

CIMENTO TUPI S.A.

Independent auditor's review report

Individual and consolidated interim  
financial information  
As at June 30, 2020

CIMENTO TUPI S.A.

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## REVIEW REPORT ON THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the  
Management and Shareholders of  
Cimento Tupi S.A.  
Rio de Janeiro - RJ

### Introduction

We have reviewed the individual and consolidated interim financial information of Cimento Tupi S.A. ("Company") which comprises the statements of financial position as at June 30, 2020, and the respective statements of operations, comprehensive income (loss), changes in equity and cash flows for the six-month period then ended, including a summary of the significant accounting practices and other notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with NBC TG 21 - Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of the review

We conducted our review in accordance with Brazilian and international standards for reviewing interim information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). An interim review consists principally of applying analytical and other review procedures and making enquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion.

### Basis for qualified conclusion on the individual and consolidated interim financial information

#### Deferred Income and Social Contribution Taxes

As mentioned in Note 18, the Company has the amount of R\$ 135,285 thousand recorded under the caption "Deferred Income and Social Contribution Taxes", of which the amounts of R\$ 99,475 thousand and R\$ 35,810 thousand, respectively, refer to deferred Income and Social Contribution Taxes recognized on Income and Social Contribution tax losses. As required by Technical Pronouncement No. 32 (CPC 32), the Company shall recognize a deferred tax asset to the extent the existence of taxable income against which the mentioned asset can be used is probable. As at December 31, 2019, the Company's Management presented a feasibility study on the realization of these credits considering assumptions of future cash generation different from those usually adopted in the market by R\$ 101,343 thousand. Therefore, given the circumstances, we were unable to conclude on the realization of the respective amounts, as well as on the possible effects that may affect the individual and consolidated interim financial information.

### Qualified conclusion on the individual and consolidated interim financial information

Based on our review, except for the matter described in the previous paragraph, we are not aware of any fact that would lead us to believe that the individual and consolidated interim financial information referred to above do not present fairly, in all material respects, the individual and consolidated financial position of the Company as at June 30, 2020, as well as its individual and consolidated financial performance and cash flows for the six-month period then ended, in accordance with NBC TG 21 Interim Financial Reporting.

### Emphasis

#### Material uncertainty as to going concern

We draw attention to Notes 1 and 13, which indicate that the Company did not pay the interest of certain debts during 2015, 2016, 2017, 2018, 2019 and during the six-month period ended June 30, 2020, thus allowing the creditors to declare these debts as overdue.

The amount of these debts that may be considered overdue was classified in current liabilities as at June 30, 2020, totaling R\$ 2,164,544 thousand. On that date, consolidated current liabilities exceeded consolidated current assets by R\$ 2,283,300 thousand and consolidated equity is negative in the amount of R\$ 2,534,456 thousand in the six-month period then ended. These conditions indicate significant uncertainties which may raise relevant doubt regarding the Company's continuity as a going concern. The interim financial information was prepared assuming the Company's continuity as a going concern, which is directly related to the success in the implementation of the plans and renegotiation of the terms to pay the debts mentioned in Note 1. The interim financial information has no adjustments to cover the noncontinuity of the Company as a going concern. Our conclusion is not qualified in respect of this matter.

### Restatement of corresponding amounts

On June 04, 2020, we issued a report on the individual and consolidated financial statements of Cimento Tupi S.A. for the year ended December 31, 2019, modified regarding the uncertainty as to the realization of deferred Income and Social Contribution tax credits, for which the Company presented a feasibility study on the realization of these credits considering assumptions of future cash generation that differ from the assumptions commonly used in the market by R\$ 101,343 thousand, with a paragraph of emphasis on the Company's continuity as a going concern, which are now being restated. As described in Note 3.1, the individual and consolidated financial statements for the year ended December 31, 2019, and the individual and consolidated interim financial information for the six-month period ended June 30, 2019, issued on September 16, 2019, were adjusted and are being restated because of differences between the debts of Tupacta Ag. and the Notes, due to the calculation of the expected interest of the respective instruments that originated the debts. Consequently, our review report on the interim financial information considers these amendments and substitutes the report previously issued. Our conclusion is not modified in respect of this matter.



## Other matters

### Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added for the six-month period ended June 30, 2020, prepared under the responsibility of the Company's Management and presented as supplementary information for the purposes of the International Financial Reporting Standards (IFRS). These statements were submitted to review procedures carried out along with the review of the interim information, aiming to conclude if they are in accordance with the interim financial information and accounting records, as applicable, and if its form and contents are in accordance with the criteria established in CPC 09 - Statements of value added. Based on our review, we are not aware of any fact that would lead us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria established in this standard and consistently with the individual and consolidated interim financial information taken as a whole.

### Audit and review of the previous year's and quarter's amounts

The review of the interim financial information for the six-month period ended June 30, 2019, and the audit of the individual and consolidated financial statements for the year ended December 31, 2019, presented for comparison purposes, were examined by us, and our review report and audit report thereon, dated September 16, 2019, and June 04, 2020, respectively, included the following matters: (a) qualified conclusion on the realization of deferred Income and Social Contribution Taxes and a paragraph on material uncertainty as to going concern regarding the interim financial information of June 30, 2019, and (b) qualified opinion on external confirmations and the realization of deferred Income and Social Contribution Taxes, as well as a paragraph on material uncertainty as to going concern regarding the individual and consolidated financial statements of December 31, 2019.

Rio de Janeiro, December 30, 2020.



BDO RCS Auditores Independentes SS  
CRC 2 SP 013846/F

Fernando Pereira da Silva Marques  
Accountant CRC 1 RJ 092490/O-3

# CIMENTO TUPI S.A.

## Statements of financial position As at June 30, 2020 and December 31, 2019 (In thousands of Brazilian Reais)

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Assets				
Current				
Cash and cash equivalents (Note 5)	443	1,829	7,006	4,250
Accounts receivable (Note 6)	23,184	11,746	23,184	11,746
Inventories (Note 7)	41,519	44,377	59,673	62,059
Recoverable taxes (Note 8)	11,658	10,983	11,715	11,038
Notes receivables (Note 9)	5,189	4,165	8,719	7,660
Advances to suppliers	1,292	404	2,596	1,661
Receivables from third parties	4,253	5,347	4,253	5,347
Other current assets	1,375	1,801	1,885	1,227
Total current assets	88,913	80,652	119,031	104,988
Noncurrent				
Notes receivables (Note 9)	5,959	5,778	5,959	5,778
Receivables from third parties	1,949	1,949	1,949	1,949
Related-party transactions (Note 14)	6,473	-	-	-
Recoverable taxes (Note 8)	6,495	5,873	6,495	5,873
Deferred Income and Social Contribution Taxes (Note 18)	62,955	67,815	62,955	67,815
Court deposits (Note 19)	13,481	9,637	13,631	9,748
Investments				
Controlled companies (Note 10)	84,622	84,788	-	-
Other investments	-	-	249	249
Fixed assets (Note 11)	545,483	549,665	571,102	575,544
Intangible assets (Note 12)	129,045	129,093	151,083	150,498
Total noncurrent assets	856,462	854,598	813,423	817,454
Total assets	945,375	935,250	932,454	922,442

The accompanying notes are an integral part of this interim financial information.

# CIMENTO TUPI S.A.

## Statements of financial position As at June 30, 2020 and December 31, 2019 (In thousands of Brazilian Reais)

	Parent company		Consolidated	
	06/30/2020	12/31/2019 (Adjusted)	06/30/2020	12/31/2019 (Adjusted)
<b>Liabilities</b>				
<b>Current</b>				
Loans and financing (Note 13)	2,240,987	1,642,903	2,240,987	1,642,903
Trade accounts payable	33,653	34,622	28,486	31,143
Salaries and social charges	19,121	14,034	19,963	14,316
Income and Social Contribution Taxes payable	-	-	9	9
Accounts payable - Related parties (Note 14)	15,327	15,461	-	-
Taxes payable (Note 16)	70,809	16,759	74,206	18,530
Taxes in installments (Note 15)	23,148	32,781	24,466	34,208
Other accounts payable	14,191	6,474	14,214	6,494
<b>Total current liabilities</b>	<b>2,417,236</b>	<b>1,763,034</b>	<b>2,402,331</b>	<b>1,747,603</b>
<b>Noncurrent</b>				
Loans and financing (Note 13)	953,616	673,937	953,616	673,937
Taxes in installments (Note 15)	99,084	122,587	103,529	125,962
Provision for contingencies (Note 19)	1,610	1,610	1,610	1,610
Other accounts payable	8,335	6,187	5,824	5,385
<b>Total noncurrent liabilities</b>	<b>1,062,645</b>	<b>804,321</b>	<b>1,064,579</b>	<b>806,894</b>
<b>Equity (Note 17)</b>				
Capital stock	298,809	298,809	298,809	298,809
Capital reserves	11,685	11,685	11,685	11,685
Accumulated losses	(2,845,000)	(1,942,599)	(2,845,000)	(1,942,599)
<b>Total equity attributable to controlling shareholders</b>	<b>(2,534,506)</b>	<b>(1,632,105)</b>	<b>(2,534,506)</b>	<b>(1,632,105)</b>
Noncontrolling interest	-	-	50	50
<b>Total equity</b>	<b>(2,534,506)</b>	<b>(1,632,105)</b>	<b>(2,534,456)</b>	<b>(1,632,055)</b>
<b>Total liabilities and equity</b>	<b>945,375</b>	<b>935,250</b>	<b>932,454</b>	<b>922,442</b>

The accompanying notes are an integral part of this interim financial information.

# CIMENTO TUPI S.A.

## Statements of operations

For the six-month periods ended June 30, 2020 and 2019

(In thousands of Brazilian Reais, except losses per share, stated in Brazilian Reais)

	Parent company		Consolidated	
	06/30/2020	06/30/2019 (Adjusted)	06/30/2020	06/30/2019 (Adjusted)
Net operating revenue (Note 22)	146,351	114,378	144,167	111,913
Cost of goods sold	(136,588)	(120,028)	(134,489)	(118,152)
Gross income (loss)	9,763	(5,650)	9,678	(6,239)
Operating expenses				
Selling	(4,901)	(6,783)	(4,901)	(6,783)
General and administrative (Note 23)	12,443	(16,058)	(12,943)	(16,441)
Other operating revenues (expenses), net (Note 24)	(284)	36,435	(185)	36,530
	(17,628)	13,594	(18,029)	13,306
Operating income (loss) before equity in earnings (losses) of controlled companies and financial income (loss)	(7,865)	7,944	(8,351)	7,067
Equity in earnings (losses) of controlled companies (Note 10)	(1,875)	(904)	-	-
Financial income (loss) (Note 25)				
Financial expenses	(889,359)	(169,517)	(890,828)	(169,610)
Financial revenues	1,558	13,752	1,667	13,842
	(887,801)	(155,765)	(889,161)	(155,768)
Income (loss) before Income and Social Contribution Taxes	(897,541)	(148,725)	(897,512)	(148,701)
Income and Social Contribution Taxes (Note 18)	(4,860)	(4,900)	(4,889)	(4,924)
Minority interest	-	-	-	-
Loss for the period	(902,401)	(153,625)	(902,401)	(153,625)
Loss attributable to				
Controlling shareholders	(902,401)	(153,625)	(902,401)	(153,625)
Noncontrolling shareholders	-	-	-	-
Basic and diluted losses per share (Note 17)				
Preferred shares	(38.2616)	(6.5137)	-	-
Common shares	(38.2616)	(6.5137)	-	-

The accompanying notes are an integral part of this interim financial information.



# CIMENTO TUPI S.A.

## Statements of operations

For the three-month periods ended June 30, 2020 and 2019

(In thousands of Brazilian Reais, except earnings/losses per share, stated in Brazilian Reais)

	Parent company		Consolidated	
	04/01 to 06/30/2020	04/01 to 06/30/2019 (Adjusted)	04/01 to 06/30/2020	04/01 to 06/30/2019 (Adjusted)
Net operating revenue	84,929	62,084	83,791	60,823
Cost of goods sold	(76,040)	(62,162)	(74,791)	(60,989)
Gross income (loss)	8,889	(78)	9,000	(166)
Operating expenses				
Selling	(2,232)	(4,113)	(2,232)	(4,113)
General and administrative	(6,138)	(9,459)	(6,362)	(9,673)
Other operating expenses, net	(444)	37,997	(423)	38,028
	(8,814)	24,425	(9,017)	24,242
Operating income (loss) before equity in earnings (losses) of controlled companies and financial income (loss)	75	24,347	(17)	24,076
Equity in earnings (losses) of controlled companies	(1,282)	(330)	-	-
Financial income (loss)				
Financial expenses	(274,803)	(90,401)	(276,048)	(90,491)
Financial revenues	692	13,676	766	13,718
	(274,111)	(76,725)	(275,282)	(76,773)
Income (loss) before Income and Social Contribution Taxes	(275,318)	(52,708)	(275,299)	(52,697)
Income and Social Contribution Taxes	(2,434)	(2,495)	(2,453)	(2,506)
Loss for the quarter	(277,752)	(55,203)	(277,752)	(55,203)
Loss attributable to				
Controlling shareholders	(277,752)	(55,203)	(277,752)	(55,203)
Noncontrolling shareholders	-	-	-	-
Basic and diluted losses per share				
Preferred shares	(11.7766)	(4.4532)	-	-
Common shares	(11.7766)	(4.4532)	-	-

The accompanying notes are an integral part of this interim financial information.

# CIMENTO TUPI S.A.

## Statements of comprehensive income (loss) For the six-month periods ended June 30, 2020 and 2019 (In thousands of Brazilian Reais)

	Parent company		Consolidated	
	06/30/2020	06/30/2019 (Adjusted)	06/30/2020	06/30/2019 (Adjusted)
Loss for the period	(902,401)	(153,625)	(902,401)	(153,625)
Other comprehensive income (losses) not later reclassified as income (loss) for the period, net of taxes	-	-	-	-
Total comprehensive income (loss), net of taxes	<u>(902,401)</u>	<u>(153,625)</u>	<u>(902,401)</u>	<u>(153,625)</u>
Attributable to				
Controlling shareholders	(902,401)	(153,625)	(902,401)	(153,625)
Noncontrolling shareholders	-	-	-	-

The accompanying notes are an integral part of this interim financial information.

# CIMENTO TUPI S.A.

## Statements of comprehensive income (loss) For the three-month periods ended June 30, 2020 and 2019 (In thousands of Brazilian Reais)

	Parent company		Consolidated	
	04/01 to 06/30/2020	04/01 to 06/30/2019 (Adjusted)	04/01 to 06/30/2020	04/01 to 06/30/2019 (Adjusted)
Loss for the quarter	<u>(277,752)</u>	<u>(55,203)</u>	<u>(277,752)</u>	<u>(55,203)</u>
Other comprehensive income (losses) not later reclassified as income (loss) for the period, net of taxes				
Exchange rate gains on investment abroad	-	-	-	-
Total comprehensive income (loss), net of taxes	<u>(277,752)</u>	<u>(55,203)</u>	<u>(277,752)</u>	<u>(55,203)</u>
Attributable to				
Controlling shareholders	(277,752)	(55,203)	(277,752)	(55,203)
Noncontrolling shareholders	-	-	-	-

The accompanying notes are an integral part of this interim financial information.

# CIMENTO TUPI S.A.

## Statements of changes in equity

For the six-month periods ended June 30, 2020 and December 31, 2019

(In thousands of Brazilian Reais)

	Capital stock	Capital reserve Goodwill on share subscriptions	Accumulated losses	Total	Noncontrolling interest	Total
Balances as at December 31, 2018	298,809	11,685	(1,487,632)	(1,177,138)	50	(1,177,088)
Loss for the period	-	-	(153,625)	(153,625)	-	(153,625)
Balances as at June 30, 2019 (Adjusted)	<u>298,809</u>	<u>11,685</u>	<u>(1,641,257)</u>	<u>(1,330,763)</u>	<u>50</u>	<u>(1,330,713)</u>
Balances as at December 31, 2019 (Adjusted)	<u>298,809</u>	<u>11,685</u>	<u>(1,942,599)</u>	<u>(1,632,105)</u>	<u>50</u>	<u>(1,632,055)</u>
Loss for the period	-	-	(902,401)	(902,401)	-	(902,401)
Balances as at June 30, 2020	<u><u>298,809</u></u>	<u><u>11,685</u></u>	<u><u>(2,845,000)</u></u>	<u><u>(2,534,506)</u></u>	<u><u>50</u></u>	<u><u>(2,534,456)</u></u>

The accompanying notes are an integral part of this interim financial information.

# CIMENTO TUPI S.A.

## Statements of cash flows

For the six-month periods ended June 30, 2020 and 2019

(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	06/30/2020	06/30/2019 (Adjusted)	06/30/2020	06/30/2019 (Adjusted)
<b>Operating activities</b>				
Income (loss) before Income and Social Contribution Taxes	(897,541)	(148,725)	(897,512)	(148,701)
Adjustments from				
Depreciation/amortization	9,956	10,054	10,196	10,858
Write-off of fixed assets	44	427	64	456
Equity in earnings (losses) of controlled companies	1,875	904	-	-
Exchange rate gains (losses) on foreign and intercompany loans	747,941	(13,651)	747,941	(13,651)
Discount to present value	(146)	(133)	(146)	(133)
Fines and interest on assets	(1,130)	(74)	(95)	(132)
Fines and interest on liabilities	131,696	180,198	132,593	180,210
Amortization of loan costs	83	124	83	124
Allowance for doubtful accounts	(108)	803	(108)	803
Other asset/liability write-offs	92	(10,258)	92	(10,258)
	<u>(7,238)</u>	<u>19,669</u>	<u>(6,892)</u>	<u>19,576</u>
<b>(Increase)/decrease in asset accounts</b>				
Accounts receivable	(11,330)	(6,019)	(11,330)	(6,001)
Notes receivable	12	(4,303)	(1,059)	(4,303)
Recoverable taxes	(36,937)	(30,350)	(38,005)	(31,459)
Inventories	2,858	(3,708)	2,386	(3,665)
Advances to suppliers	(888)	(106)	(936)	(240)
Other assets	426	(9,290)	435	(9,338)
Court deposits	(3,844)	(540)	(3,884)	(469)
<b>Increase/(decrease) in liability accounts</b>				
Trade accounts payable	(965)	(106)	(2,655)	(2,447)
Tax liabilities	55,391	36,162	58,123	38,521
Salaries and social charges	5,087	4,339	5,646	4,840
Interest paid on loans	(94)	(380)	(94)	(380)
Other liabilities	8,064	5,454	8,067	4,883
Cash flows from operating activities	<u>10,542</u>	<u>10,822</u>	<u>9,802</u>	<u>9,518</u>
<b>Investing activities</b>				
Acquisition of fixed assets	(5,727)	(3,590)	(5,727)	(3,951)
Disposal of fixed assets	-	1	-	37
Acquisition of intangible assets	(43)	(33)	(675)	(256)
Indemnity of loss	-	278	-	278
Cash flows from investing activities	<u>(5,770)</u>	<u>(3,344)</u>	<u>(6,402)</u>	<u>(3,532)</u>
<b>Financing activities</b>				
Advance for Future Increase in Capital (AFAC) - Related-party payment	(5,514)	(4,849)	-	-
Paid loans and financing	(644)	(3,588)	(644)	(3,588)
Cash flows from financing activities	<u>(6,158)</u>	<u>(8,437)</u>	<u>(644)</u>	<u>(3,588)</u>
<b>Increase (decrease) in cash and cash equivalents</b>				
	<u>(1,386)</u>	<u>(959)</u>	<u>2,756</u>	<u>2,398</u>
Cash and cash equivalents at beginning of period	1,829	1,451	4,250	2,376
Cash and cash equivalents at end of period	443	492	7,006	4,774

The accompanying notes are an integral part of this interim financial information.

# CIMENTO TUPI S.A.

## Statements of value added

For the six-month periods ended June 30, 2020 and 2019

(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	06/30/2020	06/30/2019 (Adjusted)	06/30/2020	06/30/2019 (Adjusted)
Revenue				
Gross operating revenue	195,418	155,907	195,759	156,188
Sales returns	(353)	(399)	(353)	(399)
Allowance for doubtful accounts	(109)	(803)	(109)	(803)
Other operating revenues (expenses), net	-	129	83	193
	<u>194,956</u>	<u>154,834</u>	<u>195,380</u>	<u>155,179</u>
Inputs acquired from third parties				
Costs of goods sold	(110,154)	(95,851)	(106,906)	(92,387)
Materials, energy, third-party services and others	(45,022)	(4,556)	(45,400)	(4,768)
Gross value added	<u>39,780</u>	<u>54,427</u>	<u>43,074</u>	<u>58,024</u>
Withholdings				
Depreciation and amortization	(9,956)	(10,054)	(10,196)	(10,858)
Net value added generated	<u>29,824</u>	<u>44,373</u>	<u>32,878</u>	<u>47,166</u>
Value added received in transfer				
Equity in earnings (losses) of controlled companies	(1,875)	(904)	-	-
Financial revenues	1,558	13,752	1,667	13,842
Deferred Income and Social Contribution Taxes	(4,860)	(4,900)	(4,860)	(4,900)
Total value added to be distributed	<u>24,647</u>	<u>52,321</u>	<u>29,685</u>	<u>56,108</u>
Controlling shareholders	<u>24,647</u>	<u>52,321</u>	<u>29,685</u>	<u>56,108</u>
Noncontrolling shareholders	-	-	-	-
Value added distribution				
Personnel and charges	19,848	19,991	20,655	20,680
Taxes, fees and contributions	16,540	15,194	19,307	18,191
Interest and rents	890,660	170,761	892,124	170,862
Loss for the period	(902,401)	(153,625)	(902,401)	(153,625)
Value added distributed	<u>24,647</u>	<u>52,321</u>	<u>29,685</u>	<u>56,108</u>

The accompanying notes are an integral part of this interim financial information.

## 1. Operations

Cimento Tupi S.A. (“Cimento Tupi” or the “Company”), headquartered at Av. das Américas, 500, Rooms 205 and 206, Barra da Tijuca, Rio de Janeiro, is engaged in manufacturing cement and mortars of all types in its manufacturing plants located in Volta Redonda (RJ), Pedra do Sino (MG) and Mogi das Cruzes (SP), mining mineral reserves and using substances extracted during cement manufacturing, providing concreting services and holding interest in other companies.

The country’s strong economic slowdown had a significant impact on the cement sector. Regarding prices, after successive decreases between 2014 and 2017, the average price stabilized in 2018 and remained the same in 2019, despite monthly fluctuations. The average price calculated in the second quarter of 2020 increased in comparison to the second quarter of 2019.

As announced by the National Union of the Cement Industry (SNIC), the cement industry ended 2019 with a growth of 3.5%, after four consecutive years of retraction, between 2015 and 2018. However, it must be considered that this increase results from a comparison with the weak year of 2018, the worst sales volume in the historical series of four years of decrease.

The scenario projected for 2020, until March, was promising. Macroeconomic indicators, the movement of the real estate sector as it expands in several regions of the country and the increase in salaries showed signs that the growth trend would continue, thus allowing a SNIC projection of more than 3% in consumption for this year.

In April, the first full month of the Covid-19 pandemic, the industry experienced a decrease that was milder than expected. Additionally, starting in May, there was growth in the sector that extended up to June. At the end of the first half of 2020, it is possible to state that two factors increased cement sales in the period: Self-construction (residential and commercial) and the resumption of construction work of real estate projects. According to SNIC, the total accumulated volume of cement sales in the Southeast in the first half of 2020 was 2.3% higher than in the same period of 2019.

As for its indebtedness, considering that a large part of its debt is in foreign currency, the Company is exposed to exchange rate volatility. Regardless, the Company renegotiated part of its debts in domestic currency in 2019 and 2020, by means of amendments entered into with flexible payment flow and extension of maturities, and intends to renegotiate other debts, including in foreign currency, with other creditors.

The Company also has some non-operating assets, such as mineral reserves in Adrianópolis, Formosa and Mossoró, whose disposal in the reorganization process is being evaluated by Management.

The continuity of the Company's operations depends on the success of Management and its advisors in reorganizing the Company's debt and capital structure, as well as on the confirmation of Cimento Tupi's Management and Shareholders' expectations regarding income and cash flows to be generated through its operations, based on the improvement in the economic scenario of the cement market as from 2019.

## 2. Presentation of interim financial information and main accounting practices

The interim financial information has been prepared assuming that the Company will continue as a going concern, and was approved by the Board of Directors on November 25, 2020.

The Company's individual and consolidated interim financial information were and are presented in accordance with Brazilian accounting practices and with the pronouncements issued by the Committee of Accounting Pronouncements (CPC), in conformity with the international accounting standards issued by the International Accounting Standards Board (IASB). The individual and consolidated interim financial information includes comparative information regarding the previous period.

The interim financial information was prepared based on historical cost, except for certain financial instruments measured at fair value through income (loss).

Items included in the financial information of each of the companies are measured using the currency of the primary economic environment in which the Company operates ("functional currency"). The individual and consolidated interim financial information is presented in thousands of Brazilian Reais (R\$ thousand), which is the Company's functional and reporting currency.

### Summary of the main accounting practices and estimates

The accounting practices used in the preparation of this individual and consolidated interim financial information are consistent with the ones used for the preparation of the financial statements as at December 31, 2019, approved on December 30, 2020.



## CIMENTO TUPI S.A.

### Notes to the individual and consolidated financial information

As at June 30, 2020

(In thousands of Brazilian Reals, unless otherwise stated)

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This interim financial information must be analyzed considering the aforementioned financial statements for a better understanding of the data presented.

### 3. Consolidation

The interim financial information includes the statements of Cimento Tupi S.A. and of the controlled companies listed below, in which the Company holds over 20% interest.

	Ownership interest %			
	Capital stock		Voting capital	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Touro Empreendimentos Imobiliários e Participações Ltda.	99.99	99.99	99.99	99.99
Tupi do Nordeste Ltda.	99.99	99.99	99.99	99.99
Cimento Tupi Overseas Inc.	100.00	100.00	100.00	100.00
CP Cimento Overseas Co.	100.00	100.00	100.00	100.00
Tupi Rio Transportes S.A.	100.00	100.00	100.00	100.00
Tupimec - Indústria Mecânica Ltda.	99.99	99.99	99.99	99.99
IMape Incorporação e Empreendimentos Ltda.	99.99	99.99	99.99	99.99
Tupi Mineradora de Calcário Ltda.	99.89	99.89	99.88	99.89
Britas Arujá Ltda.	99.99	99.99	99.99	99.99

The consolidation process of balance sheet and income (loss) accounts corresponds to the sum of balances in assets, liabilities, income and expenses, according to their nature, plus the following eliminations:

- Ownership interest, reserves and retained earnings;
- Balances of intercompany accounts and other asset and/or liability accounts maintained between the companies whose statements of financial position were included in consolidation;
- Balances of intercompany revenues and expenses;
- Effects from material intercompany transactions.

The periods of the financial information of consolidated controlled companies coincide with that of the Company. Accounting practices were consistently applied by all consolidated companies.

#### 3.1. Restatement of prior years

During the preparation of this interim financial information, the Company identified errors from previous years/periods because of differences between the debts of Tupacta Ag. and the Notes, due to the calculation of the estimated interest of the respective instruments that originated the debts.

Based on the quantitative and qualitative analyses carried out by the Company's Management, these adjustments were material for the six-month period ended June 30, 2019, as well as for the year ended December 31, 2019. Management thus decided to restate the comparative figures of the interim financial information for the six-month period ended June 30, 2019, as well as for the year ended December 31, 2019.

Consequently, the mentioned error from prior periods/years resulted in the adjustments presented in the following captions of the financial information:

Liabilities

1. Loans and financing

Equity

2. Accumulated losses

Income (loss)

3. Financial revenue and/or expenses

Such adjustments are detailed in the comparative financial information:

Notes to the individual and consolidated financial information  
 As at June 30, 2020  
 (In thousands of Brazilian Reais, unless otherwise stated)

Adjusted statements of financial position  
 As at December 31, 2019  
 (In thousands of Brazilian Reais)

Description	Parent company			Consolidated		
	Originally presented - 12/31/2019	Adjustments	Adjusted balances as at 12/31/2019	Originally presented - 12/31/2019	Adjustments	Adjusted balances as at 12/31/2019
Current assets						
Cash and cash equivalents	1,829	-	1,829	4,250	-	4,250
Accounts receivable	11,746	-	11,746	11,746	-	11,746
Inventories	44,377	-	44,377	62,059	-	62,059
Taxes to offset	10,983	-	10,983	11,038	-	11,038
Others	11,717	-	11,717	15,895	-	15,895
	<u>80,652</u>	<u>-</u>	<u>80,652</u>	<u>104,988</u>	<u>-</u>	<u>104,988</u>
Noncurrent						
Taxes receivable	5,778	-	5,778	5,778	-	5,778
Deferred income and social contribution taxes	67,815	-	67,815	67,815	-	67,815
Investments	84,788	-	84,788	-	-	-
Others	17,459	-	17,459	17,819	-	17,819
Fixed assets	549,665	-	549,665	575,544	-	575,544
Intangible assets	129,093	-	129,093	150,498	-	150,498
	<u>854,598</u>	<u>-</u>	<u>854,598</u>	<u>817,454</u>	<u>-</u>	<u>817,454</u>
Total assets	<u>935,250</u>	<u>-</u>	<u>935,250</u>	<u>922,442</u>	<u>-</u>	<u>922,442</u>

Notes to the individual and consolidated financial information  
 As at June 30, 2020  
 (In thousands of Brazilian Reais, unless otherwise stated)

Adjusted statements of financial position  
 As at December 31, 2019  
 (In thousands of Brazilian Reais)

Description	Parent company			Consolidated		
	Originally presented - 12/31/2019	Adjustments	Adjusted balances as at 12/31/2019	Originally presented - 12/31/2019	Adjustments	Adjusted balances as at 12/31/2019
<b>Liabilities</b>						
<b>Current</b>						
Loans and financing	1,570,220	72,683	1,642,903	1,570,220	72,683	1,642,903
Trade accounts payable	34,622	-	34,622	31,143	-	31,143
Taxes in installments	32,781	-	32,781	34,208	-	34,208
Others	52,728	-	52,728	39,349	-	39,349
	<u>1,690,351</u>	<u>72,683</u>	<u>1,763,034</u>	<u>1,674,920</u>	<u>72,683</u>	<u>1,747,603</u>
<b>Noncurrent</b>						
Loans and financing	655,750	18,187	673,937	655,750	18,187	673,937
Taxes in installments	122,587	-	122,587	125,962	-	125,962
Others	7,797	-	7,797	6,995	-	6,995
	<u>786,134</u>	<u>18,187</u>	<u>804,321</u>	<u>788,707</u>	<u>18,187</u>	<u>806,894</u>
<b>Equity</b>						
Capital stock	298,809	-	298,809	298,809	-	298,809
Capital reserves	11,685	-	11,685	11,685	-	11,685
Accumulated losses	(1,851,729)	(90,870)	(1,942,599)	(1,851,729)	(90,870)	(1,942,599)
	<u>(1,541,235)</u>	<u>(90,870)</u>	<u>(1,632,105)</u>	<u>(1,541,235)</u>	<u>(90,870)</u>	<u>(1,632,105)</u>
Noncontrolling interest	-	-	-	50	-	50
	<u>(1,541,235)</u>	<u>(90,870)</u>	<u>(1,632,105)</u>	<u>(1,541,185)</u>	<u>(90,870)</u>	<u>(1,632,055)</u>
<b>Total liabilities</b>	<u>935,250</u>	<u>-</u>	<u>935,250</u>	<u>922,442</u>	<u>-</u>	<u>922,442</u>

Notes to the individual and consolidated financial information  
 As at June 30, 2020  
 (In thousands of Brazilian Reais, unless otherwise stated)

Adjusted statements of operations  
 For the six-month period ended June 30, 2019  
 (In thousands of Brazilian Reais, except diluted and basic losses per share)

Description	Parent company			Consolidated		
	Originally presented - 06/30/2019	Adjustments	Adjusted balances as at 06/30/2019	Originally presented - 06/30/2019	Adjustments	Adjusted balances as at 06/30/2019
Net operating revenue	114,378	-	114,378	111,913	-	111,913
Cost of goods sold	(120,028)	-	(120,028)	(118,152)	-	(118,152)
Gross loss	(5,650)	-	(5,650)	(6,239)	-	(6,239)
Operating revenues (expenses)						
Sales	(6,783)	-	(6,783)	(6,783)	-	(6,783)
General and administrative	(16,058)	-	(16,058)	(16,441)	-	(16,441)
Other operating revenues (expenses)	36,435	-	36,435	36,530	-	36,530
Income (loss) before equity in earnings (losses) of controlled companies	7,944	-	7,944	7,067	-	7,067
Equity in earnings (losses) of controlled companies	(904)	-	(904)	-	-	-
Income (loss) before financial income (loss)	7,040	-	7,040	7,067	-	7,067
Financial revenues	13,090	662	13,752	13,180	662	13,842
Financial expenses	(168,455)	(1,062)	(169,517)	(168,548)	(1,062)	(169,610)
Income (loss) before Income and Social Contribution taxes	(148,325)	(400)	(148,725)	(148,301)	(400)	(148,701)
Income and Social Contribution tax expenses	(4,900)	-	(4,900)	(4,924)	-	(4,924)
Loss for the period	(153,225)	(400)	(153,625)	(153,225)	(400)	(153,625)
Loss attributable to						
Controlling shareholders	(153,225)	-	(153,625)	(153,225)	-	(153,625)
Noncontrolling shareholders	-	-	-	-	-	-

CIMENTO TUPI S.A.

Notes to the individual and consolidated financial information  
 As at June 30, 2020  
 (In thousands of Brazilian Reais, unless otherwise stated)

Adjusted statements of comprehensive income (loss)  
 For the six-month period ended June 30, 2019  
 (In thousands of Brazilian Reais)

	Parent company			Consolidated		
	Originally presented - 06/30/2019	Adjustments	Adjusted balances as at 06/30/2019	Originally presented - 06/30/2019	Adjustments	Adjusted balances as at 06/30/2019
Loss for the period	(153,225)	(400)	(153,625)	(153,225)	(400)	(153,625)
Other comprehensive income (loss)	-	-	-	-	-	-
Total comprehensive income (loss)	<u>(153,225)</u>	<u>(400)</u>	<u>(153,625)</u>	<u>(153,225)</u>	<u>(400)</u>	<u>(153,625)</u>
Attributable to						
Controlling shareholders	(153,225)	(400)	(153,625)	(153,225)	(400)	(153,625)
Noncontrolling shareholders	-	-	-	-	-	-

Notes to the individual and consolidated financial information  
 As at June 30, 2020  
 (In thousands of Brazilian Reais, unless otherwise stated)

Adjusted statements of changes in equity  
 For the six-month period ended June 30, 2019  
 (In thousands of Brazilian Reais)

	Originally presented as at June 30, 2019			Total	Noncontrolling shareholders	Total
	Capital stock	Capital reserve	Accumulated losses			
Balances as at December 31, 2018	298,809	11,685	(1,421,168)	(1,110,674)	50	(1,110,624)
Loss for the period	-	-	(153,225)	(153,225)	-	(153,225)
Balances as at June 30, 2019	<u>298,809</u>	<u>11,685</u>	<u>(1,574,393)</u>	<u>(1,263,899)</u>	<u>50</u>	<u>(1,263,849)</u>

	Originally presented as at June 30, 2019			Total	Noncontrolling shareholders	Total
	Capital stock	Capital reserve	Accumulated losses			
Balances as at December 31, 2018	298,809	11,685	(1,487,632)	(1,177,138)	50	(1,177,088)
Loss for the period	-	-	(153,625)	(153,625)	-	(153,625)
Balances as at June 30, 2019	<u>298,809</u>	<u>11,685</u>	<u>(1,641,257)</u>	<u>(1,330,763)</u>	<u>50</u>	<u>(1,330,713)</u>

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Notes to the individual and consolidated financial information  
As at June 30, 2020  
(In thousands of Brazilian Reais, unless otherwise stated)

Adjusted statements of cash flows  
For the six-month period ended June 30, 2019  
(In thousands of Brazilian Reais)

	Parent company			Consolidated		
	Originally presented as at 06/30/2019	Adjustments	Adjusted balances as at 06/30/2019	Originally presented as at 06/30/2019	Adjustments	Adjusted balances as at 06/30/2019
Operating activities						
Income (loss) before Income and Social Contribution taxes	(148,325)	(400)	(148,725)	(148,301)	(400)	(148,701)
Adjustments from:						
Depreciation/amortization	10,054	-	10,054	10,858	-	10,858
Write-off of fixed assets	427	-	427	456	-	456
Equity in earnings (losses) of controlled companies	904	-	904	-	-	-
Exchange rate gains (losses) on loans	(12,989)	(662)	(13,651)	(12,989)	(662)	(13,651)
Discount to present value	(133)	-	(133)	(133)	-	(133)
Fines and interest on assets	(74)	-	(74)	(132)	-	(132)
Fines and interest on liabilities	179,136	1,062	180,198	179,148	1,062	180,210
Others	(9,331)	-	(9,331)	(9,331)	-	(9,331)
	<u>19,669</u>	<u>-</u>	<u>19,669</u>	<u>19,576</u>	<u>-</u>	<u>19,576</u>
(Increase)/decrease in assets and liabilities						
Accounts receivable	(6,019)	-	(6,019)	(6,001)	-	(6,001)
Notes receivable	(4,303)	-	(4,303)	(4,303)	-	(4,303)
Recoverable taxes	(30,350)	-	(30,350)	(31,459)	-	(31,459)
Inventories	(3,708)	-	(3,708)	(3,665)	-	(3,665)
Advances to suppliers	(106)	-	(106)	(240)	-	(240)
Other assets	(9,290)	-	(9,290)	(9,338)	-	(9,338)
Court deposits	(540)	-	(540)	(469)	-	(469)
Trade accounts payable	(106)	-	(106)	(2,447)	-	(2,447)
Tax liabilities	36,162	-	36,162	38,521	-	38,521
Salaries and social charges	4,339	-	4,339	4,840	-	4,840
Interest paid on loans	(380)	-	(380)	(380)	-	(380)
Other liabilities	5,454	-	5,454	4,883	-	4,883
Cash flows from operating activities	<u>10,822</u>	<u>-</u>	<u>10,822</u>	<u>9,518</u>	<u>-</u>	<u>9,518</u>
Cash flows from investing activities	<u>(3,344)</u>	<u>-</u>	<u>(3,344)</u>	<u>(3,892)</u>	<u>-</u>	<u>(3,892)</u>
Cash flows from financing activities	<u>(8,437)</u>	<u>-</u>	<u>(8,437)</u>	<u>(3,588)</u>	<u>-</u>	<u>(3,588)</u>
Increase (decrease) of cash and cash equivalents	<u>(959)</u>	<u>-</u>	<u>(959)</u>	<u>2,398</u>	<u>-</u>	<u>2,398</u>
Cash and cash equivalents at beginning of period	1,451	-	1,451	2,376	-	2,376
Cash and cash equivalents at end of period	492	-	492	4,774	-	4,774



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Notes to the individual and consolidated financial information  
As at June 30, 2020  
(In thousands of Brazilian Reais, unless otherwise stated)

Statements of value added  
For the six-month period ended June 30, 2019  
(In thousands of Brazilian Reais)

	Parent company			Consolidated		
	Originally presented as at 06/30/2019	Adjustments	Adjusted balances as at 06/30/2019	Originally presented as at 06/30/2019	Adjustments	Adjusted balances as at 06/30/2019
Revenues						
Gross operating revenue	155,907	-	155,907	156,188	-	156,188
Sales returns	(399)	-	(399)	(399)	-	(399)
Allowance for doubtful accounts	(803)	-	(803)	(803)	-	(803)
Other operating revenues (expenses), net	129	-	129	193	-	193
	<u>154,834</u>	<u>-</u>	<u>154,834</u>	<u>155,179</u>	<u>-</u>	<u>155,179</u>
Inputs acquired from third parties						
Cost of goods sold	(95,851)	-	(95,851)	(92,387)	-	(92,387)
Materials, energy, third-party services and others	(4,556)	-	(4,556)	(4,768)	-	(4,768)
Gross value added	<u>54,427</u>	<u>-</u>	<u>54,427</u>	<u>58,024</u>	<u>-</u>	<u>58,024</u>
Withholdings						
Depreciation and amortization	(10,054)	-	(10,054)	(10,858)	-	(10,858)
Net value added generated	<u>44,373</u>	<u>-</u>	<u>44,373</u>	<u>47,166</u>	<u>-</u>	<u>47,166</u>
Value added received in transfer						
Equity in earnings (losses) of controlled companies	(904)	-	(904)	-	-	-
Financial revenues	13,090	662	13,752	13,180	662	13,842
Deferred Income and Social Contribution taxes	(4,900)	-	(4,900)	(4,900)	-	(4,900)
Total value added to be distributed	<u>51,659</u>	<u>662</u>	<u>52,321</u>	<u>55,446</u>	<u>662</u>	<u>56,108</u>
Controlling shareholders	51,659	-	52,321	55,446	-	56,108
Noncontrolling shareholders	-	-	-	-	-	-
Value added distribution						
Personnel and charges	19,991	-	19,991	20,680	-	20,680
Taxes, fees and contributions	15,194	-	15,194	18,191	-	18,191
Interest and rents	169,699	1,062	170,761	169,800	1,062	170,862
Loss for the period	(153,225)	(400)	(153,625)	(153,225)	(400)	(153,625)
Value added distributed	<u>51,659</u>	<u>662</u>	<u>52,321</u>	<u>55,446</u>	<u>662</u>	<u>56,108</u>

Notes to the individual and consolidated financial information  
 As at June 30, 2020  
 (In thousands of Brazilian Reais, unless otherwise stated)

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4. New standards not yet in effect

The following list contains new standards and/or revisions issued and not adopted until the year ended March 31, 2020:

- a) Amendments to references to the conceptual framework in IFRS standards (CPC 00 R2): Effective as from January 01, 2020;
- b) Definition of business (amendments to CPC 15/IFRS 3): Not yet approved by CPC and the Brazilian Securities and Exchange Commission (CVM);
- c) Definition of materiality (amendments to CPC 26/IAS 1 and CPC 23/IAS 8). Not yet approved by CPC and CVM; and
- d) IFRS 17 Insurance Contracts: not yet approved by CPC and CVM.

These amended standards and interpretations should not have a significant impact on the individual and consolidated financial information of the Company.

5. Cash and cash equivalents and financial investments

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cash and banks	19	370	35	384
Bank Certificates of Deposit (CDB)	424	1,459	6,971	3,866
Cash and cash equivalents	443	1,829	7,006	4,250

CDBs refer to investments whose yields approximate the variation of the Interbank Deposit Rate (CDI).

The highest remuneration of the financial investments listed above is 96% of CDI.

6. Accounts receivable

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Notes receivable	33,386	21,840	33,386	21,840
Provision for expected losses	(10,202)	(10,094)	(10,202)	(10,094)
	23,184	11,746	23,184	11,746

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Notes to the individual and consolidated financial information  
As at June 30, 2020  
(In thousands of Brazilian Reals, unless otherwise stated)

The changes in the allowance for doubtful accounts during the periods ended June 30, 2020 and 2019, are as follows:

Balances as at December 31, 2019	<u>(10,094)</u>
(+) Complement of the allowance for doubtful accounts	(108)
(-) Write-off for loss	-
Balances as at June 30, 2020	<u>(10,202)</u>
Balances as at December 31, 2018	<u>(8,331)</u>
(+) Complement of the allowance for doubtful accounts	(803)
(-) Write-off for loss	-
Balances as at June 30, 2019	<u>(9,134)</u>

The Company recognizes this allowance based on the history of its expected losses monitored by Management, at an amount deemed sufficient to cover probable losses on the realization of accounts receivable.

The balance of consolidated accounts receivable per maturity is as follows:

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Falling due	22,480	10,870	22,480	10,870
Up to 90 days overdue	517	805	517	805
Between 91 and 180 days overdue	187	71	187	71
More than 180 days overdue	<u>10,202</u>	<u>10,094</u>	<u>10,202</u>	<u>10,094</u>
	<u>33,386</u>	<u>21,840</u>	<u>33,386</u>	<u>21,840</u>

## 7. Inventories

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Finished goods	1,013	3,174	1,301	3,512
Work in progress	2,781	2,855	2,781	2,855
Raw material - slag	9,622	9,554	9,622	9,554
Raw material - coke	1,787	1,336	1,787	1,336
Other raw materials	5,445	7,989	5,445	7,989
Materials for maintenance and consumption	20,483	19,658	20,483	19,658
Inventory in transit	388	(189)	388	(189)
Land for sale (i)	-	-	17,866	17,344
	<u>41,519</u>	<u>44,377</u>	<u>59,673</u>	<u>62,059</u>

- (i) This refers to inventories of plots of land belonging to controlled companies Mape Incorporação e Empreendimentos Ltda. and Touro Empreendimentos Imobiliários e Participações Ltda.

CIMENTO TUPI S.A.

Notes to the individual and consolidated financial information  
As at June 30, 2020  
(In thousands of Brazilian Reais, unless otherwise stated)

8. Recoverable taxes

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Current assets				
State VAT (ICMS)	5,133	5,047	5,133	5,047
Income Tax/Social Contribution				
Tax	2	1	45	44
Taxes on Sales (PIS/COFINS)	-	93	13	105
Federal VAT (IPI)	6,190	5,509	6,190	5,509
Others	333	333	334	333
	<u>11,658</u>	<u>10,983</u>	<u>11,715</u>	<u>11,038</u>
Noncurrent assets				
ICMS	6,495	5,873	6,495	5,873
	<u>6,495</u>	<u>5,873</u>	<u>6,495</u>	<u>5,873</u>

9. Notes receivable

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Seival Sul Mineração S.A. (i)	2,753	2,718	2,753	2,718
Ano Bom Incorp. e empreendimento S.A. (ii)	-	-	2,776	2,608
Agemar Empreendimentos e Participações Ltda. (iii)	4,440	4,440	4,440	4,440
Discount to present value Capella - Fundo de Investimentos em direitos creditórios não-padronizados (iv)	(1,234)	(1,380)	(1,234)	(1,380)
Others	5,186	4,149	5,186	4,149
	3	16	757	903
	<u>11,148</u>	<u>9,943</u>	<u>14,678</u>	<u>13,438</u>
Current assets	5,189	4,165	8,719	7,660
Noncurrent assets	5,959	5,778	5,959	5,778

- (i) It refers to the balance receivable from the sale of shares of Companhia Nacional de Mineração Candiota.
- (ii) It refers to the balance receivable from the sale of a property in Barra Mansa, state of Rio de Janeiro, by controlled company Mape.
- (iii) It refers to the balance receivable for the sale of controlled company Suape Granéis do Nordeste Ltda.
- (iv) Receivables assigned to CAPELLA - FUNDO DE INVESTIMENTOS EM DIREITOS CREDITÓRIOS NÃO-PADRONIZADOS related to the Arbitration Proceeding against Companhia Siderúrgica Nacional - CSN under the contract's terms, less the costs for manufacturing the clinker to be made available to CSN under the terms provided for in the decision of said Arbitration Procedure.

CIMENTO TUPI S.A.

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10. Investments in controlled companies

a) Statements on main controlled companies

	06/30/2020					12/31/2019				
	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Tupi do Nordeste Ltda.	Tupi Rio Transportes S.A.	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Tupi do Nordeste Ltda.	Tupi Rio Transportes S.A.
Ownership interest - %	99.99	99.99	99.88	99.99	100.00	99.99	99.99	99.88	99.99	100.00
Equity	35,745	93	44,324	2,131	(2,511)	35,857	110	44,325	2,331	(802)
Income (loss) for the period	(113)	(17)	(1)	(200)	(1,709)	(667)	(109)	(211)	(429)	(1,794)

(b) Changes in investments

	06/30/2020					Others	Total	Total
	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Tupi do Nordeste Ltda.	Tupi Rio Transportes S.A.			
Balance at beginning of period	35,855	110	44,276	2,331	-	2,216	84,788	82,741
Capital contributions	-	-	-	-	-	-	-	4,126
Equity in earnings (losses) of controlled companies	(113)	(17)	(1)	(200)	(1,709)	165	(1,875)	(2,881)
Reclassification to liabilities	-	-	-	-	1,709	-	1,709	802
Balance at end of period	35,742	93	44,275	2,131	-	2,381	84,622	84,788

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	06/30/2019						Total	Total
	Mape Incorporação e Empreendiment os Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Tupi do Nordest e Ltda.	Tupi Rio Transporte s S.A.	Others		
Balance at beginning of period	36,522	219	40,789	2,332	992	1,887	82,741	99,714
Capital contributions	-	-	-	-	-	-	-	6,242
Disposal of investments	-	-	-	-	-	-	-	(14,975)
Write-off of appreciation	-	-	-	-	-	-	-	(3,655)
Equity in earnings (losses) of controlled companies	(9)	(50)	(47)	(214)	(733)	149	(904)	2,073
Exchange rate gains (losses) on investments	-	-	-	-	-	-	-	616
Receipt of dividends	-	-	-	-	-	-	-	(5,775)
Capital return	-	-	-	-	-	-	-	(56)
Reclassification to liabilities	-	-	-	-	-	-	-	(1,443)
Balance at end of period	<u>36,513</u>	<u>169</u>	<u>40,742</u>	<u>2,118</u>	<u>259</u>	<u>2,036</u>	<u>81,837</u>	<u>82,741</u>

## CIMENTO TUPI S.A.

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### Mape Incorporação e Empreendimentos Ltda.

Mape is mainly engaged in developing, administrating, purchasing and selling real estate properties.

### Tupimec Indústria Mecânica Ltda.

Tupimec is mainly engaged in manufacturing, trading and exporting mechanical parts and equipment, providing assembling services and related processing services.

### Tupi Mineradora de Calcário Ltda.

Tupi Mineradora is an entity in pre-operating stage mainly engaged in exploring and using mineral reserves, as well as in exploring agriculture, livestock, afforestation and reforestation, with the sale of products from these activities.

### Tupi do Nordeste Ltda.

Tupi do Nordeste is mainly engaged in exploring agriculture, livestock, afforestation and reforestation, with the sale of products from these activities and holding interest, as shareholder or member, in commercial, industrial or financial businesses, in accordance with the applicable legal requirements, in the region of Mossoró, state of Rio Grande do Norte.

### Britas Arujá Ltda.

Britas Arujá is an entity in pre-operating stage established in the first quarter of 2015 and engaged in exploring, using, researching and mining mineral reserves, including granite grit found within Brazilian territory, and in trading the products deriving from such activities.

### Touro Empreendimentos Imobiliários e Participações Ltda.

Touro Empreendimentos Imobiliários e Participações is mainly engaged in developing, administrating, purchasing and selling properties.

### Tupi Rio Transportes S/A

Tupi Rio's main objective is road transport, at the municipal, state and interstate levels, using its own fleet and/or a third party's, for the execution of freight in general, bagged and bulk cargo, liquid, gaseous and special cargo, or cargo stored in containers.

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## 11. Fixed assets

Accounts	Parent company				
	06/30/2020		12/31/2019		
	Cost	Accumulated depreciation/depletion	Net	Net	Annual depreciation rates
Plots of land	28,698	-	28,698	28,698	
Buildings	109,602	(27,286)	82,316	83,419	2%
Industrial machinery, equipment and facilities	651,302	(270,915)	380,387	383,492	3.33%
Furniture and fixtures	3,217	(2,940)	277	302	10%
Vehicles	5,191	(4,745)	446	448	20%
Railway wagons	14,688	(2,772)	11,916	11,315	3.33%
Leasehold improvements	875	(677)	198	271	(*)
Machinery and equipment to be installed	2,714	(498)	2,216	2,262	3.33%
Construction in progress	16,185	-	16,185	16,066	
Advances to suppliers	2,454	-	2,454	2,732	
Limestone mines	23,033	(2,869)	20,164	20,393	(**)
Others	5,540	(5,314)	226	267	4% to 20%
	<u>863,499</u>	<u>(318,016)</u>	<u>545,483</u>	<u>549,665</u>	

  

Accounts	Consolidated				
	06/30/2020		12/31/2019		
	Cost	Accumulated depreciation/depletion	Net	Net	Annual depreciation rates
Plots of land	53,056	-	53,056	53,056	
Buildings	109,632	(27,301)	82,331	83,435	
Industrial machinery, equipment and facilities	652,459	(271,731)	380,728	383,835	2%
Furniture and fixtures	3,226	(2,948)	278	303	3.33%
Vehicles	8,416	(7,707)	709	968	10%
Railway wagons	14,688	(2,772)	11,916	11,315	20%
Leasehold improvements	875	(677)	198	271	3.33%
Machinery and equipment to be installed	2,714	(498)	2,216	2,262	(*)
Construction in progress	16,185	-	16,185	16,066	3.33%
Advances to suppliers	2,913	-	2,913	3,191	
Limestone mines	23,033	(2,869)	20,164	20,393	
Others	5,734	(5,326)	408	449	(**)
	<u>892,931</u>	<u>(321,829)</u>	<u>571,102</u>	<u>575,544</u>	

(\*) Depreciation of agreement with lease contract terms.

(\*\*) Limestone mines are amortized according to the period of depletion in proportion to the extracted ore.

As at June 30, 2020, the amount of R\$ 9,737 (R\$ 9,778 as at June 30, 2019), referring to depreciation, was accounted for as cost of goods sold.

As described in Note 12, Management reviewed the net book value of its assets to evaluate impairment, and the recognition of a provision for impairment was not considered necessary.



During the assessment of recoverability of its assets, the Company used the value in use per cash generating unit (CGU) based on projections approved by Management and assumptions consistent with the analyses performed in 2020 and 2019, which consider:

- Review of scenarios for each CGU pursuant to business plans;
- The country's macroeconomic scenario;
- Cash flow period compatible with proven mineral reserves, without perpetuity, also including assets with long maturation periods;
- Constant dollar discount rate of 11.83% based on the Weighted Average Cost of Capital (WACC).

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The changes in fixed assets in the periods ended June 30, 2020 and 2019, were as follows:

Parent company													
Fixed asset cost	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance as at 12/31/2019	28,698	109,602	646,372	3,213	5,127	13,860	875	2,714	16,066	2,732	23,033	5,530	857,822
Additions	-	-	652	4	70	828	-	-	4,685	803	-	3	7,045
Transfers	-	-	4,513	-	-	-	-	-	(4,520)	-	-	7	-
Write-offs	-	-	(235)	-	(6)	-	-	-	(46)	(1,081)	-	-	(1,368)
Balance as at 06/30/2020	<u>28,698</u>	<u>109,602</u>	<u>651,302</u>	<u>3,217</u>	<u>5,191</u>	<u>14,688</u>	<u>875</u>	<u>2,714</u>	<u>16,185</u>	<u>2,454</u>	<u>23,033</u>	<u>5,540</u>	<u>863,499</u>

Parent company													
Depreciation of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance as at 12/31/2019	-	(26,183)	(262,880)	(2,911)	(4,679)	(2,545)	(604)	(452)	-	-	(2,640)	(5,263)	(308,157)
Additions	-	(1,103)	(8,033)	(29)	(71)	(227)	(73)	(46)	-	-	(229)	(51)	(9,862)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	(2)	-	5	-	-	-	-	-	-	-	3
Balance as at 06/30/2020	<u>-</u>	<u>(27,286)</u>	<u>(270,915)</u>	<u>(2,940)</u>	<u>(4,745)</u>	<u>(2,772)</u>	<u>(677)</u>	<u>(498)</u>	<u>-</u>	<u>-</u>	<u>(2,869)</u>	<u>(5,314)</u>	<u>(318,016)</u>

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Fixed asset cost	Parent company												Total
	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	
Balance as at 12/31/2018	28,698	109,578	636,952	3,208	5,145	12,744	875	2,714	16,243	2,024	23,033	5,376	846,590
Additions	-	-	703	5	190	457	-	-	2,169	12	-	52	3,588
Transfers	-	-	8,542	-	-	-	-	-	(8,542)	-	-	-	-
Write-offs	-	-	-	-	(230)	-	-	-	(704)	-	-	-	(934)
Balance as at 06/30/2019	<u>28,698</u>	<u>109,578</u>	<u>646,197</u>	<u>3,213</u>	<u>5,105</u>	<u>13,201</u>	<u>875</u>	<u>2,714</u>	<u>9,166</u>	<u>2,036</u>	<u>23,033</u>	<u>5,428</u>	<u>849,244</u>

Depreciation of fixed assets	Parent company												Total
	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	
Additions	-	(1,103)	(8,077)	(30)	(100)	(206)	(86)	(45)	-	-	(229)	(43)	(9,919)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	229	-	-	-	-	-	-	-	229
Balance as at 06/30/2019	<u>-</u>	<u>(25,080)</u>	<u>(254,895)</u>	<u>(2,882)</u>	<u>(4,650)</u>	<u>(2,330)</u>	<u>(525)</u>	<u>(407)</u>	<u>-</u>	<u>-</u>	<u>(2,411)</u>	<u>(5,216)</u>	<u>(298,396)</u>

Fixed asset cost	Consolidated												Total
	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold Improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	
Balance as at 12/31/2019	53,056	109,632	647,529	3,222	8,412	13,860	875	2,714	16,066	3,191	23,033	5,724	887,314
Additions	-	-	652	4	70	828	-	-	4,685	803	-	3	7,045
Transfers	-	-	4,513	-	-	-	-	-	(4,520)	-	-	7	-
Write-offs	-	-	(235)	-	(66)	-	-	-	(46)	(1,081)	-	-	(1,428)
Balance as at 06/30/2020	<u>53,056</u>	<u>109,632</u>	<u>652,459</u>	<u>3,226</u>	<u>8,416</u>	<u>14,688</u>	<u>875</u>	<u>2,714</u>	<u>16,185</u>	<u>2,913</u>	<u>23,033</u>	<u>5,734</u>	<u>892,931</u>

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Depreciation of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Consolidated		Construction in progress	Advances to suppliers	Limestone mines	Others	Total
							Leasehold Improvements	Machinery and equipment to be installed					
Balance as at 12/31/2019	-	(26,197)	(263,694)	(2,919)	(7,444)	(2,545)	(604)	(452)	-	-	(2,640)	(5,275)	(311,770)
Additions	-	(1,104)	(8,035)	(29)	(308)	(227)	(73)	(46)	-	-	(229)	(51)	(10,102)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	(2)	-	45	-	-	-	-	-	-	-	43
Balance as at 06/30/2020	-	(27,301)	(271,731)	(2,948)	(7,707)	(2,772)	(677)	(498)	-	-	(2,869)	(5,326)	(321,829)

Fixed asset cost	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Consolidated		Construction in progress	Advances to suppliers	Limestone mines	Others	Total
							Leasehold Improvements	Machinery and equipment to be installed					
Balance as at 12/31/2018	53,056	109,608	638,109	3,216	9,247	12,744	875	2,714	16,243	2,484	23,033	5,570	876,899
Additions	-	-	703	6	190	457	-	-	2,169	12	-	53	3,590
Transfers	-	-	8,542	-	-	-	-	-	(8,542)	-	-	-	-
Write-offs	-	-	-	-	(368)	-	-	-	(704)	-	-	-	(1,072)
Balance as at 06/30/2019	<u>53,056</u>	<u>109,608</u>	<u>647,354</u>	<u>3,222</u>	<u>9,069</u>	<u>13,201</u>	<u>875</u>	<u>2,714</u>	<u>9,166</u>	<u>2,496</u>	<u>23,033</u>	<u>5,623</u>	<u>879,417</u>

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Depreciation of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Consolidated		Construction in progress	Advances to suppliers	Limestone mines	Others	Total
							Leasehold Improvements	Machinery and equipment to be installed					
Balance as at 12/31/2018	-	(23,991)	(247,627)	(2,859)	(7,072)	(2,124)	(439)	(362)	-	-	(2,182)	(5,185)	(291,841)
Additions	-	(1,103)	(8,080)	(31)	(902)	(206)	(86)	(45)	-	-	(229)	(43)	(10,725)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	303	-	-	-	-	-	-	-	303
Balance as at 06/30/2019	-	(25,094)	(255,707)	(2,890)	(7,671)	(2,330)	(525)	(407)	-	-	(2,411)	(5,228)	(302,263)

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12. Intangible assets - Parent Company and Consolidated

	Parent company				Consolidated			
	Goodwill	Mining rights	Others	Total	Goodwill	Mining rights	Others	Total
Balances as at 12/31/2019	93,564	35,143	386	129,093	93,564	56,402	532	150,498
Additions	-	-	43	43	-	633	43	676
Amortization	-	-	(91)	(91)	-	-	(91)	(91)
Balances as at 06/30/2020	93,564	35,143	338	129,045	93,564	57,035	484	151,083

	Parent company				Consolidated			
	Goodwill	Mining rights	Others	Total	Goodwill	Mining rights	Others	Total
Balances as at 12/31/2018	93,564	35,143	583	129,290	93,564	55,526	729	149,819
Additions	-	-	33	33	-	222	33	255
Amortization	-	-	(134)	(134)	-	-	(134)	(134)
Balances as at 06/30/2019	93,564	35,143	482	129,189	93,564	55,748	595	149,940

Impairment test for cash generating units containing goodwill

Goodwill is directly related to the plant of Pedra do Sino (MG). The recoverable value of the assets was calculated based on the Company's cash generating unit: Pedra do Sino Plant, and the methodology used was the discounted cash flow in the useful life of the assets of the cash generating unit.

As a consequence of the impairment test of the Company's assets made on December 31, 2019, the recoverable amount is higher than the assets' book value. Accordingly, no provision was made for impairment as at June 30, 2020.

13. Loans and financing - Parent Company and Consolidated

	06/30/2020		12/31/2019 (Adjusted)	
	Current	Noncurrent	Current	Noncurrent
Parent company				
In domestic currency				
Development bank - BDMG, with maturities up to 2022	208,134	-	190,066	-
Unrecognized transaction costs	-	-	(82)	-
	208,134	-	189,984	-
Working capital				
CCBs issued by Bank Credit Suisse, ABC Brasil and Bank CCB Brasil, with maturities up to 2021	107,054	-	104,469	-
Votorantim S.A., with maturity in Jan/2022	-	23,119	-	22,826
	107,054	23,119	104,469	22,826
	315,188	23,119	294,453	22,826
In foreign currency				
Notes				
Senior Unsecured Notes with original maturity in	1,818,326	-	1,271,074	-

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May/2018 (iii)				
Sinosure Facility Agreement (Agricultural Bank of China) with original maturity in Feb/2017	107,335	-	77,286	-
Loan Tupacta AG - US\$ 119,691 - maturity in Dec/2028 (i)(ii)	-	929,812	-	650,606
Others - maturity up to Sep/2030	138	685	90	505
	<u>1,925,799</u>	<u>930,497</u>	<u>1,348,450</u>	<u>651,111</u>
Parent company	2,240,987	953,616	1,642,903	673,937
Consolidated	2,240,987	953,616	1,642,903	673,937

- (i) If there is maturity or prepayment of the debt before 3 years of the signing of this contract, the amount due shall correspond to the higher of: (a) the debt adjusted under the terms agreed; (b) R\$ 650,000 or (c) that equivalent to US\$ 165,000.
- (ii) Adjustment due to revision of the debt's calculation method.
- (iii) Adjustment due to revision of the debt's calculation method.

Debts with banks CCB Brasil and ABC Brasil will be settled by March 2021. The Company is renegotiating its indebtedness with other creditors.

On June 05, 2020, the Company signed a new amendment to the Bank Credit Note - CCB with Banco ABC Brasil S.A., changing the form of payment and postponing the maturity to February 2021.

On September 24, 2018, the Company received a notice that the Bank Credit Notes (CCBs) issued by Banco de Investimentos Credit Suisse (BRASIL) S.A. would have been guaranteed to SPE Geribá Participações SPE-1 Ltda. The access to the documentation brought doubts as to the regularity of the mentioned guarantee, which is being discussed in court. The Company has not amortized the installments of the CCBs.

It has been renegotiating its debt with domestic and foreign creditors in terms that are appropriate to its financial situation and also reasonable for all involved parties.

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14. Related-party transactions

	Parent company					12/31/2019	
	06/30/2020					Total	Total
	Tupi Rio Transportes S.A.	Mape Incorporação e Empreendimentos Ltda.	Tupi Mineradora de Calcáreo Ltda.	Touro Empreendimentos Imobiliários e Participações Ltda.	Others		
Noncurrent assets							
Advance for increase in capital	5	-	1,126	5,152	190	6,473	
Current liabilities							
Anticipated dividends	-	15,318	-	-	9	15,327	15,461
Transactions							
Cost of goods sold and services rendered	(15,653)	-	-	-	-	(15,653)	(31,942)



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Related-party transactions basically refer to intercompany accounts and provision of services and input for production and operation of the entities' businesses.

### 15. Taxes and contributions in installments

These mainly refer to the installment payment of ICMS of the states of São Paulo, Minas Gerais and Rio de Janeiro.

	Parent company					
	06/30/2020			12/31/2019		
	Principal	Interest/ fine	Total	Principal	Interest/ fine	Total
Current liabilities	16,726	6,422	23,148	28,995	3,786	32,781
ICMS	11,518	5,967	17,485	23,581	3,743	27,324
Others	5,208	455	5,663	5,414	43	5,457
Noncurrent liabilities	67,340	31,744	99,084	86,774	35,813	122,587
ICMS	48,957	30,770	79,727	68,332	35,655	103,987
Others	18,383	974	19,357	18,442	158	18,600
	<u>84,066</u>	<u>38,166</u>	<u>122,232</u>	<u>115,769</u>	<u>39,599</u>	<u>155,368</u>

	Consolidated					
	06/30/2020			12/31/2019		
	Principal	Interest/ fine	Total	Principal	Interest/ fine	Total
Current liabilities	17,954	6,512	24,466	30,377	3,831	34,208
ICMS	12,173	6,041	18,214	24,420	3,817	28,237
Others	5,781	471	6,252	5,957	14	5,971
Noncurrent liabilities	71,579	31,950	103,529	90,251	35,711	125,962
ICMS	51,413	31,001	82,414	70,052	35,663	105,715
Others	20,166	949	21,115	20,199	48	20,247
	<u>89,533</u>	<u>38,462</u>	<u>127,995</u>	<u>120,628</u>	<u>39,542</u>	<u>160,170</u>

### 16. Taxes payable

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
ICMS	61,231	12,107	62,695	12,645
PIS/COFINS	5,924	2,436	7,849	3,658
Tax on Services (ISS)	530	54	533	59
Others	3,124	2,162	3,129	2,168
	<u>70,809</u>	<u>16,759</u>	<u>74,206</u>	<u>18,530</u>

## 17. Equity

### a) Capital stock

As at June 30, 2020, fully subscribed and paid-in capital stock is represented by 11,793 common shares and 11,792 preferred shares with no par value. Preferred shares are not entitled to voting and to receiving minimum or fixed dividends.

### b) Capital reserves

Goodwill reserve represents excess value upon issue or capitalization in relation to the basic share value on the date of issue, in 1996.

### c) Statutory reserve

Established through the recognition of 5% of net income for the year until it reaches 20% of capital stock, which is the limit provided for in corporate law, and may be used to absorb accumulated losses.

### d) Appropriated retained earnings

Established by retaining part of net income for the year, if any. Said retention is based on the capital budget prepared by Management and approved by Shareholders in the Annual General Meeting, and is intended to be used in the Company's future investments.

### e) Dividends

Shareholders are entitled to mandatory dividends of 25% of net income for the year, adjusted in conformity with legal provisions.

Preferred shares are entitled to receive dividends per share that are 10% higher than dividends per share paid to common shares.

### f) Earnings (losses) per share

In compliance with CPC 41, the Company presents the following statements on earnings (losses) per share for the periods ended June 30, 2020 and 2019.

Basic earnings (losses) per share are calculated by dividing net income (loss) for the period, attributable to the holders of the parent company's common and preferred shares, by the weighted average of common and preferred shares outstanding during the period.

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The following tables present the results and shares used to calculate basic and diluted losses per share:

	06/30/2020			06/30/2019		
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
Loss for the period	(451,220)	(451,181)	(902,401)	(76,816)	(76,809)	(153,625)
Weighted average shares (in thousands of shares)	11,793	11,792	23,585	11,793	11,792	23,585
Basic and diluted loss per share	<u>(38.2616)</u>	<u>(38.2616)</u>	<u>(38.2616)</u>	<u>(6.4967)</u>	<u>(6.5137)</u>	<u>(6.5137)</u>

For the period ended June 30, 2020, there is no difference between the calculation of basic and diluted losses, since there are no dilutive instruments.

## 18. Income and Social Contribution Taxes

### a) Reconciliation of Income and Social Contribution tax expenses

	Parent company			
	Income Tax		Social Contribution Tax	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Loss before taxes	(897,541)	(148,725)	(897,541)	(148,725)
Add-backs				
Equity in earnings (losses) of controlled companies	1,875	904	1,875	904
Realization sub-account positive dif. - assets	54	54	54	54
Amortization, cost of loan raising	82	124	82	124
Exchange rate gains (losses) on loans	490,240	-	490,240	-
Other add-backs	2,387	2,293	2,387	2,293
Deductions				
Depreciation - Corporate x Tax rate differences	(16,399)	(16,343)	(16,399)	(16,343)
Exchange rate gains (losses) on loans	-	(12,919)	-	(12,919)
Other deductions	(146)	(133)	(146)	(133)
Adjusted loss	<u>(419,448)</u>	<u>(174,745)</u>	<u>(419,448)</u>	<u>(174,745)</u>
Applicable rates	25%	25%	9%	9%
Current Income and Social Contribution Taxes	-	-	-	-
Tax debts accrued from deferred Income and Social Contribution Taxes on temporary differences	(3,573)	(3,603)	(1,287)	(1,297)
Income and Social Contribution Taxes on income (loss)	<u>(3,573)</u>	<u>(3,603)</u>	<u>(1,287)</u>	<u>(1,297)</u>

Notes to the individual and consolidated financial information  
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	Income Tax		Consolidated Social Contribution Tax	
	06/30/2020	06/30/2019 (Adjusted)	06/30/2020	06/30/2019 (Adjusted)
Loss before taxes	(897,512)	(148,701)	(897,512)	(148,701)
Add-backs				
Income (loss) from controlled companies under deemed profit	-	-	-	-
Realization sub-account positive dif. - assets	54	54	54	54
Amortization, cost of loan raising	82	124	82	124
Exchange rate gains (losses) on loans	490,240	-	490,240	-
Other add-backs	2,387	2,293	2,387	2,293
Deductions				
Income (loss) from controlled companies under deemed profit	(53)	(165)	(53)	(165)
Depreciation - Corporate x Tax rate differences	(16,399)	(16,343)	(16,399)	(16,343)
Exchange rate gains (losses) on loans	-	(12,919)	-	(12,919)
Other deductions	(146)	(133)	(146)	(133)
Adjusted loss	(421,347)	(175,790)	(421,347)	(175,790)
Applicable rates	25%	25%	9%	9%
Current IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax)	-	-	-	-
Current IRPJ and CSLL of controlled companies - taxable income	-	-	-	-
IRPJ and CSLL - deemed profit	(18)	(18)	(11)	(6)
Tax debts accrued from deferred Income and Social Contribution Taxes on temporary differences	(3,573)	(3,603)	(1,287)	(1,297)
Income and Social Contribution Taxes in income (loss)	(3,591)	(3,621)	(1,298)	(1,303)

## b) Breakdown of deferred Income and Social Contribution Taxes

	Parent company and consolidated	
	06/30/2020	12/31/2019 (Adjusted)
Income and Social Contribution tax losses	135,285	135,285
Provisions for contingencies	547	547
Deferred IRPJ and CSLL tax assets	135,832	135,832
Deferred IRPJ and CSLL on temporary differences	(63,824)	(58,964)
Taxed transactions on a cash basis - (exchange rate gains (losses))	22,759	22,759
Tax amortization of goodwill	(31,812)	(31,812)
Deferred IRPJ and CSLL tax liabilities	(72,877)	(68,017)
	62,955	67,815

Notes to the individual and consolidated financial information  
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Considering expected generation of taxable income up to 2025, the Company recognized deferred Income and Social Contribution on the balance of tax losses and temporary differences.

Deferred Income and Social Contribution on tax losses were not recognized, calculated as from the second half of 2015.

Income and Social Contribution tax losses have no statute of limitations; however, the Company may use only the amount equivalent to up to 30% of taxable income per year.

The Company realized part of the balance of deferred Income and Social Contribution Taxes recognized on tax losses in 2014 and 2017.

#### 19. Provisions for contingencies

The Company and its controlled companies are parties to lawsuits and administrative proceedings incidental to its business, regarding tax, labor, civil and other issues. The Company, based on the opinion of its legal advisors, conducts an analysis of pending lawsuits and recognizes a provision in an amount deemed sufficient to cover the estimated losses from ongoing lawsuits for those with expectation of probable loss.

As at June 30, 2020, the Company maintains a provision for contingencies arising from labor discussions whose likelihood of loss is probable, in the amount of R\$ 1,610 (R\$ 1,610 as at December 31, 2019).

	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Beginning balance	709	709	709	709
New	-	-	-	-
Adjustment	901	901	901	901
Concluded	-	-	-	-
Final balance	<u>1,610</u>	<u>1,610</u>	<u>1,610</u>	<u>1,610</u>

As at June 30, 2020, the Company has court deposits in the amount of R\$ 13,631 (R\$ 9,748 as at December 31, 2019).

In addition, the Company and its controlled companies are parties to civil, labor, and tax claims whose likelihood of an unfavorable outcome has been rated as possible by Management and its legal advisors. Therefore, no provision for contingencies was set up.

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As at June 30, 2020, the amount of such contingencies was R\$ 159,434 (R\$ 159,434 as at December 31, 2019), as follows:

Nature	Parent company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Tax contingencies	83,844	83,844	141,931	141,931
Labor contingencies	11,210	11,210	11,463	11,463
Civil contingencies	6,040	6,040	6,040	6,040
	<u>101,094</u>	<u>101,094</u>	<u>159,434</u>	<u>159,434</u>

20. Insurance coverage (unaudited)

The Company and its controlled companies contract insurance coverage for its inventories and fixed asset items as Named-perils and Civil Liability Insurances. Aspects considered when evaluating risks are as follows: (a) decentralized location of industrial plants (Minas Gerais, Rio de Janeiro and São Paulo); (b) nature of activities; and (c) accident prevention measures. Maximum Indemnity Limit (LMI) is R\$ 198,685 for industrial plants.

The amounts of contracted coverage take into consideration estimates to cover possible losses in sites with concentrated risks and maximum possible claim loss in a single event.

The risk assumptions adopted, due to their nature, were established by Management.

21. Financial instruments and risk management

21.1. Analysis of financial instruments

The fair value of financial assets and liabilities is included in the value by which an instrument may be changed in a current transaction between the parties on an arm's length basis, and not in a forced sale or settlement. The following methods and assumptions were used to estimate fair value.

- Cash and cash equivalents, trade accounts receivable, trade accounts payable and other short-term obligations approximate their respective book value mostly due to these investments' short-term maturity;
- The fair value of receivables does not significantly differ from the book balances, since it is monetarily restated consistently with market rates and/or is adjusted by the provision for impairment.

Notes to the individual and consolidated financial information  
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Loans and financing bear fixed rates, which are consistent with those observable in the market; therefore, the book balances informed approximate their respective fair values.

The classification of financial assets of the Company and its controlled companies per category is as follows:

	Parent company					
	06/30/2020			12/31/2019		
	Fair value			Fair value		
Financial assets	Amortized cost	through income (loss)	Total	Amortized cost	through income (loss)	Total
Cash and cash equivalents	443	-	443	1,829	-	1,829
Accounts receivable	23,184	-	23,184	11,746	-	11,746
Notes receivable	11,148	-	11,148	9,943	-	9,943
Receivables from third parties	6,202	-	6,202	7,296	-	7,296
Related-party transactions	6,473	-	6,473	-	-	-
	<u>47,450</u>	<u>-</u>	<u>47,450</u>	<u>30,814</u>	<u>-</u>	<u>30,814</u>

  

	Consolidated					
	06/30/2020			12/31/2019		
	Fair value			Fair value		
Financial assets	Amortized cost	through income (loss)	Total	Amortized cost	through income (loss)	Total
Cash and cash equivalents	7,006	-	7,006	4,250	-	4,250
Accounts receivable	23,184	-	23,184	11,746	-	11,746
Notes receivable	14,678	-	14,678	13,438	-	13,438
Receivables from third parties	6,202	-	6,202	7,296	-	7,296
	<u>51,070</u>	<u>-</u>	<u>51,070</u>	<u>36,730</u>	<u>-</u>	<u>36,730</u>

## 21.2. Classification of financial instruments by category

The main financial liabilities of the Company and its controlled companies may be classified as loans and financing accounted for at fair value through income (loss), as follows:

Financial liabilities	Parent company	
	06/30/2020	12/31/2019
Trade accounts payable	33,653	34,622
Loans and financing	3,194,603	2,316,840
Related-party transactions	15,327	15,461
	<u>3,243,583</u>	<u>2,366,923</u>

  

Financial liabilities	Consolidated	
	06/30/2020	12/31/2019
Trade accounts payable	28,486	31,143
Loans and financing	3,194,603	2,316,840
	<u>3,223,089</u>	<u>2,347,983</u>

### 21.3. Risk management

Financial transactions of the Company and its controlled companies are previously approved by Management and performed through the financial department according to conservative strategies, aiming at safety, profitability and liquidity. Hedging mechanisms are adopted against financial risks stemming from liabilities contracted, either in foreign or domestic currency, in order to manage exposure to exchange and interest rate risks.

The criteria for selection of financial institutions obey parameters that take into consideration rating made available by renowned agencies specialized in the analysis of risk, equity, and concentration levels of transactions and resources. The main market risk factors that could affect the Company's business and that of its controlled companies are as follows:

#### a) Exchange rate risk

Exchange rate risks are related to the possibility of the Company incurring losses derived from fluctuations in exchange rates.

The Company's liabilities are indexed at US dollars; therefore, the unpredictability of floating liabilities substantially derives from foreign exchange variation, as shown in the simulation of future values considering 25% and 50% devaluation of Brazilian Reais before US dollars.

	Value _in Brazilian Reais	Sensitivity analysis	
		(Scenario I) future value I	(Scenario II) future value II
Foreign currency loans			
Notes	1,818,326	2,272,907	2,727,489
Sinosure	84,281	105,351	126,421
Tupacta	929,812	1,162,265	1,394,718
Cemrock	684	855	1,026

#### b) Credit risk

Financial instruments are subject to credit risks such as cash and cash equivalents and trade accounts receivable. All operations are conducted with banks having acknowledged liquidity, thus minimizing risks.

The risk of incurring losses resulting from difficulty in receiving values billed to its clients is minimized, since sales are dispersed among a high number of clients, and contingent to a credit limit individually established per client.



Notes to the individual and consolidated financial information  
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## c) Interest rate risk

This risk derives from the possibility of the Company incurring losses due to fluctuations in interest rates that increase financial expenses mainly stemming from loans.

## d) Liquidity risk

Liquidity risk represents the risk of scarcity and difficulty on the part of the Company in paying its debts. The Company and its controlled companies seek to align the maturity of their debts with the period of cash generation to avoid a mismatch and generate the need for greater leverage.

The following table shows in detail the remaining contractual maturity of the Company's main financial liabilities and the contractual amortization terms. This table was prepared in accordance with the undiscounted cash flows of financial assets and liabilities based on the nearest date on which the Company and its controlled companies shall settle the respective obligations.

	Parent company			Total as at 06/30/2020
	Up to one year	From one to three years	Over three years	
Loans and financing	2,240,987	23,119	2,240,987	3,194,603
Trade accounts payable	33,653	-	-	33,653
Advances from customers	4,690	-	-	4,690
Other financial liabilities	137,906	103,165	5,864	246,935
Balances as at June 30, 2020	<u>2,417,236</u>	<u>126,284</u>	<u>936,361</u>	<u>3,479,881</u>

  

	Consolidated			Total as at 06/30/2020
	Up to one year	From one to three years	Over three years	
Loans and financing	2,240,987	23,119	2,240,987	3,194,603
Trade accounts payable	28,486	-	-	28,486
Advances from customers	4,690	-	-	4,690
Other financial liabilities	128,168	104,599	6,364	239,131
Balances as at June 30, 2020	<u>2,402,331</u>	<u>127,718</u>	<u>2,247,351</u>	<u>3,466,910</u>

Notes to the individual and consolidated financial information  
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## 22. Net operating revenue

	Parent company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Gross sales				
Sales of goods	195,418	155,907	195,759	156,188
Deductions from sales	(49,067)	(41,529)	(51,592)	(44,275)
Sales returns	(353)	(399)	(353)	(399)
ICMS on sales	(33,374)	(26,737)	(34,406)	(27,929)
PIS and COFINS on sales	(15,187)	(14,378)	(16,640)	(15,896)
Others	(153)	(15)	(193)	(51)
Net operating revenue	146,351	114,378	144,167	111,913

## 23. General and administrative expenses

	Parent company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Administrative personnel expenses	(7,420)	(7,295)	(7,480)	(7,387)
Lawyers' fees	(1,746)	(5,342)	(1,761)	(5,343)
Lease of properties/vehicles/equipment	(143)	(121)	(154)	(142)
Travel expenses	(153)	(379)	(164)	(401)
Third-party/consulting services	(1,853)	(1,603)	(2,041)	(1,651)
Others	(1,128)	(1,318)	(1,343)	(1,517)
	(12,443)	(16,058)	(12,943)	(16,441)

## 24. Other operating revenues (expenses), net

	Parent company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Indemnity - legal proceedings	-	31,883	-	31,883
Write-off of fixed assets/investments	-	129	-	145
Write-off of liabilities	-	9,368	-	9,368
ICMS installment payment	-	(3,965)	-	(3,965)
Others	(284)	(980)	(185)	(901)
	(284)	36,435	(185)	36,530

## 25. Net financial income (loss)

	Parent company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019 (adjusted)
Financial expenses				
Interest on loans	(91,256)	(62,891)	(91,256)	(62,891)
Interest/finances on tax installment payments	(9,867)	(26,174)	(11,305)	(26,233)
Discounts granted	(457)	(410)	(457)	(411)
Contract interest - Finame	(297,474)	(79,925)	(297,474)	(79,925)
Exchange rate gains (losses) on loans	(490,192)	-	(490,192)	-
Other financial expenses	(113)	(117)	(144)	(150)
	(889,359)	(169,517)	(890,828)	(169,610)

## CIMENTO TUPI S.A.

### Notes to the individual and consolidated financial information As at June 30, 2020 (In thousands of Brazilian Reais, unless otherwise stated)

	Parent company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Financial revenues				
discounts obtained	305	199	305	199
interest on financial investments	3	8	77	40
interest received from customers	253	379	253	379
exchange rate gains (losses) on loans	-	12,921	-	12,921
other financial revenues	997	245	1,032	303
	<u>1,558</u>	<u>13,752</u>	<u>1,667</u>	<u>13,842</u>
	<u>(887,801)</u>	<u>(155,765)</u>	<u>(889,161)</u>	<u>(155,768)</u>

## 26. Segment reporting

Management groups entities into two distinct segments:

### a) Cement

This segment is mainly engaged in manufacturing cements and mortars of all types in the Company's manufacturing units.

### b) Real estate management and merger

This segment is mainly engaged in developing and administering properties.

Management monitors the operating income (loss) of its business units separately for the purpose of making decisions on the allocation of funds and assessment of performance.

The segment's performance is appraised based on the operating result, measured in relation to the operating result of the consolidated financial information.

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The Company's segment information is as follows:

	06/30/2020				
	Cement	Real estate management and merger	Others	Eliminations	Total Consolidated
Net revenue (expenses)	146,351	132	13,337	(15,653)	144,167
Gross profit (loss)	9,763	132	(217)	-	9,678
Depreciation and amortization	(9,956)	-	(240)	-	(10,196)
Operating income (loss)	(7,865)	100	(586)	-	(8,351)
Financial income (loss)	(887,801)	(17)	(1,343)	-	(889,161)
Equity in earnings (losses) of controlled companies	(1,875)	-	-	1,875	-
Income (loss) before taxes	(897,541)	83	(1,929)	1,875	(897,512)
Income and Social Contribution Taxes	(4,860)	(29)	-	-	(4,889)
Minority interest	-	-	-	-	-
Net income (loss)	(902,401)	54	(1,929)	1,875	(902,401)
Current assets	88,913	28,316	8,044	(6,242)	119,031
Noncurrent assets	856,462	15,318	47,817	(106,174)	813,423
Current liabilities	2,417,236	5,349	7,788	(28,042)	2,402,331
Noncurrent liabilities	1,062,645	420	4,026	(2,512)	1,064,579

  

	06/30/2019				
	Cement	Real estate management and merger	Others	Eliminations	Total Consolidated
Net revenue (expenses)	114,378	147	13,735	(16,347)	111,913
Gross profit (loss)	(5,650)	109	(698)	-	(6,239)
Depreciation and amortization	(10,054)	-	(804)	-	(10,858)
Operating income (loss)	7,944	95	(972)	-	7,067
Financial income (loss)	(155,765)	71	(74)	-	(155,768)
Equity in earnings (losses) of controlled companies	(904)	-	-	904	-
Income (loss) before taxes	(148,725)	166	(1,046)	904	(148,701)
Income and Social Contribution Taxes	(4,900)	(24)	-	-	(4,924)
Minority interest	-	-	-	-	-
Net income (loss)	(153,625)	142	(1,046)	904	(153,625)
Current assets	95,461	25,736	4,997	(3,472)	122,722
Noncurrent assets	846,275	16,093	47,189	(102,470)	807,087
Current liabilities	1,763,034	3,333	7,004	(24,354)	1,747,603
Noncurrent liabilities	804,321	205	1,835	-	806,894

## 27. Subsequent events

- a) A new amendment to the Bank Credit Note (CCB) with China Construction Bank (Brazil) Banco Múltiplo S/A was signed on July 08, 2020, changing the payment flow and postponing maturity to March 2021.
- b) On July 17, 2020, the Company received R\$ 8,597 from CAPELLA - FUNDO DE INVESTIMENTOS EM DIREITOS CREDITÓRIOS NÃO-PADRONIZADOS related to the balance it was entitled to under the terms of the agreement for the assignment of receivables from the arbitration proceeding against Companhia Siderúrgica Nacional (CSN) signed between the Company and the aforementioned Fund. After the Company and the Fund received the amounts due, the Company undertook to provide 35,500 tons of clinker to CSN, in compliance with the decision of the arbitration proceeding.

c) COVID-19

The Company's Management has been closely observing the impacts of the Coronavirus on the capital markets of the world and, particularly, on the Brazilian market. In this context, among the several risks and uncertainties to which the Company is exposed, Management evaluated the possible economic events that may affect it, such as those related to accounting estimates and measurement of its assets and liabilities. Despite the fact that until the present moment an exact measurement of the possible impacts of Covid-19 on the economic environment is not possible, the Company's Management understands that no impacts that may affect the measurement of the assets and liabilities presented in its financial statements as at March 30, 2020 have been observed.