



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

**Condensed Consolidated Interim
Financial Information for the
nine months period ended
September 30, 2021**



Building sustainable partnerships



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Independent auditor's review report on interim financial information

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of InterCement Participações S.A. and subsidiaries (the "Company"), which comprises the condensed consolidated statement of financial position as of September 30, 2021 and the related condensed consolidated statements of profit or loss, of comprehensive income (loss), of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

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

Scope of review

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



Conclusion

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

São Paulo, November 24, 2021.

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

A handwritten signature in blue ink, appearing to read 'Cezar Augusto Ansoain de Freitas', is written over a faint, circular stamp or watermark.

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

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

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

ASSETS	Notes	09.30.2021	12.31.2020	LIABILITIES AND EQUITY	Notes	09.30.2021	12.31.2020
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	4	139,318	238,957	Trade payables		223,376	235,155
Securities	5	39,508	21,771	Borrowings and financing	10	107,152	124,713
Trade receivables	6	99,231	76,550	Interest payable	10 and 11	26,080	20,213
Inventories	7	256,634	213,594	Leases liabilities	14	21,040	27,074
Recoverable taxes		42,038	39,468	Taxes payable		78,668	76,708
Other receivables		40,708	37,444	Payroll and related taxes		36,263	37,226
Total current assets		<u>617,437</u>	<u>627,784</u>	Advances from customers		15,543	14,896
				Other payables		<u>29,932</u>	<u>32,647</u>
						<u>538,054</u>	<u>568,632</u>
NONCURRENT ASSETS				NONCURRENT LIABILITIES			
Securities	5	1,324	1,212	Trade payables		-	1,638
Trade receivables	6	433	699	Debentures	11	1,404,796	1,446,648
Inventories	7	63,616	61,449	Borrowings and financing	10	23,897	53,701
Recoverable taxes		23,707	9,879	Leases liabilities	14	19,005	30,403
Deferred income tax and social contribution		6,426	6,945	Provision for tax, civil and labor risks	12	59,941	66,318
Judicial deposits		12,716	13,013	Provision for environmental recovery		16,954	18,798
Derivatives	22.10	925	4,754	Taxes payable		8,665	12,804
Other assets and receivables		29,341	29,215	Deferred income tax and social contribution		263,461	226,391
Right-of-use assets	14	35,833	52,508	Other payables		<u>25,459</u>	<u>25,443</u>
Property, plant and equipment	8	1,456,395	1,388,273	Total noncurrent liabilities		<u>1,822,178</u>	<u>1,882,144</u>
Intangible assets:				TOTAL LIABILITIES		<u>2,360,232</u>	<u>2,450,776</u>
Goodwill	9	829,030	857,128				
Other intangible assets	9	100,265	112,849	SHAREHOLDER'S EQUITY			
Total noncurrent assets		<u>2,560,011</u>	<u>2,537,924</u>	Capital	15	1,445,943	1,445,943
				Capital reserves	15	603,095	603,095
				Earnings reserves	15	360,642	381,685
				Accumulated loss		(1,268)	-
				Other comprehensive loss		(1,944,679)	(2,011,728)
				Equity attributable to the Company's owners		<u>463,733</u>	<u>418,995</u>
				Non-controlling interests	15	<u>353,483</u>	<u>295,937</u>
				Total equity		<u>817,216</u>	<u>714,932</u>
TOTAL ASSETS		<u>3,177,448</u>	<u>3,165,708</u>	TOTAL LIABILITIES AND EQUITY		<u>3,177,448</u>	<u>3,165,708</u>

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES
Condensed Consolidated Statements of profit or loss for the nine-month period ended September 30, 2021 and 2020

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

	Notes	09.30.2021	09.30.2020
<u>CONTINUING OPERATIONS</u>			
NET REVENUE	17	1,217,735	933,473
COST OF SALES AND SERVICES	18	(904,574)	(762,584)
GROSS PROFIT		313,161	170,889
OPERATING INCOME (EXPENSES)			
Selling expenses	18	(47,579)	(34,745)
Administrative expenses	18	(71,575)	(69,325)
Other income (loss)	18	23,176	(7,051)
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION		217,183	59,768
FINANCIAL INCOME (EXPENSES)			
Foreign exchange gains/(losses), net	19	(9,432)	140,539
Financial income	19	35,437	14,335
Financial expenses	19	(119,422)	(125,100)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		123,766	89,542
INCOME TAX AND SOCIAL CONTRIBUTION			
Current	16	(67,668)	(28,866)
Deferred	16	(30,889)	9,936
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		25,209	70,612
<u>DISCONTINUED OPERATIONS</u>			
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.3	-	27,568
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO			
Company's owners		(1,268)	71,998
Non-controlling interests		26,477	26,182
EARNINGS (LOSS) PER SHARE FOR CONTINUING OPERATIONS			
Basic/diluted earnings (loss) per share	21	(0.02)	1.70
EARNINGS (LOSS) PER SHARE FOR CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS			
Basic/diluted earnings (loss) per share	21	(0.02)	3.17

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (loss) for the nine-month period ended September 30, 2021 and 2020

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

	Notes	09.30.2021	09.30.2020
<u>CONTINUING OPERATIONS</u>			
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		25,209	70,612
Other comprehensive income:			
Items that might be reclassified subsequently to profit or loss:			
Exchange differences from translation of foreign operations		(336,747)	(644,972)
Effects of hyperinflationary monetary adjustment (note 2.2)	2.2	444,971	147,255
Derivative and hedging transactions		727	2,273
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		134,160	(424,832)
<u>DISCONTINUED OPERATIONS</u>			
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS	2.3	-	27,568
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD FROM DISCONTINUED OPERATIONS		-	27,568
COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO:			
Company's owners		65,781	(412,579)
Non-controlling interests		68,379	(12,253)
COMPREHENSIVE INCOME / (LOSS) FROM CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO:			
Company's owners		65,781	(379,227)
Non-controlling interests		68,379	(18,037)

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Shareholders' Equity for the nine-month period ended September 30, 2021 and 2020

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

	Notes	Earnings reserves							Total attributable to Company's owners	Non-controlling interests	Total equity
		Share capital	Capital Reserves	Legal	Capital Budget	Transactions with non-controlling interests	Other comprehensive income (loss)	Accumulated profit / (losses)			
BALANCE AS OF DECEMBER 31, 2019		<u>1,440,119</u>	<u>550,676</u>	<u>6,107</u>	<u>116,039</u>	<u>299,071</u>	<u>(1,622,369)</u>	<u>-</u>	<u>789,643</u>	<u>338,290</u>	<u>1,127,933</u>
Profit for the period		-	-	-	-	-	-	71,998	71,998	26,182	98,180
Other comprehensive loss	15	-	-	-	-	-	(451,225)	-	(451,225)	(44,219)	(495,444)
Capital increase by Loma Negra C.I.A.S.A. in Ferrosur Roca S.A.	15	-	-	-	-	-	-	-	-	5,237	5,237
Dividends declared and partially paid to noncontrolling interests	15	-	-	-	-	-	-	-	-	(23,006)	(23,006)
BALANCE AS OF SEPTEMBER 30, 2020		<u>1,440,119</u>	<u>550,676</u>	<u>6,107</u>	<u>116,039</u>	<u>299,071</u>	<u>(2,073,594)</u>	<u>71,998</u>	<u>410,416</u>	<u>302,484</u>	<u>712,900</u>
BALANCE AS OF DECEMBER 31, 2020		<u>1,445,943</u>	<u>603,095</u>	<u>6,107</u>	<u>111,417</u>	<u>264,161</u>	<u>(2,011,728)</u>	<u>-</u>	<u>418,995</u>	<u>295,937</u>	<u>714,932</u>
Profit (loss) for the period		-	-	-	-	-	-	(1,268)	(1,268)	26,477	25,209
Other comprehensive income	15	-	-	-	-	-	67,049	-	67,049	41,902	108,951
Dividends to preferred shares	15	-	-	-	(8,699)	-	-	-	(8,699)	-	(8,699)
Transactions with shareholders, recorded directly in equity	15	-	-	-	-	(12,344)	-	-	(12,344)	(3,104)	(15,448)
Dividends declared and paid to noncontrolling interests	15	-	-	-	-	-	-	-	-	(7,729)	(7,729)
BALANCE AS OF SEPTEMBER 30, 2021		<u>1,445,943</u>	<u>603,095</u>	<u>6,107</u>	<u>102,718</u>	<u>251,817</u>	<u>(1,944,679)</u>	<u>(1,268)</u>	<u>463,733</u>	<u>353,483</u>	<u>817,216</u>

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

INTERCEMENT PARTICIPAÇÕES, S.A. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows for the nine-month period ended September 30, 2021 and 2020

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

	Notes	09.30.2021	09.30.2020
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax and social contribution from continuing and discontinued operations		123,766	135,145
Adjustments to reconcile income before income tax and social contribution with net cash generated by (used in) operating activities:			
Depreciation, amortization and impairment losses		127,894	142,991
Recognition of expected credit losses, net		264	263
Recognition (Reversal) of allowance for inventories, net		1,067	(1,530)
Interest, accrued charges, and exchange differences		93,417	(27,801)
Gain on sale of long-lived assets		(3,297)	(1,254)
Gain on sale of discontinued operations	2.3	-	(38,542)
Other noncash operating gains, net		383	4,434
Decrease (increase) in operating assets:			
Related parties		164	(39)
Trade receivables		(29,185)	(40,410)
Inventories		(59,002)	(8,082)
Recoverable taxes		(19,323)	1,325
Other receivables		(5,914)	-
Increase (decrease) in operating liabilities:			
Related parties		(8)	645
Trade payables		1,266	46,123
Payroll and vacation payable		2,138	1,514
Other payables		(4,048)	43,247
Taxes payable		4,455	4,238
Cash generated by operating activities		<u>234,037</u>	<u>262,267</u>
Income tax and social contribution paid		(56,653)	(14,728)
Interest paid		<u>(72,265)</u>	<u>(118,049)</u>
Net cash generated by operating activities		<u>105,119</u>	<u>129,490</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Redemption of (Investments in) securities		(21,190)	143
Purchase of property, plant and equipment		(84,034)	(131,734)
Purchase of intangible assets		(5,350)	(6,678)
Cash received from discontinued operations	2.3	3,500	92,757
Cash received from sale of property, plant and equipment		7,918	4,643
Other		(683)	(721)
Net cash used in investing activities		<u>(99,839)</u>	<u>(41,590)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings, financing and debentures	10 and 11	244,703	1,130,056
Acquisition of noncontrolling interests	15	(15,448)	-
Repayment of borrowings, financing and debentures	10 and 11	(294,807)	(1,244,991)
Dividends paid	15	(17,735)	(7,571)
Payment of principal portion of lease liabilities	14	(20,989)	(15,258)
Other instruments		219	819
Net cash used in financing activities		<u>(104,057)</u>	<u>(136,945)</u>
DECREASE IN CASH AND CASH EQUIVALENTS		<u>(98,777)</u>	<u>(49,045)</u>
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		(862)	(42,218)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	238,957	333,869
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	<u>139,318</u>	<u>242,606</u>

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

INTERCEMENT PARTICIPAÇÕES S.A. AND SUBSIDIARIES

Notes to the Consolidated Interim Condensed Financial Information for the nine-month period ended September 30, 2021

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

1. General Information

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

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

Effects of the Coronavirus pandemic (COVID-19)

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

The global market was severely impacted, resulting in volatility and uncertainties in several perspectives and also about Global Gross Domestic Product (“GDP”) in 2020 and upcoming years.

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

The committees have constantly been in communication with Company’s board and current and future impacts in economy and society are closely monitored by this multi-task team and decisions are being taking as deemed necessary. All plants are in operation with the needful care to prevent virus dissemination.

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

2. Basis of Preparation and Significant Accounting Policies

2.1. Basis of preparation

The condensed consolidated interim financial information as of and for the nine-month period ended September 30, 2021 has been prepared based on the International Standard IAS 34 – Interim Financial

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

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

2.2. Significant accounting policies

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

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

As a result of the above, our condensed consolidated interim financial information for the nine-month period ended September 30, 2021, reflects an equity increase of US\$444,971 (US\$147,255 for the period ended September 30, 2020), with reference to the opening balance, reported in other comprehensive income (loss), and also the positive monetary adjustment for the nine-month period ended September 30, 2021, presented in financial income, in the amount of US\$16,805 (US\$4,622 for the period ended September 30, 2020) (see Note 19).

2.3 Discontinued Operations

Paraguay divestiture in 2020

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

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

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

As required by International Financial Reporting Standard 5 ("IFRS 5") – Non-Current Assets Held for Sale and Discontinued Operating Units, the financial information recorded for the Paraguayan operations were presented as Discontinued Operations in the Condensed Consolidated Statements of profit or loss and Statements of Comprehensive Income (loss) for the nine-month period ended September 30, 2020.

The profit for the period from discontinued operations for the nine-month period ended September 30, 2020 is demonstrated below:

	09.30.2020
<u>DISCONTINUED OPERATIONS</u>	
NET REVENUE	36,651
COST OF SALES AND SERVICES	(26,520)
GROSS PROFIT	<u>10,131</u>
OPERATING INCOME (EXPENSES)	
Administrative and selling expenses	(1,145)
Other income/(expenses), net	49
INCOME BEFORE FINANCIAL INCOME (EXPENSES), INCOME TAX AND SOCIAL CONTRIBUTION	<u>9,035</u>
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 PERIOD FROM DISCONTINUED OPERATIONS	<u>27,568</u>
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO	
Company's owners	33,352
Non-controlling interests	(5,784)

The cash flow generated by the segment for the nine-month period ended September 30, 2020 is presented as continued operations. The impacts in the cash flow had we segregated continued and discontinued operations would have been the following:

	09.30.2020
Net cash used in operating activities	8,278
Net cash used in investing activities	(7,524)
Net cash used in financing activities	(21,721)
Decrease in cash and cash equivalents	<u>(20,967)</u>
Cash and cash equivalents at the beginning of the period	20,967
Cash and cash equivalents at the end of the period	<u>-</u>

The reconciliation of the referred selling price to the cash received and the amounts presented in the cash flow statements for the nine-month period ended September 30, 2020 is demonstrated below:

09.30.2020

Cash received as of September 30, 2020	100,000
Cash balance carved-out	(6,543)
	<u>93,457</u>
Expenses to sell the business	(700)
Cash received, net (as of September 30, 2020)	<u>92,757</u>

During the nine-month period ended September 30, 2021, the Company collected from the sale the amount of US\$3,500. The outstanding amount to be received as of September 30, 2021 is US\$3,500 (US\$7,000 as of December 31, 2020) and is presented in “Other Receivables”.

2.4. Functional, reporting and presentation currencies

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

For the translation into the presentation currency, changes in equity were translated from functional currency considering the historical exchange rates of each transaction. The financial position was translated from functional currency considering the closing exchange rates of the reporting periods, while the statements of profit or loss, comprehensive income and cash flows were translated considering the average exchange rates of the reporting periods.

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

Currency	Closing exchange rate (R\$)		Average exchange rate (R\$)	
	09.30.2021	12.31.2020	09.30.2021	09.30.2020
USD US Dollar	5.43940	5.19670	5.31688	5.12756
EUR Euro	6.29830	6.37790	6.35994	5.82754
MZN Mozambique Metical	0.08607	0.07004	0.08151	0.07484
EGP Egyptian Pound	0.34670	0.33160	0.33815	0.31829
ZAR South African Rand	0.36150	0.35400	0.36806	0.31084
ARS Argentinian Peso (*)	0.05509	0.06176	0.05509	0.07404
PYG Paraguayan Guaraní	N/A	N/A	N/A	0.00075

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

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainties

Estimates and judgments are continually evaluated and are based on historical experience and on other factors, including expectations of future events that are believed to be reasonable under the

circumstances. There were no changes in relation to what was presented in Note 2.3 to the Company's consolidated Financial Statements as of December 31, 2020.

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

4. Cash and Cash Equivalents

	09.30.2021	12.31.2020
Cash and bank accounts	45,496	82,223
Short-term investments	93,822	156,734
Total cash and cash equivalents	139,318	238,957

Short-term investments were as follows:

	09.30.2021	12.31.2020
Short Term Investment in Brazilian Reais (a)	54,814	83,865
Fixed-income funds in Brazilian Reais (b)	-	226
Short-term investments in foreign subsidiaries:		
Investment fund in Argentinean Pesos (c)	21,039	48,832
Short-term investments in Euro (d)	-	11,000
Short-term investments in Egyptian Pounds (e)	2,950	1,361
Short-term investments in South African Rand (f)	15,019	11,450
Total short-term investments	93,822	156,734

- Short-term investments in Brazilian Reais have a yield between 70% and 105.5% per annum (70% and 125% per annum as of December 31, 2020).
- Fixed income funds in Brazilian Reais yielded 83.09% per annum as of December 31, 2020. Corresponding investment was redeemed during 2021.
- Represents short-term investments in Argentinean pesos with interest of 30.6% per annum (56.78% per annum as of December 31, 2020).
- Deposit in Euros yielded interest of 0.15% per annum as of December 31, 2020. Corresponding investment was redeemed in 2021.
- Deposits in Egyptian pounds yielded interest from 1.15% to 13.10% per annum in both periods.
- Deposits in Rands yielded interest from 3.3% to 3.5% per annum in both periods.

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

5. Securities

Securities are classified as financial assets, as follows:

	09.30.2021	12.31.2020
Market investments	1,324	1,212
Investment funds	21,182	21,771
Bonds investments	18,326	-
Total	<u>40,832</u>	<u>22,983</u>
Total - current	39,508	21,771
Total - noncurrent	1,324	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 September 30, 2021 and December 31, 2020. The funds resulted in an unrealized gain of US\$0,664 for the nine-month period ended September 30, 2021 (US\$0,687 unrealized gain for the year ended December 31, 2020).

“Bonds investments” consist in short-term government bonds in Argentinean pesos indexed to dollar plus a spread of 0.1% per year.

6. Trade Receivables

	09.30.2021	12.31.2020
<u>Current</u>		
Domestic and foreign customers	110,164	94,159
(-) Expected Credit Losses	(10,933)	(17,609)
Trade receivables	<u>99,231</u>	<u>76,550</u>
<u>Noncurrent</u>		
Domestic and foreign customers	1,335	2,339
(-) Expected Credit Losses	(902)	(1,640)
Trade receivables	<u>433</u>	<u>699</u>

7. Inventories

	09.30.2021	12.31.2020
Current:		
Finished products	16,815	16,538
Work in process	57,967	45,584
Raw material	62,247	77,118
Fuel	51,657	23,519
Spare parts	96,067	76,835
Advances to suppliers	3,084	6,629
Packaging and other	4,709	6,642
Allowance for impairment losses	(35,912)	(39,271)
Total	256,634	213,594
Noncurrent:		
Raw material	36,330	35,825
Spare parts	28,607	26,522
Allowance for impairment losses	(1,321)	(898)
Total	63,616	61,449

8. Property, Plant and Equipment

	09.30.2021			12.31.2020
	Cost	Depreciation & Impairment	Net book value	Net book value
Land	91,782	(36,877)	54,905	55,405
Buildings	663,285	(425,285)	238,000	231,630
Machinery and equipment	1,847,699	(1,073,088)	774,611	586,098
Vehicles	118,587	(103,215)	15,372	16,665
Furniture and fixtures	34,987	(32,885)	2,102	2,089
Mines and ore reserves	192,916	(144,142)	48,774	48,041
Reservoirs, dams and feeders	51,627	(21,489)	30,138	32,928
Spare parts	6,897	(1,253)	5,644	6,754
Other	13,460	(10,593)	2,867	2,614
Advances to suppliers	16,823	(5,829)	10,994	11,415
Construction in progress	366,330	(93,342)	272,988	394,634
Total	3,404,393	(1,947,998)	1,456,395	1,388,273



Construction in progress include: (i) the construction of the new L'Amalí II cement plant in the city of Olavarría, province of Buenos Aires, in Argentina business segment, with a total investment of US\$336,662 (ARS33,242,041 thousands) for the nine-month period ended September 30, 2021 (US\$282,584 as of December 31, 2020), out of which US\$182,074 was capitalized in the third quarter of 2021 (machinery and equipment already in use). The construction continues under strict sanitary protocols established by the Provincial Government and by the Group. Furthermore, as of September 30, 2021, all detailed engineering is concluded and the construction is substantially completed with the remaining operation expected to commence before the year-end, when the project will be fully capitalized, (ii) improvement in facilities and equipment of the cement plants and (iii) impairment losses in Brazil business segment of US\$93,342 (US\$102,638 as of December 31, 2020) due to expansion projects on production lines that were ceased for an undetermined period. Such impairment losses might be reversed once the expansion projects are finalized and the expected future cash flows are sufficient to cover their respective costs.

As of September 30, 2021, there are assets in Brazil business segment given as collateral for loans obtained for their own acquisition in the amount of approximately US\$601 (as of December 31, 2020 in Brazil business segment, the assets given as collateral totalled approximately US\$956).

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

	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)	1,606	24,754	31,313	5,341	148	9,507	-	-	131	54,326	-	127,126
Additions	-	1,363	10,118	7	89	-	-	1,148	924	51,244	56	64,949
Disposals	(510)	(318)	(443)	(1,208)	(162)	-	-	-	(779)	-	(121)	(3,541)
Depreciation	(153)	(15,498)	(82,863)	(10,442)	(589)	(9,092)	(1,527)	(181)	(327)	-	-	(120,672)
Impairment reversal (provision)	(91)	(6,860)	23,595	(3,669)	(88)	-	-	-	(22)	(474)	-	12,391
Effect of changes in exchange rates	(15,509)	(65,926)	(153,230)	(5,930)	(324)	(10,666)	(12,718)	(925)	(1,917)	(80,343)	(5,657)	(353,145)
Transfers	(179)	9,344	11,346	2,000	658	9,417	4	(954)	(13)	(31,125)	(92)	406
Discontinued operations (Note 2.3)	(341)	-	(73,091)	(39)	(90)	-	-	-	-	(8,314)	(59)	(81,934)
Balance as of September 30, 2020	55,225	224,650	581,243	16,502	1,982	45,679	30,803	2,325	5,339	353,624	18,997	1,336,369
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)	2,601	37,085	48,487	4,850	198	12,024	-	-	176	99,644	-	205,065
Additions	-	1,538	14,457	-	17	-	2	424	1,011	58,304	-	75,753
Disposals	(4,595)	(54)	(95)	(56)	(21)	-	-	(84)	(34)	(35)	-	(4,974)
Depreciation	(146)	(13,772)	(54,906)	(5,618)	(566)	(15,149)	(1,356)	(129)	(782)	-	-	(92,424)
Impairment reversal (provision)	2,169	(3,195)	(58)	-	1	-	-	-	(3)	(1,357)	-	(2,443)
Effect of changes in exchange rates	(2,655)	(19,136)	(33,494)	(2,314)	(15)	(7,287)	(1,438)	(221)	(415)	(45,459)	(421)	(112,855)
Transfers	2,126	3,904	214,122	1,845	399	11,145	2	(1,100)	300	(232,743)	-	-
Balance as of September 30, 2021	54,905	238,000	774,611	15,372	2,102	48,774	30,138	5,644	2,867	272,988	10,994	1,456,395



Additions

During the nine-month period ended September 30, 2021 there were additions in the amount of US\$75,753 (US\$64,949 for the nine-month period ended September 30, 2020), from which US\$33,436 refers to Argentina business segment (US\$28,166 for the nine-month period ended September 30, 2020), primarily due to the increase of the installed capacity on its L'Amalfi plant and quarry; and US\$31,169 refers to Brazilian business segment (US\$24,014 for the period ended September 30, 2020), mainly referring to improvements in the production process.

Impairment

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

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

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

As of September 30, 2021, there are no relevant indicators that property, plant and equipment could be impaired, even considering the pandemic scenario, further commented in Note 1 above.

9. Other intangible assets and goodwill

	09.30.2021	12.31.2020
Other intangible assets:		
Software licenses	4,790	5,546
Mining rights and concession related assets	77,173	86,674
Project development costs	1,644	3,954
Trademarks, patents and others	16,658	16,676
	<u>100,265</u>	<u>112,849</u>

Goodwill per operating segments:	09.30.2021	12.31.2020
Brazil	505,321	528,920
Argentina	177,998	186,220
Egypt	5,391	5,397
Mozambique	41,769	35,577
South Africa	98,551	101,014
	<u>829,030</u>	<u>857,128</u>

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

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

	Software licenses	Mining rights and concession related assets	Project development costs	Trademarks, patents and others	Goodwill	Total
Balance as of December 31, 2019	5,595	124,877	3,608	16,628	1,076,173	1,226,881
Effects of hyperinflationary monetary adjustment (Note 2.1)	405	-	-	-	82	487
Additions	1,501	3,834	6,327	1,218	-	12,880
Disposals	-	(1,389)	-	-	-	(1,389)
Amortization	(1,838)	(7,166)	(5,523)	(847)	-	(15,374)
Effect of changes in exchange rates	(1,205)	(33,326)	(997)	(510)	(286,226)	(322,264)
Discontinued operations (Note 2.3)	(24)	-	-	-	-	(24)
Balance as of September 30, 2020	<u>4,434</u>	<u>86,830</u>	<u>3,415</u>	<u>16,489</u>	<u>790,029</u>	<u>901,197</u>
Balance as of December 31, 2020	5,546	86,674	3,954	16,676	857,128	969,977
Effects of hyperinflationary monetary adjustment (Note 2.1)	737	-	-	-	89	826
Additions	1,143	7,525	-	250	-	8,918
Disposals	-	(4,648)	(273)	-	-	(4,921)
Amortization	(2,172)	(10,157)	(670)	(183)	-	(13,182)
Impairment	-	-	(1,247)	1	-	(1,246)
Effect of changes in exchange rates	(464)	(2,221)	(120)	(86)	(28,187)	(31,078)
Balance as of September 30, 2021	<u>4,790</u>	<u>77,173</u>	<u>1,644</u>	<u>16,658</u>	<u>829,030</u>	<u>929,295</u>

10. Borrowings and Financing

Functional Currency	Business unit	Type of financing	Currency	Annual interest rates	Maturity	09.30.2021		12.31.2020	
						Current	Noncurrent	Current	Noncurrent
EUR	Holdings and Financial Vehicles (*)	Bilateral (**)	USD	US Libor + 4.40%	Jan/21-Jan/22	14,000	-	7,000	14,000
EUR	Holdings and Financial Vehicles (*)	Bilateral	EUR	3.20%	Oct-21	19,105	-	20,250	-
BRL	Holdings and Financial Vehicles (*)	Promissory note (**)	BRL	3% + 100% CDI	Mar-22	18,384	-	22,129	-
ARS	U.N. Argentina	Bilateral	USD	US Libor + (4.25% to 7.70%)	Several	28,267	4,875	39,747	21,782
ARS	U.N. Argentina	Bilateral	EUR	4.00%	Apr-Oct/21	3,722	-	13,354	-
ARS	U.N. Argentina	Working capital	ARS	34.00% - 45.00%	Oct-21	2,917	-	376	-
MZN	U.N. Mozambique	Bilateral (**)	MZN	Prime Rate + 2%	Jan/24-Aug/25	944	5,143	-	4,818
BRL	U.N. Brazil	Subsidised loan	BRL	2.50% - 5.00%	Dec-24	1,959	3,922	2,095	5,701
BRL	U.N. Brazil	Bilateral	BRL	15.34%	Dec-22	527	2,711	552	2,838
EGP	U.N. Egypt	Bilateral	EGP	Corridor + 1.50%	Apr-24	1,274	7,246	2,669	4,562
EGP	U.N. Egypt	Working capital	EGP	10.00%	Oct-21	16,053	-	16,541	-
						<u>107,152</u>	<u>23,897</u>	<u>124,713</u>	<u>53,701</u>

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

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

As of September 30, 2021 and December 31, 2020, the incurred interest expenses related to those financing agreements classified in current liabilities and presented as 'Interest payable' amount to US\$1,592 and US\$2,678 respectively.

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

	Borrowings and financing
Balance as of December 31, 2019	971,122
New borrowings and financing	219,565
Payments	(942,460)
Discontinued operations (Note 2.3)	(25,284)
Effect of changes in Exchange rates, commissions and other	(23,710)
Balance as of September 30, 2020	199,233
Balance as of December 31, 2020	178,414
New borrowings and financing	62,556
Payments	(110,963)
Effect of changes in exchange rates	1,042
Balance as of September 30, 2021	131,049

Maturity schedule

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

Period	09.30.2021
2022	5,271
2023	9,664
2024	6,609
2025	2,353
	23,897

Covenants

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

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

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

The promissory note in the amount of US\$18,384 requires that Net Debt / Adjusted EBITDA ratio to be no higher than 5.0x as of December 31, 2021.

The Mozambique bilateral in the amount of US\$6,087 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, 2020 the covenants conditions were met and such obligations will only be remeasured again based on the financial figures as of December 31, 2021.

11. Debentures

Functional Currency	Business unit	Instrument	Currency	Annual interest rate	Final maturity	09.30.2021		12.31.2020		
						Current	Noncurrent	Current	Noncurrent	
EUR	Holdings and Financial Vehicles (*)	Senior Notes	USD	5.75%	July-24	a)	-	546,407	-	546,012
BRL	Holdings and Financial Vehicles (*)	Debenture	BRL	CDI + 3.75%	June-27	b)	-	363,678	-	573,474
BRL	U.N. Brazil	Debenture	BRL	CDI + 3.75%	June-27	b)	-	312,564	-	327,162
BRL	U.N. Brazil	Debenture	BRL	CDI + 3.75%	June-27	c)	-	182,147	-	-
							-	1,404,796	-	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 September 30, 2021 and December 31, 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\$9,230thousands) 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 2024.

As of September 30, 2021 and December 31, 2020, the incurred interest expenses classified in current liabilities and presented as 'Interest payable' amounts to US\$24,488 and US\$17,535, respectively.

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

	Debentures
Balance as of December 31, 2019	960,113
New debentures	910,491
Payments	(302,531)
Effect of changes in Exchange rates, commissions and other	(190,254)
Balance as of September 30, 2020	1,377,819
Balance as of December 31, 2020	1,446,648
New debentures	182,147
Payments	(183,844)
Effect of changes in Exchange rates, commissions and other	(40,155)
Balance as of September 30, 2021	1,404,796

Maturity schedule

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

Period	09.30.2021
2023	150,168
2024	718,309
2025	214,527
Following years	321,792
	1,404,796

Covenants

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

Debentures

Company agreed with the debentures holders' compliance with a gross debt cap of €1,800,000 thousands as metrics for the year ended December 31, 2020 and the conditions were met. For December 31, 2021 and following years, the financial covenant changes from gross debt cap to net leverage, measured by the Net Debt over Adjusted EBITDA. In 2021, the limit is 5.85X, and for the following years 5.35X in 2022; 4.85X in 2023; 3.85X in 2024 and 3.35X 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.

Senior notes

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

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

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

12. Provisions for tax, civil and labor risks and judicial deposits

Provisions

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

The provision for risks is demonstrated as follows:

	09.30.2021	12.31.2020
Labor and social security	7,378	8,583
Tax (a)	15,967	19,789
Civil and other (b)	38,946	39,846
	62,291	68,218
Judicial deposit (c)	(2,350)	(1,900)
Total	59,941	66,318

- (a) Brazil: Refer to tax assessment notices and lawsuits amounting to US\$0,967 (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 period 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 period. .

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\$2,923 (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\$6,549 as of September 30, 2021 (US\$6,941 as of December 31, 2020), which are being challenged in courts.

Egypt: Is mainly justified by tax provisions in this business area related to income tax from years 2015 to 2019, which is being challenged in courts, in the amount of US\$3,532 (US\$3,782 in December 31, 2020).

(b) Egypt: Includes mainly a provision related to a dispute about the requirement of an industrial license and corresponding interest and monetary accretion totalling US\$34,505 (US\$34,425 on December 31, 2020).

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

	09.30.2021	12.31.2020
Labor and social security	1,201	1,005
Tax	863	681
Civil and other	286	214
Total	2,350	1,900

Changes in the provision for risks for the nine-month period ended September 30, 2021 and 2020 are as follows:

	Labor and social security	Tax	Civil and other	Escrow deposit	Total
Balance as of December 31, 2019	6,963	17,013	37,835	(2,840)	58,971
Effects of hyperinflationary monetary adjustment (Note 2.1)	293	170	94	-	557
Recognition/deposit	2,261	3,563	1,245	(605)	6,464
Payment	(661)	(136)	(346)	1,106	(37)
Reversal	(778)	(427)	(216)	-	(1,421)
Exchange differences	(1,840)	(651)	133	765	(1,593)
Balance as of September 30, 2020	6,238	19,532	38,745	(1,574)	62,941
Balance as of December 31, 2020	8,583	19,789	39,846	(1,900)	66,318
Effects of hyperinflationary monetary adjustment (Note 2.1)	24	15	10	-	49
Recognition/deposit	1,391	1,168	457	(1,806)	1,210
Payment	(1,641)	(3,292)	(648)	1,256	(4,325)
Reversal	(506)	(935)	(488)	-	(1,929)
Exchange differences	(473)	(778)	(231)	100	(1,382)
Balance as of September 30, 2021	7,378	15,967	38,946	(2,350)	59,941

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 September 30, 2021, the Group has an exposure of US\$1,637,588 (US\$1,777,152 as of December 31, 2020), being US\$14,526 of contingent liabilities related to labor contingencies (US\$14,332 as of December 31, 2020), US\$1,433,065 of tax contingencies, including uncertain income tax position as per IFRIC 23 assessment (US\$1,573,768 as of December 31, 2020), and US\$189,997 of civil contingencies and administrative processes of other natures (US\$189,052 as of December 31, 2020), whose likelihood of loss was considered possible, according to the opinion of our legal counsel or “less likely than not” for income tax and social contribution assessments.

The most significant of the contingencies are:

Brazil

a) Tax

The tax contingencies and uncertain tax positions related to Income Tax assessed as “less likely than not” based on IFRIC23, in the amount of US\$882,715 (US\$964,911 as of December 31, 2020), refer mainly to administrative and judicial proceedings related to: (i) collection of alleged difference or non-payment of CFEM, a financial compensation paid to the Federal Government for the economic use of mineral resources; (ii) several discussions related to the ICMS: rate differential, absence of payment in different operations, applicability of tax agenda and transfer of goods between plants of the same taxpayer, improper credits taken upon intermediate materials and fixed assets considered for use and consumption;; (iii) undue PIS and COFINS credit resulting from freight expenses on goods transfers between industrial plants and distributors; (iv) non-collection of the Property Transfer Tax (“ITBI”) on mergers transactions; (v) undue charge of a municipal tax (Services Taxes - “ISS”); (vi) disallowance of credits for allegedly undue deduction of the IRPJ and CSLL calculation base, as goodwill amortization resulting from the acquisition of other companies; (vii) non-ratified IRPJ credit compensation resulting from the improper application of the tax incentive granted by Authorities and credits resulting from the lower calculation of the negative tax balance; (viii) alleged taxation of interest on capital not paid by the Company; and (ix) alleged non-payment of federal taxes resulting from non-approved deductible expenditures resulting in lower negative tax balances.

b) Civil

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

Administrative Council for Economic Defence (“CADE”)

The Company, along with other companies in the industry, is part of administrative proceedings related to antitrust regulation in progress at the Administrative Council for Economic Defense (“CADE”). In July 2015,

CADE's tribunal judged the administrative appeal presented by the Group under the process initiated in 2007 regarding competition in Brazil (as well by other involved companies), maintaining the condemnation decision about cartel formation and the imposition of a pecuniary fine and other accessory penalties. As of September 30, 2021, the fines imposed to the Group corresponds to US\$152,568 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 September 30, 2021. Based on the opinion of the legal advisors, the risk of loss in court has been considered as possible, therefore, no provision was recorded for this contingent liability.

InterCement Participações

Income tax and social contribution contingencies, and uncertain tax positions that legal advisors assessed as "less likely than not", based on IFRIC 23, refer primarily to ongoing challenges of taxable income earned abroad by subsidiaries and affiliated entities. The risk exposure is US\$230,936 as of September 30, 2021 (US\$223,392 as of December 31, 2020).

Spain

As a result of the tax inspections of the years 2005 to 2008, tax assessments of US\$138,948 (US\$147,276 as of December 31, 2020) were issued against the Company related essentially to net financial items resulting from interpretations not adjusted to the nature of certain transactions. Based on opinion of the legal advisors, the risk of loss in court was considered as possible. During September 2019, the Supreme Court's ruled the dispute and the decision was favourable to the Company, therefore the tax assessment was cancelled.

During the second half of 2014, the Spanish tax authorities began inspecting the years 2009 to 2012 related to the same matters in dispute as mentioned above. The amounts under dispute is of approximately US\$32,421 (US\$34,364 as of December 31, 2020) for 2009 to 2011 and negative taxable income of approximately US\$280,213 (US\$297,006 as of December 31, 2020) for 2012. Recently, the state's attorney informed the High Court of the acceptance of some of the issues in the litigation. If the High Court confirms this, which is foreseeable, the negative tax bases questioned would be US\$19,719 (US\$20,901 as of December 31, 2020) for 2009-2011, and US\$210,955 (US\$222,644 as of December 31, 2020) for 2012. Management and Company's legal counsel believe the risk of a favourable outcome of this dispute is "more likely than not", therefore, no contingency reserve was recorded. The risk exposure is US\$229,774 (US\$243,545 as of December 31, 2020)

Portugal

Under the Consolidated Income Tax Regime (RETGS), applicable to the Company and other Portuguese entities of the Group until the year 2000, intra-group results ("eliminated results"), amounting to US\$306,844 as of September 30, 2021 and US\$325,234 as of December 31, 2020 (equivalent to €265,000 thousand in both periods), were generated due to property, plant and equipment sales between group companies.

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

The final Income tax inspection Report for the year 2016 incorporated a correction of US\$114,547 as of September 30, 2021 and US\$121,412 as of December 31, 2020 (equivalent to €98,926 thousands in both periods) to the Group's Taxable base, corresponding to 25% (cf. Law No. 7-A / 2016, of September 30) of the eliminated results calculated by the Tax Authority by reference to December 31, 2015, and for that year an additional tax assessment of US\$4,896 (€4,228 thousands) was received and is being contested. Even so, the amount of US\$4,747 (€4,100 thousands) was already compensated with a Company tax credit.

The risk exposure from the dispute above ranges from US\$28,948 through US\$86,843 (equivalent to €25,000 thousands and €75,000 thousands), depending on the outcome of the 2017 inspection over the available tax losses. As of the date of the issuance of the consolidated financial statements, the draft of the income tax inspection report for the fiscal year 2017 was received, for which the Company presented a claim, and is waiting for the final Income tax inspection report.

Based on the opinion of the Company's legal advisors, the risk of an unfavourable outcome on this dispute is "less likely than not", therefore, no contingency reserve was recorded.

13. Related Parties

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

14. Right-of-use assets and lease liabilities

The changes of rights-of-use assets in the nine-month period ended September 30, 2021 and 2020 are demonstrated as follows:

Changes in 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	668	-	1,942	33	-	2,643
Write-offs	(67)	(910)	(56)	-	-	(1,033)
Discontinued operations	-	(24)	-	-	-	(24)
Exchange difference	(1,431)	(17,447)	(1,094)	1	(76)	(20,047)
As of September 30, 2020	12,367	43,787	5,591	34	190	61,969
As of December 31, 2020	12,779	79,063	3,849	34	322	96,047
Additions	1,514	3,852	183	-	311	5,860
Write-offs	(3,617)	(811)	-	-	-	(4,428)
Impairment	(90)	45	-	-	-	(45)
Exchange difference	1,218	(3,550)	(47)	-	(23)	(2,402)
As of September 30, 2021	11,804	78,599	3,985	34	610	95,032
(-) Accumulated depreciation						
As of December 31, 2019	(2,161)	(16,776)	(591)	-	(152)	(19,680)
Additions	(1,616)	(10,289)	(1,052)	(9)	(90)	(13,056)
Write-offs	3	421	13	-	-	437
Discontinued operations	-	17	-	-	-	17
Exchange difference	224	5,580	168	-	52	6,024
As of September 30, 2020	(3,550)	(21,047)	(1,462)	(9)	(190)	(26,258)
As of December 31, 2020	(4,335)	(37,137)	(1,821)	(12)	(234)	(43,539)
Additions	(1,822)	(16,197)	(407)	(23)	(104)	(18,553)
Write-offs	953	261	13	-	-	1,227
Exchange difference	(364)	1,997	20	-	13	1,666
As of September 30, 2021	(5,568)	(51,076)	(2,195)	(35)	(325)	(59,199)
Balance as of September 30, 2021	6,236	27,523	1,790	(1)	285	35,833
Balance as of December 31, 2020	8,444	41,926	2,028	22	88	52,508

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

Changes in lease liabilities:

	Lease Liabilities
As of December 31, 2019	70,352
Additions, net of write-offs	2,153
Payments	(15,258)
Present value adjust	7,040
Exchange difference	(16,787)
As of September 30, 2020	47,500
As of December 31, 2020	57,477
Additions, net of write-offs	1,432
Payments	(20,989)
Present value adjust	3,179
Exchange difference	(1,054)
As of September 30, 2021	40,045

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

Lease liabilities included in the statement of financial position:

	09.30.2021	12.31.2020
Current	21,040	27,074
Non-current	19,005	30,403
Lease liabilities	40,045	57,477

Lease liabilities - Maturity analysis:

	Lease Liabilities
Less than one year	21,040
One to five years	18,110
More than five years	895
Lease liabilities	40,045

15. Shareholder's Equity

Share Capital

As of September 30, 2021 and December 31, 2020 share capital is represented by 55,279,765 registered shares without par value, of which 52,920,764 are common shares and 2,359,001 are preferred shares Class A.

Capital Reserves - Preferred Shares – InterCement Participações

Class A

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

Earning Reserves

On February 12, 2021, the Board of Director approved a plan to acquire up to US\$7,471 (ARS750,000 thousands) of Loma Negra shares, within a period of 90 days. Purchases took place according to market opportunities, closings, prices and corners, as determined by the Management of Loma Negra.

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

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

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

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

In the nine-month period ended September 30, 2021, the movement in this caption relates to the acquisition of non-controlling interest of Loma Negra, following the approved plans to acquire own shares. As of September 30, 2021, Loma Negra already acquired 6,098,994 own shares for a total value of US\$15,448 (ARS1,497,505 thousands), which US\$12,344 were attributed to Company´s owners.

Dividends

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

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

Other comprehensive income attributable to the Company´s owners

Other comprehensive income attributable to Company´s owners of US\$67,049 (negative of US\$451,225 as of September 30, 2020) corresponds to: i) negative equity recognition of exchange differences from translation of foreign operations in the amount of US\$161,053 (US\$524,478 as of September 30, 2020); (ii) positive equity recognition of derivative and hedging transactions amounting to US\$725, net of taxes (US\$2,156 as of September 30, 2020); and (iii) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US\$227,377 (US\$71,097 as of September 30, 2020).

Non-controlling interests

Changes in non-controlling interests

a) In other comprehensive loss attributable to non-controlling interests, the amount of US\$41,902 (negative of US\$44,219 as of September 30, 2020) corresponds to: i) negative exchange differences from translation of foreign operations in the amount of US\$175,694 (negative of US\$120,494 as of September 30, 2020), ii) positive equity recognition of derivative and hedging transactions amounting to US\$2 (positive of US\$117 as of September 30, 2020) and (iii) positive effect of hyperinflationary monetary adjustment in Argentinian business segment of US\$217,594 (positive of US\$76,158 as of September 30, 2020).

b) Following the aforementioned approved plan to acquire own shares of Loma Negra, during the nine-month period ended September 30, 2021 were acquired 6,098,994 own shares for a total value of US\$15,448 (ARS1,497,505 thousands), which US\$3,104 were attributed to non-controlling interests.

c) Special purposes entities (SPEs) controlled by Brazilian subsidiaries declared dividends to non-controlling interests in the amount of US\$7,624 (R\$39,515) related to preliminary 2021 results, which was already fully paid in current period. On May 12, 2021, it was also paid an amount of US\$1,307 (R\$6,845 thousands) related

to dividends declared in 2020. The South African subsidiaries also declared and paid dividends to non-controlling interests in the amount of US\$105 related to preliminary 2021 results.

d) In 2020, The Argentinian subsidiary, Loma Negra, increased capital in the amount of US\$26,187 (ARS1,813,536 thousand) 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 minority interests, resulting in a loss for the nine-month period ended September 30, 2020 to the group of US\$5,237 (ARS362,707 thousand). The loss was recognized as operating expenses, see note 18.

16. Income Tax and Social Contribution

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

	09.30.2021	09.30.2020
Profit before income tax and social contribution	123,766	89,542
Tax rate	34%	34%
Income tax and social contribution at statutory rates	(42,080)	(30,444)
Adjustments to calculate income tax and social contribution at effective rate:		
Permanent additions / (deductions), net (a)	(25,294)	8,294
Interest on capital, net	1,651	-
Effect of changes in tax rates in Argentinian business (b)	(36,272)	-
Deferred income tax and social contribution over tax losses recognized (not recognized) (c)	10,152	(26,074)
Other (d)	(6,714)	29,294
Income tax and social contribution expense	(98,557)	(18,930)
Current Income tax and social contribution expense	(67,668)	(28,866)
Deferred Income tax and social contribution expense	(30,889)	9,936

(a) For the nine-month period ended September 30, 2021 includes: (i) negative impact of US\$8,505 due to the effect of the differences in tax rates of foreigner tax jurisdictions and the tax rate applied to the Company (positive impact of US\$5,597 for the nine-month periods ended September 30, 2020); and (ii) negative impact of US\$16,515 (negative impact of US\$3,123 for the nine-month periods ended September 30, 2020) related to the effect of non-deductible financial expenses recorded in the Spanish subsidiary.

(b) Argentina authorities passed a tax reform resulting in a nominal tax rate of 35% from the previously 30%. Due to that, deferred income tax assets and liabilities were remeasured resulting in a loss of US\$36,272 in the nine-month period ended September 30, 2021.

(c) For the period ended September 30, 2020 includes the tax effect from tax losses and/or tax temporary differences on entities where deferred tax assets were not recognized due to lack of positive evidences that would justify the corresponding recoverability in a foreseeable future. In 2021, due to business recoverability in some regions, as Brazil segment, it was possible to partially recognize deferred taxes assets over tax losses

from previous years.

- (d) For the nine-month period ended September 30, 2021, includes: (i) negative amount of US\$2,393 related to the impact of monetary adjustment in Argentina due to hyperinflationary economy (positive impact of US\$5,492 for the nine-month period ended September 30, 2020); (ii) a negative impact of US\$2,461 related to results recorded in our Spanish subsidiary that were eliminated for consolidation purposes as they were transactions between intragroup entities (positive impact of US\$18,212 for the nine-month period ended September 30, 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 carryforwards and temporary differences in the recognition of revenues and expenses between tax books and corporate records, to the extent considered realizable by the subsidiaries.

In addition to the income tax charge, in the nine-month period ended September 30, 2021 and 2020, the Group recorded deferred taxes in the amount of US\$177 and US\$166, respectively, directly in equity.

17. Net Revenue

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

	09.30.2021	09.30.2020
Products sold	1,515,239	1,140,686
Services provided	63,326	53,254
(-) Taxes on sales	(141,790)	(111,573)
(-) Discounts	(219,040)	(148,894)
Total	1,217,735	933,473

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

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

	09.30.2021	09.30.2020
Depreciation and amortization	(124,160)	(124,320)
Impairment losses, net (a)	(3,734)	(12,391)
Salaries and employee benefits	(151,140)	(131,492)
Raw materials and consumables	(226,503)	(209,264)
Tax expenses	(21,685)	(15,620)
Outside services	(92,999)	(82,791)
Rental	(4,280)	(3,989)
Freight expenses	(106,066)	(75,641)
Maintenance costs	(60,591)	(46,720)
Fuel	(125,871)	(81,421)
Electricity	(86,810)	(69,014)
Recognition of inventories and trade receivable impairments	(605)	82
Gain on sale of property, plant and equipment	3,297	1,254
Other (b)	595	(22,378)
Total	(1,000,552)	(873,705)
Cost of sales and services	(904,574)	(762,584)
Selling expenses	(47,579)	(34,745)
Administrative expenses	(71,575)	(69,325)
Other income (loss)	23,176	(7,051)
Total	(1,000,552)	(873,705)

- (a) The nine-month period ended September 30, 2021 refers mainly to impairment of certain fixed assets in Brazilian business segment in the amount of US\$3,901. The nine-month period ended September 30, 2020 refers mainly to impairment of certain fixed assets in Argentine business segment in the amount of US\$12,282.
- (b) In the nine-month period ended September 30, 2021 includes a gain of US\$13,026 (equivalent to R\$69,256 thousands) related to extemporaneous tax credits of PIS/COFINS (sales taxes), including an earnout on the sale of the corresponding legal proceeding at our subsidiary InterCement Brasil S.A. in prior years, upon the approval of the ruling per Brazilian Supreme Court of the exclusion of ICMS (state VAT) from the computation basis of such sales taxes occurred on May 2021. This gain offset other expenses not segregated given its lower relevance to the corresponding disclosure. Additionally, such transaction resulted in an interest income of US\$10,687 which was recorded as financial income – see Note 19.

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

	09.30.2021	09.30.2020
Foreign exchange gain (losses), net (a):		
Exchange gain	147,400	260,205
Exchange loss	(156,832)	(119,666)
Total	(9,432)	140,539
Financial income:		
Inflation adjustment (b)	14,350	3,666
Effects of Hyperinflationary monetary adjustments (c)	16,805	4,622
Financial earnings	2,261	2,563
Interest income	357	447
Derivative financial instruments	-	975
Other income	1,664	2,062
Total	35,437	14,335
Financial expenses:		
Inflation adjustment	(4,023)	(8,690)
Expenses on interest and charges	(85,031)	(76,132)
Expenses on banking commissions	(2,492)	(4,717)
Fines	(3,282)	(605)
Derivative financial instruments	(3,700)	-
Lease liabilities present value	(3,179)	(7,760)
Other expenses (d)	(17,715)	(27,196)
Total	(119,422)	(125,100)

- (a) The exchange differences are mainly influenced by the appreciation and depreciation of functional currencies against other currencies (mainly US\$ and Euro).
- (b) In the nine-month period ended September 30, 2021 includes a gain of US\$10,687 related to extemporaneous tax credits of PIS/COFINS (September 30, 2020 includes the amount of US\$2,846 related to the sale of some legal disputes by Brazilian subsidiary) as mentioned in note 18 (c) above
- (c) It relates to the application of IAS 29 to Argentinean pesos (Note 2.2).
- (d) In the nine-month period ended September 30, 2021 includes US\$1,771 related to PIS and COFINS on financial income and US\$1,409 related to financial operations taxes paid over intercompany loans transactions in the period (US\$2,207 for the nine-month period ended September 30, 2020).

In the nine-month period ended September 30, 2020 it also includes an amount of US\$13,115 related with bank commissions incurred as part of the debentures issued by the Company and its Brazilian subsidiary (see Note 11). The recognition as expenses of such commissions is in light with IFRS9 which states that when a debt instruments is accounted for as an extinguishment of the original debt, fees incurred should be immediately recognized as part of gain or loss on the extinguishment.

20. Commitments

Purchase agreements

Our subsidiary InterCement Brasil S.A. has a contractual agreement for the acquisition of hydroelectric power until 2024 and contracts “take or pay contract” for rail transport services until 2023, logistics services for storage, transport and handling until 2029, 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:

	09.30.2021
2021	21,501
2022	78,054
2023	56,412
2024	23,251
Total	179,218

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:

	09.30.2021
2021	23,977
2022	26,727
2023	14,190
2024	14,190
After 2024	98,987
Total	178,071

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

The Argentina segment has certain contractual commitments for the purchase of slag with effect until 2022. Estimated future cash flows are approximately US\$4,633 (ARS457,473 thousands) between 2021 and 2022.

The Argentina segment also signed contracts for the supply of gas, assuming payment commitments in the total amount of approximately US\$7,630 (ARS753,350 thousands), to be paid during 2021 and US\$8,831 (ARS871,967 thousands) to be paid during 2022.

The Argentina segment signed energy supply contracts with certain suppliers, in the total amount of US\$3,541 (ARS349,635 thousands) to be paid during 2021 and 2022 and US\$14,164 (ARS1,398,539 thousands) to be paid during 2022 and US\$127,302 (ARS12,569,811 thousands) to be paid between 2023 and 2037.

Additionally to the above figures, in accordance with the contract concluded with Sinoma International Engineering Co. Ltd for the construction of a new cement factory, Loma Negra C.I.A.S.A. made commitments totalling US\$22,437 (ARS2,215,400 thousand), plus US\$107,700 (ARS10,634,298 thousand) and US\$47,821 (€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 September 30, 2021 is US\$4,051 (ARS400,034 thousands).

21. Earnings (loss) Per Share

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

	09.30.2021	09.30.2020
Profit (loss) for the period from continuing and discontinuing operations attributable to Company's owners	(1,268)	71,998
Profit (loss) for the period attributable to common shares	(1,268)	71,998
Weighted average number of common shares	52,920,764	22,687,439
Basic/diluted profit (loss) per common share	(0.02)	3.17
Profit (loss) for the period from continuing operations attributable to Company's owners	(1,268)	38,646
Profit (loss) for the period attributable to common shares	(1,268)	38,646
Weighted average number of common shares	52,920,764	22,687,439
Basic/diluted profit (loss) per common share	(0.02)	1.70

22. Financial Instruments

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

22.1. Capital risk management

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

As mentioned in Note 10 and 11, the Company is subject to certain covenants metrics, as gross debt in 2020 and the ratio Net Debt / Adjusted EBITDA in upcoming year. The breach of such covenants can lead to the anticipation due date of the borrowings and financing and debentures.

For the purpose to determine the metrics aforementioned, the adjusted EBITDA is calculated 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 forfeiting).

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

22.2. Financial risk management

General principles

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

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

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

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

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

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

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

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

The whole treasury department is responsible for managing financial risks, including identifying, assessing and hedging such risks. This risk management is conducted under the guidance of the Executive Committee, in

particular of the director responsible for the financial risk area (whose approval is required prior to any operation).

22.3. Interest rate risk

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

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

As of September 30, 2021 and December 31, 2020, there were no hedge instruments contracted to protect such risks.

Exposure to interest rate risks and to floating and fixed rates

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

	Borrowings and financing	Debentures	Cash and cash equivalents	Securities	Other payables	09.30.2021	12.31.2020
Assets:							
CDI	-	-	54,814	130	-	54,944	84,274
Total	-	-	54,814	130	-	54,944	84,274
Liabilities:							
IGP-M	-	-	-	-	8,449	8,449	7,384
CDI	18,384	858,389	-	-	-	876,773	922,765
LIBOR	47,142	-	-	-	-	47,142	82,530
Prime Rate	6,087	-	-	-	-	6,087	4,818
Others	8,520	-	-	-	-	8,520	7,231
Total	80,133	858,389	-	-	8,449	946,971	1,024,728

As of September 30, 2021 and December 31, 2020, the Group's liability by type of interest rate, considering derivative financial instruments, between floating and fixed rate, was as follows:

	09.30.2021	12.31.2020
Floating rates	61%	63%
Fixed rates	39%	37%

22.4. Exchange rate risk

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

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

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

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

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

Exposure to foreign exchange risk

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

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

	09.30.2021	12.31.2020
Assets:		
Cash, cash equivalents and securities	10,809	31,101
Trade receivables	2,431	7,893
Related parties (a)	952,643	212,037
Other assets	6,771	18,266
Exposed assets	972,654	269,297
Liabilities:		
Interest, borrowings, financing and debentures (note 10 and 11)	597,271	822,463
Interest payable	7,165	16,110.08
Foreign trade payables	18,546	52,569
Related parties (a)	1,562,051	1,296,834
Other liabilities	587	6,155
Exposed liabilities	2,185,620	2,178,021
Exposed net position liability	(1,212,966)	(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 current securities by currencies and related foreign exchange exposures are as follows:

Functional currency	Currency	09.30.2021		12.31.2020	
		Currency	USD	Currency	USD
ARS	USD	652	652	156	156
BRL	USD	-	-	1	1
EGP	USD	1,241	1,241	1,259	1,259
EUR	USD	8,554	8,554	28,465	28,464
MZN	USD	2	2	382	382
ARS	EUR	14	12	16	13
EGP	EUR	88	76	109	88
MZN	EUR	3	3	440	358
EUR	EGP	2,731	175	2,742	175
ARS	PYG	-	-	1	-
MZN	ZAR	1,421	94	3,011	205
Amount exposed to foreign exchange risks			10,809		31,101
BRL	BRL	305,490	56,162	442,923	85,232
EUR	EUR	32,695	28,236	65,624	53,471
ARS	ARS	4,224,531	42,784	4,339,317	51,566
MZN	MZN	795,001	12,580	1,392,084	18,762
EGP	EGP	95,422	6,082	51,684	3,297
ZAR	ZAR	333,629	22,173	253,955	17,299
Amount by functional currency			168,017		229,627
			178,826		260,728

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

	09.30.2021	12.31.2020
USD	39%	38%
BRL	58%	60%
EUR	1%	1%
Other	2%	1%

22.5. Liquidity risk

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

As mentioned in Note 11, in 2020, Company successfully refinanced its debts, releasing pressures in the next three years related to liquidity risk. Management continues to work in its liabilities plan, targeting extension of the remaining loans and debentures providing sufficient period of time to Brazilian cement business recovering that has already started and is releasing pressure in liquidity risk.

22.6. Credit risk

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

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

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

22.7. Counterparty risk

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

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

Due to COVID-19 pandemic which started in 2020, management reassessed the assumption related to the risk of defaults of our clients on each business units in order to determine if the expected credit losses reflected management's collectability risks, which are based on historical losses for each aging list bucket and prospective data. The prospective data are obtained from Legal, Credit and Accounts Receivable departments. Furthermore, management implemented more restrictive rules to authorize new sales due to COVID-19. Those actions are still in place in 2021.

Until the issuance of the condensed consolidated interim financial statements, the Company has not observed a significant change in the assessed risks of its portfolio that could result in a significant increase in its expected credit losses as of September 30, 2021 compared to the amount as of December 31, 2020.

22.8. Sensitivity analysis of financial instruments

Exposure to interest-rate risk results in the variability of the Group's net financial expenses. The results of a sensitivity analysis of exposure as of September 30, 2021 were as follow:

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

A parallel change of +/- in the interest rate curves applied on principal amounts as of September 30, 2021, with all the other assumptions remaining constant would result in an increase in annual financial costs (before taxes) as shown in table below:

Indexing	Currency	Asset (Liability)	1%	2%	3%
US Libor	USD	(47,142)	(471)	(943)	(1,414)
CDI	BRL	(821,829)	(8,218)	(16,437)	(24,655)

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

Transaction Currency	Amount in US\$ Asset (liability)	Local Currency	FX rate		USD depreciation		USD appreciation	
			Local / Transaction		-10%	-5%	5%	10%
US\$	(562,566)	EUR	0.86		56,257	28,128	(28,128)	(56,257)
US\$	(32,861)	ARS	98.74		3,286	1,643	(1,643)	(3,286)
US\$	77	BRL	5.44		(8)	(4)	4	8
US\$	16,866	ZAR	15.05		(1,687)	(843)	843	1,687
US\$	(6,436)	EGP	15.69		644	322	(322)	(644)
US\$	(19,323)	MZN	63.20		1,932	966	(966)	(1,932)
(604,243) Total exposure transaction currency x local currency								

Transaction Currency	Amount in US\$ Asset (liability)	Local Currency	FX rate		EUR depreciation		EUR appreciation	
			Local / Transaction		-10%	-5.0%	5.0%	10.0%
EUR	(33)	ZAR	17.42		2	1	(1)	(2)
EUR	(16,510)	BRL	6.30		1,231	616	(616)	(1,231)
EUR	(50,257)	EGP	18.17		3,748	1,874	(1,874)	(3,748)
EUR	(3,710)	ARS	114.33		277	138	(138)	(277)
EUR	(40)	MZN	73.18		3	2	(2)	(3)
(70,550) Total exposure transaction currency x local currency								

Transaction Currency	Amount in US\$ Asset (liability)	Local Currency	FX rate		EGP depreciation		EGP appreciation	
			Local / Transaction		-10%	-5.0%	5.0%	10.0%
EGP	3,930	EUR	0.06		(393)	(196)	196	393
3,930 Total exposure transaction currency x local currency								

Transaction Currency	Amount in US\$ Asset (liability)	Local Currency	FX rate		ZAR depreciation		ZAR appreciation	
			Local / Transaction		-10%	-5.0%	5.0%	10.0%
ZAR	82	MZN	4.20		(8)	(4)	4	8
82 Total exposure transaction currency x local currency								

Transaction Currency	Amount in US\$ Asset (liability)	Local Currency	FX rate		BRL depreciation		BRL appreciation	
			Local / Transaction		-10%	-5.0%	5.0%	10.0%
BRL	(542,185)	EUR	0.16		54,218	27,109	(27,109)	(54,218)
(542,185) Total exposure transaction currency x local currency								

22.9. Categories of financial instruments

	09.30.2021	12.31.2020
Current assets:		
Cash and bank accounts (Note 4)	45,496	82,223
Financial assets at amortized cost:		
Securities - bonds investments (Note 5)	18,326	-
Trade receivables (Note 6)	99,231	76,550
Other receivables	40,708	37,444
Financial assets at fair-value through profit & Loss:		
Short-term investments - financial asset (Note 4)	93,822	156,734
Securities - Investments funds (Note 5)	21,182	21,771
Non-current assets:		
Financial assets at amortized cost:		
Trade receivables (Note 6)	433	699
Other receivables	29,341	29,215
Long-term investments - financial asset (Note 5)	1,324	1,212
Financial assets at fair-value through profit & loss:		
Derivatives (Note 22.10)	925	4,754
Current liabilities:		
Financial liabilities at amortized cost:		
Borrowings and financing (Note 10)	107,152	124,713
Trade payables	223,376	235,155
Interest payable (Notes 10 and 11)	26,080	20,213
Lease liabilities (Note 14)	21,040	27,074
Other payables	29,932	32,647
Non-current liabilities:		
Financial liabilities at amortized cost:		
Debentures (Note 11)	1,404,796	1,446,648
Borrowings and financing (Note 10)	23,897	53,701
Trade payables	-	1,638
Lease liabilities (Note 14)	19,005	30,403
Other payables	25,459	25,443

22.10. Derivative transactions

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

	Assets	
	Non-current	
	09.30.2021	12.31.2020
Written-put options ("Baesa", "Machadinho" and "Estreito" operations)	925	4,754
	925	4,754

Trading derivatives

Represented by three derivative options in connection with "Baesa", "Machadinho" and "Estreito" operations, whose asset and liability fair value as of September 30, 2021 and December 31, 2020.

22.11. Market values

Estimated fair value – assets measured at fair value

The following table presents the Group's assets and liabilities measured at fair value as of September 30, 2021 in accordance with the following fair value seniority levels:

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

Category	Item	Level 1	Level 2	Level 3
Assets:				
Financial assets at fair value	Securities	21,182	93,822	-
Financial assets at fair value	Financial derivative instruments	-	-	925

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

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

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

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

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

	09.30.2021		12.31.2020	
	Amortized cost	Fair value	Amortized cost	Fair value
Borrowing and financing (Note 10)	131,049	133,047	178,414	163,848
Debentures (Note 11)	1,404,796	1,362,765	1,446,648	1,343,500
Leases liabilities (Note 14)	40,045	36,780	57,477	54,110

23. Operating Segment

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

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

The statement of profit or loss information are as follows:

	09.30.2021				09.30.2020			
	Net Revenue			Results	Net Revenue			Results
Foreign sales	Intersegment sales	Total	Foreign sales		Intersegment sales	Total		
Operating segments:								
Brazil	431.048	12.607	443.655	93.084	328.537	532	329.069	20.855
Argentina	511.539	-	511.539	109.837	367.846	-	367.846	48.572
Egypt	74.350	-	74.350	(547)	69.133	-	69.133	(5.132)
Mozambique	78.632	-	78.632	9.300	87.625	-	87.625	8.251
South Africa	109.713	-	109.713	15.679	80.289	-	80.289	7.738
Total	1.205.282	12.607	1.217.889	227.353	933.430	532	933.962	80.284
Unallocated (a)	(28.467)	69.231	40.764	(10.170)	43	13.490	13.533	(20.516)
Eliminations	40.920	(81.838)	(40.918)	-	-	(14.022)	(14.022)	-
Sub-total	1.217.735	-	1.217.735	217.183	933.473	-	933.473	59.768
Income before financial income (expenses)				217.183				59.768
Foreign exchange, net				(9.432)				140.539
Financial income				35.437				14.335
Financial expenses				(119.422)				(125.100)
Income before income tax and social contribution				123.766				89.542
Income tax and social contribution				(98.557)				(18.930)
Profit for the year from continuing operations				25.209				70.612
Profit for the year from discontinued operations (note 2.3)				-				27.568
Profit for the year				25.209				98.180

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

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

	Noncontrolling interests	
	09.30.2021	09.30.2020
Continuing operating segments:		
Brazil	9,224	9,823
Argentina	15,767	20,969
Egypt	(75)	(873)
Mozambique	1,408	(1,451)
South Africa	444	947
	26,768	29,415
Unallocated	(291)	2,551
	26,477	31,966
Discontinued operating segments (note 2.3)	-	(5,784)
Profit for the year attributable to non-controlling interests	26,477	26,182

Other information:

	09.30.2021		09.30.2020	
	Capital expenditure	Depreciation, amortisation and impairment losses	Capital expenditure	Depreciation, amortisation and impairment losses
Operating segments:				
Brazil	35,585	59,764	26,289	55,481
Argentina	33,644	43,963	39,921	51,615
Egypt	10,495	11,505	5,411	12,005
Mozambique	945	4,252	2,598	9,771
South Africa	3,727	8,185	1,901	7,666
	84,396	127,669	76,120	136,538
Unallocated	1	225	3	173
	84,397	127,894	76,123	136,711
Discontinued operating segments (note 2.3)	-	-	1,706	6,280
Total	84,397	127,894	77,829	142,991

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

In addition, segment assets and liabilities reconciled with the consolidated balances as of September 30, 2021 and December 31, 2020 are as follows:

	09.30.2021			12.31.2020		
	Assets	Liabilities	Net assets	Assets	Liabilities	Net assets
Operating segments:						
Brazil	1,474,246	786,740	687,506	1,343,169	652,609	690,560
Argentina	1,128,466	303,889	824,577	1,027,590	302,340	725,250
Egypt	287,366	273,760	13,606	279,245	259,207	20,038
Mozambique	176,369	130,186	46,183	164,210	140,941	23,269
South Africa	328,992	56,256	272,736	333,315	58,168	275,147
Total	3,395,439	1,550,831	1,844,608	3,147,529	1,413,265	1,734,264
Unallocated	183,389	1,210,781	(1,027,392)	251,235	1,270,567	(1,019,332)
Eliminations	(401,380)	(401,380)	-	(233,056)	(233,056)	-
Total	3,177,448	2,360,232	817,216	3,165,708	2,450,776	714,932

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

24. Events After the Reporting Period

On October 29, 2021, the Company liquidated a bilateral in the amount of US\$19,736 (EUR16,500 thousands) and obtained a new bilateral in the same amount due on April 29, 2022 bearing interests of 5,5% per annum with the same counterparty.

25. Authorization for issuance of the Condensed consolidated financial information

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