



una empresa  InterCement

***Loma Negra Compañía Industrial  
Argentina Sociedad Anónima***

***Consolidated condensed interim financial  
statements as of June 30, 2020 and for the six  
and three- month periods ended June 30,  
2020 and 2019***



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LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA  
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2020  
AND 2019

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Information Report

LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA  
 UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME AS OF JUNE 30, 2020 AND 2019

(All amounts are expressed in thousands of Argentine pesos - \$ - except otherwise indicated)

	Notas	Six months		Three months	
		06.30.2020	06.30.2019	06.30.2020	06.30.2019
Net revenues	4	15,635,211	22,291,490	7,452,634	10,664,280
Cost of sales	5	(11,342,180)	(16,202,078)	(5,652,986)	(7,927,532)
Gross profit		4,293,031	6,089,412	1,799,648	2,736,748
Selling and administrative expenses	6	(1,305,426)	(1,672,490)	(640,751)	(693,818)
Other gains and losses	7	51,364	(20,447)	4,310	(17,167)
Tax on bank accounts debits and credits	8	(176,581)	(231,193)	(68,891)	(57,670)
FINANCIAL RESULTS, NET					
Exchange rate differences	9	(738,838)	162,330	(559,610)	413,833
Gain on net monetary position		198,036	816,205	67,788	498,720
Financial income	9	30,712	14,123	40,162	(24,707)
Financial expenses	9	(1,076,841)	(826,290)	(654,677)	(511,331)
Profit before tax		1,275,457	4,331,650	(12,021)	2,344,608
INCOME TAX EXPENSE					
Current	10	(235,039)	(1,012,795)	49,135	(477,844)
Deferred	10	(1,977)	(80,515)	73,493	(296,821)
NET PROFIT FOR THE PERIOD		<u>1,038,441</u>	<u>3,238,340</u>	<u>110,607</u>	<u>1,569,943</u>
OTHER COMPREHENSIVE INCOME					
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		<u>(91,028)</u>	<u>(399,521)</u>	<u>31,633</u>	<u>(384,696)</u>
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		<u>(91,028)</u>	<u>(399,521)</u>	<u>31,633</u>	<u>(384,696)</u>
TOTAL COMPREHENSIVE INCOME		<u>947,413</u>	<u>2,838,819</u>	<u>142,240</u>	<u>1,185,247</u>
Net profit for the period attributable to:					
Owners of the Company		985,092	3,105,507	81,740	1,520,503
Non-controlling interests		<u>53,349</u>	<u>132,833</u>	<u>28,867</u>	<u>49,440</u>
NET PROFIT FOR THE PERIOD		<u>1,038,441</u>	<u>3,238,340</u>	<u>110,607</u>	<u>1,569,943</u>
Total comprehensive income attributable to:					
Owners of the Company		938,666	2,901,744	97,877	1,324,301
Non-controlling interests		<u>8,747</u>	<u>(62,925)</u>	<u>44,363</u>	<u>(139,054)</u>
TOTAL COMPREHENSIVE INCOME		<u>947,413</u>	<u>2,838,819</u>	<u>142,240</u>	<u>1,185,247</u>
Earnings per share (basic and diluted) in Argentine pesos	11	1,6528	5,2104	0,1371	2,5511

Free translation of the financial statements originally filed in Spanish with the Argentine Securities Commission ("CNV").

LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA  
 UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS OF  
 JUNE 30, 2020 AND DECEMBER 31, 2019  
 (All amounts are expressed in thousands of Argentine pesos - \$ - except otherwise indicated)

	Notes	<u>06.30.2020</u>	<u>12.31.2019</u>
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	12	50,954,700	51,141,055
Right of use of assets	16	419,094	464,216
Intangible assets		120,211	145,588
Investments	18	2,904	2,904
Goodwill		28,968	28,968
Inventories	13	1,889,921	1,781,888
Other receivables	15	567,814	645,067
Trade accounts receivable	17	-	2,624
Total non-current assets		<u>53,983,612</u>	<u>54,212,310</u>
Current assets			
Inventories	13	6,402,478	6,150,361
Other receivables	15	794,270	703,481
Trade accounts receivable	17	2,707,777	3,126,139
Investments	18	2,011,568	1,158,208
Cash and banks		1,370,957	1,757,915
Total current assets		<u>13,287,050</u>	<u>12,896,104</u>
Total assets		<u>67,270,662</u>	<u>67,108,414</u>

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

LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA  
 UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS OF  
 JUNE 30, 2020 AND DECEMBER 31, 2019  
 (All amounts are expressed in thousands of Argentine pesos - \$ - except otherwise indicated)

	Notes	<u>06.30.2020</u>	<u>12.31.2019</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Capital stock and other capital related accounts	19	12,556,584	12,556,584
Reserves		17,848,518	13,487,456
Retained earnings		985,092	4,361,062
Accumulated other comprehensive income	20	328,678	375,104
Equity attributable to the owners of the Company		31,718,872	30,780,206
Non-controlling interests		2,542,716	2,533,969
Total shareholders' equity		<u>34,261,588</u>	<u>33,314,175</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	21	7,582,855	7,598,261
Accounts payable	22	80,857	158,324
Provisions	23	673,609	643,358
Lease liabilities	16	368,576	386,323
Other liabilities		50,993	58,488
Deferred tax liabilities	10	6,229,024	6,227,969
Total non-current liabilities		<u>14,985,914</u>	<u>15,072,723</u>
<b>Current liabilities</b>			
Borrowings	21	9,922,891	6,289,484
Accounts payable	22	6,196,690	10,295,930
Advances from customers		306,333	219,435
Salaries and social security payables		719,014	1,088,972
Tax liabilities	24	688,763	616,513
Lease liabilities	16	116,527	116,529
Other liabilities		72,942	94,653
Total current liabilities		<u>18,023,160</u>	<u>18,721,516</u>
Total liabilities		<u>33,009,074</u>	<u>33,794,239</u>
Total shareholders' equity and liabilities		<u>67,270,662</u>	<u>67,108,414</u>

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LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA  
 UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY AS OF JUNE 30, 2020  
 (All amounts are expressed in thousands of Argentine pesos - \$ - except otherwise indicated)

	Owners contributions								Accumulated other comprehensive income		Equity attributable to owners of the Company	Non-controlling interests	Total
	Capital	Adjustment to capital	Share premium	Merger premium	Legal reserve	Environmental reserve	Optional reserve	Future dividends reserve	Exchange differences on translation of foreign operations gains / (losses)	Retained earnings			
Balances as of January 1, 2020	59,603	3,949,733	7,239,497	1,307,751	656,811	6,259	12,771,743	52,643	375,104	4,361,062	30,780,206	2,533,969	33,314,175
Resolved by Ordinary General Shareholders' Meeting dated April 16, 2020:													
- Legal reserve					145,056					(145,056)			
- Optional reserve							4,216,006			(4,216,006)			
Other comprehensive income									(46,426)		(46,426)	(44,602)	(91,028)
Income for the period										985,092	985,092	53,349	1,038,441
Balances as of June 30, 2020	59,603	3,949,733	7,239,497	1,307,751	801,867	6,259	16,987,749	52,643	328,678	985,092	31,718,872	2,542,716	34,261,588

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

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LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA  
 UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY AS OF JUNE 30, 2019  
 (All amounts are expressed in thousands of Argentine pesos - \$ - except otherwise indicated)

	Owners contributions							Accumulated other comprehensive income					
	Capital	Adjustment to capital	Share premium	Merger premium	Legal reserve	Environmental reserve	Optional reserve	Future dividends reserve	Exchange differences on translation of foreign operations gains / (losses)	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
Balances as of January 1, 2019 Resolved by Ordinary General Shareholders' Meeting dated April 25, 2019:	59,603	3,949,733	7,239,497	1,307,751	181,675	6,259	3,744,145	52,643	479,653	9,502,734	26,523,693	2,401,985	28,925,678
- Legal reserve					475,136					(475,136)			
- Optional reserve							9,027,598			(9,027,598)			
Other comprehensive income									(203,763)		(203,763)	(195,758)	(399,521)
Income for the period										3,105,507	3,105,507	132,833	3,238,340
Balances as of June 30, 2019	59,603	3,949,733	7,239,497	1,307,751	656,811	6,259	12,771,743	52,643	275,890	3,105,507	29,425,437	2,339,060	31,764,497

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LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA  
NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS OF  
JUNE 30, 2020 AND 2019  
(All amounts are expressed in thousands of Argentine pesos - \$ - except otherwise indicated)

	06.30.2020	06.30.2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the period	1,038,441	3,238,340
Adjustments to reconcile net profit to net cash generated by operating activities		
Income tax expense	237,016	1,093,310
Depreciation and amortization	1,780,086	1,696,649
Provisions	(9,324)	104,798
Interest expense	970,133	277,624
Exchange rate differences	292,873	(280,515)
Others	-	3,952
Gain on disposal of property, plant and equipment	15,354	(105)
Changes in operating assets and liabilities		
Inventories	(423,677)	(1,075,960)
Other receivables	(44,876)	(17,101)
Trade accounts receivable	172,519	(758,389)
Advances from customers	93,714	(45,669)
Accounts payable	(7,765)	(202,236)
Salaries and social security payables	(259,735)	88,634
Provisions	(24,708)	(119,063)
Tax liabilities	162,777	(416,389)
Other liabilities	(28,510)	286,960
Gain on net monetary position	(198,036)	(816,205)
Income tax paid	(324,557)	(732,688)
Net cash generated by operating activities	3,441,725	2,325,947
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	19,943	12,016
Payments to acquire property, plant and equipment	(5,286,988)	(6,728,165)
Payments to acquire intangibles assets	(2,971)	(27,939)
Contributions to F.F.F.S.F.I.	(22,242)	(33,396)
Net cash used in investing activities	(5,292,258)	(6,777,484)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	10,551,256	4,358,453
Interest paid	(1,507,055)	(959,115)
Lease liabilities	(57,275)	(46,641)
Repayment of borrowings	(6,585,479)	(2,029,722)
Net cash generated by financing activities	2,401,447	1,322,975
Net increase (decrease) in cash and cash equivalents	550,914	(3,128,562)
Cash and cash equivalents at the beginning of the period	2,916,123	5,070,808
Effect of restating in constant currency of cash and cash equivalents	(62,365)	(91,500)
Effects of the exchange rate differences on cash and cash equivalents in foreign currency	(22,147)	(181,143)
Cash and cash equivalents at the end of the period	3,382,525	1,669,603

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

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LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA  
NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS OF  
JUNE 30, 2020 AND 2019  
(All amounts are expressed in thousands of Argentine pesos - \$ - except otherwise indicated)

1. LEGAL INFORMATION

Legal address:

Boulevard Cecilia Grierson 355, 4th Floor, City of Buenos Aires, Argentina.

Fiscal year number:

Fiscal year number 96, beginning January 1, 2020.

Principal business of the Company:

The Company and its subsidiaries, mentioned below, are referred to in these consolidated condensed interim financial statements as the “Group”.

The main activity of the Company is the manufacturing and selling of cement and its derivatives, as well as the exploration of mineral resources that are used in the production process.

The Company has 9 factories in Argentina, in the provinces of Buenos Aires, Neuquén, San Juan and Catamarca. The Company also has 10 concrete plants.

In addition, the Group, through its subsidiary Cofesur S.A.U., has a controlling interest in Ferrosur Roca S.A., a company operating the rail freight network of the Roca Railroad under a concession granted by the Argentine government in 1993 for a period of 30 years, which allows access from several of Loma Negra’s cement production plants to the rail network. On March 8, 2018 and with the due approval of its majority shareholder (Cofesur S.A.U.), Ferrosur Roca S.A. requested the Enforcement Authority an extension of the concession for an additional term of 10 years, pursuant to the provisions of the Bidding Terms and Conditions and the Concession Agreement. This requirement is now subject to the renegotiation and readjustment of the concession contract in order to mitigate the consequences that seriously affect the company’s business and alter the balance of the concession contract. As of the date of issuance of these consolidated condensed interim financial statements, Ferrosur Roca S.A. is moving forward, together with the Special Commission for Contract Renegotiation in order to obtain the extension requested and it is optimistic in its evaluation regarding the process of renegotiation and readjustment of the concession contract and therefore in its assessment as to obtaining a formal extension of the concession for an additional 10-year period. The Group considers that the term of the concession has been extended for purposes of all required accounting evaluations and estimates.

The Group also has a controlling interest in Recycomb S.A.U., a company engaged in the treatment and recycling of industrial waste intended to be used as fuel or raw material, and a controlling interest in Yguazú Cementos S.A., a company organized in Paraguay engaged in the manufacturing and marketing of cement.

Date of registration in the Argentine General Inspection of Justice (IGJ):

- Registration of the bylaws: August 5th, 1926 under No 38, Book 46.
- Last amendment registered to the bylaws: August 29th, 2017, under No. 17,557 Book 85 of Companies by shares.
- Correlative Number of Registration with the IGJ: 1,914,357.
- Tax identification number [CUIT]: 30-50053085-1.
- Date of expiration: July 3, 2116.

Parent company:

InterCement Trading e Inversiones S.A. with 51.0437% of the Company’s capital stock and votes.

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Capital structure:

The subscribed for and paid in capital amounts to \$ 59,602,649, represented by 596,026,490 book-entry common shares with a nominal value of \$ 0.10 each, and each entitling to one vote.

2. BASIS OF PREPARATION

2.1 Basis of preparation

The accompanying consolidated condensed interim statement of financial position as of June 30, 2020, the consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and of cash flows for the six and three-month periods ended June 30, 2020 and 2019 and the notes to the consolidated condensed interim financial statements (hereinafter, the “interim financial statements”) are unaudited and have been prepared as interim financial information. These interim financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, pursuant to the provisions in Technical Resolution No. 26 (as amended) issued by the Argentine Federation of Professional Councils of Economic Sciences [FACPCE] and the Regulations issued by the Argentine Securities Commission [“*Comisión Nacional de Valores*” (CNV)].

Consequently, not all of the disclosures required in accordance with International Financial Reporting Standards (“IFRS”) for annual financial statements are included herein, hence, these interim financial statements shall be read in conjunction with the Group’s consolidated financial statements for the fiscal years ended December 31, 2019 and 2018 issued on March 10, 2020. In the opinion of the Group’s Management, these unaudited consolidated condensed interim financial statements include all normal recurring adjustments, which are necessary for a fair representation of financial results for the interim periods presented.

The financial information as of December 31, 2019 presented in these unaudited consolidated condensed interim financial statements arises from our audited consolidated financial statements for the fiscal year ended December 31, 2019 restated in closing currency of the reported period, following the guidelines in IAS 29. Such guidelines have been described in Note 2.2 to our consolidated financial statements as of December 31, 2019.

The results of operations for the six-month periods ended June 30, 2020 and 2019 do not necessarily reflect the results for the full years. The Company believes that the disclosures are appropriate and adequate to consider that the information presented is not misleading.

As a consequence of the pandemic caused by the COVID-19 virus, which has caused global economic disruption, the Group has implemented active prevention programs in its different locations and contingent plans to minimize the risk related to the pandemic and continue with its operations; being the main measures and effects described in Note 32 to these interim consolidated financial statements. The Group's Management has considered the impact of COVID-19, and the current conditions of the economy and the market, for the preparation of the interim financial information, including in said evaluation the significant accounting judgments and estimates of the Group, concluding that there are no changes in judgments and significant estimates disclosed in the consolidated financial statements as of December 31, 2019.

These consolidated condensed interim financial statements were approved for issue by the Board of Directors on August 10, 2020, the date when the interim financial statements were available for issuance.

2.2 Basis of consolidation

These interim financial statements include the unaudited consolidated condensed interim statement of financial position, results of operations and cash flows of the Company and its consolidated subsidiaries. The basis of consolidation and the subsidiaries are the same as for the Company’s audited consolidated financial statements for the year ended December 31, 2019, issued on March 10, 2020.

The consolidated information disclosed in these condensed interim financial statements include the following subsidiaries:

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NOTES TO THE UNAUDITED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS OF  
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(All amounts are expressed in thousands of Argentine pesos - \$ - except otherwise indicated)

	Main business	Country	% of direct and indirect ownership as of		
			<u>06.30.20</u>	<u>12.31.19</u>	<u>06.30.19</u>
Subsidiary name:					
Cofesur S.A.U.	Investment	Argentina	100.00	100.00	100.00
Ferrosur Roca S.A. (1)	Rail freight transportation	Argentina	80.00	80.00	80.00
Recycomb S.A.U.	Waste recycling	Argentina	100.00	100.00	100.00
Yguazú Cementos S.A.	Marketing, selling and manufacture construction materials	Paraguay	51.00	51.00	51.00

(1) Directly controlled by Cofesur S.A.U.

Below is a summary of the financial information for subsidiaries with material non-controlling interests. The summarized information below does not include intragroup eliminations due to consolidation.

a) Yguazú Cementos S.A.

	06.30.2020	12.31.2019
Current assets (1)	2,540,002	2,579,082
Non-current assets	6,007,082	6,366,481
Current liabilities (2)	573,077	906,992
Non-current liabilities (2)	2,670,053	3,017,294
Equity attributable to the owners of the company	2,705,105	2,560,935
Non-controlling interests	2,598,849	2,460,342

(1) Includes 1,123,346 and 1,434,637 in Cash and cash equivalents as of June 30, 2020 and as of December 31, 2019, respectively.

(2) Includes the financial borrowings described in Note 21.

	06.30.2020	06.30.2019
<u>Six-month period</u>		
Net revenues	1,962,840	2,086,378
Financial results, net	(102,516)	(166,040)
Depreciations	(311,280)	(326,965)
Income tax	(43,344)	(33,944)
Profit for the year	373,705	374,263

	06.30.2020	06.30.2019
<u>Six-month period</u>		
Net cash generated by operating activities	564,547	559,546
Net cash used in investing activities	(63,690)	(18,997)
Net cash used in financing activities	(771,813)	(596,063)

The figures presented for Yguazú Cementos S.A. arise from the information provided by that company, converted into Argentine pesos and adjusted to conform to the Company's accounting policies and in compliance with IFRS.

b) Ferrosur Roca S.A.

	06.30.2020	12.31.2019
Current assets	915,546	620,881
Non-current assets	2,234,041	2,847,479
Current liabilities	2,007,707	2,782,408

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LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA  
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(All amounts are expressed in thousands of Argentine pesos - \$ - except otherwise indicated)

Non-current liabilities	1,422,531	317,813
Equity attributable to owners of the company	(224,521)	294,511
Non-controlling interests	(56,130)	73,628
	<u>06.30.2020</u>	<u>06.30.2019</u>
<u>Six-month period</u>		
Net revenues	1,469,160	2,111,387
Financial results, net	(243,960)	(144,480)
Depreciations	(367,868)	(349,806)
Income tax	(66,010)	34,603
Loss for the period (*)	(648,790)	(252,750)

(\*) The net loss as of June 30, 2020 includes a gain of 4,951 from eliminations of intragroup transactions.

	<u>06.30.2020</u>	<u>06.30.2019</u>
<u>Six-month period</u>		
Net cash generated by operating activities	587,356	333,135
Net cash used in investing activities	(139,866)	(187,963)
Net cash used in financing activities	(425,087)	(114,689)

## 2.3 Accounting policies

These consolidated condensed interim financial statements have been prepared using the same accounting policies and criteria used in the preparation of the audited consolidated financial statements for the year ended December 31, 2019, except for the adoption of new standards and interpretations effective as of January 1, 2020.

### 2.3.1 Application of new and revised International Financial Reporting Standards (IFRS)

- Adoption of new and revised IFRS

The Group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and that are mandatorily effective as of June 30, 2020, as described in Note 2.2 to the Group's annual consolidated financial statements as of December 31, 2019.

The Group has not opted for early adoption of any other standard, interpretation or amendment that has been issued but is not yet in force.

- New standards

New standards and interpretations issued during the six-month period ended June 30, 2020 and the standards and interpretations issued but not mandatory as of that date are described in Note 2.2 to the consolidated financial statements as of December 31, 2019.

## 3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES USED FOR ESTIMATING UNCERTAINTY

In the application of the Group's accounting policies, the Group's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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Underlying estimates and assumptions are continuously reviewed. Changes in estimates are accounted for prospectively.

The unaudited consolidated condensed interim financial statements reflect all adjustments which are, in the opinion of Management, necessary to make a fair statement of the results for the interim periods presented.

There are no significant changes to the critical judgements used by Management in applying accounting policies to the critical judgements disclosed in the annual consolidated financial statements for the year ended December 31, 2019.

As a consequence of the activities in which the Group is engaged, its transactions do not have a significant cyclical or seasonal character. Nevertheless, during the second half of the year, the volume of sales in Argentina has historically showed a slight increase.

#### 4. NET REVENUE

	06.30.2020	06.30.2019
<u>Six-month period</u>		
Sales of goods	19,894,891	22,472,084
Domestic market	19,880,966	22,456,860
External customers	13,925	15,224
Services rendered	975,519	1,249,992
(-) Bonus / Discounts	(5,235,199)	(1,430,586)
Total	<u>15,635,211</u>	<u>22,291,490</u>

#### 5. COST OF SALES

	06.30.2020	06.30.2019
<u>Six-month period</u>		
Inventories at the beginning of the year	7,932,249	7,784,931
Finished products	556,133	677,004
Products in progress	1,791,683	1,881,486
Raw materials, materials, fuel and spare parts	<u>5,584,433</u>	<u>5,226,441</u>
Currency translation differences	(35,211)	82,670
Purchases and production expenses for the period	11,737,541	17,166,834
Inventories at the end of the period	(8,292,399)	(8,832,357)
Finished products	(429,316)	(601,833)
Products in progress	(1,692,299)	(2,474,461)
Raw materials, materials, fuel and spare parts	<u>(6,170,784)</u>	<u>(5,756,063)</u>
Cost of sales	<u>11,342,180</u>	<u>16,202,078</u>

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The detail of production expenses is as follows:

	06.30.2020	06.30.2019
<u>Six-month period</u>		
Fees and service fees	221,406	287,592
Salaries, wages and social security contributions (1)	1,974,762	2,960,757
Transport and travelling expenses	81,195	115,212
Data processing	7,296	13,038
Taxes, contributions and commissions	198,501	288,287
Depreciation and amortizations	1,652,102	1,651,469
Preservation and maintenance costs	1,033,205	1,580,115
Communications	14,195	15,566
Leases	20,737	41,816
Employee benefits	42,589	66,833
Water, natural gas and energy services	3,122	5,655
Freight	776,199	1,268,944
Fuel	1,266,655	2,833,623
Insurance	44,042	46,623
Packaging	498,612	592,543
Electrical power	1,041,365	1,635,973
Contractors	731,964	1,237,239
Tolls	73,793	2,377
Canon (concession fee)	14,548	15,064
Security	75,356	91,383
Others	163,602	199,304
Total	<u>9,935,246</u>	<u>14,949,413</u>

(1) Includes Assistance to Work and Production ("ATP") that amounted to approximately 80,000, which is mentioned in Note 32.

## 6. SELLING AND ADMINISTRATIVE EXPENSES

	06.30.2020	03.21.2019
<u>Six-month period</u>		
Managers and directors compensation and fees	97,565	157,655
Fees and compensation for services	154,304	138,608
Salaries, wages and social security contributions	307,223	518,001
Transport and travelling expenses	10,435	21,249
Data processing	24,513	26,337
Advertising expenses	24,289	39,654
Taxes, contributions and commissions	302,351	423,867
Depreciation and amortizations	128,643	72,662
Preservation and maintenance costs	6,478	7,161
Communications	15,074	17,402
Leases	10,632	12,021
Employee benefits	11,724	24,340
Water, natural gas and energy services	2,368	2,561
Freight	141,830	145,105
Insurance	31,311	30,626
Allowance for doubtful accounts	8,236	3,060
Security	3,974	3,737
Others	24,476	28,444
Total	<u>1,305,426</u>	<u>1,672,490</u>

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7. OTHER GAINS AND LOSSES

	06.30.2020	06.30.2019
<u>Six-month period</u>		
Loss (gain) on disposal of property, plant and equipment	(15.354)	105
Donations	(6.390)	(14.054)
Technical assistance services provided	3.593	3.062
Substitute responsible tax	(24.327)	(11.641)
Gain on tax credit acquired	-	4.861
Contingencies	(16.426)	(42.344)
Leases	59.716	27.336
Collection of sinister's insurance	47.279	-
Miscellaneous	3.273	12.228
Total	<u>51.364</u>	<u>(20.447)</u>

8. TAX ON BANK ACCOUNTS DEBITS AND CREDITS

The general tax rate on bank debits and credits is 0.6% for the amounts debited and credited in the bank accounts of the Company. For the amounts debited and credited, 33% of both items may be taken as payment on account of other taxes. The 67% of the tax paid is included in this line item in the statement of profit or loss and other comprehensive income.

Pursuant to Law No. 27,432, the Argentine Executive Branch may set forth that the percentage of the tax mentioned that is not computable as payment on account of income tax should be progressively written down by up to 20% per year as from January 1, 2018. It can be established that in 2022 the tax set forth in Law No. 25,413, as subsequently amended, shall be fully computed as payment on account of income tax. On May 7, 2018, Decree 409/2018 was published in the Official Gazette; it established that taxpayers within the scope of the general twelve per thousand tax may apply 33% of the amounts credited and debited in the respective bank accounts to partial payment of income tax.

9. FINANCIAL RESULTS, NET

	06.30.2020	06.30.2019
<u>Six-month period</u>		
<u>Exchange rate differences</u>		
Foreign exchange gains	-	309.110
Foreign exchange losses	(738.838)	(146.780)
Total	<u>(738.838)</u>	<u>162.330</u>
<u>Financial income</u>		
Unwinding of discounts on provisions and liabilities	30.712	14.123
Total	<u>30.712</u>	<u>14.123</u>
<u>Financial expenses</u>		
Interest from short-term investments	(26.302)	(43.583)
Interest on borrowings	(788.777)	(582.812)
Interest on leases	(24.257)	(24.833)
Tax interest	(32.265)	(69.396)
Unwinding of discounts on receivables	(48.310)	(24.898)
Others	(156.930)	(80.768)
Total	<u>(1.076.841)</u>	<u>(826.290)</u>

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#### 10. INCOME TAX EXPENSE

Income tax expense is recognized on the basis of the actual profit for the period and the statutory rate expected at year-end.

This criterion does not significantly differ from the criterion established in IAS 34, which requires income tax expense to be recognized in each interim period based on the best estimate of the effective tax rate expected as of year-end.

The reconciliation of income tax expense for the six-month periods ended June 30, 2020 and 2019 and that which would result from applying the statutory rate in force on the net profit before income tax expense that arises from the condensed interim statement of profit or loss and other comprehensive income for each period is as follows:

	06.30.2020	06.30.2019
Profit before income tax expense	1,275,457	4,331,650
Statutory income tax rate (*)	30%	30%
Income tax at statutory rate	(382,637)	(1,299,495)
Adjustments for calculation of the effective income tax:		
Effect of different income tax rate in Paraguay(*)	83,410	81,642
Non-recognized loss carryforwards in subsidiaries	(189,181)	-
Effects of the fiscal revaluation and adjustment to reflect inflation for accounting and tax purposes	256,485	(19,665)
Effect of change in tax rate	(12,180)	135,088
Other non-taxable income or non-deductible expense, net	7,087	9,120
Total income tax expense	<u>(237,016)</u>	<u>(1,093,310)</u>
INCOME TAX		
Current		
Deferred	(235,039)	(1,012,795)
Total	<u>(1,977)</u>	<u>(80,515)</u>
	<u>(237,016)</u>	<u>(1,093,310)</u>

(\*) The statutory income tax rate in force in Argentina for this period was 30% in 2019, while in Paraguay was 10%.

Likewise, the breakdown of deferred income as of June 30, 2020 and December 31, 2019 is as follows:

	06.30.2020	12.31.2019
<u>Deferred tax assets</u>		
Loss carryforward from subsidiary	236,687	305,380
Leases	21,205	46,965
Provisions	106,176	105,931
Accounts payable	6,381	114,051
Salaries and social security payables	4,395	-
Other liabilities	2,950	-
Trade accounts receivable	636	14,171
Others	223	14,837
Total deferred tax assets	<u>378,653</u>	<u>601,335</u>

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Deferred tax liabilities

Investments	(3,673)	(6,645)
Other receivables	(5,124)	(45,341)
Property, plant and equipment	(4,810,169)	(5,141,125)
Borrowings	(1,999)	(1,232)
Other liabilities	-	(2,963)
Inventories	(752,191)	(674,994)
Taxes payable (adjustment to reflect inflation for tax purposes)	(1,034,461)	(956,616)
Others	(60)	(388)
Total deferred tax liabilities	<u>(6,607,677)</u>	<u>(6,829,304)</u>
Total net deferred tax liabilities	<u>(6,229,024)</u>	<u>(6,227,969)</u>

The Tax Reform Law No. 27,430, modified in turn by Law No. 27,468 prescribes the following in connection with the adjustment to reflect the effects of inflation for tax purposes to become effective for the fiscal years commencing on January 1, 2018: (a) the adjustment shall be applicable in the fiscal year in which a CPI variation in excess of 100% is verified during the thirty-six months previous to the closing date of the fiscal year being calculated; (b) as regards the first, second and third fiscal years as from its coming into force, this procedure shall apply in the event the variation in such index, calculated as from the beginning and until the close of each of such fiscal years, exceeds 55%, 30% and 15% for the first, second and third year of application, respectively and (c) that the adjustment to reflect the effects of inflation for tax purposes —be it a gain or a loss— as applicable, corresponding to the first, second and third fiscal year commencing as from January 1, 2018 that has to be calculated if the hypotheses contemplated in the preceding sub-sections (a) and (b) are verified, shall be computed as follows: one sixth in that fiscal period and the remaining five sixths, in equal parts, in the immediately following two fiscal periods.

At each interim period-end, entities should consider whether as of the end of the tax period the conditions established by the income tax law to apply the tax inflation adjustment will be met. The information available as of the date of approval of these consolidated condensed interim financial statements on changes in the CPI confirms that such conditions have already been satisfied. Therefore, the current and deferred income tax has been recorded in the six-month period ended June 30, 2020, including the effects from application of tax inflation adjustment in accordance with the law.

# 11. EARNINGS PER SHARE

Basic and diluted earnings per share

The earnings and the weighted average number of common shares used in the calculation of basic and diluted earnings per share are as follows:

	Six months		Three months	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Profit attributable to the owners of the parent company used in the calculation of earnings per share – basic and diluted	<u>985,092</u>	<u>3,105,507</u>	<u>81,740</u>	<u>1,520,503</u>
Weighted average number of common shares for purposes of basic and diluted earnings per share (in thousands)	<u>596,026</u>	<u>596,026</u>	<u>596,026</u>	<u>596,026</u>
Basic and diluted earnings per share (in pesos)	1.6528	5.2104	0.1371	2.5511

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12. PROPERTY, PLANT AND EQUIPMENT

	06.30.2020	12.31.2019
Cost	109,328,659	107,921,434
Accumulated depreciation	(58,373,959)	(56,780,379)
Total	50,954,700	51,141,055
Land	591,153	591,785
Plant and buildings	8,624,121	8,806,047
Machinery, equipment and spare parts	16,112,982	16,769,729
Transport and load vehicles	1,664,021	1,891,926
Furniture and fixtures	62,359	64,376
Quarries	3,724,757	3,780,223
Tools	37,234	46,299
Construction in progress	20,138,073	19,190,670
Total	50,954,700	51,141,055

During the six-month period ended on June 30, 2020, the construction of the new cement plant L'Amalí II, in the City of Olavarria, Province of Buenos Aires, was suspended for approximately one month, in compliance with Executive Decree No. 297/2020, as amended and extended from time to time, which mandated social distancing in Argentina. Currently, the Company continues with the construction works, under stringent health protocols established by the Provincial Government and the Group. As of June 30, 2020, the amount invested in such plant totaled 18.652.938.

The Group has taken several borrowings and has used instruments to pay accounts payable in foreign currency in order to fund a part of the investment mentioned above. IAS 23 sets forth that borrowing costs or other liabilities that are directly attributable to the acquisition, construction or production of an eligible asset that requires a substantial period before being ready for use, are capitalized as part of the cost of said asset, except for the portion of these costs that compensate the creditor for the effects of inflation, always provided that they may result in future economic benefits for the Company and may be measured on a reliable basis. All other borrowing costs are accounted for as expenses in the period in which they are incurred. Borrowing costs include interest, foreign exchange gains / (losses) and other costs incurred by the Company in connection with the execution of the respective borrowing agreements.

Given that the referred Group's indebtedness is mainly in foreign currency, the Group evaluates as of the end of each reporting period if foreign exchange gains / (losses) originating on those debts attributable to the construction of the referred asset are an adjustment of the costs for interest on those loans that have to be capitalized together with such interest. Based on the foregoing, the Group has capitalized interest and foreign exchange gains / (losses) actually incurred during the six-month period ended June 30, 2020 for an amount of 157,699, taking, to that end, as a maximum cap of said capitalization, the amount that would have corresponded to a rate equivalent in pesos net of the effects of inflation on the liabilities that generate them. The actual interest rate, that is, net of the effect of exposure to inflation, used to determine such cap for the capitalization of actual costs for loans (interest and foreign exchange losses) to be capitalized amounted to 4.6% during this six-month period.

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13. INVENTORIES

	06.30.2020	12.31.2019
Non-current		
Spare parts	1,940,648	1,816,370
Allowance for obsolete inventories	(50,727)	(34,482)
Total	1,889,921	1,781,888
Current		
Finished products	429,316	556,133
Production in progress	1,692,299	1,791,683
Raw materials, materials and spare parts	3,386,471	3,171,339
Fuels	894,392	631,206
Total	6,402,478	6,150,361

14. PARENT COMPANY, OTHER SHAREHOLDERS, ASSOCIATES AND OTHER RELATED PARTIES  
BALANCES AND TRANSACTIONS

The outstanding balances between the Group and parent company, other shareholders, associates and other related parties as of June 30, 2020 and December 31, 2019 are as follows:

	06.30.2020	12.31.2019
<u>Related companies:</u>		
InterCement Brasil S.A.		
Accounts payable	(97,970)	(84,624)
InterCement Trading e Inversiones S.A.		
Other receivables	135,588	101,568
Accounts payable	(14,742)	(14,185)
InterCement Portugal S.A.		
Accounts payable	(535,554)	(385,962)
Cauê Austria Holding GmbH		
Other receivables	38,856	15,326
InterCement Participações S.A.		
Other receivables	-	7
Accounts payable	(29,044)	-

Summary of balances as of June 30, 2020 and December 31, 2019 and 2018 is as follows:

	06.30.2020	12.31.2019
Other receivables	174,444	116,901
Accounts payable	(677,310)	(484,771)

The transactions between the Group and parent companies, associates and related parties for the periods ended June 30, 2020 and 2019 are detailed as follows:

	06.30.2020	06.30.2019
InterCement Brasil S.A. – Purchases of goods and services	(9,745)	(26,565)
InterCement Trading e Inversiones S.A. – Sales of services	29,459	42,079
InterCement Portugal S.A. – Services received	(128,598)	(193,628)
InterCement Participações S.A. – Services received	(27,984)	-

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The amount recognized in the consolidated statement of profit or loss and other comprehensive income related to key management salaries, wages and fees amounted to 68,085 and 125,444 for the six-month periods ended June 30, 2020 and 2019, respectively. Additionally, during this period, a loss of 4,473 has been accrued under the long-term incentive program.

The Group did not recognize any expense in the current period, or in previous ones, regarding bad or doubtful accounts related to amounts owed by related parties.

The outstanding amounts as of June 30, 2020 are not secured and will be settled in cash. No guarantees have been granted or received on the outstanding balances.

#### 15. OTHER RECEIVABLES

	06.30.2020	12.31.2019
Non-current		
Advances to suppliers	367,167	421,147
Tax credits	45,067	43,800
Contributions to the Trust Fund to Strengthen the Inter-urban Railroad System (F.F.F.S.F.I.)	81,920	118,422
Prepaid expenses	65,699	53,501
Guarantee deposits	7,961	8,197
Total	<u>567,814</u>	<u>645,067</u>
Current		
Income tax credits	362,937	271,563
Value added tax credits	3,504	63,315
Turnover tax credits	24,867	69,526
Other tax credits	2,385	4,099
Related parties receivables (Note 14)	174,444	116,901
Prepaid expenses	110,468	73,342
Guarantee deposits	266	302
Reimbursements receivable	22,312	24,171
Advances to suppliers	44,411	38,073
Salaries advances and loans to employees	3,203	15,820
Receivables from sales of property, plant and equipment	11,509	9,491
Miscellaneous	33,964	16,878
Total	<u>794,270</u>	<u>703,481</u>

#### 16. RIGHT OF USE OF ASSETS AND LEASE LIABILITIES

The Company has entered into lease agreements primarily for the lease of offices and premises. The evolution of the right of use of assets and lease liabilities as of June 30, 2020 and December 31, 2019 is as follows:

	06.30.2020	12.31.2019
Lease liabilities:		
At the beginning of the period/year	502,852	520,687
Additions	-	33,947
Accretion of interest	24,257	45,028
Foreign exchange losses	15,288	18,724
Effect of foreign currency exchange differences	(19)	(14)
Payments	<u>(57,275)</u>	<u>(115,520)</u>
At the end of the period/year	<u>485,103</u>	<u>502,852</u>

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At the beginning of the period/year	464,216	520,687
Additions	-	33,947
Effect of foreign currency exchange differences	(17)	(10)
Depreciations	(45,105)	(90,408)
At the end of the period/year	<u>419,094</u>	<u>464,216</u>

17. TRADE ACCOUNTS RECEIVABLE

	<u>06.30.2020</u>	<u>12.31.2019</u>
Non-current		
Accounts receivable	3,536	12,054
Allowance for doubtful accounts	<u>(3,536)</u>	<u>(9,430)</u>
Total	<u>-</u>	<u>2,624</u>
Current		
Accounts receivable	2,709,673	3,109,864
Accounts receivable in litigation	56,087	62,310
Notes receivable	12,020	7,259
Foreign customers	<u>2,620</u>	<u>19,944</u>
Subtotal	2,780,400	3,199,377
Allowance for doubtful accounts	<u>(72,623)</u>	<u>(73,238)</u>
Total	<u>2,707,777</u>	<u>3,126,139</u>

18. INVESTMENTS

	<u>06.30.2020</u>	<u>12.31.2019</u>
Non-current		
Investments in other companies		
- Cementos del Plata S.A.	<u>2.904</u>	<u>2.904</u>
Total	<u>2.904</u>	<u>2.904</u>
Current		
Short-term investments		
- Mutual funds in pesos	849.359	1.057.865
- Fix-term deposits in pesos	1.066.659	-
- Short-term investments in foreign currency	<u>95.550</u>	<u>100.343</u>
Total	<u>2.011.568</u>	<u>1.158.208</u>

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19. CAPITAL STOCK AND OTHER CAPITAL RELATED ACCOUNTS

	06.30.2020	12.31.2019
Capital	59,603	59,603
Adjustment to capital	3,949,733	3,949,733
Share premium	7,239,497	7,239,497
Merger premium	1,307,751	1,307,751
Total	<u>12,556,584</u>	<u>12,556,584</u>

The issued, paid-in and registered capital, consists of:

Common stock with a face value of \$ 0.1 per share  
and entitled to 1 vote each, fully paid-in (in thousand)

<u>596,026</u>	<u>596,026</u>
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20. ACCUMULATED OTHER COMPREHENSIVE INCOME

	06.30.2020	06.30.2019
<u>Accrual for translation of foreign operations</u>		
Balance at the beginning of the year	375,104	479,653
Exchange differences on translating foreign operations	<u>(46,426)</u>	<u>(203,763)</u>
Balance at the end of the year	<u>328,678</u>	<u>275,890</u>

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21. BORROWINGS

21.1 Composition of borrowings

			06.30.2020			12.31.2019
	Ref.	Company	Interest rate	Maturity date	Amount	Amount
<u>Borrowings in foreign currency – USD</u>						
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6 Month-Libor + 4.25%	Mar-21	182,967	177,713
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6 Month-Libor + 4.25%	Apr-21	214,705	208,540
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6 Month-Libor + 4.25%	May-21	596,289	579,166
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6 Month-Libor + 4.25%	Jun-21	143,319	139,204
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6 Month-Libor + 4.25%	Jul-21	35,294	34,281
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6 Month-Libor + 4.25%	Aug-21	748,760	727,259
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6 Month-Libor + 4.25%	Sep-21	118,722	115,285
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6 Month-Libor + 4.25%	Oct-21	243,718	235,552
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6 Month-Libor + 4.25%	Nov-21	312,622	300,215
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6 Month-Libor + 4.25%	Dec-21	220,786	211,027
Industrial and Commercial Bank of China	(1)	Loma Negra C.I.A.S.A.	6 Month-Libor + 4.25%	Jan-22	63,164	-
Industrial and Commercial Bank of China	(1)	Loma Negra C.I.A.S.A	6 Month-Libor + 4.25%	Feb-22	33,070	-
Industrial and Commercial Bank of China	(2)	Loma Negra C.I.A.S.A	6 Meses Libor + 7,375%	Jan-22	506,947	-
Industrial and Commercial Bank of China	(2)	Loma Negra C.I.A.S.A	6 Meses Libor + 7,375%	Jan-22	457,332	-
Banco Patagonia		Loma Negra C.I.A.S.A.	-	-	-	103,782
Industrial and Commercial Bank of China (Dubai)		Loma Negra C.I.A.S.A.	3 Month-Libor + 5%	Nov-20	924,094	1,786,998
Industrial and Commercial Bank of China (Dubai)		Loma Negra C.I.A.S.A.	-	-	-	681,974
HSBC Bank		Ferrosur Roca S.A.	8.75%	Aug-20	713,338	689,580
<u>Borrowings in foreign currency – EUR</u>						
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	Apr-21	106,838	102,802
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	May-21	25,488	24,525
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	Jun-21	135,406	130,300
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	Jul-21	343,609	330,710
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	Aug-21	30,381	29,240
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	Sep-21	1,444	1,389
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	Oct-21	230,548	221,872
Total borrowings in foreign currency					6,388,841	6,831,414
			06.30.2020			12.31.2019
	Ref.	Company	Interest rate	Maturity date	Amount	Amount
<u>Borrowings in local currency</u>						
Banco Continental S.A.E.C.A.		Yguazú Cementos S.A.	8.50%	Aug -25	1,626,465	2,210,792

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Sudameris Bank S.A.E.C.A.		Yguazú Cementos S.A.	9.00%	Aug -25	1,069,134	1,215,584
Banco Patagonia	(3)	Loma Negra C.I.A.S.A.	BADLAR + 8%	Jan-21	1,025,171	-
Banco Macro		Loma Negra C.I.A.S.A.	BADLAR + 8%	Apr-21	1,003,111	1,144,628
HSBC Bank Argentina S.A.	(4)	Loma Negra C.I.A.S.A.	BADLAR + 8%	Jan-22	886,589	-
Industrial and Commercial Bank of China	(5)	Loma Negra C.I.A.S.A.	BADLAR corregida + 11,5%	Aug -21	1,015,038	-
Banco Santander Río S.A.	(6)	Loma Negra C.I.A.S.A.	BADLAR corregida + 10,25%	May-21	1,039,639	-
Banco de Galicia y Buenos Aires S.A.	(7)	Loma Negra C.I.A.S.A.	BADLAR corregida + 9,25%	May-21	1,032,603	-
Banco Itaú Argentina S.A.	(8)	Ferrosur Roca S.A.	BADLAR corregida + 9,25%	Jul-21	1,032,358	-
Overdrafts		Ferrosur Roca S.A.	37.90%	Apr-20	710,132	2,031,077
Overdrafts		Loma Negra C.I.A.S.A.	37.90%	Apr-20	676,665	454,250
Total borrowings in local currency					11,116,905	7,056,331
Total					17,505,746	13,887,745

- (1) During this period, Loma Negra obtained the last two disbursements of the loan agreement entered into with the Industrial and Commercial Bank of China for USD 40,919,350, to be paid upon maturity in January 2022. Such loan accrues interest at corrected Libor plus 4.25%.
- (2) During this period, Loma Negra entered into a new loan agreement with Industrial and Commercial Bank of China for USD 13,127,766 to be paid upon maturity in January 2022. Such borrowing accrues interest at corrected Libor plus 7.357% payable on a monthly basis.
- (3) During this period, Loma Negra entered into a new loan agreement with Banco Patagonia for 1,000,000 to be paid upon maturity in January 2021. Such borrowing accrues interest at Badlar plus 8%, payable on a monthly basis.
- (4) During this period, Loma Negra entered into a new loan agreement with HSBC Bank for 1,000,000 to be paid in eight quarterly and equal installments. Such borrowing accrues interest at Badlar plus 8%, payable on a monthly basis.
- (5) On May 8, 2020, the Company took a new loan with the Industrial and Commercial Bank of China (Argentina) S.A. for a total amount of 1,000,000, the maturity of which operates at 15 months. This loan accrues interest at the corrected Badlar rate plus 11.5%, payable monthly.
- (6) In May Loma Negra entered into a new loan agreement with Banco Santander Río S.A. for 1,000,000 cancellable at maturity in May 2021. Such loan accrues interest at the corrected Badlar rate plus 10.25%, payable quarterly.
- (7) During this period, Loma Negra entered into a new loan agreement with Banco de Galicia and Buenos Aires for 1,000,000, which will be canceled upon maturity in May 2021. Such loan accrues interest at the corrected Badlar rate plus 9.25%, payable quarterly.
- (8) Ferrosur Roca S.A. entered into a new loan agreement with Banco Itaú Argentina S.A. for 1,000,000 cancellable at maturity in July 2021 and accrues interest at the corrected Badlar rate plus 9.25% payable monthly.

Summary of borrowings by Company:	06.30.2020	12.31.2019
Loma Negra C.I.A.S.A.	12,354,319	7,740,712
Ferrosur Roca S.A.	2,455,828	2,720,657
Yguazú Cementos S.A.	2,695,599	3,426,376
Total	17,505,746	13,887,745

### 21.3 Movements of borrowings

The movements of borrowings for the six-month period ended June 30, 2020 are as disclosed below:

Balances as of January 1, 2020	13,887,745
New borrowings	10,551,256
Interest accrued	945,877
Effect of exchange rate differences	(76,151)
Effect of exchange rate differences on translating foreign operations	289,553

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Interest payments	(1,507,055)
Principal payments	<u>(6,585,479)</u>
Balances as of June 30, 2020	<u>17,505,746</u>

As of June 30, 2020, the long-term borrowings have the following maturity schedule:

<u>Fiscal year</u>	
2021	4,125,295
2022	1,727,596
2023	582,602
2024 onwards	<u>1,147,362</u>
Total	<u>7,582,855</u>

## 22. ACCOUNTS PAYABLE

	<u>06.30.2020</u>	<u>12.31.2019</u>
Non-current		
Accounts payable for investments in property, plant and equipment	<u>80,857</u>	<u>158,324</u>
Total	<u>80,857</u>	<u>158,324</u>
Current		
Suppliers	3,550,275	2,444,389
Related parties (Note 14)	677,310	484,771
Accounts payable for investments in property, plant and equipment and intangible assets	1,667,986	6,106,767
Expenses accrual	<u>301,119</u>	<u>1,260,003</u>
Total	<u>6,196,690</u>	<u>10,295,930</u>

## 23. PROVISIONS

	<u>06.30.2020</u>	<u>12.31.2019</u>
Labor and social security	98,951	98,959
Environmental restoration	485,127	455,197
Civil and others	<u>89,531</u>	<u>89,202</u>
Total	<u>673,609</u>	<u>643,358</u>

Changes in the provisions were as follows:

	<u>Labor and social security</u>	<u>Environmental restoration</u>	<u>Civil and others</u>	<u>Total</u>
Balances as of January 1, 2020	98,959	455,197	89,202	643,358
Increases (*)	1,359	42,136	7,120	50,615
Foreign exchange differences	-	(187)	-	(187)
Uses (*)	<u>(1,367)</u>	<u>(12,019)</u>	<u>(6,791)</u>	<u>(20,177)</u>
Balances as of June 30, 2020	<u>98,951</u>	<u>485,127</u>	<u>89,531</u>	<u>673,609</u>

(\*) Includes the effect of the inflation adjustment.

(\*\*) Includes the application of provisions to their specific purposes.

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24. TAX LIABILITIES

	06.30.2020	12.31.2019
Income tax	85,012	91,800
Value added tax	386,968	376,184
Turnover tax	84,186	72,823
Other taxes, withholdings and perceptions	132,597	75,706
Total	688,763	616,513

25. CASH AND CASH EQUIVALENTS

For purposes of the consolidated condensed interim statement of cash flows, cash and cash equivalents include cash, banks accounts and short-term investments with high liquidity (with maturities of less than 90 days from the date of acquisition). Cash and cash equivalents at the end of each reporting period/year as shown in the consolidated condensed interim statement of cash flows can be reconciled to the related items in the consolidated condensed interim statement of financial position as follows:

	06.30.2020	12.31.2019
Cash and banks	1,370,957	1,757,915
Short-term investments (Note 18)	2,011,568	1,158,208
Cash and cash equivalents	3,382,525	2,916,123

26. FINANCIAL INSTRUMENTS

26.1 Net debt to equity ratio

The net debt to equity ratio of the reported period/fiscal year is as follows:

	06.30.2020	12.31.2019
Debt (i)	17,505,746	13,887,745
Cash and cash equivalents	3,382,525	2,916,123
Net debt	14,123,221	10,971,622
Equity (ii)	34,261,588	33,314,175
Net debt to equity ratio	0.41	0.33

(i) Debt is defined as current and non-current borrowings.

(ii) Shareholders' equity includes all of the non-controlling interests, which are managed as capital.

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26.2 Categories of financial instruments

	06.30.2020	12.31.2019
<u>Financial assets</u>		
At amortized cost:		
Cash and banks	1,370,957	1,757,915
Investments	1,162,209	100,343
Accounts receivable	2,958,233	3,304,701
At fair value through profit and loss:		
Investments	849,359	1,057,865
<u>Financial liabilities</u>		
Amortized cost	25,800,108	26,703,475

26.3 Financial risks

The Group's activities are exposed to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk considering the current inflation rates), credit risk and liquidity risk. The Group maintains an organizational structure and systems that allow the identification, measurement and control of the risks to which it is exposed.

These consolidated condensed interim financial statements do not include all the information and disclosures on financial risks, therefore, they should be read in conjunction with the Group's consolidated financial statements for the fiscal years ended December 31, 2019 and 2018 issued on March 10, 2020.

26.4 Fair value measurement

Fair value measurement is described in Note 33.8 to the annual consolidated financial statements.

From December 31, 2019 through June 30, 2020, there have been no significant changes in the industry's economic activity affecting the fair value of the Group's financial assets and liabilities, either measured at fair value or amortized cost. In addition, there were no transfers among the different levels of fair value hierarchy to assess the fair value of the Group's financial instruments during the six-month period ended June 30, 2020.

The carrying amounts of financial assets and liabilities recognized at amortized cost, included in the consolidated financial statements as of June 30, 2020 and December 31, 2019, approximate to their fair values. Borrowings are measured at amortized cost considering the effective interest rate method, which approximate to their fair value given their cancellation period.

The Group's Management considers that the liquidity risk exposure is low since the Group has been generating cash flows from its operating activities, supported on profits, and has access to loans and financial resources, as explained in Note 21.

26.5 Exchange risk management

The Group carries out transactions in foreign currency and is hence exposed to exchange rate fluctuations. Exposures in the exchange rate are managed within approved policy parameters using foreign exchange contracts.

The carrying amounts of monetary assets and liabilities stated in currencies other than the functional currency of each company consolidated at the end of the reporting period/year are as follows:

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	<u>06.30.2020</u>	<u>12.31.2019</u>
<u>Liabilities</u>		
United States Dollars	6,764,763	9,278,491
Euro	1,003,625	2,349,267
Real	33	43
<u>Assets</u>		
United States Dollars	1,251,255	317,725
Euro	2,310	14,103
Real	14	165

Foreign currency sensitivity analysis

The Group is mainly exposed to the US Dollar and euro.

The following table shows the sensitivity of the Group to an increase in the US Dollar and the Euro exchange rate. The sensitivity rate is that used when reporting to the top executive level and represents the management's assessment of a possible reasonable change in exchange rates. The sensitivity analysis only includes outstanding foreign-currency monetary items and adjusts translation of such items on the end of the period terms considering a reasonably possible 25% increase in the exchange rate.

	<u>Effect of US Dollars</u>	<u>Effect of the Euro</u>
	<u>06.30.2020</u>	<u>06.30.2020</u>
Income/(Loss)	1,378,377	250,329
Shareholder's Equity	1,378,377	250,329

27. NON-CASH TRANSACTIONS

Below is a detail of the transactions that did not involve cash flow movements during the six-month periods ended June 30, 2020 and 2019, respectively:

	<u>06.30.2020</u>	<u>06.30.2019</u>
- Acquisitions of property, plant and equipment financed with trade payables	30,971	1,326,233

28. SEGMENT INFORMATION

The Group has adopted IFRS 8 – “Operating Segments”, that require operating segments to be identified on the basis of internal reports regarding components of the Group that are regularly reviewed by the Executive Committee, chief operating decision maker, in order to allocate resources to the segments and to assess their performance. This analysis is based on monthly information concerning historical figures of the identified segments. The information reviewed by the main decision maker basically consists in the historical details corresponding to each month accumulated until the end of the reporting period. It is for this reason that they differ from the inflation-adjusted figures as described in Note 2.2.

For the purposes of managing its business both financially and operatively, the Group has classified its businesses as follows:

- i) Cement, masonry cement and lime - Argentina: this segment includes the results from the cement, masonry cement and lime business in Argentina, and comprises the procurement of raw materials from quarries, the

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manufacturing process of clinker / quicklime and their subsequent grinding with certain additions in order to obtain the cement, masonry cement and lime.

- ii) Cement - Paraguay: this segment includes the results from the cement business in Paraguay, and comprises the procurement of raw materials from quarries, the manufacturing process of clinker and subsequent grinding with certain additions in order to obtain the cement.
- iii) Concrete: this segment includes the results generated from the production and sale of ready-mix concrete. It also includes the delivery of the product at the worksite and, depending on the circumstances, the pumping of concrete up to the place of destination.
- iv) Aggregates: this segment includes the results generated from the production and sale of granitic aggregates.
- v) Railroad: this segment includes the results generated from the provision of the railroad transportation service.
- vi) Others: this segment includes the results of the industrial waste treatment and recycling business to produce materials for use as fuel.

	06.30.2020	06.30.2019
<u>Net revenue</u>		
Cement, masonry cement and lime - Argentina	11,631,685	10,624,602
Cement – Paraguay	1,866,942	1,343,475
Concrete	576,905	2,199,827
Railroad	1,397,043	1,364,604
Aggregates	74,024	259,340
Others	85,348	66,229
Inter-segment eliminations	(774,694)	(1,463,496)
Subtotal	14,857,253	14,394,581
Reconciliation - Effect from restatement in constant currency	777,958	7,896,909
Total	15,635,211	22,291,490

	06.30.2020	06.30.2019
<u>Cost of sales</u>		
Cement, masonry cement and lime - Argentina	7,031,187	6,909,074
Cement - Paraguay	1,316,225	937,262
Concrete	728,803	2,042,867
Railroad	1,348,391	1,193,242
Aggregates	116,131	275,939
Others	54,676	40,705
Inter-segment eliminations	(774,694)	(1,463,496)
Subtotal	9,820,719	9,935,593
Reconciliation - Effect from restatement in constant currency	1,521,461	6,266,485
Total	11,342,180	16,202,078

	06.30.2020	06.30.2019
<u>Selling, administrative expenses and other gains and losses</u>		
Cement, masonry cement and lime - Argentina	918,684	834,220
Cement - Paraguay	56,851	38,123
Concrete	8,176	69,383
Railroad	90,249	98,348
Aggregates	(3,809)	3,501
Others	33,395	24,582
Subtotal	1,103,546	1,068,157
Reconciliation - Effect from restatement in constant currency	150,516	624,780
Total	1,254,062	1,692,937

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	06.30.2020	06.30.2019
<u>Depreciation and amortization</u>		
Cement, masonry cement and lime - Argentina	332,392	352,936
Cement - Paraguay	296,447	211,072
Concrete	33,862	26,811
Railroad	115,467	83,686
Aggregates	10,720	9,119
Others	2,216	1,573
Subtotal	791,104	685,197
Reconciliation - Effect from restatement in constant currency	988,982	1,011,452
Total	1,780,086	1,696,649

	06.30.2020	06.30.2019
<u>Net revenue less cost of sales, selling, administrative expenses and other gains and losses</u>		
Cement, masonry cement and lime - Argentina	3,681,814	2,881,308
Cement - Paraguay	493,866	368,090
Concrete	(160,074)	87,578
Railroad	(41,597)	73,015
Aggregates	(38,298)	(20,100)
Others	(2,723)	941
Subtotal	3,932,988	3,390,832
Reconciliation - Effect from restatement in constant currency	(894,019)	1,005,644
Total	3,038,969	4,396,476
Reconciling items:		
Tax on bank accounts debits and credits	(176,581)	(231,193)
Financial results, net	(1,586,931)	166,368
Income tax	(237,016)	(1,093,311)
Net profit for the year	1,038,441	3,238,340

	06.30.2020	12.31.2019
<u>Geographical information</u>		
Non-current assets	47,976,530	47,845,829
Argentina	6,007,082	6,366,481
Paraguay		

No customer has contributed 10% or more of the Group's revenue for the six-month periods ended June 30, 2020 and 2019, respectively.

## 29. GUARANTEES GRANTED TO SUBSIDIARIES

In August 2019, Ferrosur Roca S.A. took a borrowing for USD 10,000,000 with HSBC Bank maturing in August 2020 at a fixed 8.75% interest rate with quarterly interest payments. Loma Negra granted security and surety in favor of HSBC Bank for up to the amount of the borrowing plus interest. As of June 30, 2020, Ferrosur Roca S.A. owes 713,338 under that loan.

Ferrosur Roca S.A. entered into a new loan agreement with Banco Itaú for 1,000,000 maturing in July 2021. Such loan has the guarantee and endorsement of Loma Negra C.I.A.S.A. The balance due as of June 30, 2020 amounts to 1,032,358.

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In addition, Loma Negra granted security for the bank overdrafts of Ferrosur Roca S.A., as part of the usual course of its activity. As of June 30, 2020, the outstanding balances of such bank overdrafts amounted to 710,132.

### 30. COMMITMENTS

The Group's commitments are described in Note 36 to the annual consolidated financial statements for the fiscal year ended December 31, 2019.

### 31. MEASURES ADOPTED BY THE ARGENTINE ECONOMY AFTER THE 2019 NATIONAL PRESIDENTIAL ELECTIONS

On October 27, 2019, Argentina held presidential elections. The outcome was the defeat of the incumbent administration and the election of Alberto Fernández as President of the Argentine Nation. He was inaugurated on December 10, 2019 and started a process of changes in the decisions adopted by the previous administration.

The new administration has established as a priority the implementation of solutions for the difficulties in the economic and social areas. To those ends, the new administration will undertake whatever action is necessary to renegotiate the payment of sovereign debt. In turn, to recover the sustainability of such debt in time, the new administration has incorporated measures aimed at preserving the Central Bank of the Argentine Republic's (BCRA) reserves, decrease the fiscal deficit and obtain improvement in productive capacity.

In the framework of the process to adjust the exchange control mechanism necessary to preserve the Central Bank reserves, on December 27, 2019 and on December 30, 2019, the Argentine Central Bank issued Communications "A" 6854 and "A" 6856, respectively. Pursuant to these Communications, the rules extend on an indefinite basis the provisions concerning Foreign Trade and Foreign Exchange issued by the Argentine Central Bank during the previous government which originally came to a close on December 31, 2019. Amongst these rules, the following are worth emphasizing: (a) exporters are under an obligation to enter and settle through the free floating foreign exchange market the foreign currency proceeds from their exports of goods and services within five business days from the moment they were collected or credited to foreign accounts. The maximum term allowed for collection to take place is more stringent for transactions with related companies and exports of commodities; (b) importers who wish to settle their imports in advance must promise, through an affidavit, that the goods shall clear customs within 90 days from the date of accessing the foreign exchange market or 270 days in the case of capital expenditures plus the obligation of relying on the previous authorization of the Argentine Central Bank if the foreign supplier and the importer are related parties or if there is a need for terms longer than those stipulated for goods to clear customs and; (c) the Argentine Central Bank's previous authorization is required to access the foreign exchange market in order to remit earnings and dividends. Furthermore, on April 30, 2020, the Central Bank issued a series of regulations restricting the access to the bond market for the purpose of acquiring foreign currency by entities under certain circumstances.

As direct measures of the new administration, on December 23, 2019 Law No. 27,541 entitled "Social Solidarity and Productive Reactivation in the framework of a Public Emergency Situation" and Decree No. 58/2019 which promulgated it were published in the Official Gazette. Besides, on December 28, 2019, the new administration handed down Executive Order No. 99/2019 with the regulations for the implementation of the Law. The amendments introduced seek to reactivate the following areas: the economy, finances, taxes, administrative matters, social security, public utilities tariffs, energy and social matters and empower the Argentine Executive Branch (PEN) to undertake the actions and the acts necessary to recover and ensure the sustainability of Argentina's sovereign debt.

The main measures contained in the Law and its regulations are as follows:

#### Tax obligations

##### (a) Income tax

- (i) Law No. 27,430 had set forth for the tax periods commencing as from January 1, 2020 that the tax rate payable by corporations as income tax would decrease from 30% to 25% and that the additional tax on dividends or earnings that are distributed to individuals in Argentina and abroad and foreign legal entities

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would rise from 7% to 13%. The amendment postpones such change in tax rates and maintains the original 30% and 7% tax rates until the fiscal years starting on January 1, 2021, inclusive.

- (ii) Law No. 27,468 had set forth for the first three fiscal years starting as from January 1, 2018 that the inflation adjustment (upwards or downwards) that could apply had to be distributed as follows: one third in the fiscal year when the adjustment is assessed and the remaining two thirds, in equal parts, in the immediately following two fiscal periods. The amendment modified this distribution and set forth that the upward or downward adjustment corresponding to the first and second fiscal year starting as from January 1, 2019, must be charged by one sixth to the fiscal year in which the adjustment is assessed and the remaining five sixths in the immediately following fiscal periods; whereas for the fiscal years starting as from January 1, 2021, 100% of the adjustment is allowed to be deducted in the fiscal year in which it is assessed.
- (b) Employers' contributions payable into government-run pension plans, health care for the elderly and disabled, family allowances and national employment fund:
  - (i) The stepwise reduction planned until 2022 is suppressed and the contribution rates are fixed starting on December 2019 at:
    - 20.40% for private sector employers engaged in the Services or Retail industries whose total annual sales surpass the limits imposed by the Secretariat for Small and Medium-Sized Enterprises' Resolution SEPYME No. 220/19 or such as may replace it in the future, for the category "Tranche 2 Medium-Sized Enterprise".
    - 18% for the remaining employers in the private sector.
  - (ii) There are fixed amounts allowed to be detracted from the calculation basis; this notwithstanding, the resolution does not contemplate any future adjustments.
  - (iii) In connection with the employers' contributions actually paid, the amount resulting from applying the percentage points fixed for each specific jurisdiction to the taxable basis may be computed as fiscal credit upon assessing value added tax.
- (c) Rate for customs' foreign trade statistics compilation service

The Rate for customs' foreign trade statistics compilation service applicable to imports whose final application is consumption and which take place from January 1 through December 31, 2020 increases from 2.5% to 3%.

- (d) So-called "PAIS" tax, i.e., the Tax Towards Inclusion and Solidarity in Argentina

For a term of five tax periods, an emergency tax is established that consists in a 30% tax rate levied on transactions associated to the acquisition of foreign currency for savings, purchases of goods and services in foreign currency and international transportation of passengers. This emergency tax shall be imposed on all the taxpayers who reside in Argentina irrespective of whether they are individuals or legal entities. This tax shall not be treated as a partial payment of any other tax.

The transactions levied with the PAIS tax are as follows: (i) purchase of bank notes and foreign currency for savings or without any specific application (subject to a monthly USD 200 limit); (ii) exchange of foreign currency conducted by financial institutions at the request of purchasers or beneficiaries for application to payment of acquisitions of goods or services and services contracted abroad irrespective of the means of payment used for paying such amounts; (iii) exchange of foreign currency conducted by financial institutions at the request of purchasers or beneficiaries who are Argentine residents for application to payment of services rendered by individuals who are not Argentine residents irrespective of the means of payment used for paying such amounts; (iv) acquisition of services abroad contracted through Argentina's travel and tourism agencies; and (v) acquisition of passenger transportation services (irrespective of the means of transportation) for a destination abroad to the extent that in order to pay for the transaction, the need arises for accessing the single, free-floating foreign exchange market in order to acquire the relevant foreign currency.

#### Labor law matters and payroll taxes

The Argentine Executive Branch is allowed by the law herein discussed to reduce contributions by employees and employers into the pension plan fund to limited jurisdictions and specific activities which might be in critical situations. In these cases, the exemption would not be total, and it would not be limited to future increases pursuant to a decree or pursuant to the salary negotiation process between the specific industry and relevant unions; rather, it could be applied to the whole salary.

In connection with labor law matters, before the enactment of Law No. 27,541 and by virtue of Decree of Necessity and Urgency No. 34/19 (as published in the Official Gazette on December 13, 2019), the Argentine Executive Branch established for a term of 180 days a duty to pay a two-fold severance to employees dismissed without cause. This measure does not apply to employment contracts made after the coming into force of the Decree.

#### 32. EFFECTS OF COVID-19 ON THE GROUP

On March 11, 2020, the outbreak of a novel coronavirus (COVID-19) was declared a pandemic by the World Health Organization (WHO).

In the face of the recent and fast proliferation of the outbreak of COVID-19, the countries where the Group has operations have mandated that entities restrict or suspend their business activities therein, and have implemented travel restrictions and social distancing measures. In this regard, on March 19, 2020, the Argentine Executive Branch passed Executive Decree No. 297/2020, mandating social distancing in Argentina to prevent the effects of the pandemic.

In compliance with such decree, the Group: (i) temporarily suspended the production and dispatch of cement, concrete and aggregates until such time as the necessary conditions to resume activities are in place; (ii) temporarily suspended the construction project of the second line of L'Amalí plant, in the City of Olavarría, until such time as the necessary conditions to resume activities are in place; (iii) implemented teleworking practices among its back office staff; and (iv) has created a Crisis Management Committee tasked with monitoring and assessing the adoption of measures to mitigate the effects of this crisis.

Since the enactment of such decree until the date of these interim financial statements, the Argentine Executive Branch has been authorizing certain activities and services, as part of a plan to ease the lockdown restrictions.

Accordingly, effective since April 6, 2020, the Group has resumed the production and dispatch of cement, concrete and aggregates, at current demand levels in the market, which stand approximately 24 per cent below the operated levels during the same six month period of the the previous year.

On the other hand, the Company has secured a permit to continue with the construction works of the second line of L'Amalí plant, under stringent health protocols established by the Provincial Government and the Group.

Concerning the railroad business operated through the subsidiary Ferrosur Roca S.A., as a consequence of the above-described circumstances, on April 13, 2020, such subsidiary filed a crisis prevention procedure with the Argentine Ministry of Labor, Employment and Social Security in order to apply for certain benefits afforded under Section 6, paragraph b), of Decree of Necessity and Urgency No. 332 passed in 2020. As a result of such presentation, Ferrosur Roca S.A. obtained the Assistance to Work and Production ("ATP") for the months of April and May; additionally, negotiations were carried out with the unions that concluded in a joint presentation for the payments of salaries with non-remunerative amounts and postponing certain additional measures, such as suspensions, all of which was carried out in the record of the referred crisis preventive process. All of the aforementioned, with the aim of minimizing the serious economic impact caused by the crisis in Argentina and COVID-19 on the activities carried out by Ferrosur Roca S.A.

Finally, as of the date of these interim financial statements, the Group continues with its evaluations in order to accommodate its operating structure to current operating volumes, working jointly with several oversight authorities

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and the sector's stakeholders, and has not identified adjustments to reflect changes in asset valuation or in respect of the adequacy of its liabilities that require recognition in these interim financial statements.

### 33. OFFICIALLY STAMPED BOOKS

As of date of these interim financial statements, the social distancing restrictions imposed by the Argentine Government in connection with the events described in Note 32 to these interim financial statements are still in place. Accordingly, in compliance with such restrictions, the Company has been unable to transcribe its financial statements to the pertinent restrictions have been eased or lifted.

### 34. SUBSEQUENT EVENTS

#### 34.1 Voluntary dismissal of appeal in Federal Class Action

Regarding the putative securities class action filed against Loma Negra C.I.A.S.A., its directors and some members of its senior management at the time of our Initial Public Offering (IPO) and its former controlling shareholder before the United States District Court of the Southern District of New York, on July 21st 2020, the plaintiffs have voluntarily dismissed the appeal filed against the opinion issued by the United States District Court for the Southern District of New York granting in its entirety the motion to dismiss filed by Loma Negra C.I.A.S.A. and its former controlling shareholder. Therefore, the favorable opinion for the Company and the other defendants is final and the lawsuit is over.

In addition, at the date of issuance of these condensed consolidated interim financial statements, the motion to dismiss filed by the Company against the state class action complaint before the Supreme Court of the State of New York, County of New York -that contains alleged violations and arguments which are quite similar to those contained in the federal class action complaint- is still pending.

#### 34.2 Resignation of the President and redistribution of positions on the Board

On July 27, 2020, the Company's Board of Directors accepted the resignation of Mr. Franklin Lee Feder from his position as director and chairman of the Company's Board of Directors with effect from that date, designating Mr. Flávio Mendes Aïdar as President of the Company, and maintaining Mr. Sergio Damián Faïfman in his position as Vice President of the Company.

## INFORMATION REPORT

### 1. ACTIVITIES OF THE COMPANY

During the current period Loma Negra C.I.A.S.A. and its subsidiaries dispatched 2,264,577 tons of cement and lime, and their net sales amounted to 15,635,211. Dispatches overall were 25% below those for the same period of the prior year.

Gross income amounted to 4,293,031 and the total comprehensive income for the six-month period was 947,413. Said income accounts for a 67% decrease compared to the comprehensive income for the same period of the prior year.

### 2. EQUITY STRUCTURE, COMPARATIVE

	<u>06.30.2020</u>	<u>06.30.2019</u>	<u>03.31.2018</u>
Current assets	13,287,050	13,940,032	15,602,017
Non-current assets	<u>53,983,612</u>	<u>48,144,761</u>	<u>36,892,897</u>
Total assets	67,270,662	62,084,793	52,494,914
Current liabilities	18,023,160	17,198,858	13,744,173
Non-current liabilities	<u>14,985,914</u>	<u>13,121,440</u>	<u>11,881,322</u>
Total liabilities	33,009,074	30,320,298	25,625,495
Non-controlling interests	2,542,716	2,339,059	2,213,465
Shareholders' equity attributable to owners of the company	<u>31,718,872</u>	<u>29,425,436</u>	<u>24,655,954</u>
Total shareholders' equity	<u>34,261,588</u>	<u>31,764,495</u>	<u>26,869,419</u>

### 3. STRUCTURE OF RESULTS, COMPARATIVE

	<u>06.30.2020</u>	<u>06.30.2019</u>	<u>03.31.2018</u>
Gross income	4,293,031	6,089,412	5,482,590
Selling and administrative expenses	(1,305,426)	(1,672,490)	(1,687,899)
Other gains and losses	51,364	(20,447)	(8,711)
Tax on bank accounts debits and credits	(176,581)	(231,193)	(231,500)
Financial results, net	<u>(1,586,931)</u>	<u>166,368</u>	<u>(1,475,636)</u>
Profit before tax	1,275,457	4,331,650	2,078,844
Income tax	<u>(237,016)</u>	<u>(1,093,310)</u>	<u>(698,165)</u>
Net profit for the period	<u>1,038,441</u>	<u>3,238,340</u>	<u>1,380,679</u>
Net profit for the period attributable to:			
Owners of the company	985,092	3,105,507	1,291,917
Non-controlling interests	53,349	132,833	88,763
Other comprehensive income			
Due to exchange differences	<u>(91,028)</u>	<u>(399,521)</u>	<u>795,858</u>
Total other comprehensive income for the period	<u>(91,028)</u>	<u>(399,521)</u>	<u>795,858</u>
Total comprehensive income for the period	<u>947,413</u>	<u>2,838,819</u>	<u>2,176,537</u>

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#### 4. COMPARATIVE CASH FLOWS STRUCTURE

	<u>06.30.2020</u>	<u>06.30.2019</u>	<u>03.31.2018</u>
Net cash flows generated by/(applied to) operating activities	3,441,725	2,325,947	(365,149)
Funds applied to investing activities	(5,292,258)	(6,777,484)	(3,227,450)
Funds generated by / (applied to) financing activities	<u>2,401,447</u>	<u>1,322,975</u>	<u>(1,838,598)</u>
Total funds generated by / (applied to) during the period	<u>550,914</u>	<u>(3,128,562)</u>	<u>(5,431,197)</u>

#### 5. STATISTICAL DATA (In tons)

	<u>06.30.2020</u>	<u>06.30.2019</u>	<u>03.31.2018</u>
Production volume (*)	<u>2,221,509</u>	<u>2,968,210</u>	<u>3,299,096</u>
Sales volume (*)			
Argentina	2,005,262	2,699,820	3,066,042
Paraguay	256,504	275,121	265,775
Abroad	<u>2,812</u>	<u>2,812</u>	<u>2,812</u>
Total	<u>2,264,577</u>	<u>2,977,752</u>	<u>3,334,629</u>

(\*) Information not examined or covered by the Review Report.

#### 6. INDEXES

	<u>06.30.2020</u>	<u>06.30.2019</u>	<u>03.31.2018</u>
Liquidity	0.74	0.81	1.14
Creditworthiness	1.04	1.05	1.05
Fixed capital	0.80	0.78	0.70

#### 7. FUTURE PROSPECTS

Argentina faces substantial challenges to achieve sustained growth over the time. Early in the year, the Argentine GDP was already expected to shrink in 2020. The health and economic crisis unleashed by the COVID-19, designated by the World Health Organization (“WHO”) as a pandemic in March 2020, emerged amidst such already hawkish expectations.

Against this backdrop, the Argentine and other governments around the world have adopted certain measures, including, without limitation, mandatory lockdowns, states of emergency, inspections at airports and other transportation hubs, travel restrictions, visa suspensions, border shutdowns, and closure of public and private institutions. These and other measures have affected the Group's ability to market its products and services, due to a contraction in demand.

In response to the COVID-19 pandemic and the business disruption it has brought about, the Group has made its employees' health and safety a priority, and has developed a plan encompassing several preventive measures to minimize the effects of the pandemic.

Pursuant to Section 6 of Executive Decree No. 297/2020, certain activities were designated as "essential services", including construction of public works, transportation of goods, and activities related to the treatment of urban hazardous and pathogen waste. Therefore, some of our cement facilities, such as Ferrosur Roca S.A. and Recycomb

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S.A.U., have maintained certain marginal operating activity levels to supply such potential demand, but at levels below ordinary operating capacity.

Following the enactment of Administrative Decision No. 450/2020 dated April 3, 2020, which expanded the list of activities and services designated as essential to cope with the emergency, including the sale of construction supplies and materials delivered by construction material warehouses, the Group has been increasing its operating activities. However, as of the date of these interim financial statements, there is still no certainty as to the pace or extent of the rebound in the demand for cement, concrete and aggregates in the markets where the Group operates.

Against this backdrop and in the light of the above-described measures, the Group has proactively implemented cost containment strategies and a liquidity management action plan, primarily addressed at covering its working capital needs, adjusting its fixed cost structure, including labor costs, and redefining priorities in terms of maintenance expense requirements.

On the other hand, as of the date of these interim financial statements, the Company has secured a permit to continue with the construction works of the second line of L'Amalí plant, under stringent health protocols established by the Provincial Government and the Group.

Our long term prospect has not been conditioned by the challenges described around the context of Argentina, keeping our course, committing to and trusting in the progress and development of our country.