

CIMENTO TUPI S.A.
(Under Court-Ordered Reorganization)

Independent auditor's review report

Individual and consolidated interim
financial information
As at June 30, 2021

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(Under Court-Ordered Reorganization)

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REVIEW REPORT ON THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We were engaged to review the individual and consolidated interim financial information of Cimento Tupi S.A. - Under Court-Ordered Reorganization (“Company”), which comprise the statement of financial position as at June 30, 2021, and the respective statements of operations and comprehensive income (loss) for the three and six-month periods then ended, and of changes in equity and cash flows for the six-month period then ended, including the corresponding notes.

The Company’s Management is responsible for the preparation of this individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Information and with International Accounting Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB. Our responsibility is to express a conclusion on this interim financial information based on our review. Due to the relevance of the matters described in the “Basis for disclaimer of conclusion” paragraph, we were unable to obtain proper and sufficient audit evidence to support our conclusion on this interim financial information.

Scope of the review

An interim review consists principally of applying analytical and other review procedures, and making enquiries of and having discussions with persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion. We conducted our review in accordance with Brazilian and international standards for reviewing interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). However, due to the matters described in the “Basis for disclaimer of conclusion on the individual and consolidated interim financial information” section of this report, we were unable to obtain proper and sufficient evidence to support our conclusion on the individual and consolidated interim financial information.

Basis for disclaimer of conclusion on the individual and consolidated interim financial information

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

As mentioned in Notes 1.1 and 29 to the individual and consolidated interim financial information, on January 21, 2021, the Company filed its request for court-ordered reorganization with the 3rd Business Court of the state capital of Rio de Janeiro, which was approved on January 22, 2021.

The Company presented in court, on March 26, 2021, its Court-Ordered Reorganization Plan (“PRJ”) detailing the means to be used for carrying out said plan (restructuring indebtedness with payment proposals to creditors subjected to court-ordered reorganization, disposal of assets, maintenance and increase of its activities and other means detailed in the PRJ), also including an economic feasibility study, the Company’s financial and economic position, and valuation reports on its assets and rights. 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 filed on January 22, 2021, lawsuits filed against the Company have been suspended for a period of 180 days (“Stay Period”). On August 24, 2021, the Stay Period was extended for an additional 180 days or until conclusion of the General Creditor’s Meeting, whichever occurs first.

On February 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 thus 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.

On October 14, 2021, the Court-Order Reorganization Plan presented by the Company was approved by the majority of creditors at the General Meeting of Creditors - (“AGC”). The Company will make the payments to the creditors as soon as they are approved by the court, as established in the PRJ.

Additionally, for the six-month period ended June 30, 2021, the Company reported individual and consolidated accumulated losses of R\$ 2,577,693 thousand, its individual and consolidated current liabilities exceeded individual and consolidated current assets by R\$ 3.133.490 thousand and R\$ 3.060.630 thousand, respectively, and it reported negative individual and consolidated equity of R\$ 2.267.149 thousand. This situation indicates the existence of material uncertainty that may cast doubt on the Company’s and its controlled companies’ ability to continue as a going concern and on the basis of preparation of the individual and consolidated interim financial information, considering that, as at June 30, 2021, the Company’s individual and consolidated assets and liabilities were classified and evaluated assuming that the Company will continue as a going concern.

Due to the material uncertainty regarding the matters described above, it is not possible to reach a conclusion on the individual and consolidated interim financial information due to the possible interaction between these uncertainties and its possible cumulative effects on the information, and neither to reach a conclusion on whether the assumption of the Company’s continuity as a going concern, based on which this individual and consolidated interim financial information was prepared, is appropriate in such circumstances.

In view of this scenario of material uncertainty, which may affect the Company’s capacity for investment in future operations and result in possible impairment of assets, until the date of conclusion of our review, the Company’s Management had not yet tested its assets for impairment, as required by NBC TG 01 (R3) – Impairment, for considering that it is of utmost importance to wait for the approval of the Reorganization Plan by the creditors, as well as its approval by the Reorganization Court, to more appropriately measure the possible impairment of its assets. Consequently, we were unable to determine if it would be necessary to make adjustments to the balances of nonfinancial assets of the Company as at June 30, 2021, as well as to the items of the statements of operations, comprehensive income (loss), changes in equity, and cash flows for the quarter and six-month period then ended.



Disclaimer of conclusion on the individual and consolidated interim financial information

Due to the relevance of the matters described in the "Basis for disclaimer of conclusion on the individual and consolidated interim financial information" section of this report, we were unable to obtain proper and sufficient evidence to support our conclusion on this individual and consolidated interim financial information included in the aforementioned quarterly information. Therefore, we do not express a conclusion on this interim financial information.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added for the six-month period ended June 30, 2021, prepared under the responsibility of the Company's Management, whose presentation in the interim financial information is considered supplementary information by the International Financial Reporting Standards - IFRS, which do not require the presentation of the statements of value added. These statements were submitted to the same previously described review procedures. However, due to the relevance of the matters described in the "Basis for disclaimer of conclusion" section of this report, we were unable to obtain proper and sufficient evidence to support our conclusion on these statements in relation to the individual and consolidated interim financial information taken as a whole. Consequently, we do not express a conclusion on the statement of value added referred to above.

Rio de Janeiro, November 19, 2021.



BDO RCS Auditores Independentes SS
CRC 2 SP 013846/F


Cristiano Mendes de Oliveira
Accountant CRC 1 RJ 078157/O-2

Cimento Tupi S.A. - Under court-ordered reorganization

Statements of financial position
As at June 30, 2021 and December 31, 2020
(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Assets				
Current assets				
Cash and cash equivalents (Note 5)	697	2,234	21,389	19,071
Accounts receivable (Note 6)	29,678	19,540	29,678	19,540
Inventories (Note 7)	57,068	52,895	91,380	85,854
Recoverable taxes (Note 8)	29,466	26,275	29,537	26,335
Notes receivable (Note 9)	-	-	3,574	3,548
Advances to suppliers	7,613	4,356	9,198	5,496
Receivables from third parties	308	304	308	304
Other current assets	1,848	2,209	2,021	2,465
Total current assets	<u>126,678</u>	<u>107,813</u>	<u>187,085</u>	<u>162,613</u>
Noncurrent assets				
Notes receivable (Note 9)	5,797	5,533	5,797	5,533
Receivables from third parties	1,948	1,948	1,948	1,948
Related-party transactions (Note 14)	21,881	10,711	-	-
Recoverable taxes (Note 8)	142,754	148,365	142,754	148,365
Deferred Income and Social Contribution taxes (Note 20)	251,541	248,904	251,541	248,904
Court deposits (Note 21)	12,584	15,513	12,690	15,663
Investments				
Controlled companies (Note 10)	99,563	96,493	-	-
Other investments	-	-	249	249
Fixed assets (Note 11)	554,624	551,410	581,841	578,052
Intangible assets (Note 12)	129,033	128,950	151,465	151,324
Total noncurrent assets	<u>1,219,725</u>	<u>1,207,827</u>	<u>1,148,285</u>	<u>1,150,038</u>
Total assets	<u>1,346,403</u>	<u>1,315,640</u>	<u>1,335,370</u>	<u>1,312,651</u>

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

Cimento Tupi S.A. - Under court-ordered reorganization

Statements of financial position
As at June 30, 2021 and December 31, 2020
(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Liabilities				
Current				
Loans and financing (Note 13)	3,113,304	2,224,851	3,113,304	2,224,851
Trade accounts payable	39,048	17,560	39,464	24,472
Salaries and social charges	20,780	19,076	21,185	19,294
Income and Social Contribution Taxes payable	2,785	-	2,797	18
Related-party payables (Note 14)	15,593	15,593	-	-
Taxes in installments (Note 15)	38,654	36,868	40,669	38,908
Taxes payable (Note 16)	18,541	17,348	18,795	17,565
Other accounts payable (Note 17)	11,463	12,506	11,501	12,529
Total current liabilities	3,260,168	2,343,802	3,247,715	2,337,637
Noncurrent				
Loans and financing (Note 13)	207,889	1,208,673	207,889	1,208,673
Taxes in installments (Note 15)	113,198	130,573	118,477	136,783
Provision for contingencies (Note 21)	22,614	3,868	22,614	3,868
Other accounts payable (Note 17)	5,824	5,824	5,824	5,824
Provision for loss on investments (Note 18)	3,909	3,084	-	-
Total noncurrent liabilities	353,434	1,352,022	354,804	1,355,148
Equity (Note 19)				
Capital stock	298,809	298,809	298,809	298,809
Capital reserves	11,685	11,685	11,685	11,685
Accumulated losses	(2,577,693)	(2,690,678)	(2,577,693)	(2,690,678)
Total equity attributable to controlling shareholders	(2,267,199)	(2,380,184)	(2,267,199)	(2,380,184)
Noncontrolling interest	-	-	50	50
Total equity	(2,267,199)	(2,380,184)	(2,267,149)	(2,380,134)
Total liabilities and equity	1,346,403	1,315,640	1,335,370	1,312,651

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

Cimento Tupi S.A. - Under court-ordered reorganization

Statements of operations

For the periods ended June 30, 2021 and 2020

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

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Net operating revenues (Note 22)	239,187	146,351	237,017	144,167
Cost of goods sold	(177,535)	(136,588)	(176,198)	(134,489)
Gross profit	61,652	9,763	60,819	9,678
Operating expenses				
Selling expenses	(4,990)	(4,901)	(4,990)	(4,901)
General and administrative expenses (Note 23)	(19,518)	(12,443)	(20,667)	(12,943)
Other operating revenues (expenses), net (Note 24)	(21,947)	(284)	(21,727)	(185)
	(46,455)	(17,628)	(47,384)	(18,029)
Operating income (loss) before equity in earnings (losses) of controlled companies and financial income (loss)	15,197	(7,865)	13,435	(8,351)
Equity in earnings (losses) of controlled companies (Note 10)	(1,754)	(1,875)	-	-
Financial income (loss) (Note 25)				
Financial expenses	(40,788)	(889,359)	(40,930)	(890,828)
Financial revenues	140,478	1,558	140,666	1,667
	99,690	(887,801)	99,736	(889,161)
Income (loss) before Income and Social Contribution taxes	113,133	(897,541)	113,171	(897,512)
Income and Social Contribution taxes (Note 20)	(148)	(4,860)	(186)	(4,889)
Minority interest	-	-	-	-
Net income (loss) for the period	112,985	(902,401)	112,985	(902,401)
Income (loss) for the period attributable to				
Controlling shareholders	112,985	(902,401)	112,985	(902,401)
Noncontrolling shareholders	-	-	-	-
Basic and diluted earnings (losses) per share (Note 19)				
Preferred shares	5.0187	(38.2616)	-	-
Common shares	4.5624	(38.2616)	-	-

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

Cimento Tupi S.A. - Under court-ordered reorganization

Statements of operations

For the three-month periods ended June 30, 2021 and 2020

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

	Parent company		Consolidated	
	04/01 to 06/30/2021	04/01 to 06/30/2020	04/01 to 06/30/2021	04/01 to 06/30/2020
Net operating revenues	124,582	84,929	123,389	83,791
Cost of goods sold	(93,328)	(76,040)	(92,491)	(74,791)
Gross profit (loss)	31,254	8,889	30,898	9,000
Operating expenses				
Selling expenses	(2,434)	(2,232)	(2,434)	(2,232)
General and administrative expenses	(9,760)	(6,138)	(10,563)	(6,362)
Other operating revenues (expenses), net	(19,347)	(444)	(19,206)	(423)
	(31,541)	(8,814)	(32,203)	(9,017)
Operating income (loss) before equity in earnings (losses) of controlled companies and financial income (loss)	(287)	75	(1,305)	(17)
Equity in earnings (losses) of controlled companies	(1,000)	(1,282)	-	-
Financial income (loss)				
Financial expenses	272,344	(274,803)	272,270	(276,048)
Financial revenues	139,688	692	139,808	766
	412,032	(274,111)	412,078	(275,282)
Income (loss) before Income and Social Contribution taxes	410,745	(275,318)	410,773	(275,299)
Income and Social Contribution Taxes	1,833	(2,434)	1,805	(2,453)
Income (loss) for the quarter	412,578	(277,752)	412,578	(277,752)
Income (loss) for the quarter attributable to				
Controlling shareholders	412,578	(277,752)	412,578	(277,752)
Noncontrolling shareholders	-	-	-	-
Basic and diluted earnings (losses) per share for the quarter				
Preferred shares	18.3263	(11.7766)	-	-
Common shares	16.6603	(11.7766)	-	-

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

Cimento Tupi S.A. - Under court-ordered reorganization

Statements of comprehensive income (loss)

As at June 30, 2021 and 2020

(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Net income (loss) for the period	112,985	(902,401)	112,985	(902,401)
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss), net of taxes	<u>112,985</u>	<u>(902,401)</u>	<u>112,985</u>	<u>(902,401)</u>
Attributable to				
Controlling shareholders	112,985	(902,401)	112,985	(902,401)
Noncontrolling shareholders	-	-	-	-

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

Cimento Tupi S.A. - Under court-ordered reorganization

Statements of comprehensive income (loss)

For the three-month periods ended June 30, 2021 and 2020

(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	04/01 to 06/30/2021	04/01 to 06/30/2020	04/01 to 06/30/2021	04/01 to 06/30/2020
Income (loss) for the quarter	412,578	(277,752)	412,578	(277,752)
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss), net of taxes	412,578	(277,752)	412,578	(277,752)
Attributable to				
Controlling shareholders	412,578	(277,752)	412,578	(277,752)
Noncontrolling shareholders	-	-	-	-

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

Cimento Tupi S.A. - Under court-ordered reorganization

Statements of changes in equity
As at June 30, 2021 and 2020
(In thousands of Brazilian Reais)

	Capital stock	Capital reserve Goodwill on subscription of shares	Accumulated losses	Total	Noncontrolling interest	Total
As at December 31, 2019	298,809	11,685	(1,942,599)	(1,632,105)	50	(1,632,055)
Net loss for the period	-	-	(902,401)	(902,401)	-	(902,401)
As at June 30, 2020	298,809	11,685	(2,845,000)	(2,534,506)	50	(2,534,456)
As at December 31, 2020	298,809	11,685	(2,690,678)	(2,380,184)	50	(2,380,134)
Net income for the period	-	-	112,985	112,985	-	112,985
As at June 30, 2021	298,809	11,685	(2,577,693)	(2,267,199)	50	(2,267,149)

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

Cimento Tupi S.A. - Under court-ordered reorganization

Statements of cash flows

For the periods ended June 30, 2021 and 2020

(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Cash flows from operating activities				
Income (loss) before Income and Social Contribution				
Taxes	113,133	(897,541)	113,171	(897,512)
Adjustments from				
Depreciation/amortization	10,151	9,956	10,526	10,196
Write-off of fixed assets	3,422	44	3,305	64
Equity in earnings (losses) of controlled companies	1,754	1,875	-	-
Contingencies	18,897	-	18,897	-
Exchange rate gains (losses) on foreign loans	(138,758)	747,941	(138,758)	747,941
Discount to present value	(159)	(146)	(159)	(146)
Fines and interest on assets	(1,239)	(1,130)	(1,239)	(95)
Fines and interest on liabilities	38,967	131,696	39,072	132,593
Amortization of loan costs	-	83	-	83
Allowance for doubtful accounts	73	(108)	73	(108)
Other asset/liability write-offs	-	92	-	92
	<u>46,241</u>	<u>(7,238)</u>	<u>44,888</u>	<u>(6,892)</u>
(Increase)/decrease in asset accounts				
Accounts receivable	(10,211)	(11,330)	(10,211)	(11,330)
Notes receivable	-	12	(25)	(1,059)
Recoverable taxes	(58,699)	(36,937)	(59,855)	(38,005)
Inventories	(4,173)	2,858	(5,526)	2,386
Advances to suppliers	(3,257)	(888)	(3,702)	(936)
Other assets	(736)	426	440	435
Court deposits	2,928	(3,844)	2,973	(3,884)
Increase/(decrease) in liability accounts				
Trade accounts payable	21,487	(965)	14,991	(2,655)
Tax liabilities	47,238	55,391	47,312	58,123
Salaries and social charges	1,704	5,087	1,891	5,646
Interest paid on loans	(6)	(94)	(6)	(94)
Other liabilities	(1,195)	8,064	(1,180)	8,067
Net cash from operating activities	<u>41,321</u>	<u>10,542</u>	<u>31,990</u>	<u>9,802</u>
Cash flows from investing activities				
Acquisition of fixed assets	(17,368)	(5,727)	(18,202)	(5,727)
Disposal of fixed assets	-	-	1	-
Acquisition of intangible assets	(150)	(43)	(207)	(675)
Acquisition of investments	(4,000)	-	-	-
Net cash from investing activities	<u>(21,518)</u>	<u>(5,770)</u>	<u>(18,408)</u>	<u>(6,402)</u>
Cash flows from financing activities				
Advance for Future Increase in Capital (AFAC) –				
Related-party payments	(10,076)	(5,514)	-	-
Capitalization of interest	-	-	-	-
Paid loans and financing	(11,264)	(644)	(11,264)	(644)
Net cash from financing activities	<u>(21,340)</u>	<u>(6,158)</u>	<u>(11,264)</u>	<u>(644)</u>
(Decrease) increase in cash and cash equivalents, net	<u>(1,537)</u>	<u>(1,386)</u>	<u>2,318</u>	<u>2,756</u>
Cash and cash equivalents at beginning of year	2,234	1,829	19,071	4,250
Cash and cash equivalents at end of period	697	443	21,389	7,006

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

Cimento Tupi S.A. - Under court-ordered reorganization

Statements of value added

For the periods ended June 30, 2021 and 2020

(In thousands of Brazilian Reais)

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Revenues				
Gross operating revenue	318,936	195,418	318,960	195,759
Sales returns	(378)	(353)	(378)	(353)
Allowance for doubtful accounts	(73)	(109)	(73)	(109)
Other operating revenues (expenses), net	(1,395)	-	(1,183)	83
	<u>317,090</u>	<u>194,956</u>	<u>317,326</u>	<u>195,380</u>
Inputs acquired from third parties				
Cost of goods sold	(155,755)	(110,154)	(152,797)	(106,906)
Materials, electricity, third-party services and others	(84,109)	(45,022)	(85,087)	(45,400)
Gross value added	<u>77,226</u>	<u>39,780</u>	<u>79,442</u>	<u>43,074</u>
Withholdings				
Depreciation and amortization	(10,151)	(9,956)	(10,526)	(10,196)
Net value added generated	<u>67,075</u>	<u>29,824</u>	<u>68,916</u>	<u>32,878</u>
Value added received in transfer				
Equity in earnings (losses) of controlled companies	(1,754)	(1,875)	-	-
Financial revenues	140,478	1,558	140,666	1,667
Deferred Income and Social Contribution Taxes	2,637	(4,860)	2,637	(4,860)
Total value added to be distributed	<u>208,436</u>	<u>24,647</u>	<u>212,219</u>	<u>29,685</u>
Controlling shareholders	<u>208,436</u>	<u>24,647</u>	<u>212,219</u>	<u>29,685</u>
Noncontrolling shareholders	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Value added distribution				
Personnel and charges	25,056	19,848	26,198	20,655
Taxes, fees and contributions	28,089	16,540	30,580	19,307
Interest and rents	42,306	890,660	42,456	892,124
Net income (loss) for the period	112,985	(902,401)	112,985	(902,401)
Value added distributed	<u>208,436</u>	<u>24,647</u>	<u>212,219</u>	<u>29,685</u>

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

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

Notes to the individual and consolidated financial information

As at June 30, 2021

(In thousands of Brazilian Reais, unless otherwise stated)

1. Operations

Cimento Tupi S.A. (“Cimento Tupi” or “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 increased compared to the same period in 2019. This increase remained through the first half of 2021.

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 of 8.5%, reaching 28 million of cement sold, largely due to the government’s emergency aid program, which benefited civil construction. In the first half of 2021, the cement industry grew by 15.8% compared to the same period of the previous year, when the sector was impacted by the heavy rains and the beginning of the pandemic. The main drivers of this outcome are still the favorable climate conditions, the maintenance of real estate constructions and self-building, which still play a significant role in cement sales, despite the suspension of the emergency aid program in January.

As for its indebtedness, considering that a large part of its debt is in foreign currency, the Company is exposed to exchange rate volatility. Regardless, the Company renegotiated part of its debts in domestic currency in 2020 and at the beginning of 2021, by entering into amendments and extending maturities.

1.1. Court-ordered Reorganization Plan

On January 21, 2021, the Company filed its request for court-ordered reorganization with the 3rd 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 filed 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 thus 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 the individual and consolidated financial information

The individual and consolidated interim financial information has been prepared assuming that the Company will continue as a going concern and has been approved by the Board of Directors on November 19, 2021.

The Company's individual and consolidated interim financial information was and is 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 information presents comparative information in relation to the previous period.

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

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

Summary of the main accounting practices and estimates

The accounting practices used in the preparation of this individual and consolidated interim financial information are consistent with the ones used for the preparation of the financial statements as at December 31, 2020, approved on June 15, 2021.

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

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

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3. Consolidation

The interim financial information includes the statements of Cimento Tupi S.A. - Under court-ordered reorganization and of the controlled companies listed below, on which the Company holds interest higher than 20%.

	Ownership interest %			
	Capital stock		Voting capital	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
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
Vlape Incorporação e Empreendimentos Ltda.	99.99	99.99	99.99	99.99
Tupi Mineradora de Calcário Ltda.	99.90	99.90	99.90	99.90
Britas Arujá Ltda.	99.99	99.99	99.99	99.99

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

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

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

4. New standards, revisions and interpretations issued not yet in effect as at June 30, 2021

a) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

These apply to years beginning on or after January 01, 2022, for contracts existing on the date the amendments are first applied.

They specifically determine which costs should be considered when calculating the cost of fulfilling a contract.

The Company's Management does not expect significant impact upon the adoption of the mentioned standard.

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b) Other standards

- (i) Amendment to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use. It elucidates aspects to be considered for the classification of items produced before fixed assets are in the conditions of intended use. This amendment is effective for years beginning on or after January 01, 2022.
- (ii) Annual Improvements to IFRS Standards 2018-2020, effective for periods beginning on or after January 01, 2022. They amend IFRS 1, addressing aspects of first adoption in a controlled company; IFRS 9, addressing the 10% criterion for reversing financial liabilities; IFRS 16, addressing illustrative examples of leases; and IAS 41, addressing aspects of measurement at fair value. These amendments are effective for years beginning on or after January 01, 2022;
- (iii) Amendment to IFRS 3 - It includes conceptual alignment of this standard with the conceptual structure of IFRS standards. The amendment to IFRS 3 will be in effect for periods beginning on or after January 01, 2022;
- (iv) Amendment to IFRS 17 - It includes elucidation of aspects related to insurance contracts. The amendment to IFRS 17 will be in effect for periods beginning on or after January 01, 2023;
- (v) Amendment to IAS 1 - Classification of Liabilities as Current or Noncurrent. This amendment elucidates aspects to be considered for the classification of liabilities as current or noncurrent. The amendment to IAS 1 will be in effect for periods beginning on or after January 01, 2023; and
- (vi) Amendment to IFRS 4 - Extension of The Temporary Exemption from Applying IFRS 9. It elucidates aspects related to insurance contracts and the temporary exemption from applying IFRS 9 to insurance companies. The amendment to IFRS 4 will be in effect for periods beginning on or after January 01, 2023;

Management is evaluating the impacts of the aforementioned new standards and amendments and considers that their adoption will not significantly affect the interim financial information of the Company and its controlled companies.

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5. Cash and cash equivalents

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash and banks	697	2,234	677	2,796
Bank Certificates of Deposit (CDB)	-	-	20,712	16,275
Cash and cash equivalents	<u>697</u>	<u>2,234</u>	<u>21,389</u>	<u>19,071</u>

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

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

6. Accounts receivable

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Notes receivable	39,936	29,725	39,936	29,725
Provision for expected losses	(10,258)	(10,185)	(10,258)	(10,185)
	<u>29,678</u>	<u>19,540</u>	<u>29,678</u>	<u>19,540</u>

The changes in the allowance for doubtful accounts during the periods ended June 30, 2021 and 2020, were as follows:

Balances as at December 31, 2020	<u>(10,185)</u>
(+) Complement of the allowance for doubtful accounts	-
(-) Write-off for loss	<u>(73)</u>
Balances as at June 30, 2021	<u>(10,258)</u>
Balances as at December 31, 2019	<u>(10,094)</u>
(+) Complement of the allowance for doubtful accounts	(108)
(-) Write-off for loss	-
Balances as at June 30, 2020	<u>(10,202)</u>

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

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

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Falling due amounts	29,008	18,700	29,008	18,700
Up to 90 days overdue	588	783	588	783
Between 91 and 180 days overdue	82	57	82	57
Over 180 days overdue	10,256	10,185	10,256	10,185
	<u>39,936</u>	<u>29,725</u>	<u>39,936</u>	<u>29,725</u>

7. Inventories

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Finished goods	2,389	2,744	2,909	3,202
Work in progress	2,287	4,093	2,287	4,093
Raw material - Slag	11,409	12,291	11,409	12,291
Raw material - Coke	6,887	3,277	6,887	3,277
Other raw materials	9,625	6,539	9,625	6,539
Materials for maintenance and consumption	24,407	23,157	24,407	23,157
Inventory in transit	-	794	-	794
Land for sale (i)	64	-	33,856	32,501
	<u>57,068</u>	<u>52,895</u>	<u>91,380</u>	<u>85,854</u>

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

8. Recoverable taxes

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current assets				
State VAT (ICMS)	5,412	5,281	5,412	5,281
Income Tax/Social Contribution Tax	1	-	58	46
Taxes on Sales (PIS and COFINS)	15,356	13,538	15,369	13,551
Federal VAT (IPI)	8,364	7,123	8,364	7,123
Others	333	333	334	334
	<u>29,466</u>	<u>26,275</u>	<u>29,537</u>	<u>26,335</u>
Noncurrent assets				
ICMS	6,709	6,516	6,709	6,516
PIS and COFINS	136,045	141,849	136,045	141,849
	<u>142,754</u>	<u>148,365</u>	<u>142,754</u>	<u>148,365</u>

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 (RFB). 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.

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9. Notes receivable

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Seival Sul Mineração S.A. (i)	2,279	2,174	2,279	2,174
Ano Bom Incorp. e empreendimentos S.A. (ii)	-	-	2,821	2,795
Agemar Empreendimentos e Participações Ltda. (iii)	4,440	4,440	4,440	4,440
Discount to present value	(922)	(1,081)	(922)	(1,081)
Others	-	-	753	753
	<u>5,797</u>	<u>5,533</u>	<u>9,371</u>	<u>9,081</u>
Current assets	-	-	3,574	3,548
Noncurrent assets	5,797	5,533	5,797	5,533

(i) It refers to the balance receivable from the sale of the shares of Companhia Nacional de Mineração Candiota.

(ii) It refers to the balance receivable from the sale of a property in Barra Mansa, state of Rio de Janeiro, by the controlled company Mape.

(iii) It refers to the balance receivable for the sale of the controlled company Suape Granéis do Nordeste Ltda.

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10. Investments in controlled companies

a) Statements on main controlled companies

	06/30/2021					12/31/2020				
	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	35,148	37	45,730	2,100	(3,909)	35,660	76	45,905	2,323	(3,084)
Income (loss) for the year	(512)	(39)	(175)	(223)	(825)	(197)	(35)	36	(398)	(2,282)

b) Changes in investments

	06/30/2021							2020	
	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	35,658	75	45,784	2,323	-	12,320	261	96,493	84,788
Capital contributions	-	-	-	-	-	4,000	-	4,000	11,934
Equity in earnings (losses) of controlled companies	(512)	(39)	(175)	(224)	(824)	20	-	(1,754)	(2,511)
Reclassification as liabilities	-	-	-	-	824	-	-	824	2,282
Balance at end of year	35,146	36	45,609	2,099	-	16,340	261	99,563	96,493

	12/31/2020							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 controlled companies	(197)	(35)	36	(398)	(2,282)	365	-	(2,511)	(2,881)
Reclassification as liabilities	-	-	-	-	2,282	-	-	2,282	802
Balance at end of year	35,658	75	45,856	2,323	-	12,320	261	96,493	84,788

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Mape Incorporação e Empreendimentos Ltda.

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

Tupimec Indústria Mecânica Ltda.

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

Tupi Mineradora de Calcário Ltda.

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

Tupi do Nordeste Ltda.

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

Britas Arujá Ltda.

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

Touro Empreendimentos Imobiliários e Participações Ltda.

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

Tupi Rio Transportes S.A.

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

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11. Fixed assets

Accounts	Parent company				
	06/30/2021			12/31/2020	
	Cost	Accumulated depreciation/ depletion	Net balance	Net balance	Annual depreciation rates
Plots of land	29,330	-	29,330	28,698	
Buildings	109,742	(29,494)	80,248	81,262	2%
Industrial machinery, equipment and facilities	662,407	(286,046)	376,361	376,892	3.33%
Furniture and fixtures	3,454	(2,974)	480	256	10%
Vehicles	5,326	(4,469)	857	808	20%
Railway wagons	16,405	(3,273)	13,132	12,714	3.33%
Leasehold improvements	875	(817)	58	128	(*)
Machinery and equipment to be installed	2,714	(588)	2,126	2,171	3.33%
Construction in progress	31,853	-	31,853	26,023	
Advances to suppliers	35	-	35	2,062	
Limestone mines	23,136	(3,327)	19,809	20,038	(**)
Others	5,549	(5,214)	335	358	4% to 20%
	<u>890,826</u>	<u>(336,202)</u>	<u>554,624</u>	<u>551,410</u>	

Accounts	Consolidated				
	06/30/2021			12/31/2020	
	Cost	Accumulated depreciation/ depletion	Net balance	Net balance	Annual depreciation rates
Plots of land	53,689	-	53,689	53,056	
Buildings	109,772	(29,509)	80,263	81,277	2%
Industrial machinery, equipment and facilities	663,564	(286,867)	376,697	377,230	3.33%
Furniture and fixtures	3,462	(2,982)	480	256	10%
Vehicles	10,625	(7,903)	2,722	2,093	20%
Railway wagons	16,405	(3,273)	13,132	12,714	3.33%
Leasehold improvements	875	(817)	58	128	(*)
Machinery and equipment to be installed	2,714	(588)	2,126	2,171	3.33%
Construction in progress	31,853	-	31,853	26,023	
Advances to suppliers	494	-	494	2,522	
Limestone mines	23,136	(3,327)	19,809	20,038	(**)
Others	5,744	(5,226)	518	544	4% to 20%
	<u>922,333</u>	<u>(340,492)</u>	<u>581,841</u>	<u>578,052</u>	

(*) Depreciation according to lease contract terms.

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

As at June 30, 2021, the amount of R\$ 9,916 (R\$ 9,737 as at June 30, 2020), referring to depreciation, was accounted for as cost of goods sold.

As described in Note 12, Management reviewed the net book value of its assets as at December 31, 2020, 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 (UCG) based on projections approved by Management and assumptions consistent with the analyses performed in 2020 and 2019, which consider:

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

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

Parent company													
Cost of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance as at 12/31/2020	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
Additions	2,024	-	1,470	7	163	676	-	-	12,994	-	-	34	17,368
Transfers	-	90	6,091	249	-	-	-	-	(6,430)	-	-	-	-
Write-offs	(1,392)	-	(657)	(22)	(20)	-	-	-	(733)	(2,027)	-	(205)	(5,056)
Balance as at 06/30/2021	29,330	109,742	662,407	3,454	5,326	16,405	875	2,714	31,853	35	23,136	5,549	890,826

Parent company													
Depreciation of fixed assets	Plots of land	Buildings	Industrial Machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance as at 12/31/2020	-	(28,389)	(278,611)	(2,965)	(4,376)	(3,015)	(746)	(542)	-	-	(3,098)	(5,362)	(327,104)
Additions	-	(1,105)	(8,174)	(32)	(114)	(258)	(71)	(46)	-	-	(229)	(56)	(10,085)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	739	23	21	-	-	-	-	-	-	204	987
Balance as at 06/30/2021	-	(29,494)	(286,046)	(2,974)	(4,469)	(3,273)	(817)	(588)	-	-	(3,327)	(5,214)	(336,202)

Parent company													
Net fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance as at 06/30/2021	29,330	80,248	376,361	480	857	13,132	58	2,126	31,853	35	19,809	335	554,624

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

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

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Consolidated													
Cost of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance as at 12/31/2020	53,056	109,682	656,660	3,229	9,694	15,729	875	2,714	26,022	2,521	23,136	5,915	909,233
Additions	2,025	-	1,470	7	999	676	-	-	12,994	-	-	34	18,205
Transfers	-	90	6,091	249	-	-	-	-	(6,430)	-	-	-	-
Write-offs	(1,392)	-	(657)	(23)	(68)	-	-	-	(733)	(2,027)	-	(205)	(5,105)
Balance as at 06/30/2021	53,689	109,772	663,564	3,462	10,625	16,405	875	2,714	31,853	494	23,136	5,744	922,333

Consolidated													
Depreciation of fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance as at 12/31/2020	-	(28,404)	(279,429)	(2,973)	(7,600)	(3,015)	(746)	(542)	-	-	(3,098)	(5,374)	(331,181)
Additions	-	(1,105)	(8,177)	(32)	(368)	(258)	(71)	(46)	-	-	(229)	(56)	(10,342)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	739	23	65	-	-	-	-	-	-	204	1,031
Balance as at 06/30/2021	-	(29,509)	(286,867)	(2,982)	(7,903)	(3,273)	(817)	(588)	-	-	(3,327)	(5,226)	(340,492)

Consolidated													
Net fixed assets	Plots of land	Buildings	Industrial machinery, equipment and facilities	Furniture and fixtures	Vehicles	Railway wagons	Leasehold improvements	Machinery and equipment to be installed	Construction in progress	Advances to suppliers	Limestone mines	Others	Total
Balance as at 06/30/2021	53,689	80,263	376,697	480	2,722	13,132	58	2,126	31,853	494	19,809	518	581,841

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

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

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12. Intangible assets - Parent company and consolidated

	Parent company				Consolidated			
	Goodwill	Mining rights	Others	Total	Goodwill	Mining rights	Others	Total
Balances as at 12/31/2020	93,564	35,143	243	128,950	93,564	57,372	388	151,324
Additions	-	-	150	150	-	58	150	208
Amortization	-	-	(67)	(67)	-	-	(67)	(67)
Balances as at 06/30/2021	93,564	35,143	326	129,033	93,564	57,430	471	151,465

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

Impairment test for cash generating units containing goodwill

Goodwill is directly related to the plant of Pedra do Sino (MG). The recoverable value of the assets was calculated based on the Company's cash generating unit: Pedra do Sino Plant. 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 as at December 31, 2020, the recoverable amount is higher than the assets' book value. Accordingly, no provision was recognized for impairment as at June 30, 2021.

13. Loans and financing - Parent company and consolidated

	06/30/2021		12/31/2020		Current status
	Current	Noncurrent	Current	Noncurrent	
Parent company					
In Domestic currency					
Development bank -					
BDMG, raised in April 2013, originally adjusted by CDI + interest of 1% p.a. and 0.5% p.a., with maturity up to October/2030	656	207,264	224,063	-	Post-petition receivables (see Note "Subsequent event")
	656	207,264	224,063	-	
Working capital					
Bank Credit Notes (CCBs) issued by Bank Credit Suisse, in April 2013, originally adjusted by CDI + interest of 4% p.a. ABC Brasil and Banco CCB Brasil, with maturity up to 2021	111,304	-	108,789	-	Receivables from ABC Brasil and CCB settled in the first quarter of 2021. Receivables from CCBs issued by Banco Credit Suisse are post-petition

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	06/30/2021		12/31/2020		Current status
	Current	Noncurrent	Current	Noncurrent	
Votorantim S.A., raised in January 2017, adjusted by the Consumer Price Index (INPC), with maturity in January/2022	24,897	-	-	24,851	Awaiting approval of the court-ordered reorganization plan
	<u>136,857</u>	<u>207,264</u>	<u>332,852</u>	<u>24,851</u>	
Foreign currency Notes					
Senior Unsecured Notes, issued in May 2011, February 2012 and October 2014, interest of 9.75% p.a., with original maturity in May /2018.	1,731,336	-	1,787,084	-	Awaiting approval of the court-ordered reorganization plan
Sinosure					
Facility Agreement (Agricultural Bank of China), raised in January 2013, adjusted by Libor-12 M + 2.80% p.a., with original maturity in February/2017	101,035	-	103,791	-	Awaiting approval of the court-ordered reorganization plan
Loans					
Tupacta AG, raised in December 2018, adjusted by exchange rate gains (losses) + spread of 6%p.a., or General Market Price Index (IGPM) + spread of 12% p.a., whichever is higher, with maturity in December/2028	1,143,860	-	-	1,183,172	Awaiting approval of the court-ordered reorganization plan
Others - raised in September 2018 bearing interest of 15% p.a., with maturity up to September/2030	216	625	1,124	650	Awaiting approval of the court-ordered reorganization plan
	<u>2,976,447</u>	<u>625</u>	<u>1,891,999</u>	<u>1,183,822</u>	
Parent company	<u>3,113,304</u>	<u>207,889</u>	<u>2,224,851</u>	<u>1,208,673</u>	
Consolidated	<u>3,113,304</u>	<u>207,889</u>	<u>2,224,851</u>	<u>1,208,673</u>	

14. Related-party transactions

	06/30/2021						12/31/2020	
	Tupi Rio Transportes S.A.	Tupi Mineradora de Calcário Ltda.	Touro Empreendimentos Imobiliários e Participações Ltda.	Tupi do Nordeste Ltda.	Mape Incorporação e Empreendimentos Ltda.	Britas Arujá Ltda.	Total	Total
Noncurrent assets								
Advance for increase in capital	11	536	16,992	217	4,125	-	21,881	10,711
Current liabilities								
Anticipated dividends	-	-	-	-	15,584	9	15,593	15,593
Transactions								
Cost of goods sold and services rendered	(16,638)	-	-	-	-	-	(16,638)	(35,703)

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

15. Taxes and contributions in installments

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

	Parent company					
	06/30/2021			12/31/2020		
	Principal	Interest/ fine	Total	Principal	Interest/ fine	Total
Current liabilities	28,393	10,261	38,654	28,228	8,640	36,868
ICMS	23,210	9,637	32,847	22,735	8,451	31,186
Others	5,183	624	5,807	5,493	189	5,682
Noncurrent liabilities	81,773	31,425	113,198	90,927	39,646	130,573
ICMS	71,329	30,298	101,627	77,505	39,172	116,677
Others	10,444	1,127	11,571	13,422	474	13,896
	<u>110,166</u>	<u>41,686</u>	<u>151,852</u>	<u>119,155</u>	<u>48,286</u>	<u>167,441</u>

	Consolidated					
	06/30/2021			12/31/2020		
	Principal	Interest/ fine	Total	Principal	Interest/ fine	Total
Current liabilities	29,960	10,709	40,669	30,158	8,750	38,908
ICMS	24,108	9,731	33,839	23,651	8,556	32,207
Others	5,852	978	6,830	6,507	194	6,701
Noncurrent liabilities	86,176	32,301	118,477	96,828	39,955	136,783
ICMS	74,115	30,334	104,449	80,506	39,451	119,957
Others	12,061	1,967	14,028	16,322	504	16,826
	<u>116,136</u>	<u>43,010</u>	<u>159,146</u>	<u>126,986</u>	<u>48,705</u>	<u>175,691</u>

16. Taxes payable

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
ICMS	15,853	15,476	15,969	15,650
PIS and COFINS	1,604	789	1,694	822
Tax on Services (ISS)	644	564	655	570
Others	440	519	477	523
	<u>18,541</u>	<u>17,348</u>	<u>18,795</u>	<u>17,565</u>

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17. Other accounts payable

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current liabilities				
Advances from customers	982	1,869	982	1,869
Credit purchase agreement - ICMS	4,800	4,800	4,800	4,800
Provision - electricity	4,023	5,375	4,023	5,375
Others	1,658	462	1,696	485
	<u>11,463</u>	<u>12,506</u>	<u>11,501</u>	<u>12,529</u>

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Noncurrent liabilities				
Credit purchase agreement - ICMS	5,824	5,824	5,824	5,824
	<u>5,824</u>	<u>5,824</u>	<u>5,824</u>	<u>5,824</u>

18. Provision for investments

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Noncurrent liabilities				
Investment - Tupi Rio Transportation	3,909	3,084	-	-
	<u>3,909</u>	<u>3,084</u>	<u>-</u>	<u>-</u>

19. Equity

a) Capital stock

As at June 30, 2021, subscribed and paid-in capital stock is represented by 11,793 common shares and 11,792 preferred shares with no par value. Preferred shares are not entitled to voting and to receiving minimum or fixed dividends.

b) Capital reserves

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

c) Statutory reserve

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

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d) Appropriated retained earnings

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

e) Dividends

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

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

f) Earnings (losses) per share

In compliance with CPC 41, the Company presents the following statements on earnings (losses) per share for the periods ended June 30, 2021 and 2020.

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

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

	06/30/2021			06/30/2020		
	Common shares	Preferred shares	Total	Common shares	Preferred shares	Total
Income/loss for the year	53,805	59,180	112,985	(451,220)	(451,181)	(902,401)
Weighted average shares (in thousands of shares)	11,793	11,792	23,585	11,793	11,792	23,585
Basic and diluted earnings/losses per share	4.5624	5.0187		(38.2616)	(38.2616)	

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20. Income and Social Contribution taxes

a) Reconciliation of Income and Social Contribution tax expenses

	Parent company					
	Income tax			Social contribution tax		
	2nd quarter/2021 - quarterly taxable income	1st quarter/2021 - quarterly taxable income	06/30/2020- Annual taxable income	2nd quarter/2021 - quarterly taxable income	1st quarter/2021 - quarterly taxable income	06/30/2020- Annual taxable income
Income (loss) before taxes	410,745	(297,612)	(897,541)	410,745	(297,612)	(897,541)
ADD-BACKS						
Equity in earnings (losses) of controlled companies	1,000	754	1,875	1,000	754	1,875
Realization of positive difference of sub-account - Assets	27	26	54	27	26	54
Amortization, cost of loan raising	-	-	82	-	-	82
Exchange rate gains (losses) on loans	-	274,933	490,240	-	274,933	490,240
Interest on loans	1,955	1,259	-	1,955	1,259	-
Provision for contingencies	18,793	-	-	18,793	-	-
Other add-backs	1,147	1,252	2,387	1,147	1,252	2,387
DEDUCTIONS						
Depreciation - Corporate x Tax rate differences	8,129	8,097	16,399	8,129	8,097	16,399
Exchange rate gains from (losses on) loans	413,690	-	-	413,690	-	-
Other deductions	80	79	146	80	79	146
Adjusted income/(loss)	11,768	(27,564)	(419,448)	11,768	(27,564)	(419,448)
Applicable rates	25%	25%	15% + 10%	9%	25%	9%
Current Income and Social Contribution Taxes	(2,044)	-	-	(741)	-	-
Tax debts accrued from deferred Income and Social Contribution Taxes on temporary differences	3,395	(1,457)	(3,573)	1,223	(524)	(1,287)
Income and Social Contribution Taxes in income (loss)	1,351	(1,457)	(3,573)	482	(524)	(1,287)

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	Consolidated					
	Income tax			Social contribution tax		
	2nd quarter/2021 - quarterly taxable income	1st quarter/2021 - quarterly taxable income	06/30/2020- Annual taxable income	2nd quarter/2021 - quarterly taxable income	1st quarter/2021 - quarterly taxable income	06/30/2020- Annual taxable income
Income/(loss) before taxes	410,773	(297,602)	(897,512)	410,773	(297,602)	(897,512)
ADD-BACKS						
Income (loss) from controlled companies under deemed profit	476	17	-	476	17	-
Realization of positive difference of sub-account - Assets	27	26	54	27	26	54
Amortization, cost of loan raising	-	-	82	-	-	82
Exchange rate gains (losses) on loans	-	274,933	490,240	-	274,933	490,240
Interest on loans	1,955	1,259	-	1,955	1,259	-
Provision for contingencies	18,793	-	-	18,793	-	-
Other add-backs	1,147	1,252	2,387	1,147	1,252	2,387
DEDUCTIONS						
Income (losses) of controlled companies using the deemed profit method	-	-	53	-	-	53
Depreciation - Corporate x Tax rate differences	8,129	8,097	16,399	8,129	8,097	16,399
Exchange rate gains from (losses on) loans	413,690	-	-	413,690	-	-
Other deductions	80	79	146	80	79	146
Adjusted income/(loss)	11,272	(28,291)	(421,347)	11,272	(28,291)	(421,347)
Applicable rates	25%	25%	25%	9%	9%	9%
Current IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax)	(2,044)	-	-	(741)	-	-
Current IRPJ and CSLL of controlled companies - taxable income	-	-	-	-	-	-
IRPJ and CSLL - Deemed profit	(18)	(6)	(18)	(10)	(4)	(11)
Tax debts accrued from deferred Income and Social Contribution Taxes on temporary differences	3,395	(1,457)	(3,573)	1,223	(524)	(1,287)
Income and Social Contribution Taxes in income (loss)	1,333	(1,463)	(3,591)	472	(528)	(1,298)

b) Breakdown of deferred Income and Social Contribution Taxes

	Parent company and consolidated	
	06/30/2021	12/31/2020
Income and Social Contribution tax losses	131,755	135,285
Provisions for contingencies	6,373	1,315
Taxed transactions on a cash basis - (exchange rate/interest)	212,786	212,786
Deferred IRPJ and CSLL tax assets	350,914	349,386
Deferred IRPJ and CSLL on temporary differences	(67,561)	(68,670)
Tax amortization of goodwill	(31,812)	(31,812)
Deferred IRPJ and CSLL tax liabilities	(99,373)	(100,482)
	251,541	248,904

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

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

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

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

21. Provisions for contingencies

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

As at June 30, 2021, the Company maintains a provision for contingencies arising from tax and labor claims whose likelihood of loss is probable, in the amount of R\$ 22,614 (R\$ 3,868 as at December 31, 2020).

	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Initial balance	1,610	1,610	1,610	1,610
New ones	21,131	2,385	21,131	2,385
Adjustment	291	291	291	291
Concluded ones	(418)	(418)	(418)	(418)
Final balance	22,614	3,868	22,614	3,868

As at June 30, 2021, the Company has court deposits in the amount of R\$ 12,690 (R\$ 15,663 as at December 31, 2020).

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

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As at June 30, 2021, the Company recorded provisions for contingencies resulting from the Tax Execution filed for the purpose of collecting ICMS tax debts of the state of Rio de Janeiro, in the amount of R\$ 17,311, and from an assessment of tax deficiency referring to ICMS filed by the state of Minas Gerais, in the amount of R\$ 1,434. These provisions were settled in August 2021.

As at June 30, 2021, the amount of such contingencies was R\$ 121,288 (R\$ 139,953 as at December 31, 2020), as follows:

Nature	Parent company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Tax contingencies	45,697	64,362	104,742	123,407
Labor contingencies	12,381	12,381	13,190	13,190
Civil contingencies	3,356	3,356	3,356	3,356
	<u>61,434</u>	<u>80,099</u>	<u>121,288</u>	<u>139,953</u>

22. Net operating revenues

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Gross sales				
Sales of goods	318,937	195,418	318,960	195,759
Deductions from sales	(79,750)	(49,067)	(81,943)	(51,592)
Sales returns	(378)	(353)	(378)	(353)
ICMS on sales	(54,837)	(33,374)	(55,441)	(34,406)
PIS and COFINS on sales	(24,514)	(15,187)	(26,053)	(16,640)
Others	(21)	(153)	(71)	(193)
Net operating revenues	<u>239,187</u>	<u>146,351</u>	<u>237,017</u>	<u>144,167</u>

23. General and administrative expenses

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Administrative personnel expenses	(10,216)	(7,420)	(10,320)	(7,480)
Lawyers' fees	(5,459)	(1,746)	(5,974)	(1,761)
Lease of properties/vehicles/equipment	(154)	(143)	(187)	(154)
Travel expenses	(17)	(153)	(28)	(164)
Third-party/consulting services	(2,294)	(1,853)	(2,557)	(2,041)
Others	(1,378)	(1,128)	(1,601)	(1,343)
	<u>(19,518)</u>	<u>(12,443)</u>	<u>(20,667)</u>	<u>(12,943)</u>

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24. Other operating revenues (expenses), net

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Provision for contingencies	(18,745)	-	(18,745)	-
Write-off of fixed assets/investments	(1,395)	-	(1,210)	-
Write-off of liabilities	-	-	-	-
ICMS on shipments	(1,407)	-	(1,407)	-
ICMS paid in installments	-	-	-	-
Others	(400)	(284)	(365)	(185)
	<u>(21,947)</u>	<u>(284)</u>	<u>(21,727)</u>	<u>(185)</u>

25. Net financial income (loss)

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Financial expenses				
Interest on loans	(16,030)	(91,256)	(16,030)	(91,256)
Interest/finances on taxes paid in installments	(2,855)	(9,867)	(2,948)	(11,305)
Discounts granted	(160)	(457)	(160)	(457)
Contractual interest - Finame	(21,622)	(297,474)	(21,622)	(297,474)
Exchange rate gains from (losses on) loans	-	(490,192)	-	(490,192)
Other financial expenses	(121)	(113)	(170)	(144)
	<u>(40,788)</u>	<u>(889,359)</u>	<u>(40,930)</u>	<u>(890,828)</u>

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Financial revenues				
Discounts obtained	64	305	66	305
Interest on financial investments	4	3	164	77
Interest received from customers	246	253	246	253
Exchange rate gains from (losses on) loans	138,748	-	138,748	-
Other financial revenues	1,416	997	1,442	1,032
	<u>140,478</u>	<u>1,558</u>	<u>140,666</u>	<u>1,667</u>
	<u>99,690</u>	<u>(887,801)</u>	<u>99,736</u>	<u>(889,161)</u>

26. Segment reporting

Management groups entities into two distinct segments:

a) Cement

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

b) Real estate management and development

This segment is mainly engaged in developing and managing properties.

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

The segment's performance is appraised based on operating income (loss), which is measured in relation to operating income (loss) as stated in the consolidated financial information.

The Company's information by segment is as follows:

	06/30/2021				
	Cement	Real estate management and development	Others	Deductions	Total Consolidated
Net revenues	239,187	23	14,445	(16,638)	237,017
Gross income (loss)	61,652	23	(856)	-	60,819
Depreciation and amortization	(10,151)	-	(375)	-	(10,526)
Operating income (loss)	15,197	(564)	(1,198)	-	13,435
Financial income (loss)	99,690	110	(64)	-	99,736
Equity in earnings (losses) of controlled companies	(1,754)	-	-	1,754	-
Income (loss) before taxes	113,133	(454)	(1,262)	1,754	113,171
Income and Social Contribution Taxes	(148)	(38)	-	-	(186)
Minority interest	-	-	-	-	-
Net income (loss)	112,985	(492)	(1,262)	1,754	112,985
Current assets	126,678	57,530	3,686	(809)	187,085
Noncurrent assets	1,219,725	15,584	49,763	(136,787)	1,148,285
Current liabilities	3,260,168	21,348	4,481	(38,282)	3,247,715
Noncurrent liabilities	353,434	278	5,002	(3,910)	354,804

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

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27. Financial instruments and risk management

27.1. Analysis of financial instruments

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

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

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

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

Financial assets	Parent company					
	06/30/2021			12/31/2020		
	Amortized cost	Fair value through income (loss)	Total	Amortized cost	Fair value through income (loss)	Total
Cash and cash equivalents	697	-	697	2,234	-	2,234
Accounts receivable	29,678	-	29,678	19,540	-	19,540
Note receivable and receivables from third parties	7,745	-	7,745	7,481	-	7,481
Related-party transactions	21,881	-	21,881	10,711	-	10,711
	<u>60,001</u>	<u>-</u>	<u>60,001</u>	<u>39,966</u>	<u>-</u>	<u>39,966</u>

Financial assets	Consolidated					
	06/30/2021			12/31/2020		
	Amortized cost	Fair value through income (loss)	Total	Amortized cost	Fair value through income (loss)	Total
Cash and cash equivalents	21,389	-	21,389	19,071	-	19,071
Trade accounts receivable	29,678	-	29,678	19,540	-	19,540
Note receivable and receivables from third parties	11,319	-	11,319	11,029	-	11,029
	<u>62,386</u>	<u>-</u>	<u>62,386</u>	<u>49,640</u>	<u>-</u>	<u>49,640</u>

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27.2. Classification of financial instruments by category

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

Financial liabilities	Parent company	
	06/30/2021	12/31/2020
Trade accounts payable	39,048	17,560
Loans and financing	3,321,193	3,433,524
Related-party transactions	15,593	15,593
	<u>3,375,834</u>	<u>3,466,677</u>

Financial liabilities	Consolidated	
	06/30/2021	12/31/2020
Trade accounts payable	39,464	24,472
Loans and financing	3,321,193	3,433,524
	<u>3,360,657</u>	<u>3,457,996</u>

27.3. Risk management

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

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

a) Exchange rate risk

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

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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	Amount in Brazilian Reais	Sensitivity analysis	
		(Scenario I) future value I	(Scenario II) future value II
Notes	1,731,336	2,164,170	2,597,004
Sinosure	101,035	126,294	151,552
Tupacta	1,143,860	1,429,825	1,715,790
Cemrock	841	1,051	1,261

b) Credit risk

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

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

c) Interest rate risk

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

d) Liquidity risk

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

The following table shows in detail the remaining contractual maturity of the Company's main financial liabilities and the contractual amortization terms.

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This table was prepared in accordance with the undiscounted cash flows of financial assets and liabilities based on the nearest date on which the Company and its controlled companies shall settle the respective obligations.

	Parent company			Total
	Up to one year	One to three years	More than three years	
Loans and financing	3,113,304	1,594	206,295	3,321,193
Trade accounts payable	39,048	-	-	39,048
Advances from customers	982	-	-	982
Other financial liabilities	106,834	93,701	51,844	252,379
Balances as at June 30, 2021	3,260,168	95,295	258,139	3,613,602

	Consolidated			Total
	Up to one year	One to three years	More than three years	
Loans and financing	3,113,304	1,594	206,295	3,321,193
Trade accounts payable	39,464	-	-	39,464
Advances from customers	982	-	-	982
Other financial liabilities	93,965	92,242	54,673	240,880
Balances as at June 30, 2021	3,247,715	93,836	260,968	3,602,519

28. Insurance coverage

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

The amounts of insurance taken out to cover possible losses in locations with concentrated risks are based on estimates and on the maximum possible loss that could happen in a single event.

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

29. Subsequent events

On July 30, 2021, the Company was notified that the credits held by Banco de Desenvolvimento de Minas Gerais (BDMG) arising from the Deed of Financing Through Indirect Transfer of BNDES Funds No. 161.193/13 and amendments were assigned to Megeve Capital LLC.

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The Court-Ordered Reorganization Plan presented by the Company was approved by the majority of creditors at the General Creditors' Meeting held on October 14, 2021. As soon as it is approved by the court, the Company will make payments to creditors as established in the plan.