,991)
Depreciation	(234)	(20,367)	(76,306)	(8,254)	(1,007)	(21,787)	(1,758)	(1,883)	(844)	-	-	(132,440)
Impairment reversal (provision)	1,696	(1,281)	(4,032)	-	7	-	-	-	(41)	6,252	-	2,601
Effect of changes in exchange rates	(4,062)	(26,298)	(59,646)	(2,896)	(66)	(9,054)	(2,201)	(545)	(1,518)	(43,236)	(6,745)	(156,267)
Transfers	2,351	10,444	433,578	3,341	971	14,986	2	9,183	2,176	(478,807)	5,988	4,213
Balance as of December 31, 2021	54,896	246,984	962,585	15,304	2,404	48,956	28,973	14,397	3,680	111,467	10,658	1,500,304

Additions

Argentina business segment:

Disbursements in the total amount of US$67,354 for the year ended December 31, 2021 (US$53,751 for the year ended December 31, 2020), primarily due to the increase of the installed capacity at L'Amalí plant amounting to US$43,167 (US$30,271 for the year ended December 31, 2020) and quarry recovery of US$14,278 for the year ended December 31, 2021 (US$10,880 for the year ended December 31, 2020).

Brazil business segment:

Disbursements in the total amount of US$46,824 for the year ended December 31, 2021 (US$44,238 for the year ended December 31, 2020), substantially referred to improvements in the production process for the full utilization of the capacity of certain of our existing units.

Impairment provision

The Group performs its property, plant and equipment impairment test annually 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.

Brazil business segment:

In 2020, with the Brazilian market growth in prices and volumes and demand expansion foreseen for 2021, Management returned the operations of certain production lines, resulting in an impairment reversal of US$10,407. Such good trend was confirmed in 2021. Moreover, in the current year an additional impairment loss reversal was observed in amount of US$3,835, due to the appreciation market values of certain fixed assets located at paralyzed units, compensated by impairment losses of certain machinery and equipment which use were ceased.

Argentina business segment:

In 2020, considering the particular impact of the pandemic of COVID-19 and the uncertainty of the Argentinian economic situation, among other micro and macroeconomic factors, the subsidiary estimated a decrease in the demand for railway logistics services provided by the Group and the demand for the stone of the aggregates in such cash-generating unit. As a result, management recorded an impairment loss of US$11,181. In 2021, an additional impairment loss of US$1,543 was recorded.

Other business segment:

In 2020, Mozambique business segment recorded an impairment loss related to property, plant and equipment tangible fixed assets (Matola kiln) in the amount of US$35,803 mainly due to the depreciation of the domestic market and increase in competition with new players. In 2021, even considering the competition of the new players, particularly in the south region of Mozambique and pricing pressures, management updated the impairment analysis for each cash-generating unit in the country, considering current market and expectation of future conditions, and no further impairment of property, plant and equipment was deemed necessary.

8. Other intangible assets and goodwill

	12.31.2021	12.31.2020
Other intangible assets:		
Software licenses	5,625	5,546
Mining rights and concession related assets	83,885	86,673
Project development costs	914	3,954
Trademarks, patents and others	16,586	16,676
	107,010	112,849

Impairment analysis

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

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

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

Cash Flow projections

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

Brazilian and Argentina business segments considered a cash flow projection of 10 years, since Management believes periods above 5-year can be reasonably projected and a 10-year cash flows better reflects the market cycles. Additionally, the new plant L’Amalli in Argentina commenced its operations in 2021 and the 10-year cash flows better reflect the ramp-up of such plant and, consequently, the value in use of the cash generating unit.

All remaining business units considered a cash flow projection of 5-year.

Management also considered in the perpetuity a growth rate that represents the inflation rates projected to each of our cash generating units.

In preparing the cash flow projections, Management considered the best assumptions available as of December 31, 2021. In assessing such best assumptions, Management took into consideration COVID-19 pandemic situation, mainly related to Ômicron variant that is spreading across the globe. Nevertheless, as occurred in 2020 and 2021, given that cement industry is considered as an essential product/service, Management believes that the impact in its business will not be relevant, even in case of possible lockdown´s in near future in any country that we have operation. As of the date of issuance of the financial statements, the Ômicron variant infection started to slow down and no lockdowns were decreed by Authorities in regions that the Group operates.

Determination of discount rate

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

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

	12.31.2021		12.31.2020	
Goodwill per operating segments:	**12.31.2021**	**"WACC" rate (*)**	**12.31.2020**	"WACC" rate (*)
Brazil	492,544	10.33%	528,920	8.90%
Argentina	173,538	66.8% - 50.67%	186,220	54.46% - 33.56%
Egypt	5,401	12.82%	5,397	12.91%
Mozambique	37,775	13.60%	35,577	12.86%
South Africa	92,951	8.80%	101,014	8.60%
	802,209		857,128	

(*) Discount rate calculated after taxes.

For Argentina business segment, due to hyperinflationary environment, “WACC” rate is built through a multi-year composition, referring to the first year of the projection, and varies thereafter according to the inflation rate and country risk premium variations (“Rolling WACC”).

Based on discounted cash flow determined by Management, as of December 31, 2021 and 2020, considering the premises above mentioned, the expected cash flow generation for each business segment is larger than the corresponding carrying amounts resulting in no need of additional impairment loss provision in both years, with exception of Mozambique business operation, where an impairment loss provision of US$4,142 was recorded in 2021, due to the continued depreciation in the market conditions and increase in competition in the south region, resulting in a lower value in use when compared to the carrying amount of the cash generating unit where Goodwill was allocated. .

Sensitive analysis

Considering the discounted cash flow of December 31, 2021, the Group calculated the eventual impact of changes in discount rate and in the EBITDA margin in relation with all the business segments projections. Performing sensitive analysis in discount rates and EBITDA Margin considering the scenarios describe below, it would result impairment in the following stressed scenarios.

WACC sensitive analyzes	1,00%	2,00%	3,00%	4,00%	5,00%	8,00%
Impairment BR	-	-	-	(32.669)	(125.592)	(329.628)
Impairment AR	-	-	-	-	-	(84.482)
Impairment EGY	-	(2.734)	(17.544)	(29.307)	(38.879)	(59.254)
Impairment AS	-	-	-	-	-	(6.885)
Impairment MZ	(13.625)	(24.574)	(33.569)	(41.093)	(47.484)	(61.955)
EBITDA Margin sensitive analyzes	**-1,00%**	**-2,00%**	**-4,00%**	**-8,00%**	**-10,00%**	**-13,00%**
Impairment BR	-	-	-	-	(71.285)	(274.670)
Impairment AR	-	-	-	-	-	(125.773)
Impairment EGY	-	-	(22.631)	(88.021)	(121.613)	(137.371)
Impairment AS	-	-	-	-	-	(12.354)
Impairment MZ	(10.808)	(21.615)	(43.251)	(88.152)	(111.609)	(127.198)

Changes in intangible assets in the year ended December 31, 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)	537	-	-	882	109	1,528
Additions	3,638	9,535	8,427	811	-	22,411
Disposals	-	(1,591)	-	(15)	-	(1,606)
Amortization	(3,057)	(9,064)	(7,358)	(235)	-	(19,714)
Impairment	10	(10,744)	(16)	(1,115)	-	(11,865)
Effect of changes in exchange rates	(1,151)	(26,340)	(707)	(280)	(219,154)	(247,632)
Discontinued operations (Note 2.24)	(26)	-	-	-	-	(26)
Balance as of December 31, 2020	5,546	86,673	3,954	16,676	857,128	969,977
Effects of hyperinflationary monetary adjustment (Note 2.1)	989	-	-	-	131	1,120
Additions	2,731	18,855	-	733	-	22,319
Disposals	-	(4,609)	(774)	(216)	-	(5,599)
Amortization	(3,012)	(13,941)	(870)	(253)	-	(18,076)
Impairment reversal (provision)	(5)	1,733	(1,239)	(244)	(4,142)	(3,897)
Effect of changes in exchange rates	(624)	(4,826)	(157)	(110)	(50,908)	(56,625)
Balance as of December 31, 2021	5,625	83,885	914	16,586	802,209	909,219

Impairment losses

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

9. Borrowings and Financing

Functional Currency	Business unit	Type of financing	Currency	Annual Interest rates	Maturity	12.31.2021 Current	12.31.2021 Noncurrent	12.31.2020 Current	12.31.2020 Noncurrent
EUR	Holdings and Financial Vehicles (*)	Bilateral (**)	USD	US Libor + 4.40%	Jan-22	14,000	-	7,000	14,000
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	3.20%	Apr-22	18,689	-	20,250	-
BRL	Holdings and Financial Vehicles (*)	Promissory note (**)	BRL	3% + 100% CDI	Mar-22	17,920	-	22,129	-
BRL	Holdings and Financial Vehicles (*)	Bilateral	BRL	3% + 100% CDI	Nov-22	17,920	-	-	-
ARS	U.N. Argentina	Bilateral	USD	US Libor + (4.25% to 7.70%)	Several	18,374	3,900	39,747	21,782
ARS	U.N. Argentina	Bilateral	EUR	4.00%	Oct/21	-	-	13,354	-
ARS	U.N. Argentina	Working capital	ARS	34.00% - 45.00%	Jan-22	1,684	-	376	-
MZN	U.N. Mozambique	Bilateral (**)	MZN	Prime Rate + 2%	Jan/24-Aug/25	5,851	-	-	4,818
BRL	U.N. Brazil	Subsidised loan	BRL	2.50% - 5.00%	Dec-24	1,554	3,352	2,095	5,701
BRL	U.N. Brazil	Bilateral	BRL	15.34%	Dec-22	2,643	-	552	2,838
EGP	U.N. Egypt	Bilateral	EGP	Corridor + 1.50%	Apr-24	1,764	6,421	2,669	4,562
EGP	U.N. Egypt	Working capital	EGP	10.00%	Jan-22	15,951	-	16,541	-
ZAR	U.N. South Africa	Bilateral (**)	ZAR	Jibar + 2%	Dec-26	6,268	25,073	-	-
						122,618	38,746	124,713	53,701

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

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

As of December 31, 2021 and 2020, the incurred interest related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to US$3,138 and US$2,678, respectively.

Changes in Borrowings and Financing were as follows:

	Borrowings and financing
Balance as of December 31, 2019	971,122
New borrowings and financing	203,842
Payments	(970,585)
Discontinuing operations (Note 2.24)	(25,284)
Effect of changes in Exchange rates, comissions and other	(681)
Balance as of December 31, 2020	178,414
New borrowings and financing	142,158
Payments	(158,167)
Effect of changes in Exchange rates, comissions and other	(1,041)
Balance as of December 31, 2021	161,364

Maturity schedule

As of December 31, 2021, the non-current portions mature as follows:

Period	12.31.2021
2023	14,349
2024	10,372
2025	7,757
2026	6,268
	38,746

Covenants

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

The Company and its subsidiaries monitor these ratios systematically and constantly to make sure the requirements are met. Such measurements are performed annually, which depends on conditions agreed upon on each contract entered into with the financial institutions.

The outstanding bilateral in the amount of US$14,000 is subject to restrictive covenants and is required to maintain the same financial ratios of the debentures issued in 2020 (see Note 10 below).

The promissory note in the amount of US$17,920 requires that Net Debt / Adjusted EBITDA ratio to be no higher than 5.0x as of December 31, 2021.

As of December 31, 2021 the covenants conditions of the borrowings and financing mentioned above were met and such obligations will only be remeasured again based on the financial figures as of December 31, 2022.

The South Africa bilateral in the amount of US$31,341 requires the following ratios at stand-alone figures and in a twelve-month basis range at the end of each quarter (March 31, June 30, September 30 and December 31): (a) Senior Debt / EBITDA to be no higher than 2x; (b) EBITDA / Total Accrued Interest (Interest Cover Ratio) to be no lower than 3x; (c) Free cash Flow / Debt service to be no lower than 1.3x for 2021 and 2022; 1.4x for 2023 and 1.5x for 2024 and 2025; and (d) current assets / current liabilities no lower than 1.3x. As of December 31, 2021, the covenants conditions were met and such obligation will be remeasured on March 31, 2022.

The Mozambique bilateral in the amount of US$5,851 requires the following ratios at stand-alone figures and in a twelve-month basis range at the end of each fiscal year (December 31st): (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, 2021, the covenants were not met, therefore, the bilateral was presented as current liability within the financial statements. Remaining borrowing and financing and debentures held by the Group do not have any cross default clauses impacted by such default in Mozambique and, therefore, respective amounts are classified in accordance with their maturities. As stated in note 27, on January 31, 2022, Mozambique bilateral was fully liquidated by the business unit.

10. Debentures

							12.31.2021		12.31.2020	
Functional Currency	Business unit	Instrument	Currency	Annual interest rate	Final maturity		Current	Noncurrent	Current	Noncurrent
EUR	Holdings and Financial Vehicles (*)	Senior Notes	USD	5.75%	July-24	a)	-	548,107	-	546,012
BRL	Holdings and Financial Vehicles (*)	Debenture	BRL	CDI + 3.75%	June-27	b)	-	354,209	-	573,474
BRL	U.N. Brazil	Debenture	BRL	CDI + 3.75%	June-27	b)	-	304,661	-	327,162
BRL	U.N. Brazil	Debenture	BRL	CDI + 3.75%	June-27	c)	-	177,651	-	-
							-	1,384,628	-	1,446,648

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

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

(b) 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'. On September 30, 2021, InterCement Participações S.A. partially prepaid a principal amount of US$183,844 (R$1,000,000 thousands).

(c) On September 30, 2021, InterCement Brasil S.A. issued new Debentures in the amount of US$183,844 (R$1,000,000 thousands). The commission fees were US$1,697 (R$9,230 thousands) and it will be amortized during the life time of the loan using the effective interest method.

The instrument mentioned in items "b" and "c" are 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 July, 2024.

As of December 31, 2021 and 2020, the incurred interest classified in current liabilities and presented as 'Interest payable' amount to US$21,365 and US$17,535, respectively.

Changes in Debentures were as follows:

	Debentures
Balance as of December 31, 2019	960,113
New debentures	910,491
Payments	(323,114)
Effect of changes in Exchange rates, comissions and other	(100,842)
Balance as of December 31, 2020	1,446,648
New debentures	183,844
Payments	(183,844)
Effect of changes in Exchange rates, comissions and other	(62,020)
Balance as of December 31, 2021	1,384,628

Maturity schedule

As of December 31, 2021, the debentures mature as follows:

Period	12.31.2021
2023	147,719
2024	717,301
2025	207,843
Following years	311,765
	1,384,628

Covenants

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

<u>Debentures</u>

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 3.35X from 2025 until 2027.

Also, for the new debentures issued on September 30, 2021, the Company agreed with the debentures holders' compliance with net leverage, measured by the Net Debt over Adjusted EBITDA based on consolidated financial information of InterCement Brasil S.A. (Company's subsidiary in Brazil). In 2021, the limit is 3.25X and, for the following years, limits of 3.00X in 2022; 2.75X in 2023; 2.50X in 2024 and 2.00X from 2025 until 2027.

As of December 31, 2021, the covenants condition were met. The next measurement is on December 31, 2022.

Senior notes

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

i) Limitation in US$500,000 for new debts, provided it is not used to refinance the existing debt;
ii) Restrictions on certain payments, such as dividends to shareholders above the statutory minimum legal required amount;
iii) Dividends limitation of US$25,000 per year, on a cumulative basis, for preferred shareholders after the Senior Notes issuance (July/2014).

As of December 31, 2021, the conditions were met, therefore, restrictions are not applicable until the next measurement period that will be based on the financial figures for the year to be ended December 31, 2022.

11. Provisions and Contingent assets and liabilities

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

The provision for risks is demonstrated as follows:

	12.31.2021	12.31.2020
Labor and social security	6,739	8,583
Tax (a)	17,940	19,789
Civil and other (b)	23,431	39,846
	48,110	68,218
Judicial deposit (c)	(1,947)	(1,900)
Total	46,163	66,318

(a) Brazil: Refer to tax assessment notices and lawsuits amounting to US$0,898 (US$5,009 as of December 31, 2020) mainly related to discussions on: (i) CFEM – discussion on the correct calculation basis; (ii) PIS and COFINS – undue credit caused by freight expenses in transfers of goods between the industrial establishment and the distributor; and (iii) IRPJ and CSLL – on the value of moratoriums on the basis of compliance for the term of obligations assumed by third parties, updating of Selic tax.

The main reduction in the year relates to the termination of a dispute in the amount of US$3,460 related to the absence of Value Added Tax ("ICMS") collection and improper credits taken in a variety of operations, including imports of goods carried out through trading companies. The Brazilian subsidiary settled such dispute through the payment of US$2,739, generating a gain (reversal of excess provision) of US$0,721 recognized in the year.

InterCement Participações S.A: Refers to legal dispute regarding the charging of financial transaction services over purchasing and reselling InterCement Portugal´s shares occurred in 2014 in the amount of US$2,873 (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$6,406 as of December 31, 2021 (US$6,941 as of December 31, 2020), which are being challenged in courts.

Egypt: Is mainly justified by tax provisions in this business segment related to income tax from years 2011 to 2021, which is being challenged in courts, in the amount of US$6,317 (US$3,782 in December 31, 2020). The increase is mainly due to assessment received in the amount of US$2,778 related to income tax as result of inspections concluded in 2021, which the inspection outcome was higher than Management´s expectation, resulting in the need of such additional provision.

(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$19,160 (US$34,425 on December 31, 2020). The reduction in the year is due to a notification received from the Industrial Development Authority informing that the total due amount was US$19,160, therefore, the provision excess was reverted.

(c) The Group has escrow deposits related to the labor and social security, tax, civil and other risks as follows:

	31.12.2021	12.31.2020
Labor and social security	963	1,005
Tax	762	681
Civil and other	134	214
Environmental	88	-
Total	1,947	1,900

Changes in the provision for risks for the years ended December 31, 2021 and 2020 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance as of December 31, 2019	6,963	17,013	37,835	(2,840)	58,971
Effects of hyperinflationary monetary adjustment (Note 2.1)	429	236	151	-	816
Recognition/deposit	5,103	8,905	2,089	(1,027)	15,070
Payment	(1,068)	(3,340)	(355)	1,329	(3,434)
Reversal	(1,305)	(3,043)	(284)	-	(4,632)
Exchange differences	(1,539)	18	410	638	(473)
Balance as of December 31, 2020	8,583	19,789	39,846	(1,900)	66,318
Effects of hyperinflationary monetary adjustment (Note 2.1)	11	37	193	-	241
Recognition/deposit	1,743	3,629	1,585	(1,859)	5,098
Payment	(2,947)	(3,168)	(990)	1,674	(5,431)
Reversal	-	(1,262)	(16,744)	-	(18,006)
Transfers	-	-	(270)	-	(270)
Exchange differences	(651)	(1,085)	(189)	138	(1,787)
Balance as of December 31, 2021	6,739	17,940	23,431	(1,947)	46,163

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 December 31, 2021, the Group has the following exposure:

	12.31.2021	12.31.2020
Labor and social security	15,116	14,332
Tax and uncertain income tax position (a)	1,415,792	1,573,768
Civil, administrative and other (b)	191,902	189,052
	1,622,810	1,777,152

The most significant contingencies are:

a) Tax and uncertain income tax position

Brazil – InterCement Brasil S.A.

Risk exposure amounts to US$872,938 as of December 31, 2021 (US$964,911 as of December 31, 2020) and refers 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.

Brazil - InterCement Participações S.A.

Risk exposure amounts to US$229,787 as of December 31, 2021 (US$223,392 as of December 31, 2020) and refers mainly to ongoing challenges of taxable income earned abroad by subsidiaries and affiliated entities.

Spain

Risk exposure is US$224,772 as of December 31, 2021 (US$243,545 as of December 31, 2020) and refers mainly to dispute about events occurred from 2009 through 2012 related essentially to net financial items resulting from interpretations not adjusted to the nature of certain transactions.

In September 2019, similar dispute for the years from 2005 through 2008 was ruled by the Supreme Court and the decision was favourable to the Company, consequently, the respective tax assessment was cancelled. Therefore, Management and Company´s legal counsel believe the risk of an unfavourable outcome of this dispute is “less likely than not” and no provision was recorded.

Portugal

Under the Consolidated Income Tax Regime (RETGS), applicable to the Company and other Portuguese entities of the Group until the year 2000, intra-group results ("eliminated results"), amounting to US$300,164 as of December 31, 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$112,053 as of December 31, 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 December 31) of the eliminated results calculated by the Tax Authority by reference to December 31, 2015, and for that year an additional tax assessment of US$4,789 (€4,228 thousands) was received and is being contested. Even so, the amount of US$4,644 (€4,100 thousands) was already compensated with a Company tax credit.

The final Income tax inspection Report for the year 2017 incorporated a correction to the Group available tax losses, and also the above referred "eliminated results" partial incorporation, and accordingly during December 2021, an additional tax assessment of US$23,225 (€20,504 thousands) related to the 2017 tax inspection was received, and is also being contested.

The inspection of the fiscal year 2018 is still in course, and, considering the equivalent nature of corrections made for the years 2016 and 2017, the related risk exposure is of about US$62,298 (€55,000 thousands). 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 provision was recorded.

b) Civil

Brazil

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 December 31, 2021, the fines imposed to the Group corresponds to US$151,449 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 December 31, 2021. Based on the opinion of the legal advisors, the risk of loss in court has been considered as possible, therefore, no provision was recorded for this contingent liability.

12. Provision for Environmental Recovery

Changes in the provisions for environmental recovery in the years ended December 31, 2021 and 2020 are as follows:

	Environmental recovery
Balance as of December 31, 2019	20,751
Hyperinflationary monetary adjustment (Note 2.1)	1,932
Recognition	6,533
Payment	(541)
Reversal	(4,605)
Exchange differences	(5,123)
Discontinued operations (Note 2.24)	(149)
Balance as of December 31, 2020	18,798
Hyperinflationary monetary adjustment (Note 2.1)	1,125
Recognition	2,116
Payment	(1,204)
Reversal	(8,379)
Transfers	270
Exchange differences	(38)
Balance as of December 31, 2021	12,688

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.

The outstanding balance recorded within "Other Receivables" as non-current assets against HM Engenharia e Construções S.A., refers to properties (land) sold in 2019, which is due in 2024. The balance recorded within "Other Receivables" as current assets against Camargo Corrêa Desenvolvimento Imobiliário S.A., refers to properties (building) sold in 2021, which is due in 2022.

Balances as of December 31, 2021 and 2020 with related parties, are as follows:

	Current assets			Non current assets	Current liabilities		
	Trade receivables	Advances to suppliers	Other receivables	Other receivables	Trade payables	Advances from customers	Dividends payable
Affiliates:							
HM Engenharia e Construções S.A.	-	-	-	4.638	-	-	-
Camargo Corrêa Desenvolvimento Imobiliário S.A.	-	-	1.626	-	-	-	-
ICB others	-	-	3	18	-	-	-
Loma Negra others	-	-	-	-	-	-	115
Egypt others	-	-	-	-	-	-	50
Others noncontrolling interests	-	-	179	233	321	36	115
Controlling shareholders:							
Participações Morro Vermelho S.A.	-	-	-	-	-	10	-
Mover Participações, S.A.	-	-	-	-	-	1	-
Total as of December 31, 2021	-	-	1.808	4.889	321	47	280
Total as of December 31, 2020	3	100	192	4.849	273	23	1.650

Transactions conducted in the years ended December 31, 2021 and 2020 are as follows:

	Sales	Other operating income	Purchases/ expenses	Financial income
Affiliates:				
Camargo Corrêa Desenvolvimento Imobiliário S.A.	-	2,409	-	-
CCR S.A.	-	-	43	-
Construções e Comércio Camargo Corrêa S.A.	1	-	620	-
Instituto InterCement	-	-	517	-
Camargo Corrêa Investimentos em Infra-estrutura S.A.	-	-	37	-
Vexia Administradora Ltda.	-	-	1,441	-
H.M Engenharia e Construções S.A.	-	-	-	572
Controlling shareholders:				
Mover Participações, S.A.	-	-	17	-
Total as of December 31, 2021	1	2,409	2,675	572
Total as of December 31, 2020	113	-	2,524	35

Management compensation

The amount of US$3,732 was paid in the year ended December 31, 2021 and refers to short-term benefits, such as salaries, profit sharing and other benefits (US$1,990 as of December 31, 2020). A long term incentive plan for Senior Management of the Group was set for a period of 4 years (2021 through 2024) and the benefit is mainly determined based on financial and operational indicators. The constructive obligation as of December 31, 2021 is US$1,224 and expenses incurred in the year ended December 31, 2021 is US$1,270.

14. Right-of-use assets and lease liabilities

The changes of rights-of-use assets in the year ended December, 31 2021 and 2020 are demonstrated as follows:

Composition and movements of right-of-use assets

	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other	Total
Cost						
As of December 31, 2019	13,197	62,168	4,799	-	266	80,430
Additions	1,092	31,882	(18)	33	115	33,104
Write-offs	(69)	(926)	(58)	-	-	(1,053)
Impairment	(294)	(588)	-	-	-	(882)
Discontinued operations	-	(24)	-	-	-	(24)
Exchange difference	(1,147)	(13,449)	(874)	1	(59)	(15,528)
As of December 31, 2020	12,779	79,063	3,849	34	322	96,047
Additions	1,776	3,853	-	-	308	5,937
Write-offs	(3,875)	(802)	(13)	-	-	(4,690)
Impairment	(89)	45	-	-	-	(44)
Exchange difference	2,167	(5,493)	(136)	(2)	(35)	(3,499)
As of December 31, 2021	12,758	76,666	3,700	32	595	93,751
(-) Accummulated depreciation						
As of December 31, 2019	(2,161)	(16,776)	(591)	-	(152)	(19,680)
Additions	(2,201)	(24,277)	(1,335)	(13)	(116)	(27,942)
Write-offs	3	428	13	-	-	444
Discontinued operations	-	17	-	-	-	17
Exchange difference	24	3,471	92	1	34	3,622
As of December 31, 2020	(4,335)	(37,137)	(1,821)	(12)	(234)	(43,539)
Additions	(2,548)	(20,953)	(511)	(20)	(146)	(24,178)
Write-offs	1,021	257	13	-	-	1,291
Exchange difference	(436)	3,276	64	-	20	2,924
As of December 31, 2021	(6,298)	(54,557)	(2,255)	(32)	(360)	(63,502)
Balance as of December 31, 2021	6,460	22,109	1,445	-	235	30,249
Balance as of December 31, 2020	8,444	41,926	2,028	22	88	52,508

Changes in lease liabilities are as follows:

	Lease Liabilities
As of December 31, 2019	70,352
Additions, net of write-offs	32,050
Payments	(32,159)
Present value adjust	5,462
Leasing liability remeasurement	(4,383)
Exchange difference	(13,845)
As of December 31, 2020	57,477
Additions, net of write-offs	1,247
Payments	(27,482)
Present value adjust	4,282
Exchange difference	(1,205)
As of December 31, 2021	34,319

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

Lease liabilities included in the statements of financial position

	12.31.2021	12.31.2020
Current	19,069	27,074
Non-current	15,250	30,403
Lease liabilities	34,319	57,477

Lease liabilities - Maturity analysis

	Lease Liabilities
Less than one year	19,069
One to five years	14,490
More than five years	760
Lease liabilities	34,319

15. Shareholder's Equity

Share Capital

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

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

As of December 31, 2021 and December 31, 2020 share capital is represented by 55,279,765 registered shares without par value, of which 52,920,764 are common shares and 2,359,001 are preferred shares Class A.

Capital Reserves - Preferred Shares – InterCement Participações

Class A

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

Earning reserves – Legal

Based on Brazilian Corporate Law, the Company constituted a Legal Reserve in the amount of US$6,964, which represents 5% of net income for the year.

Earning reserves – Capital Budget

The Board of Director recommended the constitution of a retention reserve based the capital budget of the Company in the amount of US$132,318.

Earnings reserves – Transaction with non-controlling interests

In the year ended December 31, 2021, the movement in this caption relates to the following:

Argentinian subsidiary - acquisition of non-controlling interest of Loma Negra

On February 12, 2021, the Argentinean subsidiary´s Board of Director approved a repurchase plan of own shares to efficiently manage the cash excess, aiming to return a greater value for the shareholders considering the attractive current value of the share. The plan approved the acquisition up to US$7,471 (ARS750,000 thousands) of Loma Negra shares and was fully concluded on June 18, 2021.

On June and September, 2021, the Board of Director approved additional plans to acquire up to the lower of

US$15,690 (ARS1,676,000 thousands) which both plans were fully completed in December.

On December 23, 2021, an addition plan was approved to acquire up to the lower of US$8,762 (ARS900,000 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.

As of December 31, 2021, Loma Negra had acquired 8,596,194 own shares for a total value of US$23,907 (ARS889,745 thousands), which US$19,425 were attributed to Company´s owners.

InterCement Portugal - acquisition of non-controlling interests

The acquisition from minority shareholders of an additional stake of 0.01% of InterCement Portugal shares in the amount of US$120 led to a gain of US$1,308 recognized directly in equity attributed to Company´s owners.

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

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

Dividends

The shareholders are entitled to annual minimum mandatory dividends equivalent to 25% of adjusted profit for the year as provided by the bylaws and the Brazilian Corporate Law. In 2020, due to losses for the year attributable to Company´s owners, the Company did not constitute any minimum mandatory dividends. In 2021, considering the current leverage of the Company and the cash need in the following years to pay interests and principals, the Board of Directors suggested to not distribute dividends and retain the net income for the year as earnings reserve for capital budget, which is allowed by Brazilian Law under certain circumstances.

In 2021, 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 (loss) attributable to the Company´s owners

Other comprehensive income (loss) attributable to Company´s owners of US$73,312 (US$389,359 as of December 31, 2020) corresponds to: (i) positive equity recognition of actuarial losses on the liability to employees in the amount of US$346, net of taxes (positive of US$42 as of December 31, 2020), (ii) negative equity recognition of exchange differences from translation of foreign operations in the amount of US$242,767(US$519,600 as of December 31, 2020) (iii) positive equity recognition of derivative and hedging transactions amounting to US$956, net of taxes (US$2,404 as of December 31, 2020); and (iv) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US$314,777 (US$127,795 as of December 31, 2020).

Non-controlling interests

Changes in non-controlling interests for the year ended December 31, 2021:

a) In other comprehensive gain attributable to non-controlling interests, the amount of US$49,626 corresponds to: i) negative exchange differences from translation of foreign operations in the amount of US$248,934 (ii) positive equity recognition of derivative and hedging transactions amounting to US$3 and (iii) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US$298,557.

b) Following the aforementioned approved plan to acquire own shares of Loma Negra, during the year ended December 31, 2021, it were acquired 8,596,194 own shares for a total value of US$23,907, which US$4,482 were attributed to non-controlling interests.

c) The acquisition from minority shareholders of an additional stake of 0.01% of InterCement Portugal shares in the amount of US$120 which US$1,428 were attributed to non-controlling interests.

d) Special purposes entities (SPEs) controlled by Brazilian subsidiaries declared dividends to non-controlling interests in the amount of US$10,285 (R$54,551) related to preliminary 2021 results, which was already fully paid in current period. On May 12, 2021, it was also paid by the Brazilian subsidiary an amount of US$1,344 (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 related to preliminary 2021 results.

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

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

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

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

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

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

Preferred shares of special purposes entities (Brazilian segment)

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

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

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

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

• Be converted into common shares (conversion rights);

• Non-participation in future capital increases.

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

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

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

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

As aforementioned, in the years ended December 31, 2021 and 2020, the SPEs declared dividends to non-controlling interests in the amount of, respectively, US$10,285 and US$13,819. The amount of US$11,629 were paid in 2021, of which US$1,344 related to dividends declared in 2020.

16. Income Tax and Social Contribution

For the years ended December 31, 2021 and 2020 the reconciliation between the nominal and the effective income tax was as follows:

	12.31.2021	12.31.2020
Profit before income tax and social contribution	167,527	52,541
Group Tax rate	34%	34%
Income tax and social contribution at statutory rates	(56,959)	(17,864)
Adjustments to calculate income tax and social contribution at effective rate:		
Permanent additions / (deductions), net (a)	(15,649)	(9,175)
Interest on capital, net	2,522	-
Effect of differences in foreigner tax rates to Group tax rate (34%)	(10,404)	2,667
Effect of changes in tax rates in Argentinian business (b)	(38,955)	-
Deferred income tax and social contribution over tax losses recognized (not recognized) (c)	137,996	(43,820)
Other (d)	1,300	23,556
Income tax and social contribution expense	19,851	(44,636)
Current Income tax and social contribution expense	(80,871)	(43,579)
Deferred Income tax and social contribution expense	100,722	(1,057)

(a) For the year ended December 31, 2021, it mainly refers to deduction of US$16,345 (deduction of U$13,223 for the year ended December 31, 2020) related to the effect of financial transactions recorded in the Spanish subsidiary that were excluded for tax purposes.

(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 not deductible for tax purposes of US$38,955 in the year ended December 31, 2021.

(c) For the year ended December 31, 2021, due to business recoverability in Brazil segment (see more details in Deferred income tax and social contribution section below), the Company recorded deferred tax assets from taxable losses and temporary differences not recognized in prior years in amount of US$160,963 . Such amount was partially offset by deferred tax assets not recognized in other regions due to lack of positive evidences that future taxable income would be available to justify the corresponding recoverability in a foreseeable future. In 2020, it also relates to deferred tax assets not recognized due to lack of available future taxable income.

(d) For the year ended December 31, 2021, it mainly refers to (i) a positive amount of US$2,279 related to the impact of monetary adjustment in Argentina due to hyperinflationary economy (a positive amount of US$2,072 for the year ended December 31, 2020) (ii) a negative impact of US$720 related to results recorded in our Spanish subsidiary that were eliminated for consolidation purposes as they were transactions between intragroup entities (a positive impact of US$24,541 for the year ended December 31, 2020). Such 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 carry forwards and temporary differences in the recognition of revenues and expenses between tax and corporate books, to the extent considered realizable by the subsidiaries.

In addition to the income tax charge, for the years ended December 31, 2021 and 2020, the Group recorded deferred tax of US$227 and US$226, respectively, directly in equity.

Deferred income tax and social contribution are demonstrated as follows:

	12.31.2021	31.12.2020
Assets:	(a)	
Tax loss carryforwards	89,646	28,475
Tax, labor and civil contingencies	7,718	11,835
Valuation of the useful lives of property, plant and equipment	41,621	-
Expected credit loss	2,035	1,777
Impairment of inventories	10,886	2,399
Financial Instruments derivatives	10,190	11,041
Exchange rate changes taxed on a cash basis	1,969	11,396
Other temporary provisions	17,603	3,260
Total assets	181,668	70,183
Liabilities:		
Goodwill amortization (future earnings)	40,906	44,619
Exchange rate changes taxed on a cash basis	24,041	29,617
Deemed cost of property, plant and equipment	27,538	29,006
Useful life estimate of property, plant and equipment	132,672	83,180
Measurement of assets acquired at fair value (b)	51,187	62,980
Unrealized gain in reinsurance activities	8,949	9,749
Other temporary provisions	28,921	30,478
Total liabilities	314,214	289,629
Noncurrent assets	82,845	6,945
Noncurrent liabilities	215,391	226,391

(a) Recognition of deferred income tax assets over tax losses and temporary differences in Brazil

Deferred income taxes assets over tax losses and temporary differences are recognized when it is probable that future taxable profits will be available to compensate such credits.

The future taxable profits projections are derived from the business plan properly approved by the Board of Directors, carried out at nominal bases, observing the period of 10 year (which coincides with the business cycle), using as assumptions historical information, market sources and Management´s best estimate to realize the temporary differences at current tax rates. The projections are not discounted to present value.

The Brazilian subsidiary projections are directly related to the civil construction and infrastructure´s business cycles, which are medium and long-term cycles, and which presented a relevant volatility in

Brazil with a shrinkage in business in recent years, due to macroeconomic and Company's internal factors, but with upward trends for next years that started in 2020. The probability of realizing these projections, in addition to being impacted by this volatility in previous years, was also impacted by the Covid-19 pandemic and the macroeconomic scenario, which brought a degree of uncertainty about the projections. Thus, on the closing dates of the annual and quarterly financial statements of December 31, 2020, March 31, 2021, June 30, 2021 and September 30, 2021, respectively, management recognized the deferred tax assets limited to the amount which realization was deemed probable, considering the reversal of temporary differences that from the deferred tax liabilities, without depending on the generation of future taxable income in excess of the profits arising from these reversals.

In the reassessment of these uncertainties as of December 31, 2021 and the quarter then ended, considering recent accounting and managerial profits in 2020 and 2021 and the cash flow projections for the next 10 years, management concluded that the realization of deferred tax assets became probable, recognizing the amount of US$163,363, including temporary differences and tax losses carryforwards.

The recognition of the deferred tax assets was based on the following main factors:

- The Brazilian subsidiary exceeded the budgeted accounting and tax results for the years ended December 31, 2021 and 2020. This level of accuracy in the projections combined with the factors indicated in the bullets that follows, reinforces Management´s level of assertiveness and ability to make long-term projections; These projections indicate that the recovery of tax losses and negative social contribution tax bases will be recovered in a period less of than 10 years (which corresponds to the Company's business cycle);

- The Company has consumed tax losses with operation results (without unusual events being necessary), since June 2021, the amount of US$ US$1,755 until December 31, 2021 and, in addition, realized in the year a significant amount of previously unrecognized temporary differences;

- Studies by independent market analysts that were made available in the period, that include expected cement volume and prices for the coming years, demonstrate that the Brazilian subsidiary´s projections are in line with expectations for the cement market in Brazil;

- Qualitative assessment of positive and negative factors (internal to the Brazilian subsidiary and external to the market) that were factored, weighted and compared by Management on a quarterly basis since the last annual assessment on December 31, 2020 until the complementary recognition of deferred taxes assets on December 31, 2021. The following were considered in this assessment:

    i. profit (loss) history of the Brazilian subsidiary and segment (comparable) in recent economic periods and in the years preceding the registration;
    ii. recovery of the Brazilian subsidiary´s accounting and tax results;
    iii. impacts (positive and negative) arising from the Covid-19 pandemic and recent macroeconomic events (including consolidation of the segment after recent M&As, in addition to potential effects of uncertainties in a presidential pre-election year);

iv. reduction of financial leverage and, consequently, interest expenses and exchange variations in a recent period (important factor in the generation of tax losses by the Brazilian subsidiary since 2014); and
v. others reductions in costs and expenses resulting from actions already implemented by the Company.

- Sensitivity analyses on the projections of future accounting and taxable income prepared by Management, which demonstrates that it is probable that future taxable income will exist to consume unused tax losses and tax credits, show that even in stressed scenarios, the recovery period of such credits does not exceed the Brazilian subsidiary´s 10-year business cycle, for which projections are prepared;

- Based on the combination of the above factors, Management concluded that it is probable that sufficient future taxable income will be available to support the recognition of the unrecognized deferred tax asset from previous periods, including temporary differences (whose realization was considered in the projections)

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

As of December 31, 2021, the deferred income tax assets over tax losses is US$89,532 (US$28,131 as of December 31, 2020), which corresponds to a tax losses bases of approximately US$263,011 (US$119,327 as of December 31, 2020). The expected recovery of such assets is as follows and they are substantially concentrated in Brazilian business segment:

	12.31.2021
2022	3%
2023	12%
2024	17%
2025	19%
After 2025	49%

The Company has additional US$791,698 (US$2,611,850 as of December 31, 2020) consolidated tax losses basis among the segments and jurisdictions, for which corresponding deferred tax assets where not recognized due to the lack of availability of probable future taxable income.

17. Net Revenue

The breakdown of the Company's net revenues for the years ended December 31, 2021 and 2020 is as follows:

	12.31.2021	12.31.2020
Products sold	2,112,292	1,562,093
Services provided	85,797	68,895
(-) Taxes on sales	(185,968)	(152,713)
(-) Discounts	(317,748)	(200,164)
Total	1,694,373	1,278,111

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

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

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

	12.31.2021	12.31.2020
Depreciation and amortization	(170,615)	(168,188)
Impairment losses, net (a)	(1,340)	(31,188)
Salaries and employee benefits	(213,151)	(178,411)
Raw materials and consumables	(323,207)	(308,864)
Tax expenses	(31,390)	(17,682)
Outside services	(130,147)	(103,034)
Rental	(5,697)	(5,571)
Freight expenses	(145,739)	(95,870)
Maintenance costs	(77,530)	(63,113)
Fuel	(176,232)	(106,276)
Electricity	(116,912)	(89,301)
Recognition of inventories and trade receivable impairments	(8,951)	(8,130)
Gain on sale of property, plant and equipment	(5,764)	353
Other (b)	1,815	(24,794)
Total	(1,404,860)	(1,200,069)
Cost of sales and services	(1,254,067)	(1,042,205)
Selling expenses	(70,951)	(47,172)
Administrative expenses	(98,899)	(89,829)
Other income (loss)	19,057	(20,863)
Total	(1,404,860)	(1,200,069)

(a) In the year ended December 31, 2021 refers to property, plant and equipment, intangible, goodwill and right-of-use asset impairment loss, net (Notes 7, 8 and 14), which mainly relates to the goodwill impairment loss of US$4,142 in Mozambique business segment; property, plant and equipment impairment loss of US$1,543 in Argentina, and reversal of impairment loss of property, plant and equipment of US$4,040 in Brazil. The remaining amount of US$305 is pulverized in other assets or business segments.

In the year ended December 31, 2020 includes the net impact of property, plant and equipment and intangible assets impairment loss in the total amount of US$31,188 (Note 7 and 8), from which US$ 35,803 relates to Mozambique business segment and US$11,181 relates to Argentinian business segment. It also includes reversal of impairment losses in Brazilian business segment of US$15,581 and in unallocated business segment of US$0,215.

(b) In the year ended December 31, 2021 includes a gain of US$8,843 (equivalent to R$47,580 thousands) related to extemporaneous tax credits of PIS/COFINS (sales taxes), including an earnout on the sale of the corresponding legal proceeding in prior years, upon 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, such transaction resulted in an interest income of US$8,938 which was recorded as financial income (see Note 19).

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

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

	12.31.2021	12.31.2020
Foreign exchange gain (losses), net (a):		
Exchange gain	183,867	279,691
Exchange loss	(197,900)	(160,174)
Total	(14,033)	119,517
Financial income:		
Inflation adjustment (b)	18,024	3,687
Effects of Hyperinflationary monetary adjustments (c)	18,855	9,907
Financial earnings (d)	20,069	3,401
Interest income	447	484
Other income	1,995	5,226
Total	59,390	22,705
Financial expenses:		
Inflation adjustment	(5,259)	(11,339)
Expenses on interest and charges	(114,322)	(99,325)
Expenses on banking commissions	(5,232)	(10,413)
Fines	(4,660)	(723)
Derivative financial instruments	(3,240)	(717)
Lease liabilities present value	(4,282)	(1,079)
Other expenses (e)	(30,348)	(44,127)
Total	(167,343)	(167,723)

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

(b) In the year ended December 31, 2021 includes a gain of US$8,938 related to extemporaneous tax credits of PIS/COFINS as mentioned in Note 18 (c) above.

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

(d) For the year ended December 31, 2021, financial earnings includes the reversal of interest related to the contingencies reversals in Egypt business segment in the amount of US$15,438 (see Note 11 for further information).

(e) In the year ended December 31, 2021, other expenses mainly includes (i) losses of US$11,239 in Argentinian business segment related to investments in securities, (ii) US$3,889 related to PIS and COFINS on financial income and (iii) US$2,723 related to financial operations taxes paid over intercompany loans transactions in the period.

In the year ended December 31, 2020, other expenses mainly includes (i) losses of US$4,196 in Argentinian business segment related to investments in securities, (ii) US$2,307 related with financial operations taxes paid over intercompany loans transactions in the period, and (iii) US$12,955 related with bank commissions incurred as part of the new debentures issued by the Company and its Brazilian subsidiary (see Note 10). The recognition as expenses of such commissions is in light with IFRS9 that determines when a debt instruments is accounted for as an extinguishment of the original debt, fees incurred should be immediately recognized as part of gain or loss on the extinguishment.

20. Commitments

Purchase agreements

The 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, sale of clinker in accordance with the minimum stipulated in the contract until 2022, purchase of cement in accordance with the minimum stipulated in the contract until 2022, purchase of limestone and plaster in accordance with the minimum stipulated in the contract until 2023 and purchase of fuel in accordance with the minimum stipulated in the contract until 2024, whose estimated cash disbursements, in amounts nominal amounts are as follows:

	12.31.2021
2022	74,916
2023	63,705
2024	19,646
2025	5,225
Total	163,492

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

	12.31.2021
2022	59,805
2023	14,185
2024	14,185
2025	14,173
After 2025	84,899
Total	187,247

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

The Argentina segment contains certain contractual commitments for the purchase of slag with effect until 2022. Estimated future cash flows are approximately US$3,688 (ARS378,855 thousands) during 2022. In addition, the Company assumed commitments for the purchase of slag until 2025 for an average annual price of US$ 24 (ARS2,500 thousands).

The Argentina segment also signed contracts (i) for the supply of gas, assuming payment commitments in the total amount of approximately US$12,466 (ARS1,280,514 thousands) to be paid during 2022; and (ii) for the supply of energy in the amount of US$28,320 (ARS2,909,076 thousands) to be paid during 2022 and 2023 and US$113,219 (ARS11,629,902 thousands) to be paid between 2024 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 made commitments of US$21,567 (ARS2,215,400 thousands), plus US$107,700 (ARS11,062,944 thousands) and US$46,780 (€41,300 thousands). Whereas, as agreed, the amounts in pesos (ARS2,215,400 thousands) are subject to periodic updating in accordance with an adjustment formula. The remaining amount as of December 31, 2021 is US$ 298 (ARS 30,645 thousands), plus US$ 830 (ARS 85,258 thousands), and US$ 340 (€300 thousands).

In current year, Loma Negra has signed a product sales contract by means of which it has agreed to supply concrete for a third party to carry out the development of a residential project in the province of Buenos Aires. The contract establishes that Loma Negra will be paid by receiving three functional units of said real estate development once it is completed, for which the respective purchase-sale tickets have been signed. Additionally, the contract signed includes several rights and obligations for the parties in order to ensure the main mandate of the contract, which is the purchase and sale of concrete.

21. Earnings (losses) Per Share

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

	12.31.2021	12.31.2020
Profit (loss) for the year from continuing and discontinuing operations attributable to Company's owners	139,282	(4,622)
Profit (loss) for the year attributable to common shares	139,282	(4,622)
Weighted average number of common shares	52,920,764	23,348,277
Basic/diluted profit (loss) per common share	2.63	(0.20)
Profit (loss) for the year from continuing operations attributable to Company's owners	139,282	(37,974)
Profit (loss) for the year attributable to common shares	139,282	(37,974)
Weighted average number of common shares	52,920,764	23,348,277
Basic/diluted profit (loss) per common share	2.63	(1.63)

22. Insurance

The businesses of InterCement Group are covered through a Master Policy with international insurance company for property damage and business interruption with indemnity limits up to US$164,904 (€150.000 thousands) per insured event and liability risks with indemnity limits up to US$28,317 (€25,000 thousands) per insured event.

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

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

23. Guarantees

The comfort letters and guarantees given within the Group, in the amount of US$1,485,000 (US$1,600,000 as of December 31, 2020), relates to financial liabilities already reflected in the consolidated financial position. In addition, as of December 31, 2021, several Group companies obtained guarantees with third parties, mainly related with tax legal disputes in the business segment of Brazil and Spain, in the amount of US$199,000 (US$200,000 as of December 31, 2020).

24. Financial Instruments

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

24.1 Capital risk management

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

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

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

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

Senior Debt is calculated as the sum of Gross Debt and the obligations under finance leases.

24.2 Financial risk management

General principles

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

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

Financial risk is deemed to mean the probability of obtaining a positive or negative outcome different to that expected, and which materially and unpredictability may result in changes in the Group's net worth.

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

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

- Curbing deviation from forecasted financial information by means of meticulous financial planning based on multi-year budgets.

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

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

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

The 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).

24.3 Interest rate risk

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

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

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

Exposure to interest rate risks and to floating and fixed rates

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

	Borrowings and financing	Debentures	Cash and cash equivalents	Securities	Other payables	12.31.2021	12.31.2020
Assets:							
CDI	-	-	83,004	125	-	83,129	84,274
Total	-	-	83,004	125	-	83,129	84,274
Liabilities:							
IGP-M	-	-	-	-	9,359	9,359	7,384
CDI	35,840	836,521	-	-	-	872,361	922,765
LIBOR	36,274	-	-	-	-	36,274	82,530
Prime Rate	5,851	-	-	-	-	5,851	4,818
JIBAR	31,341	-	-	-	-	31,341	-
Corridor	8,185	-	-	-	-	8,185	7,231
Total	117,491	836,521	-	-	9,359	963,371	1,024,728

As of December 31, 2021 and 2020 the Group's borrowings and financing and debentures by type of interest rate, considering derivative financial instruments, when applicable, between floating and fixed rate, is as follows:

	12.31.2021	12.31.2020
Floating rates	62%	63%
Fixed rates	38%	37%

24.4 Exchange rate risk

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

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

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 financial results may be materially impacted by exchange rate fluctuations.

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

	12.31.2021	12.31.2020
Assets:		
Cash, cash equivalents and securities	39,962	31,101
Trade receivables	2,910	7,893
Related parties (a)	763,750	212,037
Other assets	1,068	18,266
Exposed assets	807,690	269,297
Liabilities:		
Interest, borrowings, financing and debentures (note 9 and 10)	584,381	806,353
Interest payable	15,338	16,110
Foreign trade payables	25,179	52,569
Related parties (a)	1,177,362	1,296,834
Other liabilities	91	6,155
Exposed liabilities	1,802,351	2,178,021
Exposed net position liabitity	(994,661)	(1,908,724)

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

		12.31.2021		12.31.2020	
Functional currency	**Currency**	**Currency**	**USD**	**Currency**	**USD**
ARS	USD	612	612	157	157
EGP	USD	1,587	1,587	1,259	1,259
EUR	USD	36,810	36,810	28,465	28,464
MZN	USD	383	383	382	382
ARS	EUR	14	12	16	13
EGP	EUR	97	85	109	88
MZN	EUR	338	299	440	358
EUR	EGP	2,725	174	2,743	175
MZN	ZAR	-	-	3,011	205
Amount exposed to foreign exchange risks			39,962		31,101
BRL	BRL	474,128	84,962	442,923	85,232
EUR	EUR	31,115	27,470	65,624	53,471
ARS	ARS	5,219,633	50,814	4,339,317	51,566
MZN	MZN	1,096,321	17,347	1,392,084	18,762
EGP	EGP	94,360	6,026	51,684	3,297
ZAR	ZAR	320,991	20,121	253,955	17,299
Amount by functional currency			206,740		229,627
			246,702		260,728

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

	12.31.2021	**12.31.2020**
USD	38%	38%
BRL	57%	60%
EUR	1%	1%
Other	4%	1%

24.5 Liquidity risk

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

As mentioned in Note 10, 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 and seeking market opportunities (i.e.: initial public offering of its Brazilian subsidiary´s shares). Furthermore, to the Brazilian business, as expected in prior years, is recovering from the deep cement industrial crises started in 2015 and the operation is generating a significant amount of cash. As a consequence of cash generated by the operation, along with financial management plan, the liquidity risk is properly addressed as of December 31, 2021.

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

	12.31.2021					
	Up to 1 year	1-2 years	3-5 years	More than 5 years	Total	12.31.2020
Borrowings and financing and debentures	180,728	224,740	1,231,686	109,675	1,746,829	2,060,638
Trade payables	258,467	-	-	-	258,467	237,873
Obligations under finance leases	21,705	8,212	5,295	2,695	37,907	63,678
	460,900	232,952	1,236,981	112,370	2,043,203	2,362,189

25.6 Credit risk

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

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

24.7 Counterparty risk

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

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

Due to COVID-19 crisis, Management reassessed the assumption related to the risk of defaults by its clients by each business units in order to determine if the expected credit losses reflected Management´s expected losses, which are based on historical losses for each aging list bucket and prospective data. The prospective data are obtained from Legal, Credit and Accounts Receivable departments. Furthermore, Management implemented more restrictive rules to authorize new sales due to COVID-19.

Moreover, due to the fact that the Company operates in several countries and the type of the customer´s portfolio, the accounts receivable balances are not concentrated in any specific customer or in a few customers, significantly reducing the overall credit risk.

24.8 Sensitivity analysis of financial instruments

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

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

A parallel change of +/- in the interest rate curves applied on principal amounts as of December 31, 2021, with all the other assumptions remaining constant would result in an increase in annual financial costs (before taxes) as shown in table below:

Indexing	Currency	Asset (Liability)	1%	2%	3%
US Libor	USD	(36,274)	(363)	(725)	(1,088)
CDI	BRL	(789,232)	(7,892)	(15,785)	(23,677)

b) Exchange rates

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

Considering the Group's companies financial asset and liability profile (including intercompany balances) as of December 31, 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$	(543,600)	EUR	0.88	54,360	27,180	(27,180)	(54,360)
US$	(22,198)	ARS	102.72	2,220	1,110	(1,110)	(2,220)
US$	(289)	BRL	5.58	29	14	(14)	(29)
US$	16,866	ZAR	15.95	(1,687)	(843)	843	1,687
US$	(14,505)	EGP	15.66	1,450	725	(725)	(1,450)
US$	(18,743)	MZN	63.20	1,874	937	(937)	(1,874)
	(582,469)	Total exposure US$ dollars 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	(41)	ZAR	18.07	3	2	(2)	(3)
EUR	(1,174)	BRL	6.32	92	46	(46)	(92)
EUR	(37,183)	EGP	17.74	2,898	1,449	(1,449)	(2,898)
EUR	12	ARS	116.35	(1)	(0)	0	1
EUR	554	MZN	71.59	(43)	(22)	22	43
	(37,832)	Total exposure EURO 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	3,937	EUR	0.06	(358)	(187)	187	358
	3,937	Total exposure EGP 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	717	MZN	3.96	(4)	(2)	2	4
	717	Total exposure ZAR 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	(379,014)	EUR	0.16	34,456	18,048	(18,048)	(34,456)
	(379,014)	Total exposure BRL x local currency					

24.9 Categories of financial instruments

	12.31.2021	12.31.2020
Current assets:		
Cash and bank accounts (Note 3)	77,510	82,223
Financial assets at amortized cost:		
Securities - bonds investments (Note 4)	19,134	-
Trade receivables (Note 5)	82,032	76,550
Other receivables	29,529	37,444
Financial assets at fair-value through profit & Loss:		
Short-term investments - financial asset (Note 3)	128,293	156,734
Securities - Investments funds (Note 4)	21,765	21,771
Non-current assets:		
Financial assets at amortized cost:		
Trade receivables (Note 5)	372	699
Other receivables	35,258	29,216
Long-term investments - financial asset (Note 4)	1,103	1,212
Financial assets at fair-value through profit & loss:		
Derivatives (Note 24.10)	1,303	4,754
Current liabilites:		
Financial liabilities at amortized cost:		
Borrowings and financing (Note 9)	122,618	124,713
Trade payables	258,467	235,155
Interest payable (Notes 9 and 10)	24,503	20,213
Lease liabilities (Note 14)	19,069	27,074
Other payables	26,758	32,647
Non-current liabilites:		
Financial liabilities at amortized cost:		
Debentures (Note 10)	1,384,628	1,446,648
Borrowings and financing (Note 9)	38,746	53,701
Trade payables	-	1,638
Lease liabilities (Note 14)	15,250	30,403
Other payables	25,597	25,443

24.10 Derivative transactions

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

	Assets		Liabilities	
	Non-current		Non-current	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Written-put options ("Baesa", "Machadinho" and “Estreito” operations)	1,303	4,754	-	-
	1,303	4,754	-	-

Trading derivatives

Represented by three derivatives options in connection with "Baesa", "Machadinho" and “Estreito” operations, whose asset and liability fair value as of December 31, 2021 and 2020, were estimated in the amount of US$1,303 and US$4,754, respectively.

24.11 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 December 31, 2021 in accordance with the following fair value seniority levels:

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

Category	Item	Level 1	Level 2	Level 3
Assets:				
Financial assets at fair value	Securities	20,929	129,129	-
Financial assets at fair value	Financial derivative instruments	-	-	1,303

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

Estimated fair value – financial instruments liabilities not measured at fair value

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

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

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

	12.31.2021		12.31.2020	
	Amortized cost	Fair value	Amortized cost	Fair value
Borrowing and financing (Note 9)	161,364	143,587	178,414	163,848
Debentures (Note 10)	1,384,628	1,339,415	1,446,648	1,343,500
Leases liabilities (Note 14)	34,319	30,873	57,477	54,110

25. Operating Segment

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

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

The profit information are as follows:

	12.31.2021				12.31.2020			
	Net Revenue				Net Revenue			
	Foreign sales	Intersegment sales	Total	Results	Foreign sales	Intersegment sales	Total	Results
Operating segments:								
Brazil	568,536	17,398	585,934	108,441	458,781	539	459,320	35,996
Argentina	743,859	-	743,859	164,280	491,447	-	491,447	87,954
Egypt	114,436	-	114,436	798	92,329	-	92,329	(4,543)
Mozambique	103,458	-	103,458	5,165	121,055	-	121,055	(27,776)
South Africa	146,905	-	146,905	21,865	114,443	-	114,443	11,612
Total	1,677,194	17,398	1,694,592	300,549	1,278,055	539	1,278,594	103,243
Unallocated (a)	17,179	28,207	45,386	(11,036)	56	27,898	27,954	(25,201)
Eliminations	-	(45,605)	(45,605)	-	-	(28,437)	(28,437)	-
Sub-total	1,694,373	-	1,694,373	289,513	1,278,111	-	1,278,111	78,042
Income before financial income (expenses)				289,513				78,042
Foreign exchange, net				(14,033)				119,517
Financial income				59,390				22,705
Financial expenses				(167,343)				(167,723)
Income before income tax and social contribution				167,527				52,541
Income tax and social contribution				19,851				(44,636)
Profit for the year from continuing operations				187,378				7,905
Profit for the year from discontinued operations (note 2.24)				-				27,568
Profit for the year				187,378				35,473

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

The profit for each years above includes the full amount of the Company's segments disregarding the following amounts attributable to noncontrolling interests:

	Noncontrolling interests	
	12.31.2021	12.31.2020
Continuing operating segments:		
Brazil	17,419	12,700
Argentina	29,900	36,032
Egypt	(43)	(932)
Mozambique	596	(5,290)
South Africa	620	981
	48,492	43,491
Unallocated	(396)	2,390
	48,096	45,881
Discontinued operating segments (note 2.24)	-	(5,786)
Profit for the year attributable to non-controlling interests	48,096	40,095

Other information:

	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Operating segments:				
Brazil	60,117	68,172	46,665	66,984
Argentina	70,320	65,482	54,773	57,280
Egypt	12,520	15,495	9,129	16,282
Mozambique	1,475	9,973	8,634	47,961
South Africa	9,489	12,536	6,709	10,719
	153,921	171,658	125,910	199,226
Unallocated	803	297	(1)	150
	154,724	171,955	125,909	199,376
Discontinued operating segments (note 2.24)	-	-	1,673	6,280
Total	154,724	171,955	127,582	205,656

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

	12.31.2021			12.31.2020		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	1,374,340	704,231	670,109	1,343,169	652,609	690,560
Argentina	1,193,825	314,861	878,964	1,027,590	302,340	725,250
Egypt	257,053	238,639	18,414	279,245	259,207	20,038
Mozambique	167,714	132,161	35,553	164,210	140,941	23,269
South Africa	499,318	269,741	229,577	333,315	58,168	275,147
Total	3,492,250	1,659,633	1,832,617	3,147,529	1,413,265	1,734,264
Unallocated	19,356	869,840	(850,485)	251,235	1,270,567	(1,019,332)
Eliminations	(209,605)	(209,604)	-	(233,056)	(233,056)	-
Other investments	-	-	-	-	-	-
Total	3,302,001	2,319,869	982,132	3,165,708	2,450,776	714,932

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

26. Events After the Reporting Period

Bonds Interest payment

On January 17, 2022, the Company paid interests in the amount of US$15,847 to Senior Notes holders.

Bilateral liquidation

On January 31, 2022, InterCement Trading Inversiones liquidated a bilateral in the amount of US$14,000 and Mozambique business unit liquidated a bilateral in the amount of US$5,851.

27. Authorization for Completion of Financial Statements

The Board of Directors authorized the completion of this consolidated financial statements dated as March 16, 2022.