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Loma Negra Compañía Industrial Argentina Sociedad Anónima

Annual Report and Financial Statements as of December 31, 2020 and 2019 and for the years then ended

Loma Negra Compañía Industrial Argentina Sociedad Anónima

Consolidated Financial Statements as of December 31, 2020 and 2019 and for the years then ended

LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(figures expressed in thousands of pesos - $- except as otherwise stated)

	Notes	December 31, 2020	December 31, 2019
Sales revenues	5	41,623,255	47,753,090
Cost of sales	6	(29,026,378)	(34,706,159)
Gross profit		**12,596,877**	**13,046,931**
Income (loss) from interest in companies	19	(403,791)	
Selling and administrative expenses	7	(3,454,641)	(3,805,215)
Impairment of property, plant and equipment	13	(946,954)	-
Other gains and losses, net	8	147,185	61,220
Tax on bank debits and credits	9	(489,365)	(549,783)
Financial income (loss), net			
Exchange gain (loss)	10	1,655,282	(1,625,330)
Gain (loss) on monetary position		839,109	1,517,775
Financial income	10	81,616	82,206
Financial expenses	10	(1,508,240)	(2,042,668)
Profit (loss) before income tax		**8,517,078**	**6,685,136**
Income tax			
Current	11	(2,387,112)	(1,423,878)
Deferred	11	123,552	(776,258)
Net income for the year from continued operations		**6,253,518**	**4,485,000**
Discontinued operations			
Net income for the year from discontinued operations	42	5,128,601	1,020,255
Net income for the year		**11,382,119**	**5,505,255**
Other comprehensive income			
Items reclassified to profit or loss:			
Due to exchange gain (loss)		(286,411)	(245,680)
Total other comprehensive income (loss)		**(286,411)**	**(245,680)**
Total comprehensive income (loss)		**11,095,708**	**5,259,575**
Net income attributable to:			
Owners of the parent company		11,351,024	5,226,692
Non-controlling interest		31,095	278,563
Net income for the year		11,382,119	5,505,255
Comprehensive income attributable to:			
Owners of the parent company		11,204,950	5,101,392
Non-controlling interest		(109,242)	158,183
Total comprehensive income (loss)		11,095,708	5,259,575
Earnings per share (basic and diluted):			
From continued operations (in pesos)	12	10.8625	7.8962
From continued and discontinued operations (in pesos)	12	19.0445	8.7692

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

LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2020, AS COMPARED WITH DECEMBER 31, 2019
(figures expressed in thousands of pesos - $- except as otherwise stated)

	Notes	December 31, 2020	December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	13	53,557,065	53,774,641
Right of use assets	14	447,413	555,384
Intangible assets	15	192,333	171,467
Investments	16	3,481	6,021,434
Goodwill	17	34,717	34,717
Inventory	18	2,156,154	2,037,914
Other receivables	20	480,816	765,175
Total non-current assets		**56,871,979**	**63,360,732**
Current assets			
Inventory	18	5,491,783	6,592,903
Other receivables	20	1,217,190	764,614
Trade receivables	21	2,989,390	3,231,790
Investments	16	4,108,923	1,388,102
Cash and banks	22	266,625	387,445
Total current assets		**14,073,911**	**12,364,854**
Total assets		**70,945,890**	**75,725,586**

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

LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2020, AS COMPARED WITH DECEMBER 31, 2019
(figures expressed in thousands of pesos - $- except as otherwise stated)

	Notes	December 31, 2020	December 31, 2019
Shareholders' equity and liabilities			
Capital stock and other capital related accounts	23	15,048,948	15,048,948
Reserves		18,719,432	16,164,590
Retained earnings		11,351,024	5,226,692
Accumulated other comprehensive income	24	-	449,558
Shareholders' equity attributable to owners of the parent company		**45,119,404**	**36,889,788**
Non-controlling interest		271,215	3,036,939
Total shareholders' equity		**45,390,619**	**39,926,727**
Liabilities			
Non-current liabilities			
Loans	25	1,869,583	5,566,955
Lease liabilities	14	390,405	462,918
Accounts payable	26	102,435	189,750
Provisions	27	487,466	758,943
Salaries and social security contributions		38,267	-
Other liabilities	29	111,772	70,097
Deferred tax liabilities	11	7,276,106	7,399,657
Total non-current liabilities		**10,276,034**	**14,448,320**
Current liabilities			
Loans	25	4,571,257	6,970,898
Lease liabilities	14	140,403	138,614
Accounts payable	26	5,393,016	11,891,250
Advances from customers		731,925	259,635
Salaries and social security contributions		1,421,916	1,277,573
Taxes payable	28	2,884,059	699,129
Other liabilities	29	136,661	113,440
Total current liabilities		**15,279,237**	**21,350,539**
Total liabilities		**25,555,271**	**35,798,859**
Total shareholders' equity and liabilities		**70,945,890**	**75,725,586**

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

LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2020
(figures expressed in thousands of pesos - $- except as otherwise stated)

	Owners contributions								**Other comprehensive income**				
	Capital Stock	**Capital adjustments**	**Share premium**	**Merger premium**	**Legal reserve**	**Environmental reserve**	**Optional reserve**	**Future dividends reserve**	**Exchange gain (loss)**	**Retained earnings**	**Shareholders' equity attributable to owners of the parent company**	**Non-controlling interest**	**Total**
Balances as of January 1, 2020	**59,603**	**4,745,549**	**8,676,470**	**1,567,326**	**787,182**	**7,502**	**15,306,814**	**63,092**	**449,558**	**5,226,692**	**36,889,788**	**3,036,939**	**39,926,727**
Appropriation as per Annual and Special Shareholders' Meeting held on April 16, 2020:													
Legal reserve					173,848					(173,848)			
Optional reserve							5,052,844			(5,052,844)			
Appropriation as per Annual Shareholders' Meeting held on September 30, 2020:													
Distribution of dividends							(2,608,758)	(63,092)			(2,671,850)		(2,671,850)
Other comprehensive income									(146,074)		(146,074)	(140,337)	(286,411)
Reclassification of exchange gain (loss) (Note 42)									(303,484)		(303,484)		(303,484)
Derecognition of non-controlling interest due to sale of subsidiary (Note 42)												(3,060,273)	(3,060,273)
Capital contribution to Ferrosur Roca S.A. - Minority shareholders												403,791	403,791
Net income for the year										11,351,024	11,351,024	31,095	11,382,119
Balance as of December 31, 2020	**59,603**	**4,745,549**	**8,676,470**	**1,567,326**	**961,030**	**7,502**	**17,750,900**	**-**	**-**	**11,351,024**	**45,119,404**	**271,215**	**45,390,619**

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

LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY AS OF December 31, 2019
(figures expressed in thousands of pesos - $- except as otherwise stated)

	Owners contributions								Other comprehensive income				
	Capital Stock	**Capital adjustments**	**Share premium**	**Merger premium**	**Legal reserve**	**Environmental reserve**	**Optional reserve**	**Future dividends reserve**	**Exchange gain (loss)**	**Retained earnings**	**Shareholders’ equity attributable to owners of the parent company**	**Non-controlling interest**	**Total**
Balance as of January 1, 2019	**59,603**	**4,745,549**	**8,676,470**	**1,567,326**	**217,735**	**7,502**	**4,487,323**	**63,092**	**574,859**	**11,388,938**	**31,788,397**	**2,878,755**	**34,667,152**
Appropriation as per Annual Shareholders’ Meeting held on April 25, 2019:													
Legal reserve					569,447					(569,447)			
Optional reserve							10,819,491			(10,819,491)			
Other comprehensive income									(125,301)		(125,301)	(120,379)	(245,680)
Net income for the year										5,226,692	5,226,692	278,563	5,505,255
Balance as of December 31, 2019	**59,603**	**4,745,549**	**8,676,470**	**1,567,326**	**787,182**	**7,502**	**15,306,814**	**63,092**	**449,558**	**5,226,692**	**36,889,788**	**3,036,939**	**39,926,727**

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

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

LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(figures expressed in thousands of pesos - $- except as otherwise stated)

	December 31, 2020	**December 31, 2019**
Cash flows from operations		
Net income for the year from continued operations	6,253,518	4,485,000
Net income for the year from discontinued operations	5,128,601	1,020,255
Net income for the year	11,382,119	5,505,255
Adjustments to reconcile net profit to net cash from operations		
Income tax recognized in profit or loss	3,780,642	2,295,947
Depreciation and amortization	3,987,936	3,655,322
Provisions	(93,206)	68,091
Interest expense	1,186,647	1,349,383
Exchange gain (loss)	(2,821,500)	(415,085)
Income (loss) from interest in companies	403,791	-
Income from disposal of property, plant and equipment	40,692	(4,657)
Income from the operation of Yguazú Cementos S.A. (Note 42)	(6,645,683)	(1,116,066)
Impairment of property, plant and equipment (Note 13)	946,954	-
Gain (loss) on monetary position	(839,109)	(1,517,775)
Impairment of trust fund	156,523	-
Changes in operating assets and liabilities		
Inventory	788,549	87,893
Other receivables	92,068	602,760
Trade receivables	(541,437)	(905,649)
Advances from customers	525,780	(35,533)
Accounts payable	(248,948)	1,372,276
Salaries and social security contributions	515,390	482,075
Provisions	(48,345)	(148,318)
Taxes payable	(100,084)	342,747
Other liabilities	156,198	86,035
Income tax paid	(1,237,409)	(2,378,465)
Net cash flow from operations	**11,387,568**	**9,326,236**
Cash flows from investments		
Income from sale of interest in Yguazú Cementos S.A. (Note 42)	8,344,118	-
Proceeds from disposal of property, plant and equipment	39,801	88,614
Acquisition of property, plant and equipment	(9,638,982)	(15,945,596)
Acquisition of intangible assets	(86,564)	(75,736)
Contributions to FFFSFI	(87,857)	(40,170)
Net cash used in investments	**(1,429,484)**	**(15,972,888)**
Cash flows from financing activities		
New loans	12,691,980	12,927,725
Interest expense	(2,908,836)	(2,638,155)
Lease payments	(147,111)	(137,244)
Dividend payments	(2,663,733)	-
Loan repayment	(17,475,599)	(6,654,287)
Net cash (used in) coming from financing activities	**(10,503,299)**	**3,498,039**
Net (decrease) increase in cash and cash equivalents	(545,215)	(3,148,613)
Cash and cash equivalents at the beginning of the year	1,775,547	4,881,645
Effect of restating cash and cash equivalents in constant currency	(156,797)	(220,586)
Effects of exchange rate variation on cash and cash equivalents in foreign currency	3,302,013	263,101
Cash and cash equivalents at the end of the year	**4,375,548**	**1,775,547**

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

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

1. LEGAL INFORMATION

Registered office:

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

Loma Negra Compañía Industrial Argentina Sociedad Anónima (hereinafter “Loma Negra”, “Loma Negra C.I.A.S.A.”, the “Company” or the “Parent Company”) is a stock company organized under the laws of the Republic of Argentina.

Fiscal year number:

Fiscal year No. 96 beginning on January 1, 2020.

Principal business of the Group:

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

The main activity of the Group is the manufacture and marketing of cement and its derivatives, as well as the exploration of mineral resources that are used in the production process. Currently, the Group has 9 cement factories in Argentina, in the provinces of Buenos Aires, Neuquén, San Juan, and Catamarca. It also has 10 concrete plants.

The Group, through its subsidiary Coffesur S.A.U., controls Ferrosur Roca S.A., a company that operates the railway cargo network of Ferrocarril Roca under a concession granted by the Argentine government in 1993 for a term of 30 years, allowing access of several of the cement plants in Loma Negra to the railway 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 in the Bidding Terms and Conditions and the Concession Agreement; which has been subsequently subject to the renegotiation and realignment of the concession agreement in order to mitigate the consequences that seriously affect the course of business of that company and disrupt the balance of the concession contract. As of the date of issuance of these consolidated financial statements, Ferrosur Roca S.A. has not yet been called to start the renegotiation process under the scope of the *Comisión Especial de Renegociación de Contratos* (Special Commission for Contract Renegotiation, CERC). In this respect, the Management of the Group understands that it has duly and timely met all the requirements established to obtain an extension of the concession. The Group considers the extended concession period for the purposes of all required assessments and accounting estimates, especially those related to the recoverability of certain non-current assets affected by the concession.

The Group also controls Recycomb S.A.U., a company engaged in the treatment and recycling of industrial waste for use as fuel or raw material.

Finally, on August 21, 2020, the Company sold its stake in Yguazú Cementos S.A., a company incorporated in the Republic of Paraguay engaged in the manufacturing and marketing of cement. Information relating to the sale of its interest and its main effects is described in Note 42.

Date of registration with the Inspección General de Justicia (Inspection Board of Legal Entities, IGJ):

- Registration of the bylaws: August 5, 1926 under No 38, page 46.
- Last amendment registered: August 29, 2017, under No 17,557, book 85, Corporations Volume.
- Number of Registration with the IGJ: 1,914,357.
- Tax identification number (CUIT): 30-50053085-1.
- Expiration date of the corporate term: July 3, 2116.

The Company was founded in 1926 and on August 5, 1926 it was registered as a "sociedad anónima" (stock company according to Argentine Law), originally under the name "Compañía Argentina Ganadera Agrícola Comercial e Industrial S.A." with the Public Registry of Commerce of Azul, Province of Buenos Aires, under the Number 38, Page 46. On August 25, 1927, the Company adopted its current name and on August 27, 1984, the Company was also registered with the General Board of Legal Entities of the Province of Buenos Aires under number 747. The Annual and Special Shareholders' Meeting held on April 16, 2020 resolved to amend Article Fourteen of the Bylaws in order to incorporate the power of the Board of Directors of the Company to decide on the issuance of notes, in accordance with section 9 of the Law on Notes No. 23,576, as amended. As of the date of issuance of these consolidated financial statements, such amendments have not been registered with the IGJ.

Parent company:

InterCement Trading e Inversiones S.A. with 51.0437% of the Company's capital stock and votes. On January 6, 2021 , InterCement Trading e Inversiones S.A. transferred its entire interest in Loma Negra C.I.A.S.A. to InterCement Trading e Inversiones Argentina S.L, a company belonging to the same economic group.

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

These consolidated financial statements of the Group for the year ended December 31, 2020 have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS) adopted by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (Argentine Federation of Economic Sciences Professional Councils, FACPCE) as professional accounting standards, as approved by the International Accounting Standards Board (IASB), adopted by the Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (Economic Sciences Professional Council of the Autonomous City of Buenos Aires, CPCECABA) and incorporated by the Comisión Nacional de Valores (National Securities Commission, CNV) to its standards.

These consolidated financial statements comprehensively recognize the effects of variations in the purchasing power of currency through the application of the method to restate the consolidated financial statements in constant currency, as established by the International Accounting Standard 29 (IAS 29).

These consolidated financial statements include figures and other information from the consolidated financial statements for the fiscal year ended December 31, 2019, which are an integral part of the above-mentioned consolidated financial statements and are presented in order for them to be solely construed in accordance with the figures and other information for this current fiscal year. These figures arise from the financial statements for year 2019 and have been restated in the year-end currency. Moreover, in accordance with the following paragraph, certain reclassifications have been made for them to be comparable with the figures of the current fiscal year, without such restatement modifying the decisions made on the basis of the accounting information for the previous year.

Due to the sale of the shareholding in Yguazú Cementos S.A., as described in Note 42, the assets and liabilities associated with such investment are unconsolidated and classified in a single line within non-current investments and the outcome of the above deal are accounted for as discontinued operations in accordance with IFRS 5 Non-current Assets held for Sale and Discontinued Operations. Consequently, all the amounts related to discontinued operations within each item of the consolidated statement of comprehensive income are reclassified as discontinued operations. The consolidated statement of cash flows includes the cash flows from continued and discontinued operations, being the cash flows of discontinued operations and earnings per share disclosed in Note 42, as well as other additional information related to the transaction performed.

These consolidated financial statements were approved by the Board of Directors on March 10, 2021, the date when the consolidated financial statements were available for issue.

2.2. Financial information presented in constant currency

As mentioned above, the consolidated financial statements as of December 31, 2020, and the corresponding figures for the previous fiscal year have been restated to consider changes in the general purchasing power of the Group's functional currency (the Argentine Peso) in accordance with the provisions included in IAS 29 and the CNV General Resolution 777/2018. As a result, the consolidated financial statements are stated in the unit of currency that was current as at the end of this fiscal year.

According to IAS 29, the restatement of the financial statements is necessary when the functional currency of an entity is that of a hyperinflationary economy. IAS 29 provides certain guidelines for illustrative purposes to define a situation in which hyperinflation is deemed to arise, including (i) analysis of general population behavior, prices, interest rate, and salaries in the face of changes in price indexes and the loss of purchasing power in currency and (ii) as a quantitative feature, which is the condition more frequently considered in practice, the existence of a cumulative three-year inflation rate that approximates or exceeds 100%.

In order to assess the above-mentioned quantitative condition and also to restate financial statements, the CNV has set forth that the series of indices to be used in the enforcement of IAS 29 is as determined by FACPCE. This series combines the Consumer Price Index (CPI) at the national level and as published by *Instituto Nacional de Estadística y Censos* (Official Statistics Bureau, INDEC) as from January 2017 (baseline month: December 2016) with the Wholesale Domestic Price Index (IPIM, for its acronym in Spanish) as published by INDEC until that date, computing for the months of November and December 2015, for which INDEC has no information with respect to changes in the IPIM, the variation in the CPI of the Autonomous City of Buenos Aires.

In view of the above-mentioned index, inflation was 36.14% and 53.83% in the years ended December 31, 2020 and 2019, respectively, and 100% accumulated in three years during each of the years presented was reached.

Below is a summary of the effects of the application of IAS 29.

Restatement of the statement of financial position:

(i) Monetary items (those with a fixed nominal value in local currency) are not restated because they are already expressed at the current unit of measurement as of the end of the reporting period. In an inflationary period, to hold monetary assets causes losses in the purchasing power and to hold monetary liabilities generates gains in the purchasing power, provided that such items are not subject to an adjustment mechanism that may otherwise offset these effects. Monetary gain or loss is accounted for as profit or loss for the year.

(ii) Assets and liabilities subject to changes based on specific agreements are adjusted on the basis of such agreements.

(iii) Non-monetary assets and liabilities measured at current values as of the end of this year are not restated for presentation purposes in the statement of financial position. Nevertheless, the adjustment process should be completed to establish in a homogeneous unit of measurement the gains or losses resulting from holding those non-monetary items. As of December 31, 2020 and 2010, no non-monetary items were recorded using the current value method.

(iv) Non-monetary items measured at historical cost or at the current value of a date prior to the end of the reporting fiscal year are restated by coefficients reflecting the variations in the general price level since the date of acquisition or revaluation through the end of the reporting period. Subsequently, the restated amounts of such assets are compared to the corresponding recoverable values. The amounts charged to income due to depreciation of property, plant and equipment and amortization of intangible assets, as well as any other use of non-monetary assets shall be established based on the new restated amounts. As of December 31, 2020 and 2019, the items subject to this restatement process have been those included in inventory, other receivables, property, plant and equipment, right of use assets, goodwill, and non-current investments.

(v) When borrowing costs are capitalized in non-monetary assets pursuant to IAS 23, the components of those costs compensating the creditor for the effects of inflation are not capitalized. The Group has capitalized the borrowing costs as stated in Note 13.

(vi) The restatement of non-monetary assets in terms of current units of measurement as of the end of this year with no equivalent adjustment for tax purposes gives rise to a taxable temporary difference and the recognition of deferred tax liabilities. In those cases where there is a revaluation of the non-monetary assets in addition to the restatement, the deferred tax recognized on the restatement is accounted for as profit or loss for the year, and the effect of deferred taxes on the revaluation (excess of the revalued amount over the restated amount) is recognized in other comprehensive income. The Group has no assets subject to revaluation.

Restatement of the statement of comprehensive income:

(i) Expenses and income are restated from the date of their accounting entry, except for those profit or loss items reflecting or including in their determination the use of assets measured in purchasing power currency of a date prior to the date on which the use was recorded, which are restated based on the date of origin of the asset to which the item is related (e.g. depreciation, impairment, and other use of assets valued at historical cost); and except also for any profit or loss arising from comparing two measurements expressed in a currency with a purchasing power from different dates, for which it is necessary to identify the amounts compared, restate them separately, and make the comparison again, but with the amounts already restated.

(ii) In the case of financial income and expenses, including foreign exchange gain (loss), from lent or borrowed funds, the Group has decided to present them in actual terms, i.e. net of the effect of inflation on the assets and liabilities that generated these income or expenses.

(iii) The net profit (loss) from the maintenance of the rest of the monetary assets and liabilities is presented in a separate item from profit or loss for the year.

Restatement of the statement of changes in shareholders' equity:

All equity components are restated by applying the general price index from the beginning of the fiscal year, and each variation of these components is restated from the date of contribution or from the time in which it has otherwise occurred. Capital stock is recorded at nominal values and its respective adjustment in a separate account. Other comprehensive income resulting after the transition date of the implementation of IAS 29 is recorded in actual terms.

Restatement of the statement of cash flows:

IAS 29 requires that all accounts of this statement should be restated in terms of the current unit of measurement as of the end of the reporting period. The monetary gain or loss generated from cash and cash equivalents is recorded in the statement of cash flows separately from the cash flows from operations, investments and financing activities, as a specific item for the reconciliation between cash and cash equivalents at the beginning and at the end of the fiscal year.

2.3. Applicable Accounting Standards

The consolidated financial statements have been prepared based on historical cost, which has been restated at year-end currency in the event of non-monetary items, except for the reassessment of certain non-current assets and financial instruments, which are measured at the revalued value or at fair value as of the end of each year. In general, historical cost is based on the fair value of the compensation given in exchange for the assets.

Fair value is the price that the Group would have received if it had sold an asset or it would have paid if it had transferred a liability, in an orderly transaction entered into between market players on the measurement date, whether the price is directly observable or estimated using the valuation method. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market players take into account those characteristics when valuing the asset or liability at the date of measurement. The fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on that basis, except for share-based payment transactions under the scope of IFRS 2, lease transactions under the scope of IFRS 16, and measurements that have certain similarities to fair value but are not fair value, such as the net realizable value in IAS 2 or the value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized as Level 1, 2 or 3 based on the extent to which entries for fair value measurements are observable and the importance of entries for fair value measurements in their entirety, as described below:

- Level 1 entries are quoted (unadjusted) prices in active markets for identical assets and liabilities to which the entity has access as at the measurement date;

- Level 2 entries are entries, other than the quoted prices included in Level 1, that are observable for an asset or liability, either directly or indirectly; and

- Level 3 entries are non-observable entries for an asset or liability.

<u>Classification as current and non-current:</u>

The Group classifies its assets and liabilities in the statement of financial position as current and non-current.

An asset is classified as current when the Group:

a) expects to realize the asset or intends to sell or consume it during its normal operating cycle;
b) holds the asset primarily for the purpose of trading;
c) expects to realize the asset within twelve months after the end of the year; or
d) the asset is cash or cash equivalent unless it is restricted and cannot be exchanged or used to settle a liability for at least twelve months after the end of the year.

All other assets are classified as non-current.

A liability is classified as current when the Group:

a) expects to settle the liability during its normal operating cycle;
b) holds the liability primarily for the purpose of trading;
c) the liability is due to be settled within twelve months after the end of the year; or
d) fails to have an unconditional right to defer settlement of the liability for at least twelve months after the end of the fiscal year.

All the other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities under all circumstances.

<u>Year-end date:</u>

The fiscal year of the Group starts on January 1 and ends on December 31 each year.

<u>Currency:</u>

The accompanying consolidated information is presented in Argentine pesos ($), the currency of legal tender in the Republic of Argentina, which was prepared from the accounting records of Loma Negra and its subsidiaries, and presented in accordance with the IFRS, as issued by IASB.

Use of estimates:

The preparation of the financial statements as of a certain date requires the Management of the Group to make estimates and assumptions that affect the amount of recorded assets and liabilities and the contingent assets and liabilities disclosed as of that date, as well as the revenues and expenses recognized during the year. Actual future profit or loss may differ from the estimates and assessments made as of the date of preparation of these consolidated financial statements.

The description of estimates and significant accounting judgments made by the Group's Management in the application of accounting policies as well as the areas with greater degree of complexity requiring further judgment, are disclosed in Note 4.

The main accounting policies are described below.

2.4. Changes in Standards and Interpretations

The following is a detail of standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's consolidated financial statements. The Group intends to adopt these standards, as appropriate, once they are effective and never earlier.

- IFRS 9, IFRS 7, IFRS 4, IFRS 16, and IAS 39 Interest Rate Benchmark Reform

In August 2020, IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 Financial Instruments: Disclosures, which completes the second and last phase of its work to answer to the effects of the interbank offered rates (IBOR) reform in financial reporting. The amendments provide temporary exceptions that address the effects on financial reporting when an interbank offered rate is replaced by an alternative risk-free interest rate. These amendments are effective for fiscal years beginning on or after January 1, 2021. These amendments are not expected to have an impact on the Group's consolidated financial statements since there are no interest rate hedging operations.

- IFRS 3 Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations. The amendments are mainly intended to replace a reference to the framework for the preparation and presentation of financial statements, issued in 1989, with a reference to the conceptual framework for financial information issued in March 2018, without significantly changing its requirements. IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The above mentioned amendments shall be effective for fiscal years beginning on or after January 1, 2022, and shall be applied prospectively. These modifications are not expected to have an impact on the Group's consolidated financial statements, except if the Group performs any business combination.

- IAS 16 Proceeds before Intended Use of Property, Plant and Equipment

In May 2020, the IASB issued amendments to IAS 16 Property, Plant and Equipment in order to prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from the sale of those items, including the costs incurred for producing them, shall be recognized in profit or loss. The amendment is effective as from the fiscal years beginning January 1, 2022 and shall be applied retroactively to the items of property, plant and equipment available for use on or after the beginning of the earliest period presented in which the entity first applies the amendment. The modification is not expected to have an impact on the Group's consolidated financial statements.

- IAS 37 Cost of Fulfilling an Onerous Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify the costs an entity should include when assessing whether a contract is onerous or loss-making. The amendments apply a directly related cost approach. Costs directly related to a contract for the provision of goods or services include both incremental costs and an allocation of costs directly related to the activities of the contract. General and administrative costs are not directly related to a contract and are excluded unless they are explicitly attributable to the counterparty under the contract. The amendments shall be effective for fiscal years beginning on or after January 1, 2022. The Group shall apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the fiscal year in which it first applies the amendments.

- IFRS 1 - First-time Adoption of IFRS by a subsidiary

As part of the Annual Improvements to IFRS Standards 2018-2020, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment allows a subsidiary to choose to apply IFRS 1.D16(a) to measure its cumulative translation difference using the amounts reported by the parent company based on the parent company's date of transition to IFRSs. This amendment also applies to an associate or joint business that chooses to apply IFRS 1.D16(a). The amendment is effective for fiscal years beginning on or after January 1, 2022, and early application is permitted. The modification is not expected to have an impact on the Group's consolidated financial statements.

- IFRS 9 Fees in the '10 per cent' Test for Derecognition of Financial Liabilities

As part of the Annual Improvements to IFRS Standards 2018-2020, the IASB issued an amendment to IFRS 9 Financial Instruments. The amendment clarifies the fees an entity should include when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees shall include only fees paid or received between the lender and borrower, including fees paid or received by lender or borrower on its behalf. An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the reporting year in which it first applies the amendment. The amendment is effective for fiscal years beginning on or after January 1, 2022, and early application is permitted. The Group shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the reporting year in which it first applies the amendment. The amendment is not expected to have an impact on the Group's consolidated financial statements.

- IFRS 16 Lease Incentives

The amendment removes the illustration of reimbursement of leasehold improvements by the lessor in the illustrative example 13 accompanying IFRS 16; thus removing the potential for confusion regarding the treatment of lease incentives when applying IFRS 16. The modification is not expected to have an impact on the Group's consolidated financial statements.

- IAS 41 Taxation in Fair Value Measurement

As part of the Annual Improvements to IFRS Standards 2018-2020, the IASB issued an amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of assets under the scope of IAS 41. The amendment is effective for fiscal years beginning on or after January 1, 2022, and early application is permitted. This amendment is not applicable to the Group.

- IAS 1 - Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" to specify the requirements for the classification of liabilities as current or non-current. The amendments clarify: (i) what is meant by a right to defer settlement; (ii) that a right to defer must exist at the end of the reporting period; (iii) that classification is unaffected by the likelihood that an entity will exercise its deferral right; and (iv) that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments shall be effective for fiscal years beginning on or after January 1, 2023 and shall be applied retroactively. The amendments are not expected to have an impact on the Group's consolidated financial statements.

- IFRS 17 Insurance Contracts

In May 2017, IASB issued IFRS 17 Insurance Contracts, a new standard of comprehensive accounting for insurance contracts covering recognition, measurement, presentation, and disclosure. Once it comes into effect, IFRS 17 will replace IFRS 4 Insurance Contracts, as issued in 2005. IFRS 17 is applied to all types of insurance contracts (such as, life insurance, non-life insurance, direct insurance, and reinsurance), regardless of the type of entities issuing them, as well as to certain guarantees and financial instruments with certain discretionary participation features. The general purpose of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurance entities. Unlike IFRS 4 requirements, which are largely based on the expansion of accounting policies, IFRS 17 provides a comprehensive model for insurance contracts covering all relevant accounting aspects. IFRS 17 shall be effective for fiscal years beginning on or after January 1, 2023, and shall be applied retrospectively. This standard is not applicable to the Group.

Adoption of improvements or new standards

The Group has adopted all the improvements and new standards and interpretations issued by IASB that are relevant to its operations and that are effective for the financial year ended December 31, 2020. As from January 1, 2020, the Group began to apply the following standards:

- Amendments to the conceptual framework references of different standards

The conceptual framework is not a standard and none of the concepts contained therein prevails over the concepts or requirements of any standard. The purpose of the conceptual framework is to assist IASB in the development of standards, to assist the persons engaged in the preparation of financial information to develop consistent accounting policies where there is no applicable standard in place, and to help all parties to understand and interpret the existing standards. IASB has made amendments to a set of standards when it issued the conceptual framework in March 2018, which establishes financial concepts and prepares a guide of standards for persons engaged in the preparation of financial information in order to help users of financial information to understand it better. These amendments have not had an impact on the Group's consolidated financial statements.

- IFRS 3 Definition of a Business

In October 2018, the IASB issued amendments to the definition of business in IFRS 3 Business Combinations to assist entities to establish whether an acquired set of activities and assets is a business or not. The IASB clarifies the minimum requirements for a business; removes the assessment of whether market participants are capable of replacing any missing elements; adds guidance to help entities assess whether an acquired process is substantive; narrows the definitions of a business and outputs; and introduces an optional fair value concentration test. The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a process that together significantly contribute to the ability to create output. These amendments have not had an impact on the Group's consolidated financial statements, but they might affect future fiscal years if the Group carries out a business combination.

- IAS 1 and IAS 8 - Definition of material information

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of "material information" across the standards and to clarify certain aspects of the definition. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments clarify that relative materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. These amendments have not had an impact on the Group's consolidated financial statements.

- IFRS 9, IFRS 7 and IAS 39 Interest Rate Benchmark Reform

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 Financial Instruments: Disclosures", which completes the first phase of its work to answer to the effects of the interbank offered rates (IBOR) reform in financial reporting. The amendments allow hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark for an alternative risk-free interest rate. These amendments have not had an impact on the Group's consolidated financial statements since the Group has no interest rate hedging operations.

- IFRS 16 COVID-19-Related Rent Concessions

In May 2020, the IASB issued amendments to IFRS 16 Leases to provide relief to lessees on how to account for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19-related rent concession under the scope of a lease agreement is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from a COVID-19-related rent concession the same way that it would account for the change according to IFRS 16 if the change were not a lease modification. This amendment has not had an impact on the Group's consolidated financial statements.

2.5. Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the companies controlled by the Group. The Group controls an entity when it is exposed or is entitled to variable returns for its involvement in the investee, and has the capacity to use the power to manage its operating and financial policies to influence those returns.

The Group will re-assess whether or not it controls an investee when facts and circumstances indicate changes in one or more of the control elements listed in the preceding paragraph.

If the Group has less than the majority of the voting rights of an investee, it has power over the investee when these voting rights are sufficient to grant it the practical ability to unilaterally manage the relevant activities of the investee. The Group considers all the relevant events and circumstances when assessing whether the voting rights of the Group in an investee are enough to grant it that power, including:

- The Group's voting interest vis-à-vis the size and dispersion of the percentages held by other vote holders;
- Potential voting rights held by the Group, other shareholders or other parties;
- Rights arising from contractual arrangements; and
- Any and all additional events or circumstances that indicate that the Group has, or fails to have, the current ability to direct the relevant activities of the investee when decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group gains control over the subsidiary and ends when the Group loses control over the subsidiary. Specifically, the income and expenditure of a subsidiary acquired or sold during the year are included in the consolidated income statement and other comprehensive income since the date on which the Group obtains control until the date on which the Group ceases to control the subsidiary.

Profits or losses of each component of other comprehensive income are attributed to the owners of the Group and the non-controlling interests. The total comprehensive income of the subsidiaries is attributed to the Group's owners and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup transactions, balances, income and expenses are eliminated upon consolidation.

(figures expressed in thousands of pesos - $- except as otherwise stated)

The consolidated information disclosed in these consolidated financial statements includes the following subsidiaries:

Subsidiary	Main business	Country	% of direct and indirect interest as of	
			December 31, 2020	December 31, 2019
Cofesur S.A.U.	Investment	Argentina	100.00	100.00
Ferrosur Roca S.A. (1)	Rail freight transportation	Argentina	80.00	80.00
Recycomb S.A.U.	Waste recycling	Argentina	100.00	100.00

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

Below is a summary of the financial information for Ferrosur Roca S.A., a subsidiary with a material non-controlling interest. The information provided below does not include intragroup eliminations due to consolidation.

	December 31, 2020	December 31, 2019
Current assets	971,734	1,186,841
Non-current assets	1,588,289	3,023,738
Current liabilities	879,157	3,343,688
Non-current liabilities	324,795	425,681
Shareholders' equity attributable to owners of the parent company	1,084,856	352,968
Non-controlling interest	271,215	88,242

	December 31, 2020	December 31, 2019
Sales revenues	3,595,634	4,964,258
Financial income (loss), net	375,153	(857,072)
Depreciation	(817,204)	(841,090)
Income tax	95,305	80,489
Net losses for the year (*)	(1,104,096)	(1,106,732)

(*) As of December 31, 2020 and 2019, net losses include an income for elimination of intragroup transactions of 11,867 and 472,492, respectively.

	December 31, 2020	December 31, 2019
Net cash flow from operations	240,521	402,908
Net cash flow (used in) provided by investments	(412,998)	74,338
Net cash flow used in financing activities	(673,538)	(786,408)
Cash-generated financial and holding profit (loss)	841,997	(18,119)

Finally, as mentioned in Note 42, on August 21, 2020 the Company sold its interest in Yguazú Cementos S.A., therefore the amounts related to the aforementioned business are presented as discontinued operations in these consolidated financial statements.

3. SUMMARY OF MAIN ACCOUNTING POLICIES

3.1. Revenue Recognition

The Group is engaged in the production and commercialization of cement, masonry cement, concrete, limestone and aggregates, the provision of logistics services through its rail concession, and the provision of industrial waste recycling services. The goods to be delivered and the services to be provided arise from agreements (generally unwritten) where the Group can identify the rights of each of the parties, the terms of payment and the agreement is commercial in nature.

3.1.1. Sale of goods

Revenues from customer agreements are recognized when control over goods is transferred to the customer for an amount reflecting the consideration that the Group expects to be entitled to in exchange for such assets or services. Customer gains control of the goods when significant risks and rewards of the products sold are transferred in accordance with the specific delivery terms agreed with the customer. Revenues from the sale of goods are measured at the fair value of the consideration received or to be collected, net of commercial discounts. No financing components are considered in the transaction since credit terms vary greatly between 20 and 35 days, depending on the specific terms agreed upon by the Group, which is consistent with market practices.

Some customer agreements offer commercial discounts or volume-based discounts. If revenues cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. However, due to the fact that performance obligations relate mainly to the delivery of the acquired good and that both the price and any discount granted are specifically agreed between the parties, there are in practice no uncertainties associated with revenue recognition. Variable consideration is recognized when there is a high likelihood that there will not be a significant reversal in the amount of the accumulated revenues recognized in the agreement and is measured using the expected value or the most likely amount method, whichever is expected to better predict the amount based on the terms and conditions of the agreement.

The products sold by the Group in general are not returned by customers once they have approved their quality, which occurs at the time of delivery.

3.1.2. Provision of Services

The Group provides transportation services along with the sale of cement, concrete, limestone, and aggregates. These services are provided together with the sale of goods to customers. The Group’s policies provide for that transport services should be accounted for with sales revenues from goods. The Group arrived at the conclusion that the transportation services are provided over time because the customer receives and uses the benefits provided by the Company simultaneously. Nevertheless, due to the relatively narrow distances related to transport services, the time period involved is very short.

Revenues from freight rail and waste recycling services are recognized as rendered.

3.2. Goodwill

The goodwill recorded by the Group in the amount of 34,717 is due to the acquisition of Recycomb S.A.U. and is measured at cost restated at the year-end currency, as mentioned in Note 2.2.

In accordance with the applicable standard (IFRS 3), goodwill is measured as the difference between the aggregate of the value of the consideration transferred, the amount of any non-controlling interest in the acquiree, where applicable, and the fair value of the equity interest previously held by the acquirer (if any) in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed at fair values.

Goodwill is not amortized, but rather tested for impairment on an annual basis. For impairment testing purposes, goodwill is allocated to each of the Group’s cash-generating units that are expected to benefit from the synergies of the relevant combination. Cash-generating units to which goodwill is allocated are tested for impairment on an annual basis, or more frequently if there are indications that the unit may have been impaired.

If the recoverable amount, i.e. the greater between the use value and the net realized value, of the cash-generating unit is less than the unit’s carrying amount, the impairment loss is first allocated to reduce the carrying amount of the goodwill allocated to the unit and then, on a pro rata basis, to the other assets of the unit. This is based on the carrying amount of each asset in the unit. Impairment losses recognized for goodwill purposes cannot be reversed in future fiscal years.

Any goodwill impairment loss is recognized directly in profit or loss.

Upon disposal of the relevant cash-generating unit, the amount attributable to goodwill is included in the assessment of the proceeds from such disposal.

As of December 31, 2020 and 2019, there has been no goodwill impairment.

3.3. Investments in other companies

They are investments in companies where no significant influence is exercised. Given that these investments do not have a market price quoted in an active market and their fair value cannot be reliably measured, these investments are measured at the cost restated at the end of the reporting fiscal year, less any impairment loss identified at the end of each fiscal year.

3.4. Leases

The Group adopted IFRS 16 during the previous year. The relevant changes were applied to the initial balances for that year. The nature and effect of the changes as a result of the adoption of this new accounting standard are described in Note 14.

The accounting model for the recognition and measurement of all leases is as follows:

Right-of-use assets:

The Group recognizes a right of use asset at the beginning of each lease (the date on which the underlying asset is available for use). Right of use assets are measured at cost, net of accumulated depreciation and impairment losses, and adjusted to reflect any remeasurement of liabilities and to recognize changes in the purchasing power of currency. The cost of the right of use assets includes the amount of the recognized lease liabilities, initial direct costs incurred, and lease payments made at or before the lease start date, less any incentives received. Unless the Group is certain that it will acquire the asset at the end of the lease, right of use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease term (calculated based on the term of the relevant agreements, including renewal provisions in the event that they are highly likely to continue). The right of use assets are subject to impairment.

Lease liabilities:

Lease liabilities are measured at the present value of future lease payments to be made throughout the lease term, for which market rates have been used according to the nature and term of each agreement. Lease payments include fixed payments, less any lease incentives to be received, variable payments depending on an index or rate and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of any purchase option of the leased underlying asset, and any penalties for terminating the lease, provided that it is reasonably likely that the Group will exercise such options. Variable payments that do not depend on an index or rate are recognized in profit or loss for the year of occurrence of the condition to which they are subject.

The accrual of the present value recognized for each lease is accounted by the Group in the comprehensive income of each year.

Operating lease income:

The income from the operating lease of buildings and equipment is recognized every month during the lease term. Leases in which the Group does not transfer substantially all the risks and benefits inherent in the ownership of the asset are classified as operating leases. The initial direct costs incurred in negotiating an operating lease are in addition to the carrying amount of the leased asset and are recognized throughout the lease term on the same basis as lease income.

3.5. Foreign currency and functional currency

For the purposes of the consolidated financial statements, the income and financial position of each company are stated in Argentine Pesos (Argentina's currency of legal tender), which is also the functional currency (the currency of the primary economic environment where the entity does business) for all the Group companies with domicile in the Republic of Argentina, and the reporting currency of the consolidated financial statements. In the case of Yguazú Cementos S.A., a company located in Paraguay and whose interest was sold by the Group on August 21, 2020 (Note 42), the functional currency is the Guaraní.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated to pesos at the foreign exchange rate prevailing at the end of each year. Revenue and expense items are translated at the average exchange rates for each month; however, if the exchange rates fluctuate significantly during the reporting year, the exchange rate at the date of transactions shall be used, with the ensuing restatement of such items by applying the rates at the month of accrual, pursuant to the adjustment procedure described in Note 2.2. Exchange gain or loss, if any, are recognized in other comprehensive income and accumulated in shareholders' equity (and are attributed to non-controlling interests, as applicable).

Any exchange gain or loss from monetary items is recognized in the profit or loss for the month, net of the effect of inflation on the items that generated them, except for those arising from foreign currency loans related to the assets under construction for future productive use, which were included in the cost of such assets for being considered as an adjustment to the cost of interest accrued on such foreign currency denominated loans.

In the consolidated financial statements, the assets and liabilities in foreign currency of the Group are translated to pesos using the foreign exchange rate at the end of each year.

Goodwill and adjustments at fair value arising from the acquisition of investments are recognized as assets and liabilities of the acquiree and are translated using the exchange rate at the year-end date of each fiscal year. Exchange gains or losses are recognized in other comprehensive income. When an investment is sold or disposed of, exchange gains or losses are recognized in the income statement as part of the gain or loss on sale/disposition.

3.6. Borrowing costs

Borrowing costs, net of the effect of inflation directly attributed to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the asset until the assets are ready for use or sale.

The income received from temporary investments in specific outstanding loans to be used in qualifying assets is deducted from the borrowing costs eligible for capitalization.

All the other borrowing costs are recognized in profit or loss during the fiscal year in which they are incurred, net of the effect of inflation on the liabilities that generated them.

3.7. Taxation

3.7.1. Income tax

The Group assesses the income tax accounting charge according to the deferred tax method, which considers the effect of temporary differences originating in the different bases for the measurement of assets and liabilities according to accounting and taxing criteria, and of the existing tax losses and unused tax credits eligible for deduction from future taxable income computed by considering the current tax rate, which at present is 30% in Argentina. This tax rate had been set forth by Law No. 27430 until the fiscal year ended in December 2019, dropping to 25% as from January 1, 2020. Pursuant to the Reform introduced by Law No. 27541 the expected changes in tax rates were suspended and it was resolved to maintain the original 30% tax rate up to the fiscal years starting and including January 1, 2021. The 25% tax rate shall be effective for the fiscal years beginning on or after January 1, 2022.

3.7.1.1. Current taxes

The current tax payable was based on the taxable income for the fiscal year. Taxable income differs from the income reported in the consolidated statement of comprehensive income due to the revenues or expense items that are taxable or deductible in other fiscal years and the items that will never be taxable or deductible. The Group's liability for current tax is calculated using the tax rates enacted or substantially approved at the end of this year in the countries where the Group companies are located.

3.7.1.2. Deferred taxes

Deferred taxes are recognized on the temporary differences between the carrying amount of the assets and liabilities included in the consolidated financial statements and the taxable bases of each company for those items used to determine the taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences in the future. Deferred tax assets are recognized for all deductible temporary differences to the extent that the Group is likely to have future tax income against which it is possible to account for those deductible temporary differences. Such deferred tax assets and liabilities are not recognized when temporary difference arose from goodwill or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable nor the accounting income.

The carrying amounts of deferred tax assets are reviewed at the end of this fiscal year and the deferred tax asset balance amount is reduced to the extent it is deemed likely that no sufficient taxable income will be available in the future to recover all or part of that asset.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the fiscal year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been approved or whose approval process is about to be completed at the end of this year. The measurement of deferred tax assets and liabilities at the end of this fiscal year reflects the tax consequences that would stem from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets will be offset against deferred tax liabilities only if (a) there is a legally existing right to offset such assets before the tax authority and (b) the deferred tax assets and liabilities result from income taxes levied by the same tax authority and the Group intends to settle its assets and liabilities on a net basis.

Deferred tax liabilities resulting from investments in subsidiaries and associates are recognized for temporary taxable differences, except when the Group con control the reversal of the temporary difference and the temporary difference is likely not to be reversed in the near future. Deferred tax assets resulting from deductible temporary differences from such investments are only recognized to the extent that there are likely to be sufficient taxable benefits for which the benefits of temporary differences can be used and are expected to be reversed in the near future.

3.7.1.3. Current and deferred taxes

Current and deferred taxes are recognized as profit or loss and are included in other comprehensive income.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in shareholders' equity, in which case the current and deferred taxes are also recognized in other comprehensive income or directly in shareholders' equity, respectively. When the current tax or deferred tax arises from the initial accounting of a business combination, the tax effect is included in the accounting for the business combination.

3.7.2. Personal Property Tax - Surrogate Payer

Foreign individuals and entities, as well as their undivided estates, regardless of whether they are domiciled in Argentina or abroad, are subject to the personal property tax of 0.25% over the value of any shares or the American Depositary Shares (ADSs) issued by Argentine entities as of December 31 of each year. The tax is applied to the Argentine issuers of such shares, who must pay this tax in substitution for the relevant shareholders and is based on the value of the shares (following the equity method) or the book value of the shares derived from the most recent financial statements as of December 31 of each year. In accordance with the Personal Property Tax Law, the Group has the right to obtain a refund of the tax paid from the shareholders to whom the above tax is applicable, through the reimbursement procedure deemed appropriate by the Group.

As of December 31, 2020 and 2019, the Group has a credit of 38,856 and 18,368, respectively.

3.7.3. Tax reform

The Tax Reform Law No. 27,430, as amended by Law 27,468, provides for as follows, with respect to the tax inflation adjustment, to be effective for the fiscal years beginning on or after January 1, 2018: (a) that such adjustment shall be applicable in the fiscal year in which a percentage of CPI variation exceeding 100% is verified in the thirty-six months prior to the end of the relevant financial year; (b) that in respect of the first, second and third fiscal years as from its coming into force, this procedure shall apply in case the variation of that index, calculated from the beginning and until the end of each of those fiscal years, exceeds 55%, 30% and 15% for the first year, second and third year of application, respectively; and (c) that the positive or negative tax inflation adjustment, as the case may be, for the first, second, and third fiscal year beginning January 1, 2018, to be calculated if the assumptions provided for in the preceding provisions (a) and (b) are verified, shall be charged as follows: one third in that fiscal period and the remaining two thirds, in equal parts, in the immediately following two fiscal periods.

With the enactment on December 21, 2019 of Law No. 27,541, Law of Social Solidarity and Reactivation in the Framework of the Public Emergency, the calculation of the tax inflation adjustment was changed to one sixth in the fiscal year and the five remaining sixths, in equal parts, in the immediately following five fiscal periods, which have been recognized as deferred liabilities against deferred tax within the statement of other comprehensive income.

As a result of the fact that the conditions for applying the tax inflation adjustment were met at the end of this year, the current and deferred income tax was recorded by incorporating the effects resulting from its application.

Tax Revaluation:

The Tax Reform Law No. 27,430 enacted by the Executive Branch on December 29, 2017, establishes a tax revaluation option, which allows taxpayers, only once, to reevaluate for tax purposes certain of their assets existing as of the end of the first fiscal year ended after December 29, 2017 -the effective date of the law-, and then to continue adjusting the revalued assets based on the percentage changes in the consumer price index published by INDEC, according to the tables to be prepared for that purpose by the Argentine Tax Authority (“AFIP”). The exercise of the option involves the payment of a special tax for all assets revalued in accordance with the tax rates established for each type of asset, and entitles the taxpayer, upon determining the income tax, to deduct a depreciation incorporating the relevant portion of the revaluation amount.

Those who exercise the option of revaluing their assets in accordance with Law No. 27,430 must (i) waive any court or administrative proceedings to claim, for tax purposes, the application of any kind of restatement procedure until the date of the first fiscal year ending after the coming into force of that Law, and (ii) abandon any actions and rights invoked in proceedings brought in respect of fiscal years ended before. Additionally, the calculation of the amortization of the revaluation amount or its inclusion as cost attributed to a disposal in the income tax determination shall imply a waiver of any claim for restatement for the fiscal year in which such calculation is made

The Group exercised the option of revaluing its depreciable real and personal property for tax purposes and paid the special tax during fiscal year 2019.

3.8. Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods and services, including the stripping and quarry exploitation costs mentioned in Note 3.18, or for administrative purposes, are carried at the cost restated in year-end currency as mentioned in Note 2.2, less accumulated depreciation and impairment loss.

The lands owned by the Group are not subject to depreciation.

Construction in progress for administrative, production, supply or other purposes are carried at the cost restated in year-end currency, as mentioned in Note 2.2, less any recognized impairment loss. The cost included professional fees and, in the case of qualifying assets, borrowing costs capitalized in accordance with the Group’s accounting policies. Depreciation of these assets, as in the case of other property items, starts when such assets are ready for use.

Depreciation is recorded to gradually reduce the cost of the assets in this category, except for land and assets under construction, during their useful lives using the straight line method. The estimated useful life, the residual value and the depreciation method are reviewed at the end of each year, with the effect of any changes in estimates being accounted for on a prospective basis.

Assets held under financial leases are depreciated over their estimated useful life, which is equivalent to those of the assets held, or, if lower, over the relevant lease term.

Gain or loss from the disposal or write-off of an item of property, plant and equipment is calculated as the difference between sales revenues and the carrying amount of the asset and is recognized in the income statement at the restated value in year-end currency.

The Group assesses the recoverability of the value of its property, plant and equipment items whenever any indication of impairment is identified. The assessments are carried out considering the cash-generating units established by the Group.

3.9. Intangible assets

Intangible assets with finite useful lives that were separately acquired are carried at the cost restated in year-end currency, as described in Note 2.2, less accumulated depreciation and impairment losses.

The estimated useful life and the depreciation method are reviewed at the end of each fiscal year, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives that were separately acquired are carried at the cost restated in year-end currency, as described in Note 2.2, less accumulated impairment losses.

Intangible assets are derecognized when no future economic benefits are expected from their use or disposal. Gains or losses from a derecognized intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

3.10. Impairment of tangible and intangible assets

At the end of each fiscal year, the Group reviews the carrying amounts of its tangible and intangible assets in order to assess whether there is any indication of impairment losses.

The Group calculates the recoverable amount per cash-generating unit. The recoverable amount of an asset is the higher of the fair value less cost of sales and its value in use. In assessing value in use, the estimated future cash flows are discounted from the present value using a discount rate before income tax that reflects current market assessments as of year-end with respect to the time value of money considering the risks that are specific to the asset. Cash-generating units are the ones defined in Note 32.

If the recoverable value of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying value of the asset (or cash-generating unit) is reduced to its recoverable value. Impairment losses are immediately recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying value of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but in such a way that the increased carrying value shall not exceed the carrying amount that would have been calculated if no impairment loss of the asset (or cash-generating unit) were recognized in previous years. Impairment loss reversals are immediately recognized in profit or loss.

3.11. Inventory

Inventory is carried at the lower of cost restated in year-end currency as mentioned in Note 2.2 and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and spare parts: at the acquisition cost according to the Weighted Average Price method. Cost is calculated for each of the plants owned by the Group.

- Finished goods and work in progress: at the acquisition cost of direct materials and labor plus a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs.

The net realizable value of an inventory component is the estimated selling price for that component in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale, calculated as of the end of this fiscal year. In assessing recoverable amounts, slow-moving inventories are also considered.

3.12. Provisions

The provisions are recognized in cases where, for the Group, in the face of a present obligation under its responsibility (whether legal or implied) arising from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

The amount recognized as provision is the best estimate of the disbursement necessary to settle the present obligation at the end of this fiscal year, taking into account the risks and uncertainties involved. When a provision is measured using the estimated cash flow to settle the present obligation, its carrying amount represents the current value of that cash flow.

When some or all of the economic benefits required to derecognize a provision are expected to be recovered, an account receivable is recognized as an asset if it becomes virtually certain that the disbursement will be received and the amount of the account receivable can be reliably measured.

The Group takes into account the opinion of its legal advisors in the estimation of obligations.

Environmental restoration:

Taking into account legal and good practice provisions, the land used by the Group for mining and quarries are subject to environmental restoration.

In this context, provisions are recognized, provided that they can be calculated, in order to afford the estimated expenses for the environmental recovery and restoration of the mining areas. These provisions are recorded simultaneously with the increase in value in the underlying asset and the relevant depreciation of the assets involved is recognized in profit and loss prospectively.

The asset retirement and restoration obligation can also increase or decrease due to changes in the estimated timing of cash flows, changes in the discount rate and/or changes in the original costs. Increases or decreases in the obligation will result in a corresponding change in the carrying value of the related asset. Actual costs incurred upon settlement of the asset retirement and restoration obligation are charged against the provision up to the amount of the recorded liability. The Group discounts the costs related to asset retirement obligations using the discount rate that reflects the current market assessment of the time value of money and risks specific to the liabilities that have not been reflected in the cash flow estimates. Asset retirement obligations are remeasured at the end of each year to reflect the then current discount rates.

In addition, the Group follow the practice of progressively restoring the freed areas by the removal of quarries using the provisions recognized for that purpose.

3.13. Financial Instruments

A financial instrument arises from any contract that results in the recognition of a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and liabilities at fair value through profit or loss) are recognized or deducted from the fair value of the financial assets or liabilities as the initial cost of recognition.

Transactions costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are immediately recognized in profit or loss for the fiscal year.

Interest and financial income are recognized if they accrue at the effective interest rate.

In general, the Group receives short-term advances from its customers. Pursuant to the practical expedient of IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. The Group does not receive any long-term advances from its customers.

3.14. Financial Assets

According to IFRS 9 Financial instruments, the Group classifies its financial assets into two categories:

- Financial Assets at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met: (i) the asset is held within a business model of the Group whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms require payment on specific dates solely for principal and interest.

In addition, for the assets that meet the conditions mentioned above, IFRS 9 contains an option to designate, at initial recognition, a financial asset as measured at fair value if doing so eliminates or significantly reduces an account mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

The Group has not recognized financial assets at fair value using this option. AS of the end of these consolidated financial statements, the Group's financial assets at amortized cost include certain items of cash and cash equivalents and trade and other receivables.

- Financial assets at fair value through profit or loss

If either of the above two criteria is not met, the financial asset is classified as an asset at "fair value through profit or loss".

At the end of these consolidated financial statements, the Group's financial assets at fair value through profit or loss include mutual funds classified as current investments.

<u>Recognition and Measurement:</u>

Acquisitions and disposals of financial assets are recognized on the date on which the Group promises to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from such instruments and the risks and benefits related to their ownership have been terminated or assigned.

Financial assets at amortized cost are initially recognized at fair value plus transaction costs. These assets accrue interest based on the effective interest rate method.

Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are recognized as expenses in the statement of other comprehensive income. They are subsequently measured at fair value. Changes in fair values and gains or losses on the sale of financial assets at fair value through profit or loss are recognized in "Financial income (loss), net" in the statement of other comprehensive income.

In general, the Group uses the transaction price to determine the fair value of a financial instrument at initial recognition. In all other cases, the Group only records a gain or loss at initial recognition if the fair value of the instrument is evidenced by other comparable and observable market transactions for the same instrument or is based on a valuation technique incorporating only observable market data. Any gains or losses not recognized at initial recognition of a financial asset are subsequently recognized only to the extent that they arise from a change in the factors (including time) that market participants would consider in establishing the price.

The results of debt instruments that are measured at amortized cost and are not designated in a hedging relationship are recognized in the income statement when financial assets are derecognized or an impairment is recognized and during the amortization process using the effective interest rate method. The Group reclassifies all investments in debt instruments only when there is a change in the business model used to manage such assets.

Impairment of Financial Assets:

The Group assesses at the end of each fiscal year whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. The impairment is recorded only if there is objective evidence of impairment as the result of one or more events that occurred after the initial recognition of the asset and that impairment can be reliably estimated.

The evidence of impairment includes indications that the debtors or a group of debtors are suffering serious financial difficulties, breaches or arrears in interest or principal payments, the likelihood that they will be declared bankrupt or in reorganization proceedings, and when such observable data indicate that there is a decrease in the estimated future cash flows.

The amount of the impairment is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the amount of the loss is recognized the income statement. As a practical expedient, the Group may measure impairment based on the fair value of an instrument using an observable market price. In case that, in a subsequent period, the amount of the impairment loss decreases and such decrease is related to an event taking place after the original impairment, the impairment loss reversal is recognized in the statement of other comprehensive income.

Financial Instruments Offsetting:

Financial assets and liabilities are offset whenever there is a legal right to offset such assets and liabilities and there is an intention to cancel them on a net basis, or to realize the asset and cancel the liability simultaneously.

3.15. Ferrocarril Roca Management Trust

The interest in the Trust for the Strengthening of the Interurban Rail System ("FFFSFI") was carried at cost, considering the value of the contributions made, net of trust expenses, plus financial income or loss accrued until the end of the fiscal year. The amounts that may not be recovered or applied against future recoverable capital expenditure have been reduced to their recoverable value by recording a reserve for impairment at the end of this fiscal year. The entity is not controlled by Ferrosur Roca S.A. (Note 38).

3.16. Financial Liabilities

i) Classification as debt or equity:

Debt and equity instruments are classified as financial liabilities or as equity in accordance with the substance of the contractual agreement and the definitions of financial liabilities and equity instruments.

ii) Equity instruments:

An equity instrument in any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity of the Group are recognized at the amount of proceeds received, net of direct issuance costs.

The repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the income statement from purchases, sales, issuance or cancellation of the Group's own equity instruments.

Capital Stock Component Accounts

Capital Stock and Share Premium:

It is made up of the contributions committed or made by the shareholders represented by shares and includes outstanding shares at nominal value.

Capital Adjustment:

The capital stock component accounts were restated by recognizing the effects of changes in the purchasing power of the currency by applying the procedure described in Note 2.2. The capital stock account was maintained at nominal value and the adjustment derived from such monetary restatement is disclosed in capital adjustment. Capital adjustment is not available for distribution in cash or in goods; however, it can be capitalized by issuing additional shares. In addition, the adjustment mentioned above may be used to cover final losses for the year, according to the order of absorption of accumulated losses, as explained below in "Retained Earnings".

Merger premium:

This reflects the recognition of premiums originated in mergers between the Parent Company and Ecocemento S.A. and Compañía de Servicios a la Construcción S.A. in the years 2002 and 2010, respectively. The 2015 merger was recognized at book value. Merger premium balances were restated in year-end currency by applying the adjustment procedure described in Note 2.2 based on the respective merger dates.

Legal reserve:

In accordance with the provisions of Law 19,550, the Group is required to make a legal reserve of not less than 5% of the positive result arising from the algebraic sum of the income for the year, the adjustments from previous years, transfers of other comprehensive income to retained earnings, and accumulated losses from previous years, to complete 20% of the sum of the capital stock and the balance of capital adjustment. The legal reserve is restated in year-end currency by applying the adjustment procedure described in Note 2.2, considering the movements taking place each fiscal year.

Environmental reserve and future dividends reserve:

These are the reserves created by the Shareholders' Meeting of the Group for future use in environmental matters and dividend distributions, respectively. Both legal reserves are restated in year-end currency by applying the adjustment procedure described in Note 2.2, considering the movements taking place each fiscal year.

Other comprehensive income:

This includes income and losses recognized directly in equity and transferred from equity to the income statement or accumulated retained earnings, as defined in IFRS.

Reserve for translation:

This is the reserve generated from the translation of the financial statements of subsidiary Yguazú Cementos S.A. to the Group's functional currency in the manner set forth in Note 3.5. During the current fiscal year, this reserve was reclassified to comprehensive income due to the sale of its interest in Yguazú Cementos S.A. on August 21, 2020 (Note 42).

Retained earnings:

Retained earnings include the accumulated income or losses with no specific allocation, which, if positive, can be distributed by means of a decision of the Shareholders' Meeting, provided that they are not subject to any legal restrictions. It includes profit or loss from previous fiscal years that were not distributed, the amounts transferred from other comprehensive income, and adjustments from previous fiscal years by application of accounting standards. Retained earnings are restated in year-end currency by applying the adjustment procedure described in Note 2.2, considering the movements taking place each fiscal year.

Non-controlling interest:

This is the share in net assets and income from:

- As of December 31, 2020, Ferrosur Roca S.A. (20%) representing the interest that is not owned by Loma Negra C.I.A.S.A.

- As of December 31, 2019, Yguazú Cementos S.A. (49%) and Ferrosur Roca S.A. (20%) representing the interest that is not owned by Loma Negra C.I.A.S.A.

iii) Financial Liabilities:

Financial liabilities are classified as at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss:

A financial liability at fair value through profit or loss is a financial liability classified either as held for trading or at fair value through profit or loss. A financial liability is held for trading if it fall into the following categories:

a) financial liabilities incurred principally for the purpose of repurchasing them in the near term; or

b) financial liabilities that on initial recognition form part of a portfolio of identified financial instruments that are managed by the Group and for which there is evidence of a recent actual pattern of short-term profit-taking, or

c) derivative liabilities that have not been designated and effective as a hedging instrument and financial guarantee.

Financial liabilities at fair value with through profit or loss are recorded at fair value, with any gains or losses arising from the new measurement being recognized in gains or losses. The net gain or loss recognized in gains or losses includes any interest paid on the financial liability and is included in other financial income (loss). Fair value is determined as described in Note 33.

Financial liabilities (other than financial liabilities held for trading) or contingent consideration to be paid by an acquirer as a part of a business combination may be designated as a liability at fair value through profit and loss upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- Financial liabilities are part of a group of financial assets or liabilities or both, which is managed and whose performance is assessed on the basis of fair value, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or

- They are part of a contract containing one or more implicit instruments, and IFRS 9 allows the entire combined contract to be carried at fair value through profit and loss.

The Company has no financial liabilities measured at fair value to be presented in the statement of financial position.

Other financial liabilities:

Other financial liabilities, including loans and trade and other payables, are initially recognized at fair value, net of transaction costs.

They are then measured at amortized cost using the effective interest rate method, with interest expenses recognized based on actual return.

Financial obligations are classified as current liabilities unless the Group has an unconditional right to defer settlement for more than twelve months after the date of the financial statements.

iv) Financial liabilities in foreign currency:

The fair value of financial liabilities in foreign currency is determined in that foreign currency and translated at the exchange rate at the end of each fiscal year. The foreign currency component is part of its profit or loss at fair value. For financial liabilities classified as at fair value through profit or loss, the foreign currency component is recognized in profit or loss.

For debt instruments denominated in foreign currency classified at amortized cost, gains and losses in foreign currency are determined on the basis of the amortized cost of the liability and recognized in “Exchange gain (loss)” (Note 10) under the “Financial income (loss), net” in the statement of other comprehensive income.

v) Derecognition of financial liabilities:

The Group must derecognize financial liabilities if, and only if, the obligations of the Group expire, are settled or satisfied.

3.17. Short- and Long-Term Employee Benefits

Liabilities are recognized for the benefits accrued in favor of employees with respect to salaries and wages, annual vacations, and leaves of absence due to diseases in the period in which the service is rendered in connection with the non-discounted amount of the benefits expected to be paid in exchange for such service.

Liabilities are recognized in connection with short-term employee benefits measured at the non-discounted amount of the benefits that are expected to be paid in connection with the related service.

The liabilities recognized with respect to other long-term employee benefits (severance payment plans resulting from specific plans for employees leaving the Group and receiving a compensation payable in installments) are measured at the present value of estimated future cash outflows expected to be paid by the Group.

On January 24, 2018, the Board of Directors approved the implementation of an incentive program calculated on the basis of the Group’s ADS (the “Program”). The purpose of this Program is to attract and retain certain high-ranking employees who satisfy certain eligibility criteria, in the search for aligning the long-term interest of the company and its shareholders.

Under this program, a liability was recorded to reflect the fair value of the obligations resulting from the incentive plan as they are settled in cash. Such fair value is determined at the beginning and at the end of the fiscal year through the plan settlement date. To calculate the fair value, the Group uses the Black-Scholes valuation method. Fair value are recorded as an expense during the vesting period and any changes in the fair value are recognized in salaries, wages and social security contributions within the statement of comprehensive income and the related liability is recognized in non-current salaries and social security payables within the statement of financial position.

3.18. Stripping costs and quarry exploitation

Following the guidelines established by IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, stripping costs and initial preparation of open-pit quarries for their subsequent exploitation are capitalized as property, plant and equipment, as part of the Company’s field development costs, and are subsequently depreciated based on extracted units, considering to that end the estimation of reserves available for extraction and existing each time in the stripped area. The Group periodically revalues the estimate of proven reserves in stripped quarries and prospectively adjusts the effects of any difference in the estimate of tons available for extraction. Due to the frequency in which estimates are reviewed, the risk of significant differences in the estimates is reduced. Extraction costs incurred later during the production phase of the Company are recognized as part of the production costs.

In the ordinary course of business, the Company undertakes several exploration and evaluation activities in order to search for mineral ore and determine the technical and commercial feasibility of the resources identified. Exploration and evaluation activities include research and analysis of historical exploration data, the compilation of exploration data through geological studies, exploratory drilling and sampling in several areas, the determination of volume and the qualification of the resources identified, among others.

License costs paid in connection with the right to explore existing exploration areas are capitalized and amortized during the term of the license. As soon as a legal right has been acquired to explore, exploration and evaluation costs are charged to other comprehensive income, unless the Company's Management arrives at the conclusion that there is a highest likelihood of obtaining future profits; when this is the case, costs are capitalized. In assessing whether the costs satisfy the criteria to be capitalized several information sources are used, including the nature of the assets, the surface area explored and the results of the samples taken, among others.

All capitalized stripping, exploration and evaluation costs are subject to impairment testing. In the case of determining a potential impairment indicator, the Company carries out an assessment of its recoverability together with the group of related operating assets, which represents the cash-generating unit to which exploration is attributed.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES FOR ESTIMATION UNCERTAINTY

In the application of the Group´s accounting policies described in Note 2, the Management has been required to make judgments and prepare estimates for the values of assets and liabilities whose measurements are not feasible from other sources. The associated estimates and assumptions are based on historical experience and other factors considered relevant. It should be noted that actual results could differ from those estimates.

Underlying estimates and assumptions are continuously reviewed. The effects of revisions to the accounting estimates are recognized in the year in which the estimates are reviewed.

4.1. Critical judgments in applying accounting policies

The following are the critical judgments, in addition to those involving estimations (Note 4.2), made by the Directors in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

4.1.1. Ferrosur Roca S.A. Concession

The Group's Board of Directors has reviewed the Group's interest in Ferrosur Roca S.A., taking into account the provisions of IFRIC 12 Service Concession Arrangements, which provides guidance on the accounting by operators for public-to-private service concession arrangements.

Based on the fact that the grantor neither controls nor regulates which services should be provided by the operator or the infrastructure, to whom it must provide them, and at what price, the Management arrived at the conclusion that Ferrosur Roca S.A. Concession is out of the scope of IFRIC 12 and, therefore, the Group does not apply its provisions. Accordingly, the Group has recorded the assets received from the concession and those subsequently acquired under IAS 16 Property, plant and equipment.

The concession bidding terms and conditions grant an original term of thirty years (1993-2023) and provide for an extension for an additional ten years. Although the Group has requested the above extension (Note 1), as of the date of issuance of these consolidated financial statements, Ferrosur Roca S.A. has not yet been called to start the renegotiation process under the scope of the Special Commission for Contract Renegotiation ("CERC"). In this respect, the Management of the Group understands that it has duly and timely met all the requirements established to obtain an extension of the concession. The Group considers the extended concession period for the purposes of all required accounting assessments and estimates, especially those related to the recoverability of certain non-current assets affected by the concession.

(figures expressed in thousands of pesos - $- except as otherwise stated)

4.2. Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of this fiscal year that may have a significant risk of making a material adjustment to the carrying amounts of assets and liabilities during the next fiscal year.

4.2.1. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount and value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating unit and an appropriate discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill is disclosed in Note 17 to the consolidated financial statements. There was no impairment of goodwill during 2020 and 2019.

4.2.2. Property, plant and equipment and intangible assets

The following is the estimated useful life for each component of property, plant and equipment and intangible assets:

	Useful life
Fields	50 to 100 years
Quarries - Stripping cost	Based on estimated tons
Buildings	5 to 50 years
Machinery	8 to 35 years
Furniture and fixtures	3 to 10 years
Tools	5 years
Software	5 years
Transportation and load vehicles	4 to 32 years

The property, plant and equipment used in Ferrosur Roca S.A. Concession are depreciated over their estimated useful lives with a limit in the concession term.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of fair value less costs to sell is based on available data from binding sales transactions conducted under market conditions for similar assets or observable market prices less incremental costs of asset disposal. The calculation of the value in use is based on a discounted cash flow model. Cash flows are derived from the budget for next year, extrapolated for subsequent years using a growth rate, and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are the most relevant in the related estimates. Note 13 provides more information on impairment analysis and assumptions used.

As described in Notes 3.2, 3.8 and 3.9, the Group annually reviews the estimated useful life of goodwill and tangible and intangible assets, respectively.

4.2.3. Provisions for lawsuits and other contingencies

(figures expressed in thousands of pesos - $- except as otherwise stated)

The final settlement cost of complaints and litigation may vary due to estimates based on different interpretations of regulations, opinions and final assessments of damages. Therefore, any change in the circumstances related to this type of contingencies may have a significant impact on the amount of the provision for contingencies recorded.

In the normal course of its business, the Group selects tax criteria and accounting positions based on a reasonable interpretation of the current regulations, also taking into consideration the opinion of its tax and legal advisors along with the evidence available up to the date of issuance of these financial statements. Nevertheless, in the event of situations where the assessment of a third party and the actual existence of a damage for the Group are uncertain, the Group has assessed the issues considering their significance in relation to the financial statements and has not made a provision as it is has not been required under any existing accounting standards.

The Group makes judgments and estimates to assess whether it is necessary to record costs and make provisions for environmental cleanup and remediation works based on the current information related to costs and expected remediation plans. In the case of environmental provisions, the costs may differ from the estimates due to changes in laws and regulations, discovery and analysis of local conditions, as well as changes in cleanup technologies. Therefore, any change in the factors or circumstances related to this type of provisions, as well as any amendment to the rules and regulations may thus have a significant impact on the provisions recorded in these consolidated financial statements.

4.2.4. Calculation of income tax and deferred income tax assets and liabilities

The proper assessment of income tax expenses depends on several factors, including estimates in the timing and realization of deferred tax assets and the frequency of income tax payments.

In order to measure the deferred effect on investments in controlled or associated companies, the Board of Directors of the Group has determined the presumption that they will not be disposed of in the foreseeable future and therefore no deferred tax has been generated.

4.2.5. Use of judgment in the determination of lease periods

The Group determines the period of its leases as the non-cancellable period of the lease, together with any period covered by an extension or termination option, provided that the Group is reasonably sure that it will exercise such option.

The Group applies judgment in determining whether it will renew its leases, considering all relevant factors that create an economic incentive for it to exercise those options.

5. SALES REVENUES

	December 31, 2020	December 31, 2019
Sale of products	56,254,241	50,633,488
- Domestic market	56,205,492	50,514,564
- Foreign market	48,749	118,924
Rendered services	2,043,557	2,940,185
Bonuses / Discounts	(16,674,543)	(5,820,583)
Total	41,623,255	47,753,090

(figures expressed in thousands of pesos - $- except as otherwise stated)

6. COST OF SALES

		December 31, 2020		December 31, 2019
Inventories at the beginning of the year		8,630,817		8,540,744
Finished products	614,789		759,654	
Work in progress	1,919,671		1,872,214	
Raw materials, materials, fuel and spare parts	6,096,357		5,908,876	
Purchases and production expenses for the year		28,043,498		34,796,232
Inventories at the end of the year		(7,647,937)		(8,630,817)
Finished products	(471,045)		(614,789)	
Work in progress	(899,962)		(1,919,671)	
Raw materials, materials, fuel and spare parts	(6,276,930)		(6,096,357)	
Cost of sales		29,026,378		34,706,159

The detail of the production costs is as follows:

	December 31, 2020	December 31, 2019
Fees and compensation for services	620,385	667,308
Salaries, wages and social security contributions (1)	5,094,794	6,515,359
Staff transport and traveling expenses	192,606	240,804
Data processing	13,033	24,472
Taxes, duties, contributions and commissions	582,460	613,604
Depreciation and amortization	3,619,223	3,539,130
Preservation and maintenance	2,705,465	3,286,911
Communications	35,714	38,540
Leases	28,809	69,294
Employee benefits	111,871	143,947
Water, natural gas and energy services	8,546	15,408
Freight	2,026,915	2,465,000
Fuels	3,211,117	5,775,549
Insurance	95,963	114,216
Packaging	1,414,832	1,353,610
Electric power	2,705,470	3,633,421
Contractors	1,901,636	2,729,942
Tolls	109,168	4,332
Canon payments	38,306	38,650
Security	192,702	205,408
Others	390,106	459,402
Total	25,099,121	31,934,307

(1) It includes, as of December 31, 2020, the Work and Production Assistance ("ATP") received by Ferrosur Roca S.A., which amounted to approximately 95,879, as mentioned in Note 44.

7. SELLING AND ADMINISTRATIVE EXPENSES

	December 31, 2020	December 31, 2019
Managers, directors and statutory auditors fees	291,783	322,889
Fees and compensation for services	289,061	233,633

(figures expressed in thousands of pesos - $- except as otherwise stated)

Salaries, wages and social security contributions	856,672	1,113,590
Staff transport and traveling expenses	19,066	57,308
Data processing	62,906	77,745
Advertising expenses	77,411	82,957
Taxes, duties, contributions and commissions	877,682	996,575
Depreciation and amortization	285,158	230,486
Preservation and maintenance	11,154	17,182
Communications	30,074	35,568
Leases	12,288	21,340
Employee benefits	33,085	39,675
Water, natural gas and energy services	4,125	5,135
Freight	457,166	375,495
Insurance	75,536	58,400
Allowance for doubtful receivables	6,001	63,789
Security	7,960	7,234
Others	57,513	66,214
Total	3,454,641	3,805,215

8. OTHER GAINS AND LOSSES, NET

	December 31, 2020	December 31, 2019
Proceeds from disposal of property, plant and equipment	(40,692)	4,657
Donations	(30,580)	(34,918)
Technical services and assistance	7,221	15,319
Surrogate taxpayer	(3,999)	(14,612)
Gain over tax credit assignment	8,855	9,578
Contingencies	(30,333)	(55,157)
Leases	129,653	121,329
ADS Program	40,124	-
Collection of loss	56,430	-
Sundry	10,506	15,024
Total	147,185	61,220

9. TAX ON BANK DEBITS AND CREDITS

The general tax rate on bank credits and debits is 0.6% for amounts debited and credited in the bank accounts of companies based in Argentina. Regarding credited and debited amounts, 33% of both items can be taken as payment on account of other taxes. Sixty seven percent of the credits and debits is included in this line in the statement of comprehensive income.

By virtue of Law No. 27,432, the National Executive Branch may set forth that the percentage of the said tax which is not computable as payment on account of income tax should be progressively reduced by up to twenty percent (20%) per year from January 1, 2018. Moreover, it can be established that, in 2022, the tax provided for in Law No. 25,413, as amended, shall be fully computed as payment on account of the income tax. On May 7, 2018, Decree 409/2018 was published in the Official Gazette, which established that taxpayers within the scope of the general twelve per thousand tax may allocate 33% of the amounts credited and debited in the respective bank accounts to partial payment of income tax.

(figures expressed in thousands of pesos - $- except as otherwise stated)

10. FINANCIAL INCOME (LOSS), NET

	December 31, 2020	December 31, 2019
Generated by exchange gain (loss)		
Profit from operations with securities (Note 42)	3,183,801	-
Inflows from exchange rate variation	88,265	58,668
Outflows from exchange rate variation	(1,616,784)	(1,683,998)
Total	1,655,282	(1,625,330)
Financial income		
Restatements	81,616	82,206
Total	81,616	82,206
Financial expenses		
Interest expense	(395,868)	(1,212,585)
Interest from temporary investments	(355,384)	(66,383)
Tax interest	(58,184)	(230,455)
Interest on leases	(49,998)	(53,636)
Restatements	(237,913)	(107,492)
Others	(410,893)	(372,117)
Total	(1,508,240)	(2,042,668)

(figures expressed in thousands of pesos - $- except as otherwise stated)

11. INCOME TAX

	December 31, 2020	December 31, 2019
Profit (loss) before income tax	8,517,078	6,685,136
Profit (loss) before income tax from discontinued operations	6,645,683	1,116,066
Accounting income (loss) before income tax	15,162,761	7,801,202
Income tax rate	30%	30%
Income tax with statutory tax rate	(4,548,828)	(2,340,361)
Adjustments for calculation of the effective income tax:		
Effect of derecognition of Yguazú Cementos S.A.	642,649	223,213
Impairment of tax losses recognized in Ferrosur Roca S.A.	(160,903)	-
Effects of the tax revaluation and accounting and tax inflation adjustment	187,159	205,498
Deferred tax rate differential	122,149	(383,166)
Other permanent differences	(22,868)	(1,131)
Total income tax	(3,780,642)	(2,295,947)
Income tax		
Current	(3,897,349)	(1,502,032)
Deferred	116,707	(793,915)
Total	(3,780,642)	(2,295,947)
Income tax included in the statement of other comprehensive income	(2,263,560)	(2,200,136)
Income tax from discontinued operations	(1,517,082)	(95,811)

11.1. The deferred income tax charged to income is made up as follows:

	December 31, 2020	December 31, 2019
Assets		
Tax losses	143,235	365,995
Leases	24,684	56,287
Provisions	54,081	126,957
Other receivables	29,311	-
Accounts Payable	-	136,689
Salaries and social security contributions	9,567	-
Other liabilities	22,668	-
Trade receivables	17,106	16,984
Others	6,250	10,501
Total deferred tax assets	306,902	713,413

	December 31, 2020	December 31, 2019
Liabilities		
Investments	(23,383)	(5,994)
Other receivables	-	(54,340)
Property, plant and equipment	(5,353,939)	(6,092,226)
Loans	(2,978)	(1,476)

Inventory	(756,617)	(808,974)
Other liabilities	-	(3,551)
Taxes payable (tax inflation adjustment)	(1,445,822)	(1,146,495)
Others	(269)	(14)
Total deferred tax liabilities	(7,583,008)	(8,113,070)
Total net deferred tax liabilities	(7,276,106)	(7,399,657)

11.2. Unrecognized temporary differences on investments and other interests

The temporary differences related to investments in subsidiaries and other interests for which no deferred tax liabilities have been recognized are mainly due to the Company not expecting to receive dividends from such companies, because their income is reinvested in its businesses. The detail of unrecognized temporary differences is as follows:

	December 31, 2020	December 31, 2019
Subsidiaries	88,996	(81,945)
Others	(847)	(839)
Total	88,149	(82,784)

The Group determined that the benefits not distributed by its controlled companies will not be distributed in the near future.

12. EARNINGS PER SHARE

Basic and diluted earnings per share:

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

	December 31, 2020	December 31, 2019
Earnings attributable to the owners of the parent company used in the calculation of basic and diluted earnings per share		
- From continued operations	6,474,337	4,706,343
- Net for the year	11,351,024	5,226,692
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share (in thousands of shares)	596,026	596,026
Basic and diluted earnings per share		
- From continued operations (in pesos)	10.8625	7.8962
- From continued and discontinued operations (in pesos)	19.0445	8.7692

The weighted average number of outstanding shares was 596,026,490 for the years ended December 31, 2020 and 2019, respectively, like the basic weighted average number of shares, since there are no convertible debt instruments at the end of each fiscal year.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2020	December 31, 2019
Cost	122,218,774	117,890,380
Accumulated depreciation	(68,661,709)	(64,115,739)
Total	53,557,065	53,774,641

(figures expressed in thousands of pesos - $- except as otherwise stated)

Lands	679,274	679,480
Buildings	9,684,368	10,470,949
Machinery, equipment and spare parts	12,662,024	13,245,669
Transportation and load vehicles	1,266,586	2,259,053
Furniture and fixtures	51,669	62,418
Fields	4,042,336	4,021,560
Tools	53,879	55,489
Works in process	25,116,929	22,980,023
Total	53,557,065	53,774,641

(figures expressed in thousands of pesos - $- except as otherwise stated)

13. PROPERTY, PLANT AND EQUIPMENT (Cont.)

Cost

	Lands	Buildings	Machinery, equipment and spare parts	Transportation and load vehicles	Furniture and fixtures	Fields	Tools	Works in process	Total
Balance as of January 1, 2019	**653,798**	**31,283,859**	**37,967,461**	**7,890,511**	**2,264,064**	**10,626,324**	**380,056**	**6,981,868**	**98,047,941**
Additions	-	-	-	-	-	-	-	20,010,462	20,010,462
Write-offs	-	-	(134,723)	(33,195)	(105)	-	-	-	(168,023)
Transfers	25,682	691,145	1,142,255	277,325	9,509	1,846,646	19,745	(4,012,307)	-
Balance as of December 31, 2019	**679,480**	**31,975,004**	**38,974,993**	**8,134,641**	**2,273,468**	**12,472,970**	**399,801**	**22,980,023**	**117,890,380**
Additions	-	-	-	-	-	-	-	4,552,479	4,552,479
Write-offs	(206)	(12,829)	(42,700)	(146,204)	-	(22,146)	-	-	(224,085)
Transfers	-	630,125	575,099	246,239	27,803	915,582	20,725	(2,415,573)	-
Balance as of December 31, 2020	**679,274**	**32,592,300**	**39,507,392**	**8,234,676**	**2,301,271**	**13,366,406**	**420,526**	**25,116,929**	**122,218,774**

(figures expressed in thousands of pesos - $- except as otherwise stated)

13. PROPERTY, PLANT AND EQUIPMENT (Cont.)

Accumulated depreciation

	Buildings	Machinery, equipment and spare parts	Transportation and load vehicles	Furniture and fixtures	Fields	Tools	Total
Balance as of January 1, 2019	**(20,634,172)**	**(25,008,607)**	**(5,348,290)**	**(2,187,157)**	**(7,144,573)**	**(323,362)**	**(60,646,161)**
Write-offs	-	90,777	32,132	28	-	-	122,937
Depreciation	(869,883)	(811,494)	(559,430)	(23,921)	(1,306,837)	(20,950)	(3,592,515)
Balance as of December 31, 2019	**(21,504,055)**	**(25,729,324)**	**(5,875,588)**	**(2,211,050)**	**(8,451,410)**	**(344,312)**	**(64,115,739)**
Impairment	(526,553)	(117,084)	(282,889)	(16,758)	(1,954)	(1,716)	(946,954)
Write-offs	12,829	41,867	50,199	-	22,146	-	127,041
Depreciation	(890,153)	(1,040,827)	(859,812)	(21,794)	(892,852)	(20,619)	(3,726,057)
Balance as of December 31, 2020	**(22,907,932)**	**(26,845,368)**	**(6,968,090)**	**(2,249,602)**	**(9,324,070)**	**(366,647)**	**(68,661,709)**

During this fiscal year, pursuant to Decree No. 297/2020 issued by the Argentine government, as amended and extended from time to time, which established the social, preventive and compulsory isolation, the construction process of the new cement plant L'Amalí II in the city of Olavarría, province of Buenos Aires, has been suspended for approximately one month. At present, the work continues to be executed under strict health protocols established by the Provincial Government and the Group. The total amount invested in the plant mentioned above as of December 31, 2020 is 23,779,437.

13.1. Capitalization of Financial Assets

The Group has taken out several loans financial and has used other instruments for the settlement of trade payables in foreign currency in order to fund part of the investment mentioned above. IAS 23 establishes that borrowing costs or other liabilities directly attributable to the acquisition, construction or production of an asset that requires a substantial period of time before it is ready for its intended use are capitalized as part of the cost of that asset, except for the portion of these costs that compensate the creditor for the effects of inflation, provided that it is likely to result in future economic benefits for the Group and can be reliably measured. All other borrowing costs are accounted for as expenses in the period in which they are incurred. Borrowing costs include interest, foreign exchange gain or loss and other costs incurred by the Group in connection with the execution of the respective borrowing agreements.

Duet to the fact that the aforementioned indebtedness of the Group is mostly in foreign currency, it evaluates at each closing date whether the exchange gain or loss arising from such debts attributable to the construction of such asset constitutes an adjustment of the interest costs of those loans that should be capitalized together with those interests. In view of the above, the Group has capitalized interest and exchange gains or losses actually incurred in the current fiscal year for 794,591, considering for that purpose as maximum capitalization limit the threshold that would have been consistent with an equivalent rate in pesos, net of the effects of inflation on the liabilities generating them. The actual interest rate, i.e., net of the effect due to exposure to inflation, used to determine the cap limit of the actual costs for loans (interest and exchange gain or loss) to be capitalized amounted to 7%.

13.2. Impairment of property, plant and equipment

The Group tests property, plant and equipment for impairment on an annual basis or when circumstances indicate that their carrying value can be impaired.

The impairment test conducted by the Group for property, plant and equipment is based on estimates of the recoverable amount per cash-generating unit, such as the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted using a discount rate reflecting the market assessments as of the end of the period with respect to the time value of money considering the risks that are specific to the assets involved.

The calculation of the value in use for all cash-generating units is more sensitive to the following assumptions which, as described below, were considered by the Group Management in the development of the impairment test: volumes, prices, gross margins, levels of operating and investment expenditure in property, plant and equipment and working capital, discount rate, growth rate used to extrapolate cash flows beyond the forecast period, macroeconomic variables estimated to be present during the projection horizon including, without limitation, exchange rates, inflation levels, and GDP growth.

The Group has also considered a number of other factors in reviewing impairment indicators, such as market capitalization, participation in each of the segments where it does business, unused installed capacity, industry trends, and other factors, together with the increase in property, plant and equipment balances assuming the application of the constant currency adjustment as a result of the application of IAS 29 on such assets. At the end of this fiscal year, considering the particular impacts of the COVID-19 pandemic and the uncertainty of the Argentine economic situation, among other micro and macroeconomic factors, a decrease in the demand for rail logistics services provided by the Group and in the demand for stone of the aggregates cash-generating unit has been estimated.

As a result of the scenario described above, the Group conducted an impairment test as of December 31, 2020 on all the different cash-generating units, as mentioned in Note 32, and determined that the carrying amount of rail services and aggregates cash-generating units exceeds the value in use of the assets involved. As a result of the analysis carried out, the Group recognized a loss due to impairment of property, plant and equipment that amounted to 946,954 in the consolidated statement of comprehensive income.

(figures expressed in thousands of pesos - $- except as otherwise stated)

Cement, Masonry Cement and Lime Cash-generating Unit

The determination of the recoverable amount of cement, masonry cement and lime cash-generating unit is based on a calculation of the value in use of the assets involved using cash flow projections from the financial budgets approved by the Company's Management. Projected cash flows have been updated to reflect variations in the demand for traded products, such as the Argentine macroeconomic variables that have an impact on the Company's businesses. The discount rate used in cash flow projections is 13.4% in US dollars considering that cash flows have been prepared in that currency. As a result of the analysis carried out, no impairment has been determined for this cash-generating unit as of December 31, 2020.

Concrete Cash-generating Unit

The determination of the recoverable amount of concrete cash-generating unit is based on a calculation of the value in use of the assets involved using cash flow projections from the financial budgets approved by the Company's Management. Projected cash flows have been updated to reflect variations in the demand for traded products, such as the Argentine macroeconomic variables that have an impact on the Company's businesses. The discount rate used in cash flow projections is 13.4% in US dollars considering that cash flows have been prepared in that currency. As a result of the analysis carried out, no impairment has been determined for this cash-generating unit as of December 31, 2020.

Aggregates Cash-generating Unit

The determination of the recoverable amount of aggregates cash-generating unit is based on a calculation of the value in use of the assets involved using cash flow projections from the financial budgets approved by the Company's Management. Projected cash flows have been updated to reflect variations in the demand for traded products, such as the Argentine macroeconomic variables that have an impact on the Company's businesses. The discount rate in dollars used in cash flow projections is 13.4%. As a result of the analysis carried out, the Company recognized a loss for this cash-generating unit that amounted to 162,506 in the separated statement of comprehensive income as of December 31, 2020.

Rail Services Cash-generating Unit

The determination of the recoverable amount of rail services cash-generating unit is based on a calculation of the value in use of the assets involved using cash flow projections from the financial budgets approved by the Company's Management. Projected cash flows have been updated to reflect variations in the demand for traded services, such as the Argentine macroeconomic variables that have an impact on the Company's businesses. The discount rate in dollars used in cash flow projections is 14.4% in US dollars considering that cash flows have been prepared in that currency. As a result of the analysis carried out, the Group recognized a loss for this cash-generating unit that amounted to 784,448 in the consolidated statement of comprehensive income as of December 31, 2020.

14. RIGHT OF USE ASSETS AND LEASE LIABILITIES

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

	December 31, 2020	December 31, 2019
Lease liabilities:		
As of the beginning of the year	601,532	622,131
Additions	4,655	40,686
Financial restatements	49,998	53,636
Exchange gain (loss)	21,734	22,323
Payments	(147,111)	(137,244)
As of the end of the year	530,808	601,532
Right of use assets:		
As of the beginning of the year	555,384	622,131

(figures expressed in thousands of pesos - $- except as otherwise stated)

Additions	4,655	40,686
Depreciation	(112,626)	(107,433)
As of the end of the year	447,413	555,384

The average incremental rates used for the determination of the current value of the Group's leases in local and foreign currency are 49.1% and 10.8%, respectively.

15. INTANGIBLE ASSETS

	December 31, 2020	December 31, 2019
Software	192,333	171,467
Total	192,333	171,467

Cost:	Software	Concession and mining exploitation rights	Total
Balance as of January 1, 2019	556,879	289,337	846,216
Additions	75,736	-	75,736
Transfers (*)	-	(289,337)	(289,337)
Balance as of December 31, 2019	632,615	-	632,615
Additions	86,564	-	86,564
Balance as of December 31, 2020	719,179	-	719,179

Accumulated depreciation:	Software	Concession and mining exploitation rights	Total
Balance as of January 1, 2019	(391,478)	-	(391,478)
Amortization	(69,670)	-	(69,670)
Balance as of December 31, 2019	(461,148)	-	(461,148)
Amortization	(65,698)	-	(65,698)
Balance as of December 31, 2020	(526,846)	-	(526,846)

The Group classified mining exploitation rights as intangible assets.

(*) During 2019, the Group acquired the land over which it has mining rights and, as a consequence, transferred such rights to property, plant and equipment for being part of the fields, as they were ready to be used.

16. INVESTMENTS

	December 31, 2020	December 31, 2019
Non-Current		
Investments in other companies:		
- Cementos del Plata S.A.	3,481	3,481
- Yguazú Cementos S.A. (Note 42)	-	6,017,953
Total	3,481	6,021,434
Current		
Short-term investments:		
- Mutual fund in pesos	2,366,695	1,267,841
- Fix-term deposit in pesos	1,742,228	-
- Placements in foreign currency	-	120,261
Total	4,108,923	1,388,102

(figures expressed in thousands of pesos - $- except as otherwise stated)

Fund placement in pesos accrue interest at an annual nominal rate of approximately 31.05% and 56.8% as of December 31, 2020 and 2019, respectively.

Fund placements in US dollars accrued interest as of December 31, 2019 at a 0.6% annual nominal average interest.

These temporary investments are maintained for investment purposes and are made for variable periods ranging from one day to three months, according to the Group’s funding needs.

17. GOODWILL

	December 31, 2020	December 31, 2019
Cost		
Recycomb S.A.U.	34,717	34,717
Total	34,717	34,717

For impairment testing purposes, goodwill was allocated to the following cash-generating unit: waste treatment.

Cash-generating Unit - Waste Treatment:

The determination of the recoverable value of this cash-generating unit is based on the calculation of the value in use that uses cash flow projections based on financial budgets approved by the directors for a five-year period.

The key assumptions used in the determination of the recoverable value are consistent with those described in Note 13.2, which were used for impairment testing in property, plant and equipment.

18. INVENTORY

	December 31, 2020	December 31, 2019
Non-Current		
Spare Parts	2,231,681	2,079,240
Allowance for obsolete inventories	(75,527)	(41,326)
Total	2,156,154	2,037,914
Current		
Finished products	471,045	614,789
Work in progress	899,962	1,919,671
Raw materials, materials and spare parts	3,509,763	3,477,990
Fuels	611,013	580,453
Total	5,491,783	6,592,903

19. RELATED PARTY TRANSACTIONS AND BALANCES

Details of balances and transactions between the Group and its subsidiaries were eliminated and are not included in this note. The balances between the Group and related parties as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Related parties:		
InterCement Brasil S.A.		
Accounts Payable	(88,108)	(77,661)
InterCement Trading e Inversiones S.A.		
Other receivables	212,605	121,729

(figures expressed in thousands of pesos - $- except as otherwise stated)

Accounts Payable	(19,255)	(17,000)
InterCement Portugal S.A.		
Accounts Payable	-	(462,573)
Caue Austria Holding GmbH		
Other receivables	-	18,368
Intercement Participações S.A.		
Other receivables	46,034	8
Accounts Payable	(179,178)	-

The total of related party balances per item as of December 31, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
Other receivables	258,639	140,105
Accounts Payable	(286,541)	(557,234)

The amounts outstanding as of December 31, 2020 are not secured and shall be settled in cash. No guarantees have been granted or received over outstanding balances.

The transactions between the Group and related parties during the fiscal years ended December 31, 2020 and 2019, respectively, are detailed as follows:

	December 31, 2020	December 31, 2019
InterCement Brasil S.A. - purchases of goods and services	(131)	(15,162)
InterCement Trading e Inversiones S.A. - sales of services	47,147	110,628
InterCement Portugal S.A. - services received	(228,921)	(439,972)
Intercement Participações S.A. - services received	(213,919)	-
Intercement Participações S.A. - services provided	47,134	-

The amount charged to income as fixed and variable remuneration for key staff of the Group was 214,173 and 190,920 during the fiscal years ended December 31, 2020 and 2019, respectively. Additionally, during the current fiscal year, 22,490 have been accrued as long-term incentive program (Note 3.17).

No expenditure has been recognized in this or previous fiscal years in respect of bad or doubtful receivables related to amounts owed by related parties.

During this year, the Company made a capital contribution to Ferrosur Roca S.A. for 2,018,956 through Cofesur S.A.U.. Taking into account the conditions contained in the by-laws and the concession contract, Cofesur S.A.U. paid in 100% of such capital contribution, but subscribed in its favor only 80% of the issued shares. The rest of the shares were issued in favor of the holders of Class A and Class B shares, which resulted in a loss for the Company of 403,791, as expressed in the statement of other comprehensive income, within income (loss) from interest in companies.

The Annual Shareholders' Meeting of the Company held on September 30 of this fiscal year approved the distribution of dividends for a total of 2,671,849.

(figures expressed in thousands of pesos - $- except as otherwise stated)

20. OTHER RECEIVABLES

	December 31, 2020	December 31, 2019
Non-Current		
Advance payments to suppliers	310,317	504,741
Credit for sale of interest in Yguazú Cementos S.A. (Note 42)	42,052	-
Tax credits	38,323	52,494
Contributions to the Trust Fund to Strengthen the Inter-urban Railroad System (F.F.F.S.F.I.)	131,784	141,928
Prepaid expenses	81,681	64,121
Escrow deposits	1,367	1,891
Sundry	7,076	-
Subtotal	612,600	765,175
Allowance for other doubtful receivables	(131,784)	-
Total	480,816	765,175
Current		
Income tax credits	-	325,466
Value added tax credits	-	11,605
Gross income tax credits	115,602	83,326
Other tax credits	-	343
Receivables for sale of interest in Yguazú Cementos S.A. (Note 42)	546,678	-
Related party receivables (Note 19)	258,639	140,105
Prepaid expenses	181,784	87,666
Escrow deposits	184	362
Reimbursements to be collected	31,785	28,644
Advance payments to suppliers	23,232	36,126
Receivables with staff	1,222	18,960
Receivables from sales of property, plant and equipment	27,983	11,375
Sundry	30,081	20,636
Total	1,217,190	764,614

21. TRADE RECEIVABLES

	December 31, 2020	December 31, 2019
Accounts receivable	2,917,099	3,210,686
Accounts receivable in litigations	56,770	74,678
Notes receivable	16,756	8,700
Foreign customers	66,730	23,903
Subtotal	3,057,355	3,317,967
Allowance for doubtful receivables	(67,965)	(86,177)
Total	2,989,390	3,231,790

The trade receivables disclosed above are carried at amortized cost.

Interest are recognized on overdue trade receivables at current market rates. The Group measures the allowance for doubtful receivables for an amount equal to the losses expected throughout the life of the receivable. The determination of the loss expected to be recognized is calculated based on a percentage of uncollectibility according to maturity ranges for each receivable. This historical percentage should address the expectations of future credit collectability and therefore those estimated behavior changes.

Before accepting a new customer, the Group conducts an internal credit analysis to evaluate the potential customer's credit quality and define its credit limit. The limits and ratings attributed to the main customers are reviewed at least once a year.

(figures expressed in thousands of pesos - $- except as otherwise stated)

The trade receivables disclosed in the preceding paragraphs include the amounts (see aging analysis below) which are overdue as of December 31, 2020 and 2019.

Accounts receivable aging is as follows:

	December 31, 2020	December 31, 2019
To expire	1,709,167	1,825,878
Expired:		
0 to 30 days	703,764	1,077,750
31 to 60 days	50,045	121,859
61 to 90 days	16,310	57,242
More than 90 days	578,069	235,238
Total	3,057,355	3,317,967

Trade receivables disclosed above include certain amounts (see aging analysis below) that are past due at the end of each fiscal year, but for which the Group has not recognized an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Aging of past due, but not impaired, accounts receivable is as follows:

	December 31, 2020	December 31, 2019
Expired:		
0 to 30 days	703,764	1,077,750
31 to 60 days	50,045	121,859
61 to 90 days	16,310	57,242
More than 90 days	510,104	149,061
Total	1,280,223	1,405,912
Average age of overdue balances (in days)	47	28

The average age of past due and impaired balances is as follows:

	December 31, 2020	December 31, 2019
Expired:		
More than 90 days	67,965	86,177
Total	67,965	86,177

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the end of each fiscal year. The concentration of the credit risk is limited due to the fact that the customer base is large and independent.

Changes in the allowance for doubtful receivables were as follows:

Balance as of January 1, 2019	41,461
Increases, net of recoveries	63,789
Decreases (*)	(19,073)
Balance as of December 31, 2019	86,177
Increases, net of recoveries	6,001
Decreases (*)	(24,213)
Balance as of December 31, 2020	67,965

(*) Includes allocation of provisions for specific purposes and inflation adjustment effect.

22. CASH AND BANKS

	December 31, 2020	December 31, 2019
In Pesos	252,445	381,692
In Dollars	13,103	4,596
In Reales	4	181
In Guaraníes	-	69
In Euros	1,073	907
Total	266,625	387,445

23. CAPITAL STOCK AND OTHER RELATED ACCOUNTS

	December 31, 2020	December 31, 2019
Capital stock	59,603	59,603
Capital adjustment	4,745,549	4,745,549
Share premium	8,676,470	8,676,470
Merger premium	1,567,326	1,567,326
Total	15,048,948	15,048,948
The issued, paid-in and registered capital stock consists of: Common stock with a face value of $ 0.10 per share and entitled to 1 vote each, fully paid-in (in thousands)	596,026	596,026

(figures expressed in thousands of pesos - $- except as otherwise stated)

24. ACCUMULATED OTHER COMPREHENSIVE INCOME

	December 31, 2020	December 31, 2019
Accrual for translation of operations in foreign currency		
Balance at the beginning of the year	449,558	574,859
Foreign exchange gain (loss) due to translation of operations in foreign currencies	(146,074)	(125,301)
Reclassification to exchange gains or losses of items previously recognized in other comprehensive income	(303,484)	-
Balance at the end of the year	-	449,558

25. LOANS

25.1. Composition of loans

	December 31, 2020	December 31, 2019
Loans		
- In foreign currency	6,409,334	8,187,386
- In local currency	31,506	4,350,467
Total	6,440,840	12,537,853
Non-current loans	1,869,583	5,566,955
Current loans	4,571,257	6,970,898
Total	6,440,840	12,537,853

(figures expressed in thousands of pesos - $- except as otherwise stated)

25.2 Detail of Loans

	December 31, 2020					December 31, 2019
	Re.	Company	Rate	Last maturity date	Amount	Amount
Loans in foreign currency - USD						
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Mar-21	217,772	212,987
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Apr-21	255,547	249,933
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	May-21	709,718	694,126
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Jun-21	170,582	166,834
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Jul-21	42,008	41,085
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Aug-21	891,194	871,613
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Sep-21	141,306	138,169
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Oct-21	290,080	282,306
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Nov-21	372,047	359,803
Industrial and Commercial Bank of China		Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Dec-21	262,785	252,915
Industrial and Commercial Bank of China	(1)	Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Jan-22	75,180	-
Industrial and Commercial Bank of China	(1)	Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Feb-22	39,362	-
Industrial and Commercial Bank of China	(2)	Loma Negra C.I.A.S.A.	6-Month Libor + 7.375%	Jan-22	600,115	-
Industrial and Commercial Bank of China	(2)	Loma Negra C.I.A.S.A.	6-Month Libor + 7.375%	Jan-22	543,884	-
Banco Patagonia		Loma Negra C.I.A.S.A.	-	-	-	124,381
Industrial and Commercial Bank of China (Dubai)		Loma Negra C.I.A.S.A.	3-Month Libor + 5%	Nov-23	656,390	2,141,700
Industrial and Commercial Bank of China (Dubai)		Loma Negra C.I.A.S.A.	-	-	-	817,340
HSBC Bank		Ferrosur Roca S.A.	-	-	-	826,455

	December 31, 2020					December 31, 2019
	Re.	Company	Rate	Last maturity date	Amount	Amount
Loans in foreign currency - EUR						
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	Apr-21	139,540	123,207
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	May-21	33,290	29,394
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	Jun-21	176,877	156,164
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	Jul-21	448,896	396,353
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	Aug-21	39,690	35,045
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	Sep-21	1,886	1,665
Banco Itaú S.A.		Loma Negra C.I.A.S.A.	4%	Oct-21	301,185	265,911
Total loans in foreign currency					6,409,334	8,187,386

	December 31, 2020					December 31, 2019
	Re.	Company	Rate	Last maturity date	Amount	Amount
Loans in local currency						
Banco Macro		Loma Negra C.I.A.S.A.	-	-	-	1,371,826
Advances in current account		Ferrosur Roca S.A.	34%	Jan-21	13,836	2,434,227

(figures expressed in thousands of pesos - $- except as otherwise stated)

Advances in current account	Loma Negra C.I.A.S.A.	34%	Jan-21	17,670	544,414
Total loans in local currency				31,506	4,350,467
Total				6,440,840	12,537,853

(1) During this fiscal year Loma Negra received the last two disbursements of the loan agreement entered into with Industrial and Commercial Bank of China for USD 40,919,350 payable upon maturity in January 2022. The loan accrues interest at the corrected Libor rate plus 4.25%.

(2) During this fiscal year Loma Negra entered into a new loan agreement with Industrial and Commercial Bank of China for USD 13,127,766, payable upon maturity in January 2022. The loan accrues interest at the corrected Libor rate plus 7.375%, payable monthly.

The opening of loans by company is detailed below:

	December 31, 2020	December 31, 2019
Total of loans by company:		
- Loma Negra C.I.A.S.A.	6,427,004	9,277,171
- Ferrosur Roca S.A.	13,836	3,260,682
Total	6,440,840	12,537,853

25.3 Movements of loans

The movements of loans for the fiscal year ended December 31, 2020 are disclosed below:

Balances as of January 1, 2020	12,537,853
New loans and financing	12,691,980
Accrued interest	1,136,649
Effects of exchange rate variation	458,793
Interest payments	(2,908,836)
Principal payments	(17,475,599)
Balance as of December 31, 2020	6,440,840

As of December 31, 2020, the long-term items have the following maturity schedule:

Fiscal year	
2022	1,543,273
2023	326,310
Total	1,869,583

26. ACCOUNTS PAYABLE

	December 31, 2020	December 31, 2019
Non-Current		
Accounts payable for investments in property, plant and equipment	102,435	189,750
Total	102,435	189,750
Current		
Suppliers	3,202,358	2,505,011
Related parties (Note 19)	286,541	557,234
Accounts payable for investments in property, plant and equipment	1,061,380	7,318,903
Provisions for expenses	842,737	1,510,102
Total	5,393,016	11,891,250

(figures expressed in thousands of pesos - $- except as otherwise stated)

27. PROVISIONS

	December 31, 2020	December 31, 2019
Labor and social security claims	100,076	118,602
Environmental	290,096	533,434
Civil and other claims	97,294	106,907
Total	487,466	758,943

Changes in provisions are as follows:

	Labor and social security claims	Environmental	Civil and other claims	Total
Balance as of January 1, 2019	100,125	389,788	122,949	612,862
Increases (*)	44,143	215,168	11,903	271,214
Decreases (**)	(25,666)	(71,522)	(27,945)	(125,133)
Balance as of December 31, 2019	118,602	533,434	106,907	758,943
Increases / Recoveries (*) (***)	(12,634)	(219,577)	7,619	(224,592)
Decreases (**)	(5,892)	(23,761)	(17,232)	(46,885)
Balance as of December 31, 2020	100,076	290,096	97,294	487,466

(*) Includes the inflation adjustment effect.
(**) Includes allocation of provisions for specific purposes.
(***) The recovery of the environmental provision is connected to changes in the measurement of liabilities arising from the estimated restoration schedule and the discount rates used as of December 31, 2020, the effect of which has been deducted from the cost of the relevant assets.

The provision for labor and social security claims represents the best estimate of future cash flows that will be required for the Group to cover labor and social security litigations. All the provisioned claims are of a similar nature and none of them is individually significant.

Environmental provisions are the provisions made to afford the estimated expenses for the environmental recovery and restoration of the mining areas.

The provision for civil and other claims represents the best estimate of future cash flows that will be required for the Group to cover tax, administrative and civil litigations. All the provisioned claims are of a similar nature and none of them is individually significant.

Based on the opinion of our legal counsels, as of December 31, 2020 there are claims against the Group classified as possible contingencies. The potential risk amount of those claims is $ 551.3 million, mainly including $ 239.8 million related to tax contingencies, $ 150.8 million related to labor contingencies, and $ 160.7 million related to administrative and other proceedings. The Group has not recognized a provision for such possible claims, as it is not required under the IFRS. As of the date of issuance of these consolidated financial statements, the Group understands that there are no elements to determine other contingencies that could occur and have a negative impact on the consolidated financial statements.

Finally, in the normal course of its business, the Group selects tax criteria and accounting positions based on a reasonable interpretation of the current regulations, also taking into consideration the opinion of its tax and legal advisors along with the evidence available up to the date of issuance of these consolidated financial statements. Nevertheless, there are situations where the assessment of a third party and the actual existence of a damage for the Group are uncertain. In such cases, the Group has evaluated the issues considering their significance in relation to the consolidated financial statements and has not recognized a provision as it is not required by the current accounting standards.

(figures expressed in thousands of pesos - $- except as otherwise stated)

28. TAXES PAYABLE

	December 31, 2020	December 31, 2019
Income tax	2,264,920	77,744
Value added tax	407,713	450,853
Gross income tax	101,834	87,278
Other taxes, withholdings and perceptions	109,592	83,254
Total	2,884,059	699,129

29. OTHER LIABILITIES

	December 31, 2020	December 31, 2019
Non-Current		
Termination payment plans	111,772	70,097
Total	111,772	70,097
Current		
Termination payment plans	105,644	94,839
Dividends payable to minority shareholders	15,068	6,952
Others	15,949	11,649
Total	136,661	113,440

30. CASH AND CASH EQUIVALENTS

For purposes of the consolidated 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), which are easily convertible into cash and are at low risk of changes in their value. Cash and cash equivalents at the end of each fiscal year as shown in the consolidated statement of cash flows can be reconciled against the related items in the consolidated statement of financial position as follows:

	December 31, 2020	December 31, 2019
Cash and banks (Note 22)	266,625	387,445
Short-term investments (Note 16)	4,108,923	1,388,102
Cash and cash equivalents	4,375,548	1,775,547

31. NON-CASH TRANSACTIONS

Below is a detail of the transactions that did not involve cash flows in each fiscal year of acquisition:

	December 31, 2020	December 31, 2019
- Acquisition of financed property, plant and equipment	943,226	4,138,804
- Right of use assets and lease liabilities	4,655	664,724
- Sale of interest in Yguazú Cementos S.A.	588,730	-

32. SEGMENT INFORMATION

(figures expressed in thousands of pesos - $- except as otherwise stated)

The Group has adopted IFRS 8 Operating Segments, that requires operating segments to be identified on the basis of internal reports regarding components of the Company that are regularly reviewed by the Executive Committee, the chief operating decision maker, in order to allocate resources and to assess their performance.

This analysis is based on monthly information about historical figures (not adjusted for inflation) of the identified segments. The information reviewed by the main decision maker basically consists in the historical details for each month accumulated until the end of the fiscal years being analyzed, which is the reason why they differ from the inflation-adjusted figures as described in Note 2.2.

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

i) Cement, masonry cement and lime: this segment includes profit or loss from the cement, masonry cement and lime business in Argentina, from procurement of raw materials in quarries, the manufacturing process of clinker and quicklime and their subsequent grinding with certain aggregates for the production of cement, masonry cement and lime.

ii) Concrete: this segment includes profits or loss 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.

iii) Aggregates: this segment includes the profits or loss from the aggregates business, from obtaining to crushing the stone.

iv) Rail Services: this segment includes profits or loss from the provision of the rail transportation service.

v) Others: this segment includes profits or loss from the industrial waste treatment and recycling business for use as fuel.

In the classification of activities by segments and in the information presented below, the “Cement - Paraguay” segment has been excluded as this operation has been discontinued as of August 21, 2020 due to the sale of the Group’s interest in that company (Note 42).

	December 31, 2020	December 31, 2019
Sales revenues		
Cement, masonry cement and lime	33,127,520	24,006,607
Concrete	1,799,175	3,953,907
Rail services	3,088,837	2,981,609
Aggregates	356,863	498,112
Others	173,917	157,252
Segment-to-segment deletions	(2,287,266)	(2,959,510)
Total	36,259,046	28,637,977
Reconciliation - effect from restatement in constant currency	5,364,209	19,115,113
Total	41,623,255	47,753,090

	December 31, 2020	December 31, 2019
Cost of sales		
Cement, masonry cement and lime	19,192,151	15,250,255
Concrete	2,291,800	3,761,272
Rail services	3,031,098	2,610,253
Aggregates	439,325	525,504
Others	114,556	102,866
Segment-to-segment deletions	(2,287,266)	(2,959,510)
Total	22,781,664	19,290,640
Reconciliation - effect from restatement in constant currency	6,244,714	15,415,519
Total	29,026,378	34,706,159

(figures expressed in thousands of pesos - $- except as otherwise stated)

	December 31, 2020	December 31, 2019
Selling, administrative and other expenses		
Cement, masonry cement and lime	2,380,026	1,770,540
Concrete	30,491	119,696
Rail services	168,615	181,658
Aggregates	(1,247)	(7,733)
Others	70,910	58,852
Total	2,648,795	2,123,013
Reconciliation - effect from restatement in constant currency	658,661	1,620,982
Total	3,307,456	3,743,995

(figures expressed in thousands of pesos - $- except as otherwise stated)

	December 31, 2020	December 31, 2019
Depreciation and amortization		
Cement, masonry cement and lime	801,603	721,976
Concrete	188,627	61,987
Rail services	250,098	183,342
Aggregates	22,533	18,879
Others	4,426	270
Total	1,267,287	986,454
Reconciliation - effect from restatement in constant currency	2,608,023	2,668,868
Total	3,875,310	3,655,322

	December 31, 2020	December 31, 2019
Net sales revenues less cost of sales, selling and administrative expenses, and other gains and losses		
Cement, masonry cement and lime	11,555,343	6,985,812
Concrete	(523,116)	72,939
Rail services	(110,876)	189,698
Aggregates	(81,215)	(19,659)
Others	(11,549)	(4,466)
Total	10,828,587	7,224,324
Reconciliation - Effect from restatement in constant currency	(1,539,166)	2,078,612
Total	9,289,421	9,302,936
Reconciling items		
Tax on bank debits and credits	(489,365)	(549,783)
Income (loss) from interest in companies	(403,791)	-
Asset impairment - Rail Services	(784,448)	-
Asset impairment - Aggregates	(162,506)	-
Financial income (loss), net	1,067,767	(2,068,017)
Income tax	(2,263,560)	(2,200,136)
Net income for the year from discontinued operations	5,128,601	1,020,255
Net income for the year	11,382,119	5,505,255

In relation to the segregation of profit or loss by geographic segment, the Group carries out 100% of its activities and operations in Argentina, considering the statements contained in Note 42 regarding the sale of its interest in Yguazú Cementos S.A..

No customer contributed 10% or more of the Group's revenue for the years ended December 31, 2020 and 2019, respectively.

33. FINANCIAL INSTRUMENTS

33.1 Capital Risk Management

The Group manages its capital stock to ensure that its entities will be able to continue as an ongoing concern while maximizing the return to its shareholders through the optimization of debt and equity balances. The Group's strategy has not changed for the financial years 2020 and 2019.

The Group and its subsidiaries participate in operations involving financial instruments, recognized as equity items, which are intended to meet their needs and to reduce exposure to market, currency and interest rate risks. These risks, as well as their respective instruments, are managed through the definition of strategies, the implementation of control systems, and the determination of exposure limits.

(figures expressed in thousands of pesos - $- except as otherwise stated)

The Group's capital structure consists of the net debt (loans as detailed in Note 25 offset against cash balances, banks and cash-equivalent investments) and shareholders' equity (consisting of issued capital stock, reserves and retained earnings).

The Group is not subject to any external capital requirement.

The Group's risk management committee reviews the capital structure of the Group.

Net debt to equity ratio:

The net debt to equity ratio of the reporting fiscal years is as follows:

	December 31, 2020	December 31, 2019
Debt (i)	6,440,840	12,537,853
Cash and cash equivalents	4,375,548	1,775,547
Net debt	2,065,292	10,762,306
Shareholders' Equity (ii)	45,390,619	39,926,727
Net debt to equity ratio and shareholders' equity	0.05	0.27

(i) Debt is defined as long and short-term loans (Note 25).
(ii) Shareholders' equity includes all of the Group's reserves and capital stock, which are managed as capital stock.

33.2 Categories of Financial Instruments

	December 31, 2020	December 31, 2019
Financial Assets		
At amortized cost:		
Cash and banks	266,625	387,445
Investments	1,742,228	120,261
Accounts receivable	3,935,234	3,434,395
At fair value through profit and loss:		
Investments	2,366,695	1,267,841

	December 31, 2020	December 31, 2019
Financial Liabilities		
Amortized cost	17,059,774	27,380,623

At the end of this fiscal year, there are no significant credit risk concentrations for debt instruments designated at fair value through profit and loss. The carrying amount reflected above represents the Group's maximum exposure to credit risk for such loans and accounts receivable.

(figures expressed in thousands of pesos - $- except as otherwise stated)

33.3 Financial Risk Management Objectives

Treasury, working in coordination with the Group's Treasury, provides services to the businesses, coordinates access to domestic and international financial markets, monitors and manages financial risks related to the Group's operations through internal risk reports, which analyze the exposures depending on their degree and extent. These risks include market risk (including exchange rate risk, fair value interest rate risk, and price risk), credit risk, and liquidity risk. Neither the Company nor its subsidiaries enter into or negotiate financial derivative instruments for speculative purposes. Compliance with these provisions as contained in the policies is monitored by the executive committee and the team of internal auditors.

33.4 Foreign Exchange Risk Management

As the Group carries out transactions denominated in foreign currency, it is exposed to the risk of fluctuations in the exchange rate. Exchange rate exposures are managed within the parameters of the policies approved by the Group.

The carrying amounts of monetary assets and liabilities denominated in foreign currency at the end of the fiscal years ended December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Liabilities:		
United States Dollars	6,366,932	10,883,971
Euros	1,636,418	3,820,520
Reales	41	-

	December 31, 2020	December 31, 2019
Assets:		
United States Dollars	1,168,895	371,479
Euros	20,122	2,429
Reales	4	181

33.4.1. Foreign Currency Sensitivity Analysis

The Group is mainly exposed to the US Dollar and Euro, considering that the Group's functional currency is the Argentine peso.

The following table details the Group's sensitivity to an increase in the exchange rate of the US Dollar and the Euro as of December 31, 2020. The sensitivity rate is the rate used when reporting exchange rate risk internally to key management staff and represents management's assessment of a possible reasonable change in exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currency and adjusts their translation at the end of each fiscal year for a 25% change in the exchange rate, considering for its calculation the whole of the items of the subsidiaries.

	US Dollar effect	Euro effect
Loss	1,299,509	404,074
Reduction of shareholders' equity	1,299,509	404,074

33.5 Interest Rate Risk Management

The Group is exposed to interest rate risks because the entities in the Group borrow money at both fixed and floating interest rates. Risk is managed by the Group by maintaining an appropriate combination of fixed- and floating-rate loans. Hedging is regularly evaluated for consistency with interest rates and defined risk, ensuring that the most profitable hedge strategies are applied.

(figures expressed in thousands of pesos - $- except as otherwise stated)

	December 31, 2020	December 31, 2019
Financial assets:		
Investments held to maturity (1)	1,742,228	120,261
Investments at fair value through profit or loss (2)	2,366,695	1,267,841
Financial Liabilities		
Amortized cost (3)	6,440,840	12,537,853

(1) Short-term fixed lending rate
(2) Short-term floating lending rate
(3) Includes loans, as detailed in Note 25.

33.5.1. Interest Rate Sensitivity Analysis

The following sensitivity analyzes have been determined on the basis of the exposure to interest rates for non-derivative financial instruments at the end of this year. For liabilities at floating rates, an analysis is prepared taking into account the average monthly balance of debt. At the time of informing key management staff internally about the interest rate risk, a 100-point increase or decrease is used, which represents management’s assessment of the possible reasonable change in interest rates.

In the event that the average BADLAR rate applicable to financial liabilities during the fiscal year ended December 31, 2020 were 1.0% higher than the average interest rate during that fiscal year, financial expenses for the fiscal year ended December 31, 2020 would have increased by approximately 31,354.

Moreover, in the event that the average LIBO rate applicable to financial liabilities for the fiscal year ended December 31, 2020 were 1.0% higher than the average interest rate during that fiscal year, the financial expenditure for the financial year ended December 31, 2020 would have been increased by approximately USD 746 thousand.

With regard to financial assets, a 1.0% increase in the average interest rate during the fiscal year ended December 31, 2020 would have increased the financial income by approximately 15,796.

33.6 Credit Risk Management

Credit risk refers to the risk that one of the parties will fail to comply with its contractual obligations and bring about a financial loss to the Group. The Group has adopted a policy of engaging only with solvent parties and obtaining sufficient collateral, where appropriate, as a way of mitigating the risk of financial loss caused by defaults. Credit exposure is controlled by counterparty limits, which are reviewed and approved from time to time.

Trade receivables are made up of a significant number of customers. Credit assessment is continuously performed on the financial condition of the accounts receivable.

Credit risk on liquid funds and financial instruments is limited because the counterparties are banks with high credit ratings assigned by credit rating agencies.

The carrying amount of financial assets recognized in the consolidated financial statements, which is net of impairment losses, represents the maximum exposure to credit risk, regardless of the guarantees of accounts or other credit improvements.

33.7 Liquidity Risk Management

The Group’s Board of Directors has the ultimate responsibility for liquidity management, having established an appropriate framework for liquidity management so that management can handle short-, medium- and long-term financing requirements, as well as the Group’s liquidity management. The Group manages liquidity risk by maintaining reserves, adequate financial and lending facilities, continuously monitoring projected and actual cash flows, and reconciling the maturity profiles of financial assets and liabilities.

(figures expressed in thousands of pesos - $- except as otherwise stated)

As the Group carefully manages liquidity risk, it maintains cash and bank balances, liquid instruments, and available funds. As of December 31, 2020, the consolidated financial statements show a negative working capital of 1,205,326. Given the nature of the Company's business, which has foreseeable cash flows, it can operate with negative working capital. This condition is not related to insolvency, but rather to a strategic decision. Taking into account that the Group has a low level of indebtedness, the Board of Directors is analyzing long-term financing alternatives.

The Group's Management considers that exposure to liquidity risk is low as the Group has generated cash flow from its operating activities, as a result of its good performance, and has access to loans and financial resources, as explained in Note 25.

The following tables detail the Group's remaining contractual maturity dates for its non-derivative financial liabilities with agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group may be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rates, the undiscounted amount is derived from interest rate curves at the end of this fiscal year. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Loans	Weighted average effective interest rate %	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 6 years	Total
As of December 31, 2020	42.5%	84,621	306,292	4,389,070	1,976,622	-	6,756,605
As of December 31, 2019	47.6%	2,274,610	780,852	4,859,219	8,148,457	2,460,191	18,523,328

Leases	Weighted average effective interest rate %	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 3 years	From 3 to 6 years	More than 6 years	Total
As of December 31, 2020	(*)	13,369	26,612	108,568	192,487	269,519	119,786	730,341
As of December 31, 2019	(*)	13,359	26,747	107,188	239,919	262,356	203,187	852,759

(*) The average rates in Pesos were 49.1% and 50.3% for the years ended December 31, 2020 and 2019, respectively. And the average rates in US Dollars were 10.8% and 10.7% for the years ended December 31, 2020 and 2019, respectively.

33.8 Fair Value Measurements

Some of the Group's financial assets and liabilities are measured at fair value at the end of this fiscal year. The following table provides information on how the fair values of these financial assets and liabilities are measured (particularly, valuation techniques and indicators used).

	Fair value at:		
Financial assets / (financial liabilities)	December 31, 2020	December 31, 2019	Hierarchy level
Assets:			
Mutual Funds	2,366,695	1,267,841	Level 1

Level 1: quoted prices in active markets.

Fair value of financial assets and financial liabilities measured at amortized cost:

The estimated fair value of loans based on the interest rates offered to the Group (Level 3) for financial loans amounted to 6,482,563 as of December 31, 2020.

The Board considers that the carrying amounts of the remaining financial assets and liabilities recognized at the amortized cost in the consolidated financial statements are close to their fair value.

34. GUARANTEES GRANTED TO SUBSIDIARIES

The Company guarantees the current account advances borrowed by Ferrosur Roca S.A. in the normal conduct of its business, and the letters of credit to be entered into by the company to finance imports up to a maximum amount of 900 million. As of December 31, 2020, Ferrosur Roca S.A. has 13,836 as balances for current account advances.

35. RESTRICTED ASSETS

As of the date of these consolidated financial statements, the Group has attachments and court deposits for 3,068, which are recognized under other current and non-current receivables.

36. COMMITMENTS

The Group has certain contractual commitments to purchase clinker, which are effective until 2022. The estimated future cash flows are approximately 637.8 million between 2021 and 2022. Moreover, it also has commitments to purchase stone up to 2025 for an annual average of 2.5 million.

In the ordinary course of business and in order to ensure the supply of key inputs, the Group entered into contracts for the supply of gas, assuming payment commitments for a total amount of approximately 798.7 million to be paid during the fiscal year 2021.

In addition, the Group has entered into power supply agreements with certain suppliers for a total amount of 13,096.1 million to be paid 1,191.5 million during 2021 and 2022, respectively, and 10,713.6 million between 2023 and 2037.

Finally, under the agreement entered into between the Group and Sinoma International Engineering Co. Ltd to build a new cement plant, the Company assumed commitments for a total of 2,215.4 million plus USD 107.7 million and EUR 41.3 million. Taking into account that, as agreed, the values in pesos (2,215.4 million) are subject to a periodic adjustment according to an adjustment formula, the amounts committed as of December 31, 2020 are USD 1.4 million, EUR 0.4 million and $ 285.2 million.

37. INVESTMENT PROJECTS

At the Board Meeting held on July 21, 2017, the Board of Directors of the Group approved the offer of Sinoma International Engineering Co. Ltd. (“Sinoma”) for the construction of a new cement plant with a production capacity of 5,800 tons per day of clinker. The offer included engineering, provision and shipment of all the equipment that will make up the plant, and the onsite construction and assembly works.

Phase I of the basic engineering and soil studies started in August 2017 and was completed during the last quarter of 2017. In 2018, phase 2 of this project was started, which included the civil works of the plant and the supply of equipment. During 2020 and 2019, payments were made in the framework of a project for 8,104 and 11,863 million for acquisitions of property, plant and equipment and advance payments, respectively. As a result of the COVID-19 pandemic and in accordance with the social, preventive and compulsory isolation ordered by the Argentine government, the construction process was suspended for about one month. At the end of this fiscal year, all the main equipment and imported material were received at the plant, the civil works together with the metallic structure was basically completed, and significant progress was made on the electrical and mechanical assembly works. As of December 31, 2020, the Group has a net debt balance for advance payments of 675,987. In 2021, the commissioning of the plant is expected to be completed during the second quarter of that fiscal year.

As of December 31, 2020, the committed balance is USD 1.4 million, EUR 0.4 million and $ 285.2 million.

38. MANAGEMENT TRUST

On February 5, 2013, a trust agreement was entered into between Ferrosur Roca S.A. and Banco de la Nación Argentina to conduct the formalization process necessary to manage the funds paid by Ferrosur Roca S.A. for the investment works intended to strengthen the interurban rail system.

The trust assets are the amounts contributed by the trustee which are amounts resulting from the application of the Memorandum of Agreement entered into between the Group and *Unidad de Renegociación y Análisis de Contratos de Servicios Públicos* (Unit for the Renegotiation and Analysis of Public Service Contracts) dated May 19, 2008 and ratified by Decree No. 2017 of November 25, 2008, the income that the trust might earn from temporary placement of idle resources, the funds existing in the current account that the Group held at Standard Bank as of February 2013 and any other amounts that must be added to the trust.

With the enactment of Resolution No. 218 by the Ministry of Transport on July 27, 2016, which was published on August 3, 2016, the procedure for the certification of works proposed by the railway concessionaires was established.

Exhibits I and II to the resolution mentioned in the preceding paragraph establish a clear procedure, whereby each concessionaire must submit the works projects to be financed from the funds of the Trust, the circuit to study the projects by the different agencies (CNRT, ADIF and the Secretariat of Transport), the requirements for their approval and the contents of the administrative act to be issued by the Enforcement Authority to approve the project, and the maximum amount to be allocated from the trust accounts to such a project.

Based on the new regulation, the Company recognizes in other receivables the contributions to the Trust Fund for the Strengthening of the Interurban Railway System (“FFFSFI”) for which it has the right of reimbursement for infrastructure works under the concession agreements. The contributions made during 2020 amounted to 87,857.

As the use of the funds must be approved by the regulatory authority, the Group has no right to conduct the relevant activities.

The trustee manages the transactions and invests the funds mainly in term deposits. The Group recognizes interest income and trustee fees in gains or losses.

In year 2019, the first work proposed to the National State was completed with the contributions made by the Company to the FFFSFI. The same consisted of the heavy improvement of railway structure and mechanized treatment of 29.215 KM of track between the chainages km. 259 and km. 288,215 Parish Sur - Azul Norte in the Cañuelas-Olavarría branch.

During 2020, the second work was carried out according to this methodology and completed, also on the Monte division between kilometers 295 and 305.

39. RESTRICTIONS TO DIVIDEND DISTRIBUTION

In accordance with the provisions of Law 19,550, the Group is required to make a legal reserve of not less than 5% of the positive result arising from the sum of the income for the year, the adjustments from previous years, transfers of other comprehensive income to retained earnings, and accumulated income (losses) from previous years, to complete 20% of the sum of the capital stock and the balance of capital adjustment.

The Group is subject to normal restrictions on the payment of dividends in the event of an alleged breach under certain agreements or if such payment could otherwise result in an event of default.

The restrictions mentioned in the previous paragraph arise from the loan agreements that the Group entered into with Industrial and Commercial Bank of China (Dubai). According to these, the borrower (the Company) will not allow any dividends to be paid unless:

(a) no default or event of default has occurred and continues or occurs as a result of such payment; and

(b) the borrower complies, both before and after the payment of dividends, with the ratio of net debt to EBITDA.

This ratio shall not exceed at the end of each fiscal year of:

(a) 3.50: 1.00 at any time before the occurrence of a "substantial event"; and

(b) 4.50: 1.00 at any time during or after the occurrence of a "substantial event".

For the purposes of clarifying the above, one or more of the following events are defined as "substantial event" with respect to the Group:

(a) the beginning of the construction of a new cement plant;

(b) the completion of an acquisition of any entity (limited liability companies, corporations, joint ventures, associations, trusts or any other company); or

(c) the performance of any other investment by the Company.

As of the date of issuance of these consolidated financial statements, the Group is not affected by the restrictions mentioned in the preceding paragraphs.

On September 1, 2019, the Central Bank of the Argentine Republic issued Communication "A" 6,770, subsequently amended by Communication "A" 6,869, where the requirements for access to the exchange market are established for remittance abroad of foreign currency as profits and dividends to non-resident shareholders.

40. FERROSUR ROCA S.A. CONCESSION

On March 11, 1993, Ferrosur Roca S.A. obtained the concession of the General Roca National Cargo Railway Network with the exception of the Altamirano-Miramar corridor and the urban sections, through the approval of the concession contract formalized by National Executive Branch Decree No. 2681/92, after the presentation made through a national and international tender and formalized to that effect.

Ferrosur Roca S.A. is indirectly controlled by the Company, through Cofesur S.A.U. which owns 80% of the interest, 16% of which belongs to the National State and the remaining 4% belongs to the workers of Ferrosur Roca S.A. through a trust created for this purpose.

The term of the concession is 30 years, which expired in March 2023, and provides for an extension of an additional 10 years. The area of influence is concentrated in the center and south of the province of Buenos Aires, north of the province of Río Negro and Neuquén. It has access to the ports of Buenos Aires, Dock Sud, La Plata, Quequén and Bahía Blanca.

Ferrosur Roca S.A. has requested the above-mentioned extension in due time on March 08, 2018 and in line with the bidding terms and conditions and the concession agreement.

On November 7, 2018, Decree 1027/2018, which regulated Law 27,136, was published in the Official Gazette. The relevant subjects are: readjustment of existing concession contracts with the possibility of extending them for a term not greater than 10 years, full implementation of open access the day following the expiration of the last concession contract (of the three private concessions existing today), including extensions, with the possibility of initiating this modality in systems that are in place when the planned investments are made; revision of technical standards; revision of the sanction regime, and creation of the registry of operators.

In response to the request for an extension made in due course, the Secretary of Transport Management replied on March 20, 2019 and informed that the concession contract will be realigned under the scope of the CERC created for this purpose and that this process will include the analysis of the extension of the concession term up to a maximum of 10 years in order to enable the implementation of the "open access" mode.

On May 13, 2020, Ferrosur Roca S.A. issued a note to the Ministry of Transport to inform that the application of an extension of the concession timely submitted was subject to the renegotiation and realignment of the concession agreement in order to mitigate the consequences that seriously affect the course of business of that company and disrupt the balance of the concession contract. Therefore, in the event that no agreement is reached in terms satisfactory to both parties that allow the economic feasibility of the concession in the future, the Company reserves the right to withdraw the application for an extension requested in due course. However, Ferrosur Roca S.A. has stated through various notes its intention to negotiate some of the outstanding issues and received as a response that the issues will be dealt with within the scope of the CERC.

As of the date of issuance of these financial statements, Ferrosur Roca S.A. has not been called to start the renegotiation process under the scope of the CERC, and has not held any other meeting. It is also important to reiterate that at the end of this year the National State did not do any work on the infrastructure of the concessions, an essential condition for the implementation of the "open access" system.

Finally, as of the date of issuance of these financial statements, the Group Management understands that it has timely and duly taken all the steps provided for in the concession contract for the purpose of obtaining the extension of the concession for an additional period of 10 years. Without prejudice to this, to date, the extension has not been granted and the Group is therefore awaiting news to that end. In this regard, the Management of the Group has considered the extended concession period for the purposes of all required assessments and accounting estimates, especially those related to the recoverability of certain non-current assets affected by the concession.

41. COMPLAINTS BROUGHT AGAINST THE GROUP AND OTHERS IN THE UNITED STATES

During 2018, the following lawsuits were brought in the United States ("USA") against the Group, its directors and some of its first-line managers and the controlling shareholder at the time of the Company's initial public offering of 2017 ("Initial Public Offering" or "IPO").

1. State Class Action Kohl v. Loma Negra CIASA, et al. (Index No. 653114/2018 - Supreme Court of the State of New York, County of New York).

The complaint was filed in June 2018 by Dan Kohl –a shareholder who acquired ADSs issued by the Company during its 2017 initial public offering– with the state courts of New York. The banks that placed the ADSs have also been sued. In the complaint, the plaintiff alleges assumed violations of the US Federal Securities Laws on grounds of allegedly false representations contained in the Offering Memorandum and/or failure to include relevant information. On March 13, 2019, the Company filed a motion to dismiss against the (amended) complaint filed by the plaintiff in January 2019. On May 10, 2019, the plaintiff opposed the motion to dismiss. On October 22, 2020, the US state court partially granted the request for dismissal timely filed by the Company. Accordingly, on February 1, 2021, the Company appealed the decision with respect to the allegations of the complaint that were not dismissed in the first instance. Therefore, as of the date of issuance of these consolidated financial statements the lawsuit continues with respect to the allegations that were not dismissed by the court. Moreover, to date, the complaint has not been certified as a class action.

2. Federal Class Action Carmona v. Loma Negra CIASA, et al (1:18-cv-11323-LLS - United States District Court Southern District of New York).

The complaint was filed in December 2018 by Eugenio Carmona –a shareholder who acquired ADSs issued by the Company during its 2017 initial public offering– with the US federal courts sitting in New York. In the complaint, the plaintiff alleges assumed violations of the US Federal Securities Law on grounds very similar to those alleged in the first complaint. On February 25, 2019, the Court appointed Sandor Karolyi as lead plaintiff. On April 26, 2019, the plaintiff filed the amended complaint. On September 19, 2019, the Company submitted a motion to dismiss against the complaint filed by the plaintiff. On April 27, 2020, the Court sustained the motion to dismiss filed by the Company. Pursuant to this first instance judgment, the court dismissed all the accusations made in the class action lawsuit against the Company, the controlling shareholder, its board members, and certain first-line managers at the time of the IPO. Finally, on July 21, 2020, the plaintiffs voluntarily withdrew the appeal filed against the judgment of first instance that fully admitted the motion to dismiss submitted by the Company. Accordingly, a final and conclusive judgment was rendered in favor of the Company and the rest of the defendants and the lawsuit came to an end.

(figures expressed in thousands of pesos - $- except as otherwise stated)

42. SALE OF INTEREST IN YGUAZÚ CEMENTOS S.A. - DISCONTINUED OPERATIONS

On August 21, 2020, the Group decided to sell the interest in the Paraguayan company Yguazú Cementos S.A., which represented 51% of such company's capital stock, to a company related to the Paraguayan shareholder of Yguazú Cementos S.A.

The Group approved the above sale because the Board of Directors has considered that the goals established for the investment in Yguazú Cementos S.A. have been met, in line with the strategic goals of the Group, which are the constant pursuit and implementation of high potential projects. For this reason, after having started the marketing operations in Paraguay in 2000, built and operated the plant since 2013, and currently achieved high production and profitability standards, the Group has decided to close the sale.

As of the date of issuance of these consolidated financial statements, the Group has collected 93% of the total amount agreed for the transaction, and the remaining balance will be collected in 13 consecutive monthly installments between January 2021 and January 2022. Due to the fact that the transaction amount has been established in foreign currency and made available abroad, the Group has conducted various transactions with Argentine securities nominated in US dollars bought in the US market and sold in the Argentine market, which has generated a profit that has been classified within the financial income (loss) as "Profit from operations with securities" (Note 10).

Due to the transaction described above, the Group classified the income associated with the transaction of Yguazú Cementos S.A. as a discontinued operation, which represented the entire cement operating segment in Paraguay until August 21, 2020. With this income classified as discontinued operations, the cement segment in Paraguay is no longer presented in the segment note. In addition, the balances and income or loss as of December 31, 2019, which are presented for comparative purposes and arise from the consolidated financial statements as of that date, have certain reclassifications related to the sale of the interest mentioned above for their comparative presentation with those of this period.

The proceeds from Yguazú Cementos S.A. transaction for the years ended December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Sales revenues	2,969,459	5,276,393
Operating costs and expenses	(2,236,741)	(3,766,185)
Financial income (loss)	(159,589)	(394,142)
Reclassification of exchange gains or losses recognized in other comprehensive income	303,484	-
Income from sale of interest (*)	5,769,070	-
Profit (loss) before income tax	6,645,683	1,116,066
Income tax	(1,517,082)	(95,811)
Net income for the year from discontinued operations	5,128,601	1,020,255
Net income for the year from discontinued operations attributable to:		
Owners of the parent company	4,876,687	520,347
Non-controlling interest	251,914	499,908
Net income for the year from discontinued operations per (basic and diluted) share attributable to:		
Owners of the parent company (in pesos)	8.1820	0.8730
Non-controlling interest (in pesos)	0.4227	0.8387

(*) It is the agreed price of the transaction, which amounted to 9,013,416, net of the decline in permanent investment by 3,185,411 and the costs related to the sale for 58,935.

The information summarized in the statement of cash flows generated by the Yguazú Cementos S.A. transaction for the years ended December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019

Funds provided by operations	837,590	1,511,718
Funds used in investments	(137,227)	(48,890)
Funds used in financing activities	(2,573,229)	(1,570,984)
Total funds used during the fiscal year for discontinued operations	(1,872,865)	(108,155)

The main assets and liabilities of Yguazú Cementos S.A. as of December 31, 2019 are presented below:

	December 31, 2019
Assets	
Property, plant and equipment	7,517,437
Inventory	875,908
Trade receivables	518,002
Cash and banks	1,719,399
Other assets	90,427
Total assets	10,721,173
Liabilities	
Loans	4,106,480
Accounts payable	448,327
Deferred tax liabilities	64,506
Other liabilities	83,906
Total liabilities	4,703,219
Shareholders’ equity attributable to owners of the parent company	3,069,256
Non-controlling interest	2,948,698
Total shareholders’ equity and liabilities	6,017,954

43. THE ARGENTINE ECONOMIC CONTEXT

On October 27, 2019, Argentina held presidential elections, which ended up in the election of Alberto Fernández as President of the Nation, who was inaugurated on December 10, 2019 and started a process of change from the previous administration.

The priority of the new administration was to implement solutions for the difficulties in the economic and social areas. To this end, the national government has carried out the necessary efforts to renegotiate the payment of the external debt, and has incorporated measures aimed at preserving the reserves of the Central Bank of the Argentine Republic, reducing the fiscal deficit and obtaining improvements in productive capacity, among other various measures mentioned below.

The central issues of the macroeconomic scenario in Argentina are as follows:

a. Economic Activity

The economic activity in 2019 showed a fall that was subsequently sustained and increased due to the effect of the COVID-19 pandemic occurred in 2020. Certain sectors have greater declines in activity, including the discontinuation of operations. In addition, unemployment has increased at a 13% rate, according to the latest information provided by INDEC in September 2020. As a measure to moderate the effects mentioned above, the national government has established certain financial aids for companies and extended until the end of April 2021 the ban on dismissals without cause and due to lack or reduction of work and force majeure, and for the whole year 2021 the obligation to double severance payments with certain limits.

b. Tax Imbalance

The fall in activity and the consequent reduction in revenues has also produced a major tax imbalance, with the Argentine economy estimated to fall by around 10% in 2020 against a fall in world GDP estimated at around 4%.

c. Monetary Imbalance

This imbalance has been particularly driven by the issuance of money to finance the expansion of public spending allocated to subsidies to alleviate the effects of the COVID-19 pandemic. These subsidies were granted through various instruments such as: (i) the Work and Production Assistance (“ATP”, for its acronym in Spanish) and Productive Recovery (“REPRO”, for its acronym in Spanish) programs, designed to assist companies in the payment of wages; (ii) Emergency Family Income (“IFE”, for its acronym in Spanish) intended to compensate for the loss or decrease of income of persons affected by the pandemic emergency; and (iii) various lines of credit to SMEs, and single tax and self-employed taxing system taxpayers at subsidiary rates. The imbalance due to money issuance is an inflation factor and also favors the widening of the exchange gap.

d. International Reserves

The fall in the international reserves of the Central Bank of Argentina (“BCRA”), accompanied by an increase in its monetary liabilities, has led to a tightening of the foreign exchange regulations that imposed restrictions on the accumulation and use of foreign currency and on foreign payments, which in turn created a significant gap between the official exchange rate and that of freer foreign exchange markets.

e. Sovereign Debt

The agreement reached in August 2020 with foreign private creditors for the exchange of notes for USD 63,500 million with maturities between 2029 and 2046 has been regarded as a positive aspect that made it possible to extend the first interest and principal payments until 2024 and represents savings of about USD 38 billion over the next 10 years. The agreement with private creditors makes it possible to better address a new debt-cancellation program with the International Monetary Fund (“IMF”), which is expected to take longer and can bring about a tax, labor, and pension reform.

f. Inflation

The national consumer price index published by INDEC accumulated 36.1% in the year. This increase occurs in an inflation scenario repressed by the prevailing recession, and due to a framework of uncertainty that causes the population to accumulate or place funds in government-driven financial instruments.

44. EFFECTS OF COVID-19 ON THE GROUP

On March 11, 2020, the World Health Organization declared the outbreak of the new coronavirus (COVID-19) as a pandemic.

With the recent and rapid development of this outbreak, the countries where the Group has operations have required the entities to limit or suspend commercial operations and implemented travel restrictions and quarantine measures. In this regard, on March 19, 2020, the National Executive Branch, by means of Decree No. 297/2020, established the social, preventive and compulsory isolation.

By virtue of that decree, the Group: (i) temporarily suspended the production and dispatch of cement, concrete, and aggregate operations until the necessary conditions to resume activities were in place; (ii) temporarily suspended the construction project of the second line of the L'Amalí plant in Olavarría city, until the necessary conditions were met to resume activities; (iii) implemented the use of remote work for all administrative employees of the Group; and (iv) created a crisis committee to monitor and evaluate the implementation of measures to mitigate the effects resulting from this situation.

From the date of the aforementioned decree and until the date of issuance of these consolidated financial statements, certain activities and services have been authorized within the framework of the flexibilization of the isolation established by the National Executive Branch.

According to the flexibilization mentioned above, the Company has resumed the production and dispatch of cement, concrete and aggregate operations since April 6, 2020, working with the current volumes of market demand which are about 5.6% below the volumes recorded in the previous fiscal year.

On the other hand, the Company obtained the authorization to resume the second-line works in L'Amalí plant, under the strict sanitary protocols established by the Provincial Government and the Group.

In relation to the railway activity operated through the subsidiary Ferrosur Roca S.A., due to the situation described above, on April 13, 2020, this subsidiary submitted before the Ministry of Labor, Employment and Security of the Nation a preventive crisis procedure for the purpose of applying for certain benefits stipulated in article 6(b) of the Necessity and Urgency Decree No. 332 of 2020. As a result of this submission, such company obtained Work and Production Assistance ("ATP") for the months of April and May; further negotiations were held with the unions that ended up in a joint submission for the payment of non-remunerative monies and in the putting-off of some additional measures, such as lay-offs, all of which were carried out under the proceedings of the crisis preventive process referred to above. These steps were taken to minimize the serious economic effects that triggered the crisis in Argentina and the measures adopted to deal with COVID-19 with respect to the activities carried out by Ferrosur Roca S.A. During the second half of this fiscal year, Ferrosur Roca S.A. achieved a limited recovery in volume after capturing new businesses. Nevertheless, in the current context of operation and industry in general, tariffs are losing competitiveness due to the inflation and devaluation process on the operating costs of that company.

Finally, as of the date of issuance of these consolidated financial statements, the Group continues its evaluations in order to adapt its operational structure to the current volumes of operation, working jointly with the various control agencies, and different industry stakeholders, and has not identified any adjustments in the valuation of assets or in relation to the adequacy of liabilities to be recognized in these consolidated financial statements.

45. CERTIFIED BOOKS

As of the date of issuance of these consolidated financial statements, for administrative purposes, consolidated financial statements were not yet transcribed in the relevant certified books.

46. SUBSEQUENT EVENTS

The Group has considered events after December 31, 2020 to assess whether it is necessary to recognize or disclose them in these consolidated financial statements. Such events were assessed until March 10, 2021, the date when the consolidated financial statements were available for issue.

46.1 Assignment of Parent Company Shares

On January 06, 2021, InterCement Trading e Inversiones S.A. transferred its total ownership interest in Loma Negra C.I.A.S.A., which represented 51.0437% of its capital stock, to InterCement Trading e Inversiones Argentina S.A., thus bringing about a change of the Company's parent company. This company belongs to the same economic group.

46.2 Acquisition of Treasury Stock

On February 12, 2021, the Board of Directors of the Company approved a plan for the acquisition of treasury stock, for a period of 90 days and a maximum amount of 750 million. Acquisitions will be carried out in accordance with the market opportunities, dates, prices and quantities established by the Company's Management.

The purpose of the approved repurchase plan is to efficiently dispose of a portion of the Company's liquidity, which may result in a greater return of value to the shareholders considering the current attractive value of the share.

The maximum amount to be invested is up to 750 million or the lowest amount resulting from the acquisition to reach 10% of the capital stock. Treasury stock may not, on the whole, exceed the limit of 10% of the capital stock in accordance with Article 64 of the Capital Market Law. Such acquisition shall be made with realized and liquid profits, since the Company has the necessary liquidity to carry out the approved acquisition of treasury stock without affecting its solvency.

Until the date of issuance of these financial statements, the Company acquired 673,900 treasury shares for a total value of 114,832.

(figures expressed in pesos -$- except as otherwise stated)

1. BUSINESS OF THE GROUP:

During this year, Loma Negra C.I.A.S.A. and its controlled companies carried out cement and lime dispatches for 5,161,799 tons, raising net sales to 41,623,255. The dispatches as a whole were 6% lower than those of the previous fiscal year.

Gross profit amounted to 12,596,877, with the total overall result for this fiscal year being 11,095,708. The profit obtained in this fiscal year represents an increase of 111% with respect to the comprehensive income for the previous year.

The world economy was affected by the outbreak of an unprecedented pandemic, with an expected contraction of about 3.5% in 2020. At the local level, 2020 began with the economic activity strongly conditioned by the uncertainty about the political transition and strong macroeconomic imbalances, mainly related to the country's financial vulnerability related to its high fiscal deficit. The health crisis of COVID-19 pandemic has been added to this already difficult context, as it has happened in most part of the world. In this regard, cement consumption fell 11.5% as compared to the previous year in 2020.

The volume dispatched during this year by the Company allowed it to sustain its historic leadership in the Argentine market. As a market leader, the Company continued in 2020 the expansion activities of its L'Amalí plant (in the Buenos Aires District of Olavarría), which will increase the capacity by an additional 2.7 million tons from the second half of 2021 with the aim of optimizing its production model and providing greater demand in the future.

On April 16, 2020, the Special and Common General Shareholders' Meeting approached the destination of the retained earnings as of December 31, 2019 for a total amount of 5,226,692. The Shareholders' Meeting decided to allocate 173,848 to increase the legal reserve and the remaining balance of 5,052,844 to the optional reserve, given the above-mentioned investment plan where the Group is involved. Moreover, the Shareholders' Meeting resolved to amend Article Fourteen of the Bylaws in order to incorporate the power of the Board of Directors of the Company to decide on the issuance of notes, in accordance with section 9 of the Law on Notes No. 23,576, as amended.

On August 21, 2020, the Group completed the sale of the interest held in the Paraguayan company Yguazú Cementos S.A., which represented 51% of such company's capital stock, to a company related to the Paraguayan shareholder of Yguazú Cementos S.A. The result of this operation was an income of 5,769,070 before income tax (Note 42).

With the proceeds obtained from the above-mentioned transaction, the Group decided the early settlement of its financial debt for a total of 9,685,453 and that Loma Negra C.I.A.S.A. will make a capital contribution to its subsidiary Cofesur S.A.U. for a total of 1,610,542, which would then be contributed to Ferrosur Roca S.A. to give greater liquidity and contribute to the strengthening of this indirectly controlled company. Likewise, on September 30, 2020, by decision of the General Shareholders' Meeting of Loma Negra C.I.A.S.A., a cash dividend totaling 2,671,850 was approved for distribution through the total release of the Future Dividends Reserve and the remainder through the partial release of the Optional Reserve. This dividend was made available to the shareholders on October 14, 2020.

During this year, taking into account certain signs of deterioration in the rail services and aggregates segments, the Group recorded an impairment of certain property, plant and equipment of such cash-generating units for a total of 946,954.

On February 12, 2021, the Board of Directors of the Company approved a plan for the acquisition of treasury stock for a period of 90 days. The purpose of the repurchase is to efficiently dispose of a portion of the Company's liquidity, which may result in a greater return of value to the shareholders considering the current attractive value of the share.

2. COMPARATIVE SHAREHOLDERS' EQUITY STRUCTURE (*)

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Current assets	14,073,911	12,364,854	16,438,547	19,668,082
Non-current assets	56,871,979	63,360,732	43,764,142	35,134,081

(figures expressed in pesos -$- except as otherwise stated)

Total assets	70,945,890	75,725,586	60,202,689	54,802,163
Current liabilities	15,279,237	21,350,539	19,017,188	15,735,297
Non-current liabilities	10,276,034	14,448,320	9,087,516	11,193,393
Total liabilities	25,555,271	35,798,859	28,104,704	26,928,690
Non-controlling interest	271,215	3,036,939	309,589	358,359
Shareholders' equity attributable to owners of the parent company	45,119,404	36,889,788	31,788,398	27,515,113
Total shareholders' equity	45,390,619	39,926,727	32,097,987	27,873,472

3. COMPARATIVE INCOME OR LOSS STRUCTURE (*)

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Gross profit	12,596,877	13,046,931	12,844,739	12,055,648
Selling and administrative expenses	(3,454,641)	(3,805,215)	(3,865,497)	(3,977,553)
Income (loss) from interest in companies	(403,791)	-	-	-
Other gains and losses, net	147,185	61,220	205,743	246,146
Asset impairment	(946,954)	-	-	-
Tax on bank debits and credits	(489,365)	(549,783)	(532,369)	(638,374)
Financial income (loss), net	1,067,767	(2,068,017)	(3,007,069)	(331,608)
Profit (loss) before income tax	8,517,078	6,685,136	5,645,547	7,354,259
Income tax	(2,263,560)	(2,200,136)	(2,304,174)	(418,169)
Net income for the year from continued operations	6,253,518	4,485,000	3,341,373	6,936,090
Net income for the year from discontinued operations	5,128,601	1,020,255	743,697	766,256
Net income for the year	11,382,119	5,505,255	4,085,070	7,702,346
Net income for the year attributable to:				
Owners of the parent company	11,351,024	5,226,692	3,769,442	7,350,472
Non-controlling interest	31,095	278,563	315,628	351,874
Other comprehensive income				
Due to exchange gain (loss)	(286,411)	(245,680)	642,188	(20,099)
Total other comprehensive income for the year	(286,411)	(245,680)	642,188	(20,099)
Total comprehensive income for the year	11,095,708	5,259,575	4,727,258	7,682,247

4. STRUCTURE OF THE COMPARATIVE CASH FLOWS (*)

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Funds from operations	11,387,568	9,326,236	7,007,257	9,090,319
Funds used in investments	(1,429,484)	(15,972,888)	(8,679,048)	(3,717,540)
Funds (used in)/resulting from financing activities	(10,503,299)	3,498,039	(4,177,724)	2,058,906
Total of funds (used)/generated during the fiscal year	(545,215)	(3,148,613)	(5,849,515)	7,431,685

(figures expressed in pesos -$- except as otherwise stated)

5 STATISTIC DATA (*) (in tons)

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Production volume (**)	5,080,876	5,445,868	6,083,712	6,383,792
Sales volume (**)				
Argentina	5,154,104	5,466,750	6,112,486	6,415,029
Abroad	7,695	2,812	4,820	3,713
Total	5,161,799	5,469,562	6,117,306	6,418,742

6. INDEXES

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Liquidity	0.92	0.58	0.86	1.25
Solvency	1.78	1.12	1.14	1.04
Capital immobilization	0.80	0.84	0.73	0.64
Profitability	0.27	0.14	0.13	0.28

7. FUTURE PERSPECTIVES (*)

Forecasts for the Argentine economy show a GDP interannual growth for 2021 of about 5.5%, which will be a partial recovery after the sharp fall in 2020. The construction sector could be expected to show a stronger recovery in the first half of the year, with the second half being subject to the evolution of the country's economic situation and to the then-existing pandemic scenario.

(*) The information submitted for comparative purposes has been modified to give retroactive effect to the deconsolidation of Yguazú Cementos S.A., which was discontinued as from August 21, 2020.

(**) Information not examined and not covered by the review report.