

(Convenience translation into English from the original  
previously issued in Portuguese)

**CIMENTO TUPI S.A.**

(Under Court-Ordered Reorganization)

**Independent auditor's report**

**Individual and consolidated financial statements**

**As at December 31, 2020**

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(Under Court-Ordered Reorganization)

**Individual and consolidated financial statements**  
**As at December 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the  
Management and Shareholders of  
**Cimento Tupi S.A. - Under Court-Ordered Reorganization**  
Rio de Janeiro - RJ

### Disclaimer of opinion

We have audited the individual and consolidated financial statements of **Cimento Tupi S.A. - Under Court-Ordered Reorganization ("Company")**, identified as parent company and consolidated, respectively, which comprise the statement of financial position as at December 31, 2020, and the respective statements of operations, comprehensive income (loss), changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

We do not issue an opinion on the accompanying individual and consolidated financial statements of **Cimento Tupi S.A. - Under Court-Ordered Reorganization** given that, due to the relevance of the matters described in the following section of this report "Basis for disclaimer of opinion", we were unable to obtain proper and sufficient audit evidence to support our audit opinion on these individual and consolidated financial statements.

### Basis for disclaimer of opinion

#### **Court-Ordered Reorganization Plan and material uncertainty as to the Company's ability to continue as a going concern**

As mentioned in Note 29 to the individual and consolidated financial statements, pursuant to Law No. 11.101/05, the Company filed a request for court-ordered reorganization on January 20, 2021, with the 3<sup>rd</sup> Business Court of the District of Rio de Janeiro state capital, which was judged favorably on January 22, 2021, but has not yet been approved by all of the required courts. The Company has been developing its court-ordered reorganization plan by specifying the means to be used for carrying it out, including the demonstration of its economic feasibility and economic and financial position, and valuation reports on the rights and assets of the Company and its controlled companies. The ability of the Company and its controlled companies to continue as a going concern is directly dependent on the successful approval and implementation of the court-ordered reorganization plan and on the possible generation of future cash for settlement of its debts.

In the year ended December 31, 2020, the Company reported individual and consolidated loss of R\$ 748,079 thousand, accumulated loss of R\$ 2,690,678 thousand and deficit in equity of R\$ 2,380,184 thousand. This situation indicates the existence of significant uncertainty that may cast doubt on the Company's and its controlled companies' ability to continue as a going concern and as to the basis of preparation of the individual and consolidated financial statements, considering that as at December 31, 2020, the Company's individual and consolidated assets and liabilities were classified and evaluated assuming that it will continue as a going concern.

Since the Company and its controlled companies depend on the successful approval and implementation of the reorganization plan and on the generation of future cash, we were unable to conclude if the individual and consolidated financial statements of the Company should have been prepared assuming that it will continue as a going concern or on a liquidation basis.

### **Deferred Income and Social Contribution taxes**

As mentioned in Note 20, the Company has the amount of R\$ 248,904 thousand recorded under the caption “Deferred Income and Social Contribution taxes”, referring to deferred Income and Social Contribution taxes recognized based on Income and Social Contribution tax losses. As required by Technical Pronouncement CPC 32, the Company shall recognize deferred tax assets to the extent that the existence of taxable income against which the mentioned assets can be used is probable. As at December 31, 2020, the Company’s Management presented a feasibility study on the realization of these credits, considering assumptions about future cash generation. However, due to the events mentioned in the section **“Court-Ordered Reorganization Plan and material uncertainty as to the Company’s ability to continue as a going concern”**, the mentioned study does not corroborate the generation of future taxable income. Therefore, given the circumstances, we were unable to draw a conclusion as to the realization of the respective amounts, as well as to the possible effects on the individual and consolidated financial statements.

### **Other matters**

#### **Comparative individual and consolidated financial statements for the previous year**

The individual and consolidated financial statements for the year ended December 31, 2019, presented for comparison purposes, were examined by us and our report thereon, dated June 04, 2020, included the following matters: Qualified report on external confirmations and on the realization of deferred Income and Social Contribution taxes, as well as a paragraph on material uncertainty as to the Company’s ability to continue as a going concern regarding the individual and consolidated financial statements as at December 31, 2019.

#### **Statements of value added**

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2020, prepared under the responsibility of the Company’s Management and presented as supplementary information pursuant to the International Financial Reporting Standards (IFRS). In order to issue our report, we have checked whether these statements are reconciled with the financial statements and accounting records as applicable, and whether their form and contents meet the criteria established in Technical Pronouncement CPC 09 - Statement of Value Added. However, due to the relevance of the matters described in the section of this report “Basis for disclaimer of opinion”, we were also unable to obtain proper and sufficient evidence to support our audit opinion on these statements of value added, as well as whether they are consistent with the individual and consolidated financial statements taken as a whole. Consequently, we do not express an opinion thereon.

### **Responsibilities of Management and those charged with governance for the individual and consolidated financial statements**

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

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



Those charged with governance are responsible for overseeing the Company's and its controlled companies' financial reporting process.

#### **Auditor's responsibilities for the audit of the individual and consolidated financial statements**

Our responsibility is to conduct an audit of the individual and consolidated financial statements of the Company in accordance with Brazilian accounting practices and to issue an audit report thereon. However, due to the matters described in the "Basis for disclaimer of opinion on the individual and consolidated financial statements" section of this report, we were unable to obtain proper and sufficient audit evidence to support our audit opinion on these individual and consolidated financial statements.

We are independent of the Company in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Council of Accounting (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, June 15, 2021.



**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. - Under Court-Ordered Reorganization

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

	Parent company		Consolidated	
	2020	2019	2020	2019
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents (Note 6)	2,234	1,829	19,071	4,250
Accounts receivable (Note 7)	19,540	11,746	19,540	11,746
Inventories (Note 8)	52,895	44,377	85,854	62,059
Recoverable taxes (Note 9)	26,275	10,983	26,335	11,038
Notes receivables (Note 10)	-	4,165	3,548	7,660
Advances to suppliers	4,356	404	5,496	1,661
Receivables from third parties	304	5,347	304	5,347
Other current assets	2,209	1,801	2,465	1,227
<b>Total current assets</b>	<b>107,813</b>	<b>80,652</b>	<b>162,613</b>	<b>104,988</b>
<b>Noncurrent</b>				
Notes receivables (Note 10)	5,533	5,778	5,533	5,778
Receivables from third parties	1,948	1,949	1,948	1,949
Related-party transactions (Note 15)	10,711	-	-	-
Recoverable taxes (Note 9)	148,365	5,873	148,365	5,873
Deferred Income and Social Contribution Taxes (Note 19)	248,904	67,815	248,904	67,815
Court deposits (Note 20)	15,513	9,637	15,663	9,748
<b>Investments</b>				
Subsidiaries (Note 11)	96,493	84,788	-	-
Other investments	-	-	249	249
Fixed assets (Note 12)	551,410	549,665	578,052	575,544
Intangible assets (Note 13)	128,950	129,093	151,324	150,498
<b>Total noncurrent assets</b>	<b>1,207,827</b>	<b>854,598</b>	<b>1,150,038</b>	<b>817,454</b>
<b>Total assets</b>	<b>1,315,640</b>	<b>935,250</b>	<b>1,312,651</b>	<b>922,442</b>

The accompanying notes are an integral part of these individual and consolidated financial statements.

## Cimento Tupi S.A. - Under Court-Ordered Reorganization

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

	Parent company		Consolidated	
	2020	2019	2020	2019
Liabilities		(Restated)		(Restated)
Current				
Loans and financing (Note 14)	2,224,851	1,642,903	2,224,851	1,642,903
Trade accounts payable	17,560	34,622	24,472	31,143
Salaries and social charges	19,076	14,034	19,294	14,316
Income and Social Contribution Taxes payable	-	-	18	9
Accounts payable - Related parties (Note 15)	15,593	15,461	-	-
Taxes payable (Note 17)	17,348	16,759	17,565	18,530
Taxes in installments (Note 16)	36,868	32,781	38,908	34,208
Other accounts payable (Note 18)	12,506	6,474	12,529	6,494
Total current liabilities	<u>2,343,802</u>	<u>1,763,034</u>	<u>2,337,637</u>	<u>1,747,603</u>
Noncurrent				
Loans and financing (Note 14)	1,208,673	673,937	1,208,673	673,937
Taxes in installments (Note 16)	130,573	122,587	136,783	125,962
Provision for contingencies (Note 21)	3,868	1,610	3,868	1,610
Other accounts payable (Note 18)	8,908	6,187	5,824	5,385
Total noncurrent liabilities	<u>1,352,022</u>	<u>804,321</u>	<u>1,355,148</u>	<u>806,894</u>
Equity (Note 19)				
Capital stock	298,809	298,809	298,809	298,809
Capital reserve	11,685	11,685	11,685	11,685
Accumulated losses	(2,690,678)	(1,942,599)	(2,690,678)	(1,942,599)
Total equity attributable to controlling shareholders	<u>(2,380,184)</u>	<u>(1,632,105)</u>	<u>(2,380,184)</u>	<u>(1,632,105)</u>
Noncontrolling interest	-	-	50	50
Total equity	<u>(2,380,184)</u>	<u>(1,632,105)</u>	<u>(2,380,134)</u>	<u>(1,632,055)</u>
Total liabilities and equity	<u>1,315,640</u>	<u>935,250</u>	<u>1,312,651</u>	<u>922,442</u>

The accompanying notes are an integral part of these individual and consolidated financial statements.

## Cimento Tupi S.A. - Under Court-Ordered Reorganization

### Statements of operations

As at December 31, 2020 and 2019

(In thousands of Brazilian Reais, unless losses per share, which are stated in Brazilian Reais)

	Parent company		Consolidated	
	2020	2019	2020	2019
	(Restated)		(Restated)	
Net operating revenue (Note 24)	389,714	238,594	385,069	233,827
Cost of goods sold	(302,376)	(247,592)	(298,061)	(244,004)
Gross profit (loss)	87,338	(8,998)	87,008	(10,177)
Operating expenses				
Selling	(10,988)	(14,282)	(10,988)	(14,282)
General and administrative (Note 25)	(28,879)	(32,876)	(29,917)	(33,807)
Other operating revenues, net (Note 26)	89,936	34,083	90,219	33,919
	50,069	(13,075)	49,314	(14,170)
Operating income (loss) before equity in earnings (losses) of subsidiaries and financial income (loss)	137,407	(22,073)	136,322	(24,347)
Equity in earnings (losses) of subsidiaries (Note 11)	(2,511)	(2,881)	-	-
Financial income (loss) (Note 27)				
Financial expenses	(1,140,149)	(414,851)	(1,141,759)	(415,626)
Financial revenues	76,085	2,575	76,343	2,803
	(1,064,064)	(412,276)	(1,065,416)	(412,823)
Income (loss) before Income and Social Contribution Taxes	(929,167)	(437,230)	(929,093)	(437,170)
Income and Social Contribution Taxes (Note 20)	181,088	6,669	181,014	6,609
Minority interest	-	-	-	-
Loss for the year	(748,079)	(430,561)	(748,079)	(430,561)
Loss attributable to				
Controlling shareholder	(748,079)	(430,561)	(748,079)	(430,561)
Noncontrolling shareholder	-	-	-	-
Basic and diluted losses per share (Note 19)				
Preferred shares	(31.7184)	(18.2557)	-	-
Common shares	(31.7184)	(18.2557)	-	-

The accompanying notes are an integral part of these individual and consolidated financial statements.



## Cimento Tupi S.A. - Under Court-Ordered Reorganization

Statements of comprehensive income (loss)  
As at December 31, 2020 and 2019  
(In thousands of Brazilian Reais)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Loss for the year		(Restated)		(Restated)
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss), net of taxes	<u>(748,079)</u>	<u>(430,561)</u>	<u>(748,079)</u>	<u>(430,561)</u>
Attributable to				
Controlling shareholder	(748,079)	(430,561)	(748,079)	(430,561)
Noncontrolling shareholder	-	-	-	-

The accompanying notes are an integral part of these individual and consolidated financial statements.

## Cimento Tupi S.A. - Under Court-Ordered Reorganization

Statements of changes in equity  
As at December 31, 2020 and 2019  
(In thousands of Brazilian Reais)

	Capital stock	Capital reserve Goodwill from share subscriptions	Accumulated losses	Total	Noncontrolling interest	Total
As at December 31, 2018	298,809	11,685	(1,421,168)	(1,110,674)	50	(1,110,624)
Loss for the year	-	-	(521,431)	(521,431)	-	(521,431)
As at December 31, 2019 (restated)	298,809	11,685	(1,942,599)	(1,632,105)	50	(1,632,055)
Loss for the year	-	-	(748,079)	(748,079)	-	(748,079)
As at December 31, 2020	298,809	11,685	(2,690,678)	(2,380,184)	50	(2,380,134)

The accompanying notes are an integral part of these individual and consolidated financial statements.

## Cimento Tupi S.A. - Under Court-Ordered Reorganization

### Statements of cash flows As at December 31, 2020 and 2019 (In thousands of Brazilian Reais)

	Parent company		Consolidated	
	2020	2019 (Restated)	2020	2019 (Restated)
Operating activities				
Income (loss) before Income and Social Contribution Taxes	(929,167)	(437,230)	(929,093)	(437,170)
Adjustments from				
Depreciation / amortization	19,951	19,967	20,562	21,318
Write-off of fixed assets	1,872	427	1,878	456
Equity in earnings (losses) of subsidiaries	2,511	2,881	-	-
Contingencies	2,538	953	2,538	953
Exchange rate gains (losses) on foreign and intercompany loans	387,904	47,188	387,904	47,188
Discount to present value	(298)	(272)	(298)	(272)
Fines and interest on assets	(74,318)	(854)	(76,971)	(110)
Fines and interest on liabilities	744,909	375,868	746,462	376,393
Amortization of loan costs	83	248	83	248
Allowance for doubtful accounts	91	1,763	91	1,761
Other write-offs of assets/liabilities	554	(10,258)	554	(10,258)
	<u>156,630</u>	<u>681</u>	<u>153,710</u>	<u>507</u>
(Increase)/Decrease in asset accounts				
Accounts receivable	(7,885)	3,588	(7,885)	3,605
Notes receivable	5,660	(2,782)	8,260	(3,638)
Recoverable taxes	(179,997)	(64,274)	(182,447)	(66,474)
Inventories	(8,518)	(5,804)	(23,795)	(5,935)
Advances to suppliers	(3,952)	607	(3,835)	(77)
Other assets	3,541	(649)	3,805	(648)
Court deposits	(5,876)	(767)	(5,915)	(685)
Increase/(Decrease) in liability accounts				
Trade accounts payable	(17,058)	8,474	(6,668)	3,573
Tax liabilities	98,351	83,872	101,071	90,079
Salaries and social charges	5,042	1,099	4,977	836
Interest paid on loans	843	(630)	843	(630)
Other liabilities	1,490	769	1,492	198
Cash flows from operating activities	<u>48,271</u>	<u>24,184</u>	<u>43,613</u>	<u>20,711</u>
Investing activities				
Acquisition of fixed assets	(23,619)	(12,270)	(25,116)	(12,482)
Disposal of fixed assets	-	20	119	146
Acquisition of investments	(11,934)	(4,127)	-	-
Acquisition of intangible assets	(43)	(43)	(1,012)	(920)
Indemnity for loss	235	316	235	316
Cash flows from investing activities	<u>(35,361)</u>	<u>(16,104)</u>	<u>(25,774)</u>	<u>(12,940)</u>
Financing activities				
Advance for future increase in capital - Related-party payments	(9,618)	(1,805)	-	-
Receipt - Related parties	131	-	-	-
Paid loans and financing	(3,018)	(5,897)	(3,018)	(5,897)
Cash flows from financing activities	<u>(12,505)</u>	<u>(7,702)</u>	<u>(3,018)</u>	<u>(5,897)</u>
Use/generation of cash and cash equivalents	<u>405</u>	<u>378</u>	<u>14,821</u>	<u>1,874</u>
Cash and cash equivalents at beginning of year	1,829	1,451	4,250	2,376
Cash and cash equivalents at end of year	2,234	1,829	19,071	4,250

The accompanying notes are an integral part of these individual and consolidated financial statements.

## Cimento Tupi S.A. - Under Court-Ordered Reorganization

Statements of value added  
As at December 31, 2020 and 2019  
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	2020	2019 (Restated)	2020	2019 (Restated)
<b>Revenues</b>				
Gross operating revenue	519,804	323,664	520,608	324,232
Sales returns	(790)	(741)	(790)	(741)
Allowance for doubtful accounts	(91)	(1,763)	(91)	(1,763)
Other operating revenues (expenses), net	677	1,023	917	1,473
	<u>519,600</u>	<u>322,183</u>	<u>520,644</u>	<u>323,201</u>
<b>Inputs acquired from third parties</b>				
Costs of goods sold	(240,996)	(186,737)	(234,145)	(155,861)
Materials, electricity, third-party services and others	(14,986)	(52,891)	(15,746)	(78,468)
Gross value added	<u>263,618</u>	<u>82,555</u>	<u>270,753</u>	<u>88,872</u>
<b>Withholdings</b>				
Depreciation and amortization	(19,951)	(19,967)	(20,562)	(21,318)
Net value added generated	<u>243,667</u>	<u>62,588</u>	<u>250,191</u>	<u>67,554</u>
<b>Value added received in transfer</b>				
Equity in earnings (losses) of subsidiaries	(2,511)	(2,881)	-	-
Financial revenues	76,085	2,575	76,343	2,803
Deferred Income and Social Contribution Taxes	181,088	6,669	181,088	6,669
Total value added to be distributed	<u>498,329</u>	<u>68,951</u>	<u>597,622</u>	<u>77,026</u>
Controlling shareholders	<u>498,329</u>	<u>68,951</u>	<u>507,622</u>	<u>77,026</u>
Noncontrolling shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Value added distribution</b>				
Personnel and charges	45,854	41,848	47,576	43,353
Taxes, fees and contributions	57,573	40,179	63,499	45,936
Interest and rents	1,142,981	417,485	1,144,626	418,298
Loss for the year	(748,079)	(430,561)	(748,079)	(430,561)
Value added distributed	<u>498,329</u>	<u>68,951</u>	<u>507,622</u>	<u>77,026</u>

The accompanying notes are an integral part of these individual and consolidated financial statements.

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

### 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), digging in reserves to obtain minerals, using cement byproducts, rendering 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 period from January to December 2020 showed an increase compared to the same period in 2019.

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, which extended up to June. At the end of the first half of 2020, it was possible to state that two factors increased cement sales in the period: do-it-yourself construction (home and business) and the resumption of construction of real estate ventures. According to the National Union of the Cement Industry (SNIC), the accumulated balance for 2020 was also positive, reaching 60.8 million tons of cement sold, an increase of 10.9% compared to the previous year. In the Southeast region, this increase was 8.5%, reaching 28 million of cement sold, largely due to the government’s emergency aid program, which benefited civil construction.

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, it renegotiated part of its debts in domestic currency in 2020 and at the beginning of 2021, by entering into amendments with flexible payment flows and by extending maturities.

On January 21, 2021, the Company filed its request for court-ordered reorganization with the 3<sup>rd</sup> Business Court of the District of Rio de Janeiro state capital, which was judged favorably on January 22, 2021. On March 26, 2021, it filed its Court-Ordered Reorganization Plan (PJR), which specifies the means to be used for recovery (restructuring of debt with payment proposals to creditors submitted to the court-ordered reorganization process, disposal of assets, maintenance and growth of activities and other means mentioned in the plan), including the demonstration of its economic feasibility and economic and financial position, and valuation reports on its rights and assets. The Company has been working so that its PRJ is approved at the General Creditors’ Meeting, to ensure that the measures provided for therein can be implemented as soon as possible.

With the approval of the court-ordered reorganization request issued on January 22, 2021, lawsuits filed against the Company have been suspended for a period of 180 days (“Stay Period”).

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

On 02/11/2021, the Company filed a request with the New York Court for recognition of its court-ordered reorganization, in progress in Brazil, as the main proceeding in the Company's restructuring process, based on Chapter 15 of the United States Bankruptcy Code. With the New York Court's recognition of the court-ordered reorganization, the lawsuit filed in the same jurisdiction by certain holders of Notes against the Company will be suspended and, if the Company's Court-Ordered Reorganization Plan is approved by the Brazilian Court and accepted by the New York Court, its conditions will be mandatory and binding for all Note holders, ending the lawsuit in progress in that country.

### 2. Presentation of individual and consolidated financial statements and main accounting practices

The individual and consolidated financial statements have been prepared assuming that the Company will continue a going concern, and have been approved by the Executive Board on June 15, 2021.

The Company's individual and consolidated financial statements have been prepared and are being 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 financial statements present comparative information in relation to the previous year.

The individual and consolidated financial statements have been prepared based on historical cost, except for certain financial instruments measured at fair value through income (loss).

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

The financial statements have been prepared in accordance with various valuation bases used for accounting estimates. The accounting estimates involved in the preparation of financial statements were based on objective and subjective factors and Management's judgment to determine the proper fair value to be recorded in the financial statements. Relevant items subject to estimates include: Allowance for doubtful accounts, provision for obsolescence of inventories, determination of useful life of fixed asset items, deferred income and social contribution taxes, provision for contingencies, and measurement of fair value of financial instruments. Transaction settlement involving those estimates may result in amounts significantly different from those recorded in the individual and consolidated financial statements, due to the inherent inaccuracy of the estimates. The Company reviews these estimates and assumptions at least once a year.

The main accounting practices applied in the preparation of these individual and consolidated financial statements are set forth below. These policies have been consistently applied to every reported year, unless otherwise stated.

## **CIMENTO TUPI S.A E EMPRESAS CONTROLADAS**

### **Notes to the individual and consolidated financial statements**

**As at December 31, 2020**

**(In thousands of Brazilian Reais, unless otherwise stated)**

#### **(a) Basis of consolidation**

##### **(i) Subsidiaries**

The Company controls an entity when it is exposed to, or is entitled to, variable returns from its involvement with the entity and it is able to affect these returns using its control over the entity.

The subsidiaries' financial statements are included in the consolidated financial statements as from the date the control starts until the control no longer exists.

The subsidiaries' financial information is recognized through the equity method in the Parent Company's individual financial statements.

##### **(ii) Loss of control**

When the entity loses control over a subsidiary, it derecognizes the assets and liabilities and any non-controlling interest and other components recorded in equity related to this subsidiary. Any gain or loss arising from the loss of control is recognized in the statement of operations. If the Company holds any interest in the former subsidiary, it is measured by its fair value as at the date the control was lost.

##### **(iii) Transactions eliminated in consolidation**

Related-party transactions and balances, or any unrealized revenues or expenses arising from transactions with the Company and subsidiaries are eliminated. Unrealized gains from transactions with invested companies accounted for on an equity basis are eliminated against the investment in proportion to the Company's interest in the invested company. Unrealized losses are eliminated in the same way, but only when the transaction shows no evidence of impairment loss.

#### **(b) Foreign currency**

##### **(i) Foreign-currency transactions**

Foreign-currency transactions are translated into the respective functional currencies of the entities of Company at the exchange rates in effect at the transaction dates.

Monetary assets and liabilities denominated and calculated in foreign currency are retranslated into the functional currency at the exchange rate calculated on balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies, which are measured at fair value, are retranslated to functional currency at the exchange rate on the date fair value was calculated. Non-monetary items stated at historic cost in foreign currency are translated using the exchange rate prevailing at transaction date. Foreign currency differences arising from the translation are usually recognized in income (loss).

**Notes to the individual and consolidated financial statements**

**As at December 31, 2020**

**(In thousands of Brazilian Reais, unless otherwise stated)**

**(ii) Foreign transactions**

Assets and liabilities from foreign transactions, including goodwill and fair value adjustments arising from the acquisition, are translated into Reais at the exchange rates of the balance sheet date. Revenues and expenses from foreign transactions are translated into Reais at the exchange rates of the transactions dates.

The differences in foreign currency arising from the translation to the reporting currency are recognized in other comprehensive income (loss) and cumulative translation adjustments in equity. If the subsidiary is not a wholly-owned subsidiary, the corresponding portion of the translation difference is attributed to the non-controlling shareholders.

**(c) Financial instruments - Initial recognition and subsequent measurement**

Financial instruments are initially recorded at their fair value, plus, in the case of financial assets or liabilities other than at fair value through income (loss), transaction costs that are directly attributable to the acquisition or issuance of financial assets or liabilities. Their later measurement happens at each balance sheet date, according to the classification of financial instruments in the following categories: (i) at amortized cost, (ii) at fair value through income (loss) and (iii) at fair value through other comprehensive income (loss).

Financial assets and liabilities are offset and the net amount is reported on the statement of financial position when the Company is legally entitled to offset the amounts and has the intention to settle them on a net basis or simultaneously realize the asset and settle the liability. The legal right must not depend on future events and must be applicable in the regular course of business and in case of default, insolvency or bankruptcy of the company or counterparty.

The Company's financial assets include cash and cash equivalents, marketable securities, accounts receivable and related-party receivables.

**(d) Operating revenue**

**Sale of goods**

The operating revenue is recognized when (i) the most significant risks and benefits inherent to ownership of assets are transferred to the buyer, (ii) financial economic benefits are probable to flow to the Company, (iii) the associated costs and possible return of goods can be reliably estimated, (iv) there is no continuous involvement with the sold assets, and (v) the revenue value can be reliably measured. The revenue is measured net of returns, business discounts and bonuses.

**(e) Financial revenues and expenses**

The Company's revenues and expenses comprise:

- Interest revenue;
- Interest expenses;
- Revenue from dividends;
- Net gains/losses from financial assets measured at fair value through income (loss);



## CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

### Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

- Net exchange rate gains/losses on financial assets and liabilities;
- Net gains/losses on hedging instruments which are recognized in income (loss);

Interest expenses and revenues are recognized in income (loss) under the effective interest rate method.

Dividend revenue is recognized in the statement of operations on the date the Company's right to receive payment is established.

The Company classifies dividends and interest on equity capital received as cash flows from investing activities.

#### **(f) Income and Social Contribution Taxes**

Current and deferred income and social contribution taxes are calculated at the following rates: 15% plus a 10% surtax on any taxable income in excess of R\$ 240, in the case of income tax; and 9% on taxable income, in the case of social contribution tax, considering income and social contribution tax loss carry forwards, up to 30% of taxable income.

Income and social contribution tax expenses include current and deferred income taxes. Current and deferred taxes are recognized in income (loss) unless they are related to business combination or to items directly recognized in equity or in other comprehensive income (loss).

##### **(i) Current Income and Social Contribution tax expenses**

Current tax expenses are the estimated tax payable or receivable calculated on taxable income or loss for the year, as well as any adjustment to payable taxes from prior years. The amount of current taxes payable or receivable is recognized in the statement of financial position as tax asset or liability at the best estimate of expected amount of taxes to be paid or received which reflects the uncertainties related to its calculation, if any. It is measured based on tax rates established at balance sheet date.

Current tax assets and liabilities are offset only if certain criteria are met.

##### **(ii) Deferred income and social contribution tax expenses**

Deferred tax assets and liabilities are recognized for temporary differences between the book values of assets and liabilities for financial statement purposes and the amounts used for income tax purposes. Changes in deferred tax assets and liabilities in the year are recognized as deferred income and social contribution tax expense. The deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and does not affect accounting or taxable income or loss;

Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

Taxable temporary differences arising from initial recognition of goodwill.

A deferred tax asset is recognized as non-utilized tax losses and deductible temporary differences, when it is probable that future taxable income will be available and against which they will be used. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that they will be realized.

Deferred tax assets and liabilities are measured at the rates which are expected to be applied to temporary differences when they are reversed, at the rates established at balance sheet date.

The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Company expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

**(g) Accounts Receivable**

Accounts receivable are stated at their nominal and realization amounts, and trade accounts receivable abroad (if any) are adjusted according to the exchange rates in force at the date of the financial statements. When applicable, an allowance is recognized in an amount considered sufficient by Management for allowance for doubtful accounts based on an individual analysis of amounts receivable, considering: (i) the concept of incurred loss and expected loss, taking into account events of default that are likely to occur within twelve months after the date of disclosure of these financial statements, (ii) financial instruments that have significantly increased credit risk, but do not present objective evidence of impairment, and; (iii) financial assets that have already presented objective evidence of impairment as at December 31, 2020.

The allowance for doubtful accounts were recognized in an amount considered necessary and sufficient by Management to cover probable losses on the realization of these credits, which may be changed due to the recovery of credits from debtors or changes in the financial situation of clients.

The discount to present value of trade accounts receivable is not relevant due to its short-term realization.

**(h) Impairment of financial assets**

The Company and its subsidiaries evaluate at least once a year if there is objective evidence that the financial asset or group of financial assets is not recoverable.

A financial asset or a group of financial assets is considered not to be recoverable if, and only if, there is objective evidence of impairment as a result of one or more events that happened after the initial recognition of the asset (an incurred 'impairment event'), with such event impacting estimated future cash flow of the financial asset or group of financial assets that can be reasonably estimated.

## CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

### Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

Financial liabilities, which are initially recognized at fair value, include trade accounts payable, loans and financing and related-party payables.

#### (i) Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Cost is determined by using the average acquisition cost, not exceeding market value. Provisions for slow-moving or obsolete inventories are recognized when considered necessary by Management.

#### (i) Investments in subsidiaries

A subsidiary is an entity over which the Company exercises significant influence.

Based on the equity method, investment in subsidiaries is accounted for in the statement of financial position at cost, plus changes after the acquisition of ownership interest in the subsidiary.

Ownership interest held in the subsidiary is stated in the statement of operations as equity in earnings (losses), representing the net income attributable to the shareholders of the subsidiary.

When a change is directly recognized in equity of the subsidiary, the Company recognizes its portion of the changes, and discloses this event, if applicable, in the statement of changes in equity. In the consolidated financial statements, unrealized gains and losses arising from transactions between the Company and its subsidiary are eliminated according to the ownership interest held in such subsidiary.

The financial statements of the subsidiary are prepared for the same period of disclosure as the Company. Adjustments are made, if necessary, to align the accounting practices with those adopted by the Company.

After applying the equity method, the Company determines if additional impairment of its investments in subsidiary needs to be recognized. The Company determines, at each balance sheet closing date, whether there is objective evidence that such investments in subsidiary were impaired. If so, the Company calculates the impairment loss as the difference between the recoverable value of the subsidiary and its book value, and also recognizes the amount in the statement of operations.

The subsidiary's assets and liabilities abroad are translated into Brazilian Reais at the exchange rate of the balance sheet date, and the related statements of operations are translated at the average monthly exchange rate. Exchange differences resulting from such translation are individually accounted for in equity.

## CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

### Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

#### (j) Fixed assets

##### (i) Recognition and measurement

Fixed asset items are measured at historical acquisition or construction cost, including costs of capitalized loan, less accumulated depreciation and impairment.

Any gains and losses on disposal of an item of fixed asset are recognized in income (loss).

##### (ii) Subsequent costs

Subsequent costs are capitalized only when it is probable that future economic benefits associated with the expenses will be obtained by the Company.

##### (iii) Depreciation

Depreciation is calculated to amortize the cost of fixed asset items, less its estimated residual values, using the straight-line method based on estimated useful life for the items. Depreciation is recognized in income (loss). Leased assets are depreciated at the lower period between the estimated useful lives of the assets and the contract term, unless it is more likely than not that the Company will obtain the item by the end of the lease term. Plots of land are not depreciated.

Estimated useful lives of fixed assets are as follows:

Description	Rate
Buildings	50%
Industrial machinery, equipment and facilities	30%
Furniture and fixtures	10%
Vehicles	5%
Railway wagons	30%
Others	5%

The depreciation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if necessary.

##### (iv) Intangible assets and goodwill

Recognition and measurement

###### Goodwill

Goodwill is measured at cost, less accumulated impairment losses.

###### Other intangible assets

Other intangible assets acquired by the Company and with finite useful lives are measured at cost, less accumulated amortization and any losses accumulated by impairment.

**Notes to the individual and consolidated financial statements**

**As at December 31, 2020**

**(In thousands of Brazilian Reais, unless otherwise stated)**

**Amortization**

Amortization is calculated using the straight-line method based on the estimated useful life of the items, net of their estimated residual values. The amortization is usually recognized in income (loss). Goodwill is not amortized.

**(m) Impairment loss**

**(i) Nonderivative financial assets**

Financial assets not classified as financial assets at fair value through income (loss), including investments accounted for under equity method, are evaluated at each balance sheet date to determine if there is objective evidence of impairment.

Objective evidence that financial assets were impaired includes:

- Default or debtor late payments;
- Restructuring of an amount owed to the Company in circumstances that would not be accepted under normal conditions;
- Indication that the debtor or issuer will go bankrupt/request court-ordered reorganization;
- Negative changes in the situation of payments from debtors or issuers;
- Disappearance of an active market for the instrument due to financial difficulties; or
- Observable data indicating reduction in the measurement of projected cash flows of a group of financial assets.

**Financial assets measured at amortized cost**

An impairment loss is calculated as the difference between the book value and the present value of estimated future cash flows discounted at the original effective interest rate of the asset. The losses are recognized in the statement of operations and in a valuation account. When the Company considers that there is no reasonable expectation of recovery, the amounts are written off. When a subsequent event indicates a reduction in impairment, the provision is reverted through income (loss).

**Investments accounted for under equity method**

An impairment loss related to an investee evaluated using the equity method is measured by the comparison between the recoverable value of the investment and its book value. An impairment loss is recognized in income (loss) and it is reversed if there was a favorable change in estimates used to determine the recoverable value.

**(ii) Nonfinancial assets**

The recoverable value of an asset or Cash Generating Unit (CGU) is the higher between its value in use and fair value less selling costs. The value in use is based on estimated future cash flows, discounted to present value at a discount rate before taxes that reflects the current market evaluations of the time value of money and of the specific risks of the asset or CGU.

**Notes to the individual and consolidated financial statements**

**As at December 31, 2020**

**(In thousands of Brazilian Reais, unless otherwise stated)**

An impairment loss is recognized if the book value of the asset or CGU exceeds its recoverable value.

A goodwill-related impairment loss is not reversed. As for other assets, impairment losses are reversed only if the asset's book value does not exceed the book value that would have been determined, net of depreciation or amortization, if the impairment loss had not been recognized.

**(n) Trade accounts payable**

Trade accounts payable are obligations payable for assets or services acquired in the ordinary course of business. They are classified as current liabilities if payment is due in the period of up to one year.

Otherwise, accounts payable are presented as noncurrent liabilities. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In fact, they are normally recognized at the corresponding billed amount.

**(o) Loans and financing**

Loans and financing are adjusted based on exchange rate gains (losses) or monetary variation and at effective interest rates incurred up to the balance sheet dates, in accordance with the financial agreement terms, less transaction costs incurred in raising of funds.

Costs of loans directly related to the acquisition, construction or manufacturing of an asset, that necessarily requires a significant time to be finished for use purposes, are capitalized as part of the cost of the asset. Loan costs include interest and other costs incurred by an entity related to the loan.

**(p) Accounts receivable from and/or payable to related parties**

Trade accounts receivable are stated at present and realization values. Management does not have the policy of recognizing allowance for doubtful accounts in transactions with related parties.

**(q) Provisions**

Provisions are recognized when the Company and its subsidiaries have an actual obligation (legal or informal) as a result of past events, funds are likely to be necessary to settle this obligation and a reliable estimate of its amount can be made.

When the Company and its subsidiaries expects the amount of a provision to be reimbursed, fully or partially, by means of an insurance contract, for example, this reimbursement is recognized as a separate asset, but only when its realization is considered virtually certain.

## **CIMENTO TUPI S.A E EMPRESAS CONTROLADAS**

### **Notes to the individual and consolidated financial statements**

**As at December 31, 2020**

**(In thousands of Brazilian Reais, unless otherwise stated)**

The Company and its subsidiaries are party to legal and administrative proceedings.

Provisions are recognized for contingencies related to legal lawsuits to which funds are likely to be necessary to settle the contingency/obligation and a reasonable estimate may be done. The assessment of the likelihood of loss includes assessing the evidence available, the hierarchy of the laws, available case law, the most recent court decisions and their significance in the legal system, as well as the opinion of external legal advisors. Provisions are reviewed and adjusted to take into account changes in circumstances in which the Company and its subsidiaries are included.

#### **(r) Capital stock**

##### **(i) Common shares**

Additional costs directly attributable to the issuance of shares and share options are recognized as deduction from equity. Tax effects related to the costs of these transactions are accounted for under CPC 32 / IAS 12.

##### **(ii) Preferred shares**

Non-redeemable preferred shares are classified in equity, as the payment of dividends is discretionary, and they do not generate any obligation to deliver cash or other financial assets of the Company and do not require settlement in a variable number of equity instruments. Discretionary dividends are recognized as distributions in equity at the date of their approval by the Company's shareholders.

##### **(iii) Repurchase and reissue of shares (treasury shares)**

When shares recognized in equity are repurchased, the value of the paid compensation, including directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares, being then presented as a deduction from equity. When treasury shares are sold or subsequently reissued, the amount received is recognized as an increase in equity, and the gains or losses resulting from transactions are stated as capital reserve.

#### **(s) Statements of cash flows and value added**

The statements of cash flows were prepared and are presented according to the Accounting Pronouncement CPC 03 (R2) - Statement of cash flows, issued by the Committee of Accounting Pronouncements (CPC). The Statements of value added were prepared and are presented according to Technical Pronouncement CPC 09 - Statement of Value Added, also issued by CPCs.

**Notes to the individual and consolidated financial statements**

**As at December 31, 2020**

**(In thousands of Brazilian Reais, unless otherwise stated)**

**3. Significant judgments, estimates and assumptions**

**Judgments**

The preparation of the Company's individual and consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the reported revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities, at the base-date of the financial statements. However, the uncertainty related to these assumptions and estimates may lead to results requiring significant adjustments to the book value of the affected asset or liability in future periods.

**Estimates and assumptions**

The main assumptions related to uncertainties on future estimates and other significant sources of uncertainties at balance sheet date, involving a material risk of resulting in a significant adjustment to the book value of assets and liabilities in the following year are discussed below.

**(a) Fair value of financial instruments**

When the fair value of financial assets and liabilities presented in the statement of financial position cannot be obtained from active markets, valuation techniques are used, including the discounted cash flow method. Data for this method are based on those applied in the market if possible. Otherwise, a certain level of judgment is required to determine the fair value. The judgment includes considerations on the data used, such as liquidity risk, credit risk, and volatility. Changes in the assumptions on these factors may affect the fair value of financial instruments.

**(b) Provisions for tax, civil and labor risks**

The Company recognizes provisions for civil and labor claims. The assessment of the likelihood of loss includes assessing the evidence available, the hierarchy of the laws, available case law, the most recent court decisions and their significance in the legal system, as well as the opinion of external legal advisors.

The provisions are reviewed and adjusted to take into consideration change in circumstances, such as applicable statutes of limitations, conclusions from tax inspections or additional exposures identified based on new matters or court decisions.

**(c) Impairment test**

Management annually reviews the net book value of the Company's assets with the purpose of identifying events or changes in economic, operating or technological circumstances that may indicate impairment or loss of their recoverable amount. When this evidence is identified, the recoverable value of the asset is calculated and if the net book value exceeds recoverable value an impairment charge is recognized writing the net book value down to recoverable value, when applicable.



## CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

### Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

The recoverable value of an asset or cash-generating unit is defined as the highest value between the net price of sales and the value in use of an asset.

Assumptions used to determine asset values are based on the assessment or indication that assets recorded at book value exceed its recoverable value. These indications take into account the obsolescence of assets, the significant and unexpected reduction of its market value, changes in the macroeconomic environment in which the Company operates, and fluctuations in interest rates that may impact the future cash flows of cash generating units.

The Company's main assets that have their recoverable values annually tested at the end of each year are intangible assets with indefinite useful lives.

#### 4. New standards and interpretations

##### a) New and amended IFRS/CPC in effect in the current year

As from January 01, 2020, the following new standards and amendments are in effect:

- Amendments to IFRS 3: Definition of a business;
- Amendments to IAS 1 and IAS 8 - Definition of material;
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform.

As from June 01, 2020, the following amendment is in effect:

- Amendments to IFRS 16 - Covid-19-Related Rent Concessions (benefits related to COVID-19 granted to lessees in lease agreements).

The adoption of these new accounting standards and amendments did not result in significant impacts on the individual and consolidated financial statements for the year ended December 31, 2020, and for comparative periods.

##### b) New and revised IFRS/CPC standards issued and not yet applicable

On the date of authorization of these individual and consolidated financial statements, the Company had not adopted the following new standards and amendments, already issued and not yet applicable:

- IFRS 17 - Insurance Contracts

This standard is applicable to annual periods beginning on or after January 01, 2021.

- IFRS 10 (CPC 36 (R3)) - Consolidated Financial Statements and IAS 28 (amendments) (CPC 18 (R2)) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The effective date of the amendments has not yet been defined by IASB; however, early adoption is permitted.

## CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

### Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

Management does not expect the adoption of the standards listed above to have any material impact on the Company's interim information and financial statements of future periods.

#### 5. Consolidation

The financial statements include the statements of Cimento Tupi S.A. and of the subsidiaries listed next, on which the Company has interest in capital stock over 20%.

	Ownership interest %			
	Capital stock		Voting capital	
	2020	2019	2020	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
Mape Incorporação e Empreendimentos Ltda.	99.99	99.99	99.99	99.99
Tupi Mineradora de Calcário Ltda.	99.90	99.89	99.90	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 balance sheets were included in consolidation;
- Balances of intercompany revenues and expenses;
- Effects from material intercompany transactions.

The periods of the consolidated subsidiaries coincide with that of the Company. Accounting practices were uniformly applied by all consolidated companies.

#### 5.1 Restatement of prior years

During the preparation of the interim financial information for the period ended June 30, 2020, the Company identified errors from previous years/periods because of differences between the debts of Tupacta Ag. and the Notes, concerning the calculation of estimated interest on 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 nine-month period ended September 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 nine-month period ended June 30, 2019, as well as for the year ended December 31, 2019.

Consequently, the aforementioned error from prior years/periods resulted in the following adjustments to the individual and consolidated financial statements as at December 31, 2019:

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

### Liabilities

1. Loans and financing

### Equity

2. Accumulated losses

### Income (loss)

3. Financial revenues and/or expenses

Such adjustments are detailed in the comparative financial statements:

### Adjusted statements of financial position

As at December 31, 2019

(In thousands of Brazilian Reais)

	Parent company			Consolidated		
	Originally stated - 2019	Adjustments	Adjusted balances - 2019	Originally stated - 2019	Adjustments	Adjusted balances - 2019
<b>Assets</b>						
<b>Current</b>						
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
Recoverable taxes	10,983	-	10,983	11,038	-	11,038
Notes receivable	4,165	-	4,165	7,660	-	7,660
Advances to suppliers	404	-	404	1,661	-	1,661
Receivables from third parties	5,347	-	5,347	5,347	-	5,347
Other current assets	1,801	-	1,801	1,227	-	1,227
<b>Total current assets</b>	<b>80,652</b>	<b>-</b>	<b>80,652</b>	<b>104,988</b>	<b>-</b>	<b>104,988</b>
<b>Noncurrent</b>						
Notes receivable	5,778	-	5,778	5,778	-	5,778
Receivables from third parties	1,949	-	1,949	1,949	-	1,949
Recoverable taxes	5,873	-	5,873	5,873	-	5,873
Deferred Income and Social Contribution Taxes	67,815	-	67,815	67,815	-	67,815
Court deposits	9,637	-	9,637	9,748	-	9,748
Investments						
Subsidiaries	84,788	-	84,788	-	-	-
Other investments	-	-	-	249	-	249
Fixed assets	549,665	-	549,665	575,544	-	575,544
Intangible assets	129,093	-	129,093	150,498	-	150,498
<b>Total noncurrent assets</b>	<b>854,598</b>	<b>-</b>	<b>854,598</b>	<b>817,454</b>	<b>-</b>	<b>817,454</b>
<b>Total assets</b>	<b>935,250</b>	<b>-</b>	<b>935,250</b>	<b>922,442</b>	<b>-</b>	<b>922,442</b>

	Parent company			Consolidated		
	Originally stated - 2019	Adjustments	Adjusted balances - 2019	Originally stated - 2019	Adjustments	Adjusted balances - 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
Salaries and social charges	14,034	-	14,034	14,316	-	14,316
Income and Social Contribution Taxes payable	-	-	-	9	-	9
Accounts payable - related parties	15,461	-	15,461	-	-	-
Taxes payable	16,759	-	16,759	18,530	-	18,530
Taxes and contributions in installments	32,781	-	32,781	34,208	-	34,208
Other accounts payable	6,474	-	6,474	6,494	-	6,494
<b>Total current liabilities</b>	<b>1,690,351</b>	<b>72,683</b>	<b>1,763,034</b>	<b>1,674,920</b>	<b>72,683</b>	<b>1,747,603</b>

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements As at December 31, 2020 (In thousands of Brazilian Reais, unless otherwise stated)

	Parent company			Consolidated		
	Originally stated - 2019	Adjustments	Adjusted balances - 2019	Originally stated - 2019	Adjustments	Adjusted balances - 2019
Noncurrent						
Loans and financing	655,750	18,187	673,937	655,750	18,187	673,937
Taxes and contributions in installments	122,587	-	122,587	125,962	-	125,962
Provisions for contingencies	1,610	-	1,610	1,610	-	1,610
Other accounts payable	6,187	-	6,187	5,385	-	5,385
<b>Total noncurrent liabilities</b>	<b>786,134</b>	<b>18,187</b>	<b>804,321</b>	<b>788,707</b>	<b>18,187</b>	<b>806,894</b>
Equity						
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)	(21,984)	(1,873,713)	(1,851,729)	(21,984)	(1,873,713)
Retrospective adjustments	-	(68,886)	(68,886)	-	(68,886)	(68,886)
Total equity attributable to controlling shareholders	(1,541,235)	(90,870)	(1,632,105)	(1,541,235)	(90,870)	(1,632,105)
Noncontrolling interest	-	-	-	50	-	50
<b>Total equity</b>	<b>(1,541,235)</b>	<b>(90,870)</b>	<b>(1,632,105)</b>	<b>(1,541,185)</b>	<b>(90,870)</b>	<b>(1,632,055)</b>
<b>Total liabilities and equity</b>	<b>935,250</b>	<b>-</b>	<b>935,250</b>	<b>922,442</b>	<b>-</b>	<b>922,442</b>

## Adjusted statements of operations

As at December 31, 2019

(In thousands of Brazilian Reais, except basic and diluted losses per share)

	Parent company			Consolidated		
	Statements of operations as at 12/31/2019 - originally stated	Adjustments	Statements of operations as at 12/31/2019 - restated	Statements of operations as at 12/31/2019 - originally stated	Adjustments	Statements of operations as at 12/31/2019 - restated
Net operating revenue (Note 22)	238,594	-	238,594	233,827	-	233,827
Cost of goods sold	(247,592)	-	(247,592)	(244,004)	-	(244,004)
<b>Gross profit (loss)</b>	<b>(8,998)</b>	<b>-</b>	<b>(8,998)</b>	<b>(10,177)</b>	<b>-</b>	<b>(6,239)</b>
Operating expenses						
Selling expenses	(14,282)	-	(14,282)	(14,282)	-	(14,282)
General and administrative expenses (Note 23)	(32,876)	-	(32,876)	(33,807)	-	(33,807)
Other operating revenues (expenses), net (Note 24)	34,083	-	34,083	33,919	-	33,919
<b>Operating income (loss) before equity in earnings (losses) of subsidiaries and financial income (loss)</b>	<b>(22,073)</b>	<b>-</b>	<b>(22,073)</b>	<b>(24,347)</b>	<b>-</b>	<b>(24,347)</b>
Equity in earnings (losses) of subsidiaries (Note 10)	(2,881)	-	(2,881)	-	-	-
Financial income (loss) (Note 25)						
Financial expenses	(414,851)	(24,406)	(439,257)	(415,626)	(24,406)	(440,032)
Financial revenues	2,575	-	2,575	2,803	-	2,803
<b>Income (loss) before Income and Social Contribution Taxes</b>	<b>(437,230)</b>	<b>(24,406)</b>	<b>(461,636)</b>	<b>(437,170)</b>	<b>(24,406)</b>	<b>(461,576)</b>
Income and Social Contribution Taxes (Note 18)	6,669	-	6,669	6,609	-	6,609
Minority interest	-	-	-	-	-	-
<b>Loss for the period</b>	<b>(430,561)</b>	<b>(24,406)</b>	<b>(454,967)</b>	<b>(430,561)</b>	<b>(24,406)</b>	<b>(454,967)</b>

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

### Adjusted statements of comprehensive income (loss)

As at December 31, 2019

(In thousands of Brazilian Reais)

	Parent company			Consolidated		
	Statements of comprehensive income (loss) as at 12/31/2019 - originally stated	Adjustments	Statements of comprehensive income (loss) as at 12/31/2019 - restated	Statements of comprehensive income (loss) as at 12/31/2019 - originally stated	Adjustments	Statements of comprehensive income (loss) as at 12/31/2019 - restated
Loss for the period	(430,561)	(24,406)	(454,967)	(430,561)	(24,406)	(454,967)
Other comprehensive income (loss) not later reclassified as income (loss) for the period, net of taxes	-	-	-	-	-	-
Total comprehensive income (loss), net of taxes	(430,561)	(24,406)	(454,967)	(430,561)	(24,406)	(454,967)
Attributable to						
Controlling shareholders	(430,561)	(24,406)	(454,967)	(430,561)	(24,406)	(454,967)
Noncontrolling shareholders	-	-	-	-	-	-

### Adjusted statements of changes in equity

As at December 31, 2019

(In thousands of Brazilian Reais)

	Statement of changes in equity as at 12/31/2019 - originally stated					
	Capital stock	Capital reserve Goodwill from subscription of shares	Accumulated losses	Total	Noncontrolling interest	Total
As at December 31, 2018	298,809	11,685	(1,421,168)	(1,110,674)	50	(1,110,624)
Loss for the period	-	-	(430,561)	(430,561)	-	(430,561)
As at December 31, 2019 - originally stated	298,809	11,685	(1,851,729)	(1,541,235)	50	(1,541,185)
Retrospective adjustments	-	-	(90,870)	(90,870)	-	(90,870)
As at December 31, 2019 - restated	298,809	11,685	(1,942,599)	(1,632,105)	50	(1,632,055)

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements As at December 31, 2020 (In thousands of Brazilian Reais, unless otherwise stated)

### Adjusted statements of cash flows As at December 31, 2019 (In thousands of Brazilian Reais)

	Parent company			Consolidated		
	Statements of cash flows as at 12/31/2019 - originally stated	Adjustments	Statements of cash flows as at 12/31/2019 - restated	Statements of cash flows as at 12/31/2019 - originally stated	Adjustments	Statements of cash flows as at 12/31/2019 - restated
<b>Operating activities</b>						
Income (loss) before Income and Social Contribution Taxes	(437,230)	(24,406)	(461,636)	(437,170)	(24,406)	(461,576)
Adjustments from						
Depreciation/amortization	19,967	-	19,967	21,318	-	21,318
Write-off of fixed assets	427	-	427	456	-	456
Equity in earnings (losses) of subsidiaries	2,881	-	2,881	-	-	-
Contingencies	953	-	953	953	-	953
Exchange rate gains (losses) on foreign and intercompany loans	47,188	2,422	49,610	47,188	2,422	49,610
Discount to present value	(272)	-	(272)	(272)	-	(272)
Fines and interest on assets	(854)	-	(854)	(110)	-	(110)
Fines and interest on liabilities	375,868	21,984	397,852	376,393	21,984	398,377
Amortization of loan costs	248	-	248	248	-	248
Allowance for doubtful accounts	1,763	-	1,763	1,761	-	1,761
Other write-offs of assets/liabilities	(10,258)	-	(10,258)	(10,258)	-	(10,258)
	<b>681</b>	<b>-</b>	<b>19,669</b>	<b>507</b>	<b>-</b>	<b>507</b>
<b>(Increase)/decrease in asset accounts</b>						
Accounts receivable	3,588	-	3,588	3,605	-	3,605
Notes receivable	(2,782)	-	(2,782)	(3,638)	-	(3,638)
Recoverable taxes	(64,274)	-	(64,274)	(66,474)	-	(66,474)
Inventories	(5,804)	-	(5,804)	(5,935)	-	(5,935)
Advances to suppliers	607	-	607	(77)	-	(77)
Other assets	(649)	-	(649)	(648)	-	(648)
Court deposits	(767)	-	(767)	(685)	-	(685)
<b>Increase/(decrease) in liability accounts</b>						
Trade accounts payable	8,474	-	8,474	3,573	-	3,573
Tax liabilities	83,872	-	83,872	90,079	-	90,079
Salaries and social charges	1,099	-	1,099	836	-	836
Interest paid on loans	(630)	-	(630)	(630)	-	(630)
Other liabilities	769	-	769	188	-	188
Cash flows from operating activities	<b>24,184</b>	<b>-</b>	<b>43,172</b>	<b>20,711</b>	<b>-</b>	<b>20,711</b>
<b>Investing activities</b>						
Disposal of fixed assets	20	-	20	146	-	146
Acquisition of investments	(4,127)	-	(4,127)	-	-	-
Acquisition of intangible assets	(43)	-	(43)	(920)	-	(920)
Indemnity for loss	316	-	316	316	-	316
Cash flows from investing activities	<b>(16,104)</b>	<b>-</b>	<b>(3,344)</b>	<b>(12,940)</b>	<b>-</b>	<b>(12,940)</b>
<b>Financing activities</b>						
Advance for future increase in capital - Related-party payments	(1,805)	-	(1,805)	-	-	-
Paid loans and financing	(5,897)	-	(5,897)	(5,897)	-	(5,897)
Cash flows from financing activities	<b>(7,702)</b>	<b>-</b>	<b>(7,702)</b>	<b>(5,897)</b>	<b>-</b>	<b>(5,897)</b>
<b>Generation (use) of cash and cash equivalents</b>						
Generation (use) of cash and cash equivalents	378	-	378	1,874	-	1,874
Cash and cash equivalents at beginning of year	1,451	-	1,451	2,376	-	2,376
Cash and cash equivalents at end of year	<b>1,829</b>	<b>-</b>	<b>1,829</b>	<b>4,250</b>	<b>-</b>	<b>4,250</b>

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements As at December 31, 2020 (In thousands of Brazilian Reais, unless otherwise stated)

### Statements of value added As at December 31, 2019 (In thousands of Brazilian Reais)

	Parent company			Consolidated		
	Statements of value added as at 12/31/19 - originally stated	Adjustments	Statements of value added as at 12/31/19 - restated	Statements of value added as at 12/31/19 - originally stated	Adjustments	Statements of value added as at 12/31/19 - restated
<b>Revenues</b>						
Gross operating revenue	323,664	-	323,664	324,232	-	166,188
Sales returns	(741)	-	(741)	(741)	-	(399)
Allowance for doubtful accounts	(1,763)	-	(1,763)	(1,763)	-	(803)
Other operating revenues (expenses)	1,023	-	1,023	1,473	-	93
	<b>322,183</b>	<b>-</b>	<b>322,183</b>	<b>323,201</b>	<b>-</b>	<b>155,179</b>
<b>Inputs acquired from third parties</b>						
Costs of goods sold	(186,737)	-	(186,737)	(155,861)	-	(92,387)
Materials, electricity, third-party services and others	(52,891)	-	(52,891)	(78,468)	-	(4,768)
<b>Gross value added</b>	<b>82,555</b>	<b>-</b>	<b>82,555</b>	<b>88,872</b>	<b>-</b>	<b>58,024</b>
<b>Withholdings</b>						
Depreciation and amortization	(19,967)	-	(19,967)	(213,18)	-	(10,858)
<b>Net value added generated</b>	<b>62,588</b>	<b>-</b>	<b>62,588</b>	<b>67,554</b>	<b>-</b>	<b>47,166</b>
<b>Value added received in transfer</b>						
Equity in earnings (losses) of subsidiaries	(2,881)	-	(2,881)	-	-	-
Financial revenues	2,575	-	2,575	2,803	-	2,803
Deferred Income and Social Contribution Taxes	6,669	-	6,669	6,669	-	(4,900)
Total value added to be distributed	68,951	-	68,951	77,026	-	45,069
<b>Controlling shareholders</b>	<b>68,951</b>	<b>-</b>	<b>68,951</b>	<b>77,026</b>	<b>-</b>	<b>45,069</b>
<b>Noncontrolling shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Value added distribution</b>						
Personnel and charges	41,848	-	41,848	43,353	-	43,353
Taxes, fees and contributions	40,179	-	40,179	45,936	-	45,936
Interest and rents	417,485	24,406	441,891	48,298	24,406	442,704
Loss for the period	(430,561)	(24,406)	(454,967)	(430,561)	(24,406)	(454,967)
<b>Value added distributed</b>	<b>68,951</b>	<b>-</b>	<b>68,951</b>	<b>77,026</b>	<b>-</b>	<b>77,026</b>

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

### 6. Cash and cash equivalents and financial investments

	Parent company		Consolidated	
	2020	2019	2020	2019
Cash and banks	2,234	370	2,796	384
CDB - Bank Certificate of Deposit	-	1,459	16,275	3,866
Cash and cash equivalents	<u>2,234</u>	<u>1,829</u>	<u>19,071</u>	<u>4,250</u>

CDBs refer to investments whose yields approximate CDI (Interbank Deposit Certificates) variation.

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

### 7. Accounts receivable

	Parent company		Consolidated	
	2020	2019	2020	2019
Notes receivable	29,725	21,840	29,725	21,840
Allowance for doubtful accounts	<u>(10,185)</u>	<u>(10,094)</u>	<u>(10,185)</u>	<u>(10,094)</u>
	<u>19,540</u>	<u>11,746</u>	<u>19,540</u>	<u>11,746</u>

The changes in allowance for doubtful accounts in the years ended December 31, 2020 and 2019, were as follows:

Balances as at December 31, 2019	<u>(10,094)</u>
(+) Complement of the allowance for doubtful accounts	(91)
(-) Write-off for loss	-
Balances as at December 31, 2020	<u>(10,185)</u>
Balances as at December 31, 2018	(8,331)
(+) Complement of the allowance for doubtful accounts	(1,763)
(-) Write-off for loss	-
Balances as at December 31, 2019	<u>(10,094)</u>

The Company recognizes this allowance based on the history of its expected losses and at an amount deemed sufficient to cover probable losses.

Consolidated accounts receivable balance per maturity is as follows:

	Parent company		Consolidated	
	2020	2019	2020	2019
Falling due	18,700	10,870	18,700	10,870
Overdue up to 90 days	783	805	783	805
Overdue between 91 and 180 days	57	71	57	71
Overdue for more than 180 days	<u>10,185</u>	<u>10,094</u>	<u>10,185</u>	<u>10,094</u>
	<u>29,725</u>	<u>21,840</u>	<u>29,725</u>	<u>21,840</u>



# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

### 8. Inventories

	Parent company		Consolidated	
	2020	2019	2020	2019
Finished goods	2,744	3,174	3,202	3,512
Work in process	4,093	2,855	4,093	2,855
Raw material - slag	12,291	9,554	12,291	9,554
Raw material - coke	3,277	1,336	3,277	1,336
Other raw materials	6,539	7,989	6,539	7,989
Materials for maintenance and consumption	23,157	19,658	23,157	19,658
Inventory in transit	794	(189)	794	(189)
Land for sale (i)	-	-	32,501	17,344
	<b>52,895</b>	<b>44,377</b>	<b>85,854</b>	<b>62,059</b>

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

### 9. Recoverable taxes

	Parent company		Consolidated	
	2020	2019	2020	2019
Current assets				
State VAT (ICMS)	5,281	5,047	2,281	5,047
Income tax/Social Contribution tax	-	1	46	44
Taxes on sales (PIS/COFINS)	13,538	93	13,551	105
Federal VAT (IPI)	7,123	5,509	7,123	5,509
Others	333	333	334	333
	<b>26,275</b>	<b>10,983</b>	<b>26,335</b>	<b>11,038</b>
Noncurrent assets				
State VAT (ICMS)	6,516	5,588	6,516	5,588
PIS/COFINS	141,849		141,849	
	<b>148,365</b>	<b>5,588</b>	<b>148,365</b>	<b>5,588</b>

In October 2020, the Company recognized the individual and consolidated balances of PIS and COFINS credits, amounting to R\$ 32,512 thousand and R\$ 142,856 thousand, respectively, subject to offset. These amounts, totaling R\$ 175,368, result from a final and unappealable court decision issued on 09/30/2019, which removed ICMS from the calculation basis of PIS and COFINS, and authorized the administrative offset of amounts paid in the five years prior to the decision, to be requested to and approved by the Brazilian Federal Revenue Service. The Company was not able to reliably measure these credits in 2019 and thus recognized the amounts in 2020, when it obtained subsidies to support the amounts to be offset and the administrative qualification required for their use.

### 10. Notes receivable

	Parent company		Consolidated	
	2020	2019	2020	2019
Seival Sul Mineração S.A. (i)	2,174	2,718	2,174	2,718
Ano Bom Incorp. e empreendimentos S.A. (ii)	-	-	2,795	2,608
Agemar Empreendimentos e Participações Ltda. (iii)	4,440	4,440	4,440	4,440
Discount to present value	(1,081)	(1,380)	(1,081)	(1,380)
Capella - Fundo de Investimentos em Direitos Creditórios Não-Padronizados (iv)	-	4,149	-	4,149
Others	-	16	753	903
	<b>5,533</b>	<b>9,943</b>	<b>9,081</b>	<b>13,438</b>
Current assets	-	4,165	3,548	7,660
Noncurrent assets	5,533	5,778	5,533	5,778

## CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

### Notes to the individual and consolidated financial statements As at December 31, 2020 (In thousands of Brazilian Reais, unless otherwise stated)

- (i) It refers to balance receivable from the sale of shares of Companhia Nacional de Mineração Candiota.
- (ii) It refers to balance receivable from the sale of a property in Barra Mansa, state of Rio de Janeiro, by the subsidiary Mape.
- (iii) It refers to the balance receivable from the sale of the subsidiary Suape Granéis do Nordeste Ltda.
- (iv) In addition to the amount of R\$ 6,500,000.00 already received on 06/26/2019, the Company received the amounts of R\$ 8,596,948.19 and R\$ 174,661.17 from CAPELLA - FUNDO DE INVESTIMENTOS EM DIREITOS CREDITÓRIOS NÃO-PADRONIZADOS on 07/20/2020 and on 11/06/2020, respectively, corresponding to the balance of receivables assigned to said Investment Fund, related to the Arbitration Proceeding against Companhia Siderúrgica Nacional - CSN. The Company, in turn, made 35,500 tons of clinker available to CSN under the terms provided for in the decision of the referred Arbitration Proceeding.

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

Notes to the individual and consolidated financial statements  
As at December 31, 2020  
(In thousands of Brazilian Reais, unless otherwise stated)

## 11. Investments in subsidiaries

### a) Statements on main subsidiaries

	2020					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	35,660	76	45,905	2,323	(3,084)	35,857	110	44,325	2,331	(802)
Income (loss) for the year	(197)	(35)	36	(398)	(2,282)	(667)	(109)	(211)	(429)	(1,794)

### b) Changes in investments

	2020							2019	
	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Tupi do Nordeste Ltda.	Tupi Rio Transportes S.A.	Touro Empreendimentos Imobiliários e Participações Ltda.	Others	Total	Total
Balance at beginning of year	35,855	110	44,276	2,331	-	1,955	261	84,788	82,741
Capital contributions	-	-	1,544	390	-	10,000	-	11,934	4,126
Equity in earnings (losses) of subsidiaries	(197)	(35)	36	(398)	(2,282)	365	-	(2,511)	(2,881)
Reclassification to liabilities	-	-	-	-	2,282	-	-	2,282	802
Balance at end of year	35,658	75	45,784	2,323	-	12,320	261	96,493	84,788

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

	2019							2018	
	Mape Incorporação e Empreendimentos Ltda.	Tupimec Indústria Mecânica Ltda.	Tupi Mineradora de Calcário Ltda.	Tupi do Nordeste Ltda.	CP Cimento Overseas Co.	Suape Granéis do Nordeste Ltda.	Others	Total	Total
Balance at beginning of year	36,522	219	40,789	2,332	-	-	2,879	82,741	99,714
Capital contributions	-	-	3,698	428	-	-	-	4,126	6,242
Disposal of investments	-	-	-	-	-	-	-	-	(14,975)
Write-off of appreciation	-	-	-	-	-	-	-	-	(3,655)
Equity in earnings (losses) of subsidiaries	(667)	(109)	(211)	(429)	-	-	(1,465)	(2,881)	2,073
Exchange rate gains (losses) on investments	-	-	-	-	-	-	-	-	616
Receipt of dividends	-	-	-	-	-	-	-	-	(5,775)
Capital return	-	-	-	-	-	-	-	-	(56)
Reclassification of liabilities	-	-	-	-	-	-	802	802	(1,443)
Balance at end of year	35,855	110	44,276	2,331	-	-	2,216	84,788	82,741

## **CIMENTO TUPI S.A E EMPRESAS CONTROLADAS**

### **Notes to the individual and consolidated financial statements**

**As at December 31, 2020**

**(In thousands of Brazilian Reais, unless otherwise stated)**

#### **Mape Incorporação e Empreendimentos Ltda.**

Mape is mainly engaged in developing, administrating, purchasing and selling 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 the exploration of agriculture, cattle raising, forestation and reforestation, with the sales of products resulting from these activities and holding interest in commercial, industrial or financial companies, as shareholder, in compliance with 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 in the country, 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 and for transporting bagged and bulk cargo, liquid, gaseous and special cargo, or cargo stored in containers.

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements As at December 31, 2020 (In thousands of Brazilian Reais, unless otherwise stated)

### 12. Fixed assets

Accounts	Parent company				
	2020			2019	Annual
	Cost	Accumulated depreciation/depletion	Net	Net	depreciation rates
Plots of land	28,698	-	28,698	28,698	
Buildings	109,652	(28,390)	81,262	83,419	2%
Industrial machinery, equipment and facilities	655,505	(278,612)	376,892	383,492	3.33%
Furniture and fixtures	3,221	(2,965)	256	302	10%
Vehicles	5,183	(4,375)	808	448	20%
Railway wagons	15,729	(3,015)	12,714	11,315	3.33%
Leasehold improvements	875	(747)	128	271	(*)
Machinery and equipment to be installed	2,714	(543)	2,171	2,262	3.33%
Construction in progress	26,023	-	26,023	16,066	
Advances to suppliers	2,062	-	2,062	2,732	
Limestone mines	23,136	(3,098)	20,038	20,393	(**)
Others	5,720	(5,362)	358	267	4% to 20%
	<u>878,517</u>	<u>(327,107)</u>	<u>551,410</u>	<u>549,665</u>	

  

Accounts	Consolidated				
	2020			2019	Annual
	Cost	Accumulated depreciation/depletion	Net	Net	depreciation rates
Plots of land	53,056	-	53,056	53,056	
Buildings	109,682	(28,405)	81,277	83,435	2%
Industrial machinery, equipment and facilities	656,660	(279,430)	377,230	383,835	3.33%
Furniture and fixtures	3,229	(2,973)	256	303	10%
Vehicles	9,693	(7,600)	2,093	968	20%
Railway wagons	15,729	(3,015)	12,714	11,315	3.33%
Leasehold improvements	875	(747)	128	271	(*)
Machinery and equipment to be installed	2,714	(543)	2,171	2,262	3.33%
Construction in progress	26,023	-	26,023	16,066	
Advances to suppliers	2,522	-	2,522	3,191	
Limestone mines	23,136	(3,098)	20,038	20,393	(**)
Others	5,915	(5,372)	543	449	4% to 20%
	<u>909,234</u>	<u>(331,183)</u>	<u>578,051</u>	<u>575,544</u>	

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

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

As at December 31, 2020, the amount of R\$ 19,491 (R\$ 19,455 as at December 31, 2019), referring to depreciation, was accounted for as cost of goods sold.

As described in Note 13, 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 analysis performed in 2020 and 2019, which consider:

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

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements As at December 31, 2020 (In thousands of Brazilian Reais, unless otherwise stated)

The changes in fixed assets in the years ended December 31, 2020 and 2019, were as follows:

Cost of fixed assets	Parent company												Total
	Plots of land	Buildings	Ind. machinery, equip. and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equip. to be installed	Construction in progress	Adv. to suppliers	Limestone mine	Others	
Balances in 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	-	-	2,601	7	528	1,869	-	-	17,285	1,144	-	183	23,617
Transfers	-	50	7,123	-	-	-	-	-	(7,283)	-	103	7	-
Write-offs	-	-	(593)	-	(472)	-	-	-	(46)	(1,814)	-	-	(2,925)
Balances in 2020	28,698	109,652	655,503	3,220	5,183	15,729	875	2,714	26,022	2,062	23,136	5,720	878,514

  

Depreciation of fixed assets	Parent company												Total
	Plots of land	Buildings	Ind. machinery, equip. and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equip. to be installed	Construction in progress	Adv. to suppliers	Limestone mine	Others	
Balances in 2019	-	(26,183)	(262,880)	(2,911)	(4,679)	(2,545)	(604)	(452)	-	-	(2,640)	(5,263)	(308,157)
Additions	-	(2,206)	(16,073)	(54)	(169)	(470)	(142)	(90)	-	-	(458)	(99)	(19,761)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	342	-	472	-	-	-	-	-	-	-	814
Balances in 2020	-	(28,389)	(278,611)	(2,965)	(4,376)	(3,015)	(746)	(542)	-	-	(3,098)	(5,362)	(327,104)

CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

Cost of fixed assets	Parent company												
	Plots of land	Buildings	Ind. machinery, equip. and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equip. to be installed	Construction in progress	Adv. to suppliers	Limestone mines	Others	Total
Balances in 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	-	24	898	5	277	1,116	-	-	9,107	720	-	154	12,301
Transfers	-	-	8,542	-	-	-	-	-	(8,542)	-	-	-	-
Write-offs	-	-	(20)	-	(295)	-	-	-	(742)	(12)	-	-	(1,069)
Balances in 2019	<u>28,698</u>	<u>109,602</u>	<u>646,372</u>	<u>3,213</u>	<u>5,127</u>	<u>13,860</u>	<u>875</u>	<u>2,714</u>	<u>16,066</u>	<u>2,732</u>	<u>23,033</u>	<u>5,530</u>	<u>857,822</u>

Depreciation of fixed assets	Parent company												
	Plots of land	Buildings	Ind. machinery, equip. and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equip. to be installed	Construction in progress	Adv. to suppliers	Limestone mines	Others	Total
Balances in 2018	-	(23,977)	(246,818)	(2,852)	(4,779)	(2,124)	(439)	(362)	-	-	(2,182)	(5,173)	(288,706)
Additions	-	(2,206)	(16,062)	(59)	(164)	(421)	(165)	(90)	-	-	(458)	(90)	(19,715)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	264	-	-	-	-	-	-	-	264
Balances in 2019	<u>-</u>	<u>(26,183)</u>	<u>(262,880)</u>	<u>(2,911)</u>	<u>(4,679)</u>	<u>(2,545)</u>	<u>(604)</u>	<u>(452)</u>	<u>-</u>	<u>-</u>	<u>(2,640)</u>	<u>(5,263)</u>	<u>(308,157)</u>

Cost of fixed assets	Parent company												
	Plots of land	Buildings	Ind. machinery, equip. and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equip. to be installed	Construction in progress	Adv. to suppliers	Limestone mine	Others	Total
Balances in 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	-	-	2,601	7	2,025	1,869	-	-	17,285	1,144	-	184	25,115
Transfers	-	50	7,123	-	-	-	-	-	(7,283)	-	103	7	-
Write-offs	-	-	(593)	-	(743)	-	-	-	(46)	(1,814)	-	-	(3,196)
Balances in 2020	<u>53,056</u>	<u>109,682</u>	<u>656,660</u>	<u>3,229</u>	<u>9,694</u>	<u>15,729</u>	<u>875</u>	<u>2,714</u>	<u>26,022</u>	<u>2,521</u>	<u>23,136</u>	<u>5,915</u>	<u>909,233</u>

Parent company



# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

Depreciation of fixed assets	Ind. machinery, equip. and facilities												Total
	Plots of land	Buildings	Ind. machinery, equip. and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equip. to be installed	Construction in progress	Adv. to suppliers	Limestone mine	Others	
Balances in 2019	-	(26,197)	(263,694)	(2,919)	(7,444)	(2,545)	(604)	(452)	-	-	(2,640)	(5,275)	(311,770)
Additions	-	(2,207)	(15,735)	(54)	(774)	(470)	(142)	(90)	-	-	(458)	(99)	(20,029)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	618	-	-	-	-	-	-	-	618
Balances in 2020	-	(28,404)	(279,429)	(2,973)	(7,600)	(3,015)	(746)	(542)	-	-	(3,098)	(5,374)	(331,181)

Cost of fixed assets	Consolidated												Total
	Plots of land	Buildings	Ind. machinery, equip. and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equip. to be installed	Construction in progress	Adv. to suppliers	Limestone mines	Others	
Balance as at 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	-	24	898	6	487	1,116	-	-	9,107	720	-	154	12,512
Transfers	-	-	8,542	-	-	-	-	-	(8,542)	-	-	-	-
Write-offs	-	-	(20)	-	(1,322)	-	-	-	(742)	(13)	-	-	(2,097)
Balance as at 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

## CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

### Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

Depreciation of fixed assets	Consolidated												
	Plots of land	Buildings	Ind. machinery, equip. and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equip. to be installed	Construction in progress	Adv. to suppliers	Limestone mines	Others	Total
Balance as at 2018	-	(23,991)	(247,627)	(2,859)	(7,072)	(2,124)	(439)	(362)	-	-	(2,182)	(5,185)	(291,841)
Additions	-	(2,206)	(16,067)	(60)	(1,509)	(421)	(165)	(90)	-	-	(458)	(90)	(21,066)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	1,137	-	-	-	-	-	-	-	1,137
Balance as at 2019	-	<u>(26,197)</u>	<u>(263,694)</u>	<u>(2,919)</u>	<u>(7,444)</u>	<u>(2,545)</u>	<u>(604)</u>	<u>(452)</u>	-	-	<u>(2,640)</u>	<u>(5,275)</u>	<u>(311,770)</u>

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements As at December 31, 2020 (In thousands of Brazilian Reais, unless otherwise stated)

### 13. Intangible assets - Parent company and Consolidated

	Parent company				Consolidated			
	Goodwill	Mining rights	Others	Total	Goodwill	Mining rights	Others	Total
Balances in 2019	93,564	35,143	386	129,093	93,564	56,402	532	150,498
Additions	-	-	43	43	-	970	43	1,013
Amortization	-	-	(186)	(186)	-	-	(187)	(187)
Balances in 2020	<u>93,564</u>	<u>35,143</u>	<u>243</u>	<u>128,950</u>	<u>93,564</u>	<u>57,372</u>	<u>388</u>	<u>151,324</u>

  

	Parent company				Consolidated			
	Goodwill	Mining rights	Others	Total	Goodwill	Mining rights	Others	Total
Balances in 2018	93,564	35,143	583	129,290	93,564	55,526	729	149,819
Additions	-	-	43	43	-	876	44	920
Amortization	-	-	(240)	(240)	-	-	(241)	(241)
Balances in 2019	<u>93,564</u>	<u>35,143</u>	<u>386</u>	<u>129,093</u>	<u>93,564</u>	<u>56,402</u>	<u>532</u>	<u>150,498</u>

### Impairment test for cash generating units containing goodwill

The goodwill is directly related to the Pedra do Sino-MG plant. 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, 2020, the recoverable amount is higher than the book value of the assets. Accordingly, no provision was made for impairment as at December 31, 2020.

### 14. Loans and financing - Parent Company and Consolidated

	2020		2019	
	Current	Noncurrent	Current (Restated)	Noncurrent (Restated)
Parent company				
Domestic currency				
Development bank - BDMG, with maturity up to 2022	224,063	-	190,066	-
Unallocated transaction cost	-	-	(82)	-
	<u>224,063</u>	<u>-</u>	<u>189,984</u>	<u>-</u>
Working capital				
CCBs issued by Bank Credit Suisse, ABC Brasil and Bank CCB Brasil, with maturities up to 2021	108,789	-	104,469	-
Votorantim S.A., with maturity in Jan/2022	-	24,851	-	22,826
	<u>332,852</u>	<u>24,851</u>	<u>294,453</u>	<u>22,826</u>

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements As at December 31, 2020 (In thousands of Brazilian Reais, unless otherwise stated)

	2020		2019	
	Current	Noncurrent	Current	Noncurrent
Foreign currency				
Notes				
Senior Unsecured Notes with original maturity in May/2018 (iii)	1,787,084	-	1,271,074	-
Sinosure				
Facility Agreement (Agricultural Bank of China) with original maturity in Jan/2017	103,791	-	77,286	-
Loan				
Tupacta AG with maturity in Dec/2028 (i) (ii)	-	1,183,172	-	650,606
Others - maturity up to Sept/2030	1,124	650	90	505
	<u>1,891,999</u>	<u>1,183,822</u>	<u>1,348,450</u>	<u>651,111</u>
Parent company	<u>2,224,851</u>	<u>1,208,673</u>	<u>1,642,903</u>	<u>673,937</u>
Consolidated	<u>2,224,851</u>	<u>1,208,673</u>	<u>1,642,903</u>	<u>673,937</u>

(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.

On September 24, 2018, the Company received a notice that the Bank Credit Notes 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 to the Company doubts as to the regularity of the mentioned guarantee, which is being discussed in court. The Company has not amortized the installments of the mentioned CCBs.

## 15. Related-party transactions

	2020						2019	
	Tupi Rio Transportes S.A.	Tupi Mineradora de Calcáreo Ltda.	Touro Empreendimentos Imobiliários e Participações Ltda.	Tupi do Nordeste Ltda.	Mape Incorporação e Empreendimentos Ltda.	Britas Arujá Ltda.	Total	Total
<b>Noncurrent assets</b>								
Advance for increase in capital	179	5,327	187	5,018	-	-	10,711	-
<b>Current liabilities</b>								
Anticipated dividends	-	-	-	-	15,584	9	15,593	15,461
<b>Transactions</b>								
Cost of goods sold and services rendered	(35,703)	-	-	-	-	-	(35,703)	(31,942)

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

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

### 16. 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					
	2020			2019		
	Principal	Interest/Fine	Total	Principal	Interest/Fine	Total
Current liabilities	28,228	8,640	36,868	28,995	3,786	32,781
ICMS	22,735	8,451	31,186	23,581	3,743	27,324
Others	5,493	189	5,682	5,414	43	5,457
Noncurrent liabilities	90,927	39,646	130,573	86,774	35,813	122,587
ICMS	77,505	39,172	116,677	68,332	35,655	103,987
Others	13,422	474	13,896	18,442	158	18,600
	<b>119,155</b>	<b>48,286</b>	<b>167,441</b>	<b>115,769</b>	<b>39,599</b>	<b>155,368</b>

  

	Consolidated					
	2020			2019		
	Principal	Interest/Fine	Total	Principal	Interest/Fine	Total
Current liabilities	30,158	8,750	38,908	30,377	3,831	34,208
ICMS	23,651	8,556	32,207	24,420	3,817	28,237
Others	6,507	194	6,701	5,957	14	5,971
Noncurrent liabilities	96,828	39,955	136,783	90,251	35,711	125,962
ICMS	80,506	39,451	119,957	70,052	35,663	105,715
Others	16,322	504	16,826	20,199	48	20,247
	<b>126,986</b>	<b>48,705</b>	<b>175,691</b>	<b>120,628</b>	<b>39,542</b>	<b>160,170</b>

### 17. Taxes payable

	Parent company		Consolidated	
	2020	2019	2020	2019
ICMS	15,476	12,107	15,650	12,645
PIS/COFINS	789	2,436	822	3,658
Tax on Services (ISS)	564	54	570	59
Others	519	2,162	523	2,168
	<b>17,348</b>	<b>16,759</b>	<b>17,565</b>	<b>18,530</b>

### 18. Other accounts payable

	Parent company		Consolidated	
	2020	2019	2020	2019
Current liabilities				
Advances from customers	1,869	1,195	1,869	1,195
Credit purchase agreement - ICMS	4,800	4,800	4,800	4,800
Provision - electricity	5,375	-	5,375	-
Others	462	479	485	599
	<b>12,506</b>	<b>6,474</b>	<b>12,529</b>	<b>6,494</b>

  

	Parent company		Consolidated	
	2020	2019	2020	2019
Noncurrent liabilities				
Investment - Tupi Rio Transportes	3,084	802	-	-
Credit purchase agreement - ICMS	5,824	5,385	5,824	5,385
	<b>8,908</b>	<b>6,187</b>	<b>5,824</b>	<b>5,385</b>

## CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

### Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

#### 19. Equity

##### a) Capital stock

As at December 31, 2020, fully subscribed and paid-in capital 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 issuance or capitalization in relation to the basic share value on issuance date, 1996.

##### c) Statutory reserve

Established through recognition of 5% of net income for the year until it reaches 20% of capital - 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 capital budget prepared by Management, 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 years ended December 31, 2020 and 2019.

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

The following tables present the result data and shares used to calculate basic and diluted loss per share:

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

## Notes to the individual and consolidated financial statements

As at December 31, 2020

(In thousands of Brazilian Reais, unless otherwise stated)

	2020			2019		
	Common Shares	Preferred shares	Total	Common Shares	Preferred shares	Total
Loss for the year	(374,055)	(374,024)	(748,079)	(215,290)	(215,271)	(430,561)
Weighted average of shares (in thousands of shares)	11,793	11,792	23,585	11,793	11,792	23,585
Basic and diluted loss per share	(31.7184)	(31.7184)	(31.7184)	(18.2557)	(18.2557)	(18.2557)

For the period ended December 31, 2020, there is no difference between the calculation of basic and diluted loss since there are no dilutive instruments.

## 20. Income and social contribution taxes

### a) Reconciliation of income and social contribution tax expenses

	Parent company			
	Income Tax		Social Contribution Tax	
	2020	2019	2020	2019
Loss before taxes	(929,167)	(437,230)	(929,167)	(437,230)
ADD-BACKS				
Equity from earnings (losses) of subsidiaries	2,511	2,881	2,511	2,881
Realization sub-account dif. positive asset	107	107	107	107
Amortization, cost of loans raising	82	248	82	248
Exchange rate gains (losses) on loans	387,904	47,188	387,904	47,188
Interest on loans made	152,012	-	152,012	-
Other add-backs	7,129	5,541	7,129	5,541
DEDUCTIONS				
Depreciation - Corporate x T. differences	32,797	32,726	32,797	32,726
Exchange rate gains (losses) on loans	-	-	-	-
Other deductions	300	272	300	272
Adjusted loss	(412,519)	(414,263)	(412,519)	(414,263)
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	133,153	4,904	47,935	1,765
Income and social contribution taxes in income (loss)	133,153	4,904	47,935	1,765
	Consolidated			
	Income Tax		Social Contribution Tax	
	2020	2019	2020	2019
Loss before taxes	(929,093)	(437,170)	(929,093)	(437,170)
add-backs				
Income (loss) from subsidiaries under deemed profit	231	278	231	278
Realization sub-account dif. positive asset	107	107	107	107
Amortization, cost of loans raising	82	248	82	248
Exchange rate loss on loans	387,904	47,188	387,904	47,188
Interest on loans made	152,012	-	152,012	-
Other add-backs	7,129	5,541	7,129	5,541
DEDUCTIONS				
Income (loss) from subsidiaries under deemed income	-	-	-	-
Depreciation - Difference tax rates x corporate rate	32,797	32,726	32,797	32,726
Exchange rate gains (losses) on loans	-	-	-	-
Other deductions	300	272	300	272
Adjusted loss	(414,725)	(416,806)	(414,725)	(416,806)
Applicable rates	25%	25%	9%	9%
Current IRPJ and CSLL	-	-	-	-
Current IRPJ and CSLL of subsidiaries - Deemed profit	(7)	-	(4)	-
IRPJ and CSLL - deemed income	(39)	(37)	(24)	(23)
Tax debts accrued from deferred income and social contribution taxes on temporary differences	133,153	4,904	47,935	1,765
Income and social contribution taxes in income (loss)	133,107	4,867	47,907	1,742

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### Notes to the individual and consolidated financial statements

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#### b) Breakdown of deferred income and social contribution taxes

	Parent company and consolidated	
	2020	2019
Income and social contribution tax losses	135,285	135,285
Provisions for contingencies	1,315	547
Transactions - Cash basis (exchange rate gains (losses)/interest)	212,786	22,759
Deferred Income (IR) and Social Contribution (CS) tax assets	<u>349,386</u>	<u>158,591</u>
Deferred IR and CS on temporary differences	(68,670)	(58,964)
Tax amortization of goodwill	(31,812)	(31,812)
Deferred IRPJ and CSLL tax liabilities	<u>(100,482)</u>	<u>(90,776)</u>
	<u>248,904</u>	<u>67,815</u>

Considering expected generation of taxable income up to 2025, the Company recognized deferred income and social contribution taxes on income and social contribution tax losses and temporary differences. Deferred income and social contribution taxes on income and social contribution tax losses, calculated as from the second half of 2015, were not recognized.

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.

## 21. Provisions for contingencies

The Company and its subsidiaries are parties in lawsuits and administrative suits 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, forms a provision in an amount deemed sufficient to cover the estimated losses from ongoing lawsuits for those with expectation of probable loss.

As at December 31, 2020, the Company recognizes provision for contingencies arising from labor claims whose likelihood of an unfavorable outcome is probable in amount of R\$ 3,868 (R\$ 1,610 as at December 31, 2019).

	Parent company		Consolidated	
	2020	2019	2020	2019
Beginning balance	1,610	709	1,610	709
New	2,385	-	2,385	-
Adjustment	291	901	291	901
Concluded	(418)	-	(418)	-
Final balance	<u>3,868</u>	<u>1,610</u>	<u>3,868</u>	<u>1,610</u>



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As at December 31, 2020, the Company has court deposits in the amount of R\$ 15,663 (R\$ 9,748 as at December 31, 2019).

In addition, the Company and its subsidiaries 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.

As at December 31, 2020, the value of such contingencies was R\$ 139,953 (R\$ 159,434 as at December 31, 2019), as follows:

Nature	Parent company		Consolidated	
	2020	2019	2020	2019
Tax contingencies	64,362	83,844	123,407	141,931
Labor contingencies	12,381	11,210	13,190	11,464
Civil contingencies	3,356	6,040	3,356	6,040
	<u>80,099</u>	<u>101,094</u>	<u>139,953</u>	<u>159,434</u>

## 22. Insurance coverage (Unaudited)

The Company and its subsidiaries contract insurance coverage for its inventories and fixed assets 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) - total is R\$ 198,685 for the 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.

## 23. Financial instruments and risk management

### 23.1. 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 sale and forced settlement. The following methods and assumptions were used to estimate fair value:

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

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 subsidiaries per category is as follows:

Financial assets	Parent company					
	2020			2019		
	Amortized cost	Fair value through income (loss)	Total	Amortized cost	Fair value through income (loss)	Total
Cash and cash equivalents	2,234	-	2,234	1,829	-	1,829
Accounts receivable	19,540	-	19,540	11,746	-	11,746
Notes receivable	7,481	-	7,481	11,892	-	11,892
	<u>29,254</u>	<u>-</u>	<u>29,254</u>	<u>25,467</u>	<u>-</u>	<u>25,467</u>

  

Financial assets	Consolidated					
	2020			2019		
	Amortized cost	Fair value through income (loss)	Total	Amortized cost	Fair value through income (loss)	Total
Cash and cash equivalents	19,071	-	19,071	4,250	-	4,250
Accounts receivable	19,540	-	19,540	11,746	-	11,746
Notes receivable	11,029	-	11,029	13,074	-	13,074
	<u>49,640</u>	<u>-</u>	<u>49,640</u>	<u>29,070</u>	<u>-</u>	<u>29,070</u>

### 23.2. Classification of financial instruments by category

Significant financial liabilities of the Company and its subsidiaries may be classified and accounted for at fair value through income (loss), as follows:

Financial liabilities	Parent company	
	2020	2019
Trade accounts payable	17,560	34,622
Loans and financing	3,433,524	2,225,970
Related-party transactions	15,593	15,461
	<u>3,466,677</u>	<u>2,276,053</u>

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## Notes to the individual and consolidated financial statements

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Financial liabilities	Consolidated	
	2020	2019
Trade accounts payable	24,472	31,143
Loans and financing	3,433,524	2,225,970
	<u>3,457,996</u>	<u>2,257,113</u>

### 23.3. Risk management

The financial transactions of the Company and its subsidiaries are previously approved by the Company's management and performed through the finance area 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 local currency, in order to manage exposure to currency and interest rate risks.

Criteria for selection of financial institutions obey parameters that take into consideration rating made available by renowned agencies of analysis of risk, equity, and concentration levels of transactions and resources. Market risk factors that could affect Company business and that of its subsidiaries are as follows:

#### a) Currency risk

Currency risks are related to the possibility of the Company recording losses derived from fluctuations in exchange rates.

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

Foreign currency loans	Value in Brazilian Reais	Sensitivity analysis	
		(Scenario I) Future value I	(Scenario II) Future value II
Notes	1,787,084	2,233,855	2,680,626
Sinosure	103,791	129,739	155,686
Tupacta	1,183,172	1,478,965	1,774,758
Cemrock	1,774	2,217	2,661

#### 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.

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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.

#### c) Interest rate risk

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

#### d) Liquidity risk

Liquidity risk represents the risk of scarcity and difficulty of the Company to pay its financial liabilities. The Company and its subsidiaries seek to align the maturity of the financial liabilities with the period of cash generation to avoid a mismatch and generate the need of greater leverage.

The following table shows in detail the remaining contractual maturity of the main financial liabilities of the Company 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 subsidiaries shall settle the respective obligations.

	Parent company			Total in 2020
	Up to a year	From one to three years	Over three years	
Loans and financing	2,224,851	24,851	1,183,822	3,433,524
Trade accounts payable	17,561	-	-	17,561
Advances from customers	1,869	-	-	1,869
Other financial liabilities	99,521	76,847	66,502	242,870
Balances as at December 31, 2020	<u>2,343,802</u>	<u>101,698</u>	<u>1,250,324</u>	<u>3,695,824</u>

  

	Consolidated			Total in 2020
	Up to a year	From one to three years	Over three years	
Loans and financing	2,224,851	24,851	1,183,822	3,433,524
Trade accounts payable	24,472	-	-	24,472
Advances from customers	1,869	-	-	1,869
Other financial liabilities	86,445	75,475	71,000	232,920
Balances as at December 31, 2020	<u>2,337,637</u>	<u>100,326</u>	<u>1,254,822</u>	<u>3,692,785</u>

# CIMENTO TUPI S.A E EMPRESAS CONTROLADAS

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### 24. Net operating revenue

	Parent company		Consolidated	
	2020	2019	2020	2019
Gross sales				
Sales of goods	<u>519,804</u>	<u>323,664</u>	<u>520,608</u>	<u>324,232</u>
Deductions from sales	<u>(130,090)</u>	<u>(85,070)</u>	<u>(135,539)</u>	<u>(90,405)</u>
Sales returns	(790)	(741)	(790)	(741)
ICMS on sales	(88,461)	(55,693)	(90,503)	(57,987)
PIS and COFINS on sales	(40,189)	(28,621)	(43,506)	(31,588)
Others	(650)	(15)	(740)	(89)
Net operating revenue	<u>389,714</u>	<u>238,594</u>	<u>385,069</u>	<u>233,827</u>

### 25. General and administrative expenses

	Parent company		Consolidated	
	2020	2019	2020	2019
Administrative personnel expenses	(17,359)	(16,342)	(17,475)	(16,492)
Lawyers' fees	(4,996)	(9,167)	(5,030)	(9,230)
Real estate/vehicles/equipment lease	(302)	(288)	(333)	(290)
Travel expenses	(169)	(682)	(198)	(729)
Advisory/ third-party service	(3,734)	(3,850)	(4,120)	(4,071)
Others	(2,319)	(2,547)	(2,761)	(2,995)
	<u>(28,879)</u>	<u>(32,876)</u>	<u>(29,917)</u>	<u>(33,807)</u>

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

	Parent company		Consolidated	
	2020	2019	2020	2019
Indemnity - Lawsuits	-	32,661	-	32,661
Write-off of fixed assets/ investments	610	1,023	800	1,364
Write-off of liabilities	-	9,368	-	9,368
PIS/COFINS credits on deduction of ICMS from calculation basis	98,194	-	98,194	-
ICMS installment payment	-	(3,965)	-	(3,965)
Others	(8,868)	(3,202)	(8,775)	(3,707)
	<u>89,936</u>	<u>34,083</u>	<u>90,219</u>	<u>33,919</u>

### 27. Financial income (loss), net

	Parent company		Consolidated	
	2020	2019	2020	2019
		(Restated)		(Restated)
Financial expenses				
Interest on loans	(162,064)	(150,848)	(162,064)	(150,848)
Interest/ fines on tax installment payments	(16,952)	(38,648)	(18,458)	(39,358)
Discounts granted	(4,321)	(1,054)	(4,321)	(1,054)
Contract interest - Finame	(566,957)	(198,898)	(566,957)	(198,898)
Exchange rate gains (losses) on loans	(387,867)	(49,569)	(387,867)	(49,569)
Other financial expenses	(246)	(240)	(350)	(305)
	<u>(1,138,407)</u>	<u>(439,257)</u>	<u>(1,140,017)</u>	<u>(440,032)</u>

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	Parent company		Consolidated	
	2020	2019	2020	2019
Financial revenues				
Discounts obtained	528	489	530	489
Interest on financial investments	4	15	205	132
Interest received from customers	472	718	472	718
Selic interest on recoverable PIS/COFINS	77,173	-	77,173	-
Other financial revenues	(2,092)	1,353	(2,037)	1,464
	76,085	2,575	76,343	2,803
	<u>(1,062,322)</u>	<u>(436,682)</u>	<u>(1,063,674)</u>	<u>(437,229)</u>

## 28. Segment reporting

Management groups entities into two distinct segments:

### a) Cement

Mainly engaged in manufacturing cements and mortars of all types in the Company's manufacturing units.

### b) Development and administration of properties

Mainly engaged in developing and administrating properties.

Management monitors, on a separate basis, operating income of its business units for the purpose of making decisions on allocation of resources and performance assessment.

The performance of the segment is appraised based on the operating result, measured in a manner consistent with the operating result of the consolidated financial statements.

The Company's segment information is as follows:

	2020				
	Cement	Real estate management and merger	Others	Deductions	Total Consolidated
Net revenue	389,714	314	30,745	(35,704)	385,069
Gross profit (loss)	87,338	274	(604)	-	87,008
Depreciation and amortization	(19,951)	-	(611)	-	(20,562)
Operating income (loss)	134,987	208	(1,293)	-	136,323
Financial income (loss)	(1,064,064)	23	(1,375)	-	(1,065,416)
Equity in earnings (losses) of subsidiaries	(2,511)	-	-	2,511	-
Income (loss) before taxes	(929,167)	231	(2,668)	2,511	(929,093)
Income and Social Contribution taxes	181,088	(63)	(11)	-	181,014
Minority interest	-	-	-	-	-
Net income (loss)	(748,079)	168	(2,679)	2,511	(748,079)
Current assets	107,813	39,538	15,929	(667)	162,613
Noncurrent assets	1,207,827	15,584	49,174	(122,547)	1,150,038
Current liabilities	2,343,802	6,802	14,004	(26,971)	2,337,637
Noncurrent liabilities	1,352,022	339	5,871	(3,084)	1,355,148

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	2019				Total Consolidated
	Cement	Real estate management and merger	Others	Deductions	
Net revenue	238,594	300	26,875	(31,942)	233,827
Gross profit (loss)	(8,998)	263	(1,442)	-	(10,177)
Depreciation and amortization	(19,967)	-	(1,351)	-	(21,318)
Operating income (loss)	(22,073)	(451)	(1,823)	-	(24,347)
Financial income (loss)	(412,276)	173	(720)	-	(412,823)
Equity in earnings (losses) of subsidiaries	(2,881)	-	-	2,881	-
Income (loss) before taxes	(437,230)	(278)	(2,543)	2,881	(437,170)
Income and Social Contribution taxes	6,669	(60)	-	-	6,609
Minority interest	-	-	-	-	-
Net income (loss)	(430,561)	(338)	(2,543)	2,881	(430,561)
Current assets	80,652	23,624	6,572	(5,860)	104,988
Noncurrent assets	854,598	15,452	47,405	(100,001)	817,454
Current liabilities	1,763,034	1,078	4,813	(21,322)	1,747,603
Noncurrent liabilities	804,321	186	3,189	(802)	806,894

## 29. Subsequent events

The Fourth Amendment to the BNDES Financing Agreement through Indirect Transfer of Funds No. BDMG/BF161.193/13 entered into by the Company and Banco de Desenvolvimento de Minas Gerais S.A. (BDMG) was issued in January 2021, in order to renegotiate payment conditions, interest rates, and extension of the debt amortization period to October 2030.

The debts with banks CCB Brasil and ABC Brasil were fully amortized in February 2021, using guarantees.

On January 21, 2021, the Company filed its request for court-ordered reorganization with the 3<sup>rd</sup> Business Court of the District of Rio de Janeiro state capital, which was judged favorably on January 22, 2021. On March 26, 2021, it filed its Court-Ordered Reorganization Plan (PJR), which specifies the means to be used for recovery (restructuring of debt with payment proposals to creditors submitted to the court-ordered reorganization process, disposal of assets, maintenance and growth of activities and other means mentioned in the plan), including the demonstration of its economic feasibility and economic and financial position, and valuation reports on its rights and assets. The Company has been working so that its PRJ is approved at the General Creditors' Meeting, to ensure that the measures provided for therein can be implemented as soon as possible.

With the approval of the court-ordered reorganization request issued on January 22, 2021, lawsuits filed against the Company have been suspended for a period of 180 days ("Stay Period").

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On 02/11/2021, the Company filed a request with the New York Court for recognition of its court-ordered reorganization, in progress in Brazil, as the main proceeding in the Company's restructuring process, based on Chapter 15 of the United States Bankruptcy Code. With the New York Court's recognition of the court-ordered reorganization, the lawsuit filed in the same jurisdiction by certain holders of Notes against the Company will be suspended and, if the Company's Court-Ordered Reorganization Plan is approved by the Brazilian Court and accepted by the New York Court, its conditions will be mandatory and binding for all Note holders, ending the lawsuit in progress in that country.