
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-38262

**LOMA NEGRA COMPAÑÍA INDUSTRIAL
ARGENTINA SOCIEDAD ANÓNIMA**

(Exact name of Registrant as specified in its charter)

LOMA NEGRA CORPORATION
(Translation of Registrant's name into English)

Republic of Argentina
(Jurisdiction of incorporation or organization)

Loma Negra C.I.A.S.A.
Cecilia Grierson 355, 4th Floor
Zip Code C1107CPG – Ciudad Autónoma de Buenos Aires
Argentina
(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
American Depositary Shares, each representing 5 Ordinary Shares of Loma Negra C.I.A.S.A.	LOMA	New York Stock Exchange
Ordinary Shares of Loma Negra C.I.A.S.A.	LOMA	New York Stock Exchange*

* Not for trading, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the New York Stock Exchange.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

The total number of issued and outstanding shares of each class of stock of Loma Negra C.I.A.S.A. as of December 31, 2020 was:

596,026,490 ordinary shares, nominal value Ps.0.10 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer”, “accelerated filer”, and “emerging growth company” in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act.

[†] The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to distribution of securities under a plan confirmed by a court. Yes No

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Defined Terms

In this annual report, unless otherwise indicated or the context otherwise requires:

- all references to “Loma Negra”, “our company”, “we”, “our”, “ours”, and “us”, or similar terms are to the registrant, Loma Negra Compañía Industrial Argentina Sociedad Anónima, a corporation organized as a *Compañía Industrial Argentina Sociedad Anónima* under the laws of Argentina, and its consolidated subsidiaries;
- all references to “our controlling shareholder” or to the “InterCement Group” are to InterCement Participações S.A. and its subsidiaries;
- all references to the “InterCement Brasil” are to InterCement Brasil S.A.;
- all references to “Yguazú Cementos” are to Yguazú Cementos S.A.;
- all references to “Cofesur” are to Cofesur S.A.U.;
- all references to “Ferrosur” or “Ferrosur Roca” are to Ferrosur Roca S.A.;
- all references to “Recycomb” are to Recycomb S.A.U.;
- all references to “Argentina” are to the Republic of Argentina;
- all references to “Paraguay” are to the Republic of Paraguay;
- all references to the “Argentine government” or the “government” are to the federal government of Argentina;
- all references to the “BCRA” or “Argentine Central Bank” are to the Argentine Central Bank (*Banco Central de la República Argentina*);
- all references to “CNV” refers to the Argentine securities regulator (Comisión Nacional de Valores);
- all references to “U.S. dollars”, “dollars” or “US\$” are to U.S. dollars;
- all references to the “peso”, “pesos” or “Ps.” are to the Argentine peso, the official currency of Argentina;
- all references to the “*Guarani*”, “*Guaranies*” or “G.” are to the Paraguayan *guarani*, the official currency of the Republic of Paraguay;
- all references to “IFRS” are to International Financial Reporting Standards, as issued by the International Accounting Standards Board, or the IASB; and
- all references to “AFCP” are to the Argentine National Association of Portland Cement Producers (*Asociación de Fabricantes de Cementos Portland*).

All references in this annual report to “tons” shall also include “metric tons.” References to “dmt” are to dry metric ton. References to “kt” shall mean “kiloton”, equivalent to 1,000 tons. The term “MW” and “GW” refers to megawatt and gigawatt, respectively, and the term “GWh” refers to gigawatt hours. The term “m³” refers to cubic meter, and “kcal/kg” to kilocalories per kilogram. The term “FOB” refers to the Incoterm “Free on board”.

Financial Statements

We maintain our books and records in pesos, the presentation currency for our consolidated financial statements and also the functional currency of our operations in Argentina. We have prepared our annual audited consolidated financial statements included in this annual report in accordance with IFRS, as issued by the IASB. Unless otherwise noted, our financial information presented herein as of December 31, 2020 and 2019, and for the years ended December 31, 2020, 2019 and 2018 is stated in pesos, our reporting currency.

This annual report includes our audited consolidated financial statements as of December 31, 2020 and 2019 and for each of the years ended December 31, 2020, 2019 and 2018, together with the notes thereto, or “our audited consolidated financial statements”. All references herein to “our financial statements”, “our audited consolidated financial information”, and “our audited consolidated financial statements”, are to our consolidated financial statements included elsewhere in this annual report.

Our audited consolidated financial statements as of December 31, 2020 and 2019 and for each of the years ended December 31, 2020, 2019 and 2018, comprehensively recognize the effects of variations in the purchasing power of currency through the application of the method to restate financial statements in constant currency established by the International Accounting Standard 29, or IAS 29, as Argentina is considered a hyperinflationary economy starting July 1, 2018.

Financial information presented in constant currency

Inflation levels in Argentina have remained high in the past years and the inflation rate accumulated over the three-year period ended December 31, 2018 exceeded 100% without the expectation of a significant decrease in the short-term. In addition, the presence of high inflation qualitative indicators set forth in the IAS 29 showed concurrent evidence. The situation remains similar as of the date of this annual report. For all these reasons, in June 2018, the International Practice Task Force of the Center for Quality, which monitors “highly inflationary countries” and categorized Argentina as a hyperinflationary country and on September 29, 2018, the Argentine Federation of Professional Councils in Economic Sciences, or FACPCE, issued its Resolution JG No. 539/18, approved by the Professional Council in Economic Sciences in the Autonomous City of Buenos Aires, or CPCECABA, pursuant to the Resolution of the Board of Trustees No. 107/18, setting forth that Argentina must be considered a hyperinflationary economy in the terms of professional accounting standards starting on July 1, 2018, in line with the opinion of international organizations.

IAS 29 sets forth that given a high inflation context, financial statements must be presented in a current unit of measurement, that is, in constant currency as of the end of the period being reported.

On December 4, 2018, pursuant to Law No. 27,468, the Decree No. 664/03 was repealed and, on December 28, 2018, the CNV issued the General Resolution No. 777/18, which established that the annual financial statements for interim and special periods ending as from December 31, 2018, must be filed in constant currency.

In accordance with IAS 29, the amounts in the financial statements that have not been stated in constant currency as of the end of the reporting period must be restated by application of a general price index. To that end and in the manner established in FACPCE’s Resolution JG No. 539/18, coefficients have been applied that are calculated on the basis of indices published by the FACPCE, resulting from combining national the consumer prices index (*Índice de Precios al Consumidor—IPC*), or CPI, published by the *Instituto Nacional de Estadísticas y Censos* (the National Statistics and Census Institute), or INDEC, starting on January 1, 2017 and, looking back, domestic wholesale prices index (*Índice de Precios Internos al por Mayor—IPIM*), or WPI, published by the INDEC or, if none is available, consumer price indices published by the General Directorate of Statistics and Censuses in the Autonomous City of Buenos Aires. The variation in the index applied to restate our audited consolidated financial statements for the years ended as of December 31, 2020, 2019 and 2018 was 36.1%, 53.8% and 47.6%, respectively.

Market Data and Other Information

We obtained the market and competitive position data, including market forecasts, used throughout this annual report from internal surveys, market research, publicly available information and industry publications. We include data from reports prepared by ourselves; the Argentine National Association of Portland Cement Producers (*Asociación de Fabricantes de Cementos Portland*), or AFCP; the Argentine Central Bank; the INDEC; and the International Monetary Fund, or IMF.

In January 2007, the INDEC, which is the only institution in Argentina with the statutory authority to produce official nationwide statistics, modified the methodology used to calculate certain of its indices. On January 8, 2016, the former Macri administration issued Decree No. 55/2016 declaring a state of administrative emergency with respect to the national statistical system and the INDEC until December 31, 2016. As a result of this decree, the publication of certain macroeconomic figures was suspended. After the process of reorganization, on June 16, 2016, INDEC began releasing official measurements of its primary indication of inflation, the CPI. INDEC reported that the CPI increase was 47.6%, 53.8%, and 36.1% for the years ended December 31, 2018, 2019 and 2020, respectively. INDEC has also published inflation figures for the WPI for the year ended December 31, 2019, reporting an increase of 58.5%, and for year ended December 31, 2020 reporting an increase of 35.4%. See *“Item 3.D Key Information—Risk Factors—Risks Relating to Argentina—If the current levels of inflation do not decrease, the Argentine economy could be adversely affected, negatively impacting our results of operations and margins”*.

Industry publications generally state that the information presented therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. While we are not aware of any misstatements regarding the industry data presented herein, estimates and forecasts involve uncertainties and risks and are subject to change based on various factors, including those discussed under the headings “Special Note Regarding Forward-Looking Statements” and “Item 3.D Key Information—Risk Factors” in this annual report.

Rounding

We have made rounding adjustments to reach some of the figures included in this annual report. As a result, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that preceded them.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this annual report within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, results of operations, liquidity, plans and objectives. In some cases, you can identify forward-looking statements by terminology such as “believe”, “may”, “estimate”, “continue”, “anticipate”, “intend”, “should”, “would”, “could,” “plan”, “expect”, “predict”, “potential”, “seek”, “likely,” “forecast”, or the negative of these terms or other similar expressions. The statements we make regarding the following subject matters are forward-looking by their nature:

- general economic, political and business conditions, in Argentina, including the policies of the government in Argentina;
- inflation, the devaluation of the Peso and exchange rate risks in Argentina;
- restrictions on the ability to exchange Peso into foreign currencies and transfer funds abroad;
- the duration and severity of the 2019 novel strain of coronavirus disease (SARS-CoV-2, referred to as “COVID-19”) outbreak and its impacts on our business and on the global and Argentine economy;
- our direction and future operation;
- the implementation of our principal operating strategies;
- our acquisitions, joint ventures, strategic alliances or divestiture plans, and our ability to successfully integrate the operations of businesses or other assets that we acquire;
- the implementation of our financing strategy and capital expenditure plans;
- the cyclical nature of the cement industry;
- construction activity levels, particularly in the markets in which we operate;
- industry trends and the general level of demand for, and change in the market prices of, our products and services;
- the performance of the Argentine and global economies, including the impact of a longer than anticipated continuation of the current Argentine and global economic downturn;
- private investment and public spending in construction projects;
- existing and future governmental regulations, and our compliance therewith, including tax, labor, antitrust, pension and environmental laws and regulations in Argentina;
- possible shortages of electricity and government responses to them;
- the competitive nature of the industry in which we operate;
- our level of capitalization, including the levels of our indebtedness and overall leverage;
- the cost and availability of financing;
- legal and administrative proceedings to which we are or become party (individually or jointly with our controlling shareholder);
- the volatility of the prices of the raw materials we sell or purchase to use in our business;

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- the exploration and related depletion of our mines and mineral reserves;
- other statements included in this annual report that are not historical; and
- other factors or trends affecting our financial condition or results of operations, including those factors identified or discussed under “Item 3.D Key Information—Risk Factors”.

The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us. These statements are only predictions based upon our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks provided under “Item 3.D Key Information—Risk Factors” in this annual report.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this annual report to conform these statements to actual results or to changes in our expectations.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

A. Offer Statistics

Not applicable.

B. Method and Expected Timetable

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

You should read the following selected consolidated financial data in conjunction with “Item 5. Operating and Financial Review and Prospects” and our audited consolidated financial statements and the related notes included elsewhere in this annual report. The following tables set forth our selected consolidated financial information as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, derived from our audited consolidated financial statements included elsewhere in this annual report. We have prepared our audited consolidated financial statements in accordance with IFRS, as issued by the IASB.

Our audited consolidated financial statements for the years ended as of December 31, 2020, and 2019 and for the years ended December 31, 2020, 2019 and 2018, comprehensively recognize the effects of variations in the purchasing power of currency through the application of the method to restate financial statements in constant currency established by the International Accounting Standard 29, or IAS 29. These figures have been restated in the last fiscal year’s end-of-period currency in the manner described below in order to permit comparability and without such restatement modifying the decisions made on the basis of the financial information for the previous fiscal year. See “*Presentation of Financial and Other Information*”.

	For the Year Ended December 31,		
	2020	2019	2018
	(in Ps.)		
	(amounts expressed in millions)		
Consolidated statements of profit or loss:			
Revenues	41,623.3	47,753.1	51,238.2
Cost of sales	(29,026.4)	(34,706.2)	(38,393.4)
Gross profit	12,596.9	13,046.9	12,844.7
Losses from interest in companies	(403.8)	0.0	0.0
Selling and administrative expenses	(3,454.6)	(3,805.2)	(3,865.5)
Impairment of property, plant and equipment	(947.0)	0.0	0.0
Other gains and losses	147.2	61.2	205.7
Tax on debits and credits to bank accounts	(489.4)	(549.8)	(532.4)
Finance result, net			
Exchange rate differences	1,655.3	(1,625.3)	(2,584.5)
Gain on net monetary position	839.1	1,517.8	447.6
Financial income	81.6	82.2	56.8
Financial expenses	(1,508.2)	(2,042.7)	(927.0)
Profit before tax	8,517.1	6,685.1	5,645.5
Income tax expense			
Current	(2,387.1)	(1,423.9)	(2,151.5)
Deferred	123.6	(776.3)	(152.7)
Net profit from continuing operations	6,253.5	4,485.0	3,341.4
Net profit from discontinued operations	5,128.6	1,020.3	743.7
Net profit	11,382.1	5,505.3	4,085.1
Earnings per share from continuing operations	10.8625	7.8962	5.6879
Earnings per share from continuing and discontinued operations	19.0445	8.7692	6.3243

	As of December 31,		
	2020	2019	2018
	(in Ps.)		
	(amounts expressed in millions)		
Consolidated statements of financial position:			
Assets			
Non-current assets			
Property, plant and equipment	53,557.1	53,774.6	37,401.8
Right to use assets	447.4	555.4	0.0
Intangible assets	192.3	171.5	454.7
Investments	3.5	6,021.4	5,246.9
Goodwill	34.7	34.7	34.7
Inventories	2,156.2	2,037.9	1,312.3
Other receivables	480.8	765.2	1,882.9
Total non-current assets	56,872.0	63,360.7	46,333.3
Current assets			
Inventories	5,491.8	6,592.9	7,122.4
Other receivables	1,217.2	764.6	585.5
Trade accounts receivable	2,989.4	3,231.8	3,849.0
Investments	4,108.9	1,388.1	4,387.8
Cash and banks	266.6	387.4	493.8
Total current assets	14,073.9	12,364.9	16,438.5
Total assets	70,945.9	75,725.6	62,771.9
Shareholders' equity			
Capital stock and other capital related accounts	15,048.9	15,048.9	15,048.9
Reserves	18,719.4	16,164.6	4,775.7
Retained earnings	11,351.0	5,226.7	11,388.9
Accumulated other comprehensive income	0.0	449.6	574.9
Equity attributable to the owners of the Company	45,119.4	36,889.8	31,788.4
Non-controlling interests	271.2	3,036.9	2,878.8
Total shareholders' equity	45,390.6	39,926.7	34,667.2
Liabilities			
Non-current liabilities			
Borrowings	1,869.6	5,567.0	1,023.9
Accounts payables	102.4	189.8	810.8
Provisions	487.5	758.9	612.9
Salaries and social security contributions	38.3	0.0	0.0
Other liabilities	111.8	70.1	16.5
Lease liabilities	390.4	462.9	0.0
Deferred tax liabilities	7,276.1	7,399.7	6,623.4
Total non-current liabilities	10,276.0	14,448.3	9,087.5
Current liabilities			
Borrowings	4,571.3	6,970.9	5,949.3
Accounts payable	5,393.0	11,891.3	9,750.4
Advances from customers	731.9	259.6	333.7
Salaries and social security contributions	1,421.9	1,277.6	1,291.6
Tax liabilities	2,884.1	699.1	1,606.8
Lease liabilities	140.4	138.6	0.0
Other liabilities	136.7	113.4	85.4
Total current liabilities	15,279.2	21,350.5	19,017.2
Total liabilities	25,555.3	35,798.9	28,104.7
Total shareholders' equity and liabilities	70,945.9	75,725.6	62,771.9

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Our business faces significant risks. You should consider carefully the risks described below and all other information contained in this annual report. If any of the following risks were to occur, our business, financial condition and results of operations would likely be materially adversely affected. In that event, the trading price of our ordinary shares or ADSs would likely decline and you might lose all or part of your investment. The following risks are not the only risks that we face; we are subject to various risks mainly resulting from changing economic, environmental, political, industry, business, financial and climate conditions. Our results could materially differ from those anticipated in these forward-looking statements, as a result of certain factors including the risks described below and elsewhere in this report and our other SEC filings. See also “Cautionary Statement with Respect to Forward-Looking Statements”.

For purposes of this section, the indication that a risk, uncertainty or problem may or will have a “material adverse effect on us” or that we may experience a “material adverse effect” means that the risk, uncertainty or problem could have a material adverse effect on our business, financial condition or results of operations and/or the market price of our ordinary shares or ADSs, except as otherwise indicated or as the context may otherwise require. You should view similar expressions in this section as having a similar meaning.

Risks Relating to Argentina

Most of our operations, property and customers are located in Argentina and a portion of our liabilities and assets are denominated in foreign currency. Consequently, the quality of our assets, property status and our results of operations depend on the macroeconomics, regulatory, social and political conditions of Argentina and on the exchange rates between the peso and foreign currencies, in particular, the U.S. dollar. These conditions include growth rates, inflation rates, exchange rates, taxes, foreign exchange controls, changes in the interest rates, changes of the state policies, social instability and other domestic and international political and economic events that may take place in Argentina or may affect it.

Investing in an emerging economy such as Argentina entails certain inherent risks.

Argentina is a developing economy and investing in such markets generally carries risks. These risks include political, social and economic instability that may affect Argentina’s economic condition. In the past, instability in Argentina was caused by many different factors, including the following:

- aggravation of a financial crisis in several countries in the region;
- abrupt changes in the monetary and fiscal policies of countries with prominent economies due to macroeconomic conditions;
- increase in public expenses affecting the economy and fiscal deficits;
- inconsistent fiscal and monetary policies;
- uncertainty with respect to the Argentine public sector’s payment capacity and the potential for obtaining international financing;
- low levels of investment;
- changes in governmental economic or tax policies;
- high levels of inflation;

- abrupt changes in currency values;
- high interest rates;
- wage increases and price controls;
- exchange and capital controls;
- political and social unrest;
- the growing effects of labor unions;
- the significant price drop of main commodities exported by Argentina;
- fluctuations in the BCRA reserves;
- widespread illnesses or epidemics, including the COVID-19; and
- restrictions on exports and imports.

Any of the above factors either individually or taken together, could have material adverse effects on the Argentine economy and on our business, results of operations and financial condition.

Argentina's economy may continue to experience volatility and may contract in the future due to political and economic uncertainty, which may adversely affect our operations.

The Argentine economy has experienced extreme volatility in the recent decades, with uneven periods of economic growth, periods of high inflation and devaluation of the peso against the U.S. dollar. Therefore, our business and operations may be affected by the economic and political events that may affect the Argentine economy, such as: price controls, foreign exchange controls, currency devaluations, high interest rates, increase in public expenses, tax increase or other regulatory initiatives that increase the Argentine government's intervention in the economy.

Between 2007 and 2015, INDEC's methodological processes were modified, leading to controversies regarding the credibility of the published information and statistics. In March 2021, the Southern District Court of New York admitted a claim from Aurelius Capital for the manipulation of the INDEC's statistics to avoid payments under Argentina's GDP-linked bonds issued in 2013, which as of the date of this annual report is pending. Despite in 2016 INDEC was subject to corrective measures to readjust the INDEC information and indexes in a manner consistent with Argentina's obligations under the Articles of Agreement with the IMF, we cannot assure you that INDEC methodological processes could be re-formulated, affecting the credibility of the information again. In fact, during March 2021, the Argentine government announced that it is analyzing to introduce changes in the methodological process for the calculation of the CPI.

Since-2018, Argentina has experienced increasingly strong fluctuations in currency exchange rates and high inflation. Due to, among other reasons, rising inflation, continuous demand for wage increases, growing fiscal deficit, required payments on sovereign public debt, reduced industrial growth, increased demand for U.S. dollars and increased capital flight, on September 1, 2019 the Argentine government reintroduced strong restrictions and exchange controls, which, among other things, significantly restricted access to the exchange markets by individuals and entities and that remain effective as of the date of this report. See "*Item 10.-D) Exchange Controls*".

In addition, the Social Solidarity and Productive Reactivation Law No. 27,541, enacted in December 2019, and its regulatory Decree No. 99/2019 (the "Solidarity Law"), as amended from time to time, declared the public emergency in economic, financial, fiscal, administrative, social security, tariff, energy, health and social matters and delegated legislative powers to the Argentine Executive Branch until December 21, 2021, and introduced important additional foreign exchange restrictions and tax modifications.

All these conditions caused a deepening recession (GDP decreased 2.6% in 2018 and 2.1% in 2019), increasing unemployment and medium and small companies' failures. Since December 2019, upon the outbreak of the COVID-19, the global economy has been negatively impacted, causing the disruption of the financial markets and international trade, resulting in increasing unemployment levels and significantly impacting global supply chains. According to INDEC, during 2020, GDP declined by 9.9%. These conditions also led to an increase in poverty, which, according to INDEC, during 2020 affected more than 42% of the population. As consequence of the second wave of COVID-19 infections that Argentina is experiencing since March 2021, and as cases continue to rise, pursuant to Decrees No. 235 and No. 241/2021, the Argentine Executive Branch re-established a limited number of restrictions on certain business operations and individuals circulation (like the restriction of groups' tourism travels, closing of shopping malls, shops operation restrictions between 19:00 and 6:00 on the following day, and general circulation restriction between 20:00 and 6:00 on the following day) in the most affected areas (including the City of Buenos Aires and its surroundings), initially until April 30, 2021. If these restrictions are extended or expanded, the economic activity could continue to fall, poverty continue to rise and all other economic indicators continue to deteriorate, all of which has had and continues to have an adverse impact in Argentina's economy and may negatively materially impact our industry and our business. See "*The measures taken or to be implemented by the Argentine government in response to the COVID-19 pandemic have had and will likely continue to have an adverse effect on our business and operations*" and "*Public health threats or outbreaks of communicable diseases, including the COVID-19, have had and will likely continue to have an adverse effect on our operations and financial results*".

In an effort to contain the escalation of the currency exchange rate, the Argentine Central Bank has been selling its reserves of U.S. dollars, which has resulted in a decrease in the Argentine Central Bank's international reserves from US\$65.7 billion as of December 31, 2018 to US\$39.4 billion as of December 31, 2020. However, the actual net liquid international reserves of the Argentine Central Bank would be substantially lower, as reported by private sources. Moreover, the Argentine government has been financing all economic assistance related to the COVID-19 pandemic with a significant issuance of currency, which has also contributed to increase inflation, the demand for U.S. dollars and the devaluation of the peso.

The failure of the Argentine government to restructure its current debt with the IMF (see "*Argentina's ability to obtain financing from international markets may be limited, which may in turn impair its ability to implement reforms and public policies and foster economic growth and could impact the ability of Argentine companies to obtain financing outside of Argentina*") and to address the Argentine macroeconomic problems is worsening the economic conditions. In this regard, the country risk index published by J.P. Morgan as of April 29, 2021 1,555 basis points.

If the Argentine government does not restructure its outstanding debt with the IMF and continues failing to urgently address the necessary measures to improve the macroeconomic condition of the country, the current economic conditions, including inflation, unemployment, decline in GDP, peso depreciation, and/or other economic factors over which we do not have control may continue to worsen, eventually provoking a general economic collapse, which could have an adverse effect on our financial condition, results and costs of operations.

If current levels of fiscal deficits are not reduced, the Argentine economy could be adversely affected, negatively impacting our business and results of operation.

In the past, Argentina has had important macroeconomic imbalances, including frequent and critical fiscal deficits. Since 1961, the Argentine government has had yearly fiscal deficit in approximately 90% of the time (47 years out of 53), which has led to very vulnerable macroeconomic conditions. The Argentine government has financed its fiscal deficit mainly in two ways: (i) by issuing foreign debt, which has historically led to rapid increments in national debt levels; and (ii) by monetary emission through the BCRA, which has led to periods of high inflation and, even in some cases, hyperinflation. The fiscal deficit reached 5.2% of GDP in 2015, 5.8% of GDP in 2016, 6.0% of GDP in 2017, 5.2% of GDP in 2018, 4.9% of GDP in 2019 and 8.5% of GDP in 2020.

Failing to reduce fiscal deficits could lead to growing levels of uncertainty regarding Argentina's macroeconomic conditions. In particular, it could lead to growing inflation rates and unanticipated foreign exchange depreciation and balance of payments crisis, higher local vulnerability to international credit crisis or geopolitical shocks, higher interest rates and erratic monetary policies, a reduction in real salaries and as a consequence, in private consumption, and a reduction in growth rates. This level of uncertainty, over which we have no control, may adversely affect our financial condition or results of operations.

If the current levels of inflation do not decrease, the Argentine economy could be adversely affected, negatively impacting our results of operations and margins.

Historically, inflation has materially undermined the Argentine economy and the Argentine government's ability to create conditions for long-term economic growth. In recent years, Argentina has experienced high inflation rates.

Since 2008, the Argentine economy has been subject to strong inflationary pressures that, according to private sector analysts, reached an average annual rate of 28.2% between 2010 and 2015. In 2007 INDEC was subject to a process of institutional and methodological reforms that led to controversies regarding the credibility of the information published by it, including CPI. Reports published by the IMF between 2007 and 2015, using alternative measures to estimate price developments, showed considerably higher variations than those published by INDEC. In March 2021, the Southern District Court of New York admitted a claim from Aurelius Capital for the manipulation of the INDEC's statistics to avoid payments under Argentina's GDP-linked bonds issued in 2013, which as of the date of this annual report is pending. In December 2015, the new administration suspended the publication of indexes and statistics and, after implementing certain methodological reforms and adjusting certain macroeconomic statistics, resumed its publication of the CPI in June 2016. Based on the new and revised information provided by INDEC, inflation reached an annual rate of 40.9% in 2016, 24.8% in 2017, 47.6% in 2018, 53.8% in 2019, and 36.1% in 2020. In the first quarter of 2021, CPI continues to increase, accumulating 4.8% in the month, 13.0% during the first quarter and 42.6% year over year.

In the past, the Argentine government has implemented programs to control inflation and monitor prices for essential goods and services, including attempts to freeze the price of certain supermarket products by means of price support arrangements between the government and the private sector. These programs, however, did not address the structural causes for Argentina's inflation and, consequently, failed to reduce inflation.

The government reported a primary fiscal deficit of 3.8% of GDP in 2018, 1.7% GDP in 2019, and 6.5% GDP in 2020. Moreover, the primary fiscal balance could be negatively affected in the future if public expenditures continue to grow at a rate higher than revenues, especially in the context of the pandemic caused by COVID-19. For example, public expenditures grew due to social security benefits, financial assistance to provinces with financial problems and increased spending on public works and subsidies, including subsidies provided to the energy and transportation sectors. A further deterioration in fiscal accounts could negatively affect inflation rates and the government's ability to access the long-term financial markets, which could, in turn, result in limited access to such markets by Argentine companies.

Due to several internal and external factors, during the first half of 2018 the peso suffered a new sharp depreciation, which, as of December 31, 2018 accumulated 103.83% and that fostered the inflation levels again to 47.6% in 2018. In April 2019 the Argentine government adopted a series of economic measures attempting to control the foreign exchange rate and inflation, including retail prices monitoring and freezing programs, the limitation of tariffs increases and the fixing of intervention zones by the Argentine Central Bank in the U.S. Dollar exchange market. However, these measures caused a deepening of the recession, while foreign exchange instability and high inflation continued. Since December 2019, the new administration has not adopted measures to control inflation, other than the execution of an agreement with the United Association of Supermarkets in January 2020, to control the prices of 336 basic products (which was extended in January 2021 and expanded to include 260 additional products), and the enactment of the Products Display Law No. 27,545, which regulates the offer and display of products in supermarkets and also provides certain conditions that must be fulfilled in the commercial relationship between the commercialization centers and their suppliers, including compliance with the good commercial practices' code which is also created by the law. In April 2021, the Secretary of Domestic Commerce renewed the list of prices controls on 670 basic products until July 31, 2021, and the government adopted a series of measures to increase the fiscalization of prices and increase the offering of products in the domestic market by restricting exports and regulating the access of small and medium companies' products in supermarkets, among others.

Controlling inflation remains a challenge for Argentina. If the Argentine government continues adopting mere control and restriction measures but continues failing to address Argentina's structural inflationary imbalance, the current levels of inflation may continue to rise, which may have an adverse effect on Argentina's economy.

High inflation rates affect Argentina's foreign competitiveness, increase social and economic inequality, negatively impact employment, consumption and the level of economic activity, and undermine confidence in Argentina's banking system, which could further limit the availability of and access by local companies to domestic and international credit.

Inflation in Argentina has contributed to a material increase in our costs of operation, in particular labor costs; it also enables a reduction in the purchasing power of the population, thus increasing the risk of a lower level of product consumption from our customers in Argentina, which could negatively impact our financial condition and results of operations. Inflation rates could continue to grow in the future, and there is uncertainty regarding the effects that any measures adopted by the government could have to control inflation.

Our financial statements are required to apply inflationary adjustments.

IAS 29 (Financial Reporting in Hyperinflationary Economies) requires that financial statements of any entity, whose functional currency is the currency of a hyperinflationary economy, whether based on the historical cost method or on the current cost method, be stated in terms of the measuring unit current at the end of the reporting period.

Similarly, Argentine Generally Accepted Accounting Principles ("Argentine GAAP") (Technical Resolutions No. 17, 39 and 41 ("TR 17")) also requires the adjustment of financial statements to reflect the changes in general price index in the context of hyperinflation.

In June 2018, the International Practices Task Force of the Centre for Quality, which monitors "highly inflationary countries", categorized Argentina as a hyperinflationary economy and on September 2018, the Argentine Federation of Economic Sciences Professionals Bodies (Federación Argentina de Consejos Profesionales de Ciencias Económicas), also stated that the adjustment to reflect inflation should be applied to all Argentine companies' financial statements for periods ending on or after July 1, 2018. Therefore, Argentine companies using IFRS are required to apply IAS 29 to their financial statements for periods ending since July 1, 2018.

Adjustments to reflect inflation, such as those required by IAS 29 was prohibited by law No. 23,928. Additionally, Decree No. 664/03, issued by the Argentine government—instructed regulatory authorities, such as the CNV, to accept only financial statements that comply with the prohibition set forth by the Law 23,928. However, on December 4, 2018, Law 27,468 abrogated Decree No. 664/03 and amended Law 23,928 eliminating the prohibition of indexation on financial statements. According to the foregoing, on December 26, 2018, the CNV admitted the adjustments to reflect inflation under IAS 29 for the periods ending on and after December 31, 2018. For purposes of the determination of the indexation for tax purposes, Law 27,468 substituted the Wholesale Price Index for the CPI, and modified the standards for triggering the tax indexation procedure. During the first three years as from January 1, 2018, the tax indexation will be applicable if the variation of the CPI exceeds 55% in 2018, 30% in 2019 and 15% in 2020. From January 1, 2021, the tax indexation procedure will be triggered under similar standards as those set forth by IAS 29 and TR 17. To the extent that the CPI increased by 47.6% in 2018 (below the statutory threshold for this year), the tax indexation procedure was not triggered for-2018. In year 2019, the tax indexation procedure was applicable; however, by means of Law No. 27,541 (published in the Official Gazette on December 23, 2019), new amendments were introduced, establishing that the income or loss arising from the tax indexation procedure corresponding to fiscal periods 2019 and 2020 must be proportionally allocated in a six-year period.

As a result, beginning with the period ending on December 31, 2018, we and our Argentine subsidiaries prepare financial statements in compliance with IFRS or Argentine GAAP, adopting IAS 29 and TR 17 for regulatory purposes in Argentina. See "*Item 5 Operating and Financial Review and Prospects—A. Operating Results—Principal Factors Affecting Our Results of Operations—Inflation*".

In 2019 and 2020 the tax indexation procedure was triggered; however, the Law No. 27,541 established that the income or loss arising from the tax indexation procedure corresponding to fiscal periods 2019 and 2020 must be proportionally allocated in a six-year period.

We cannot predict the full future impact that the application of IAS 29 and the eventual future application of the tax indexation procedure and related adjustments will have on our and our Argentine subsidiaries' financial statements or the effects on our business, results of operations and financial condition.

Devaluation of the peso may adversely affect our results of operations, our capital expenditure program and the ability to service our liabilities and transfers of funds abroad.

Argentina has a history of high volatility in its foreign exchange markets, including sharp and unanticipated devaluations, tight foreign exchange controls and severe restrictions on foreign trade. The devaluation of the peso may have a negative impact on the ability of certain Argentine businesses to service their foreign currency denominated debt. It could also lead to higher inflation rates, significantly reduce real wages and jeopardize our business, which depends on domestic market demand.

After several years of moderate variations in the nominal exchange rate, in 2011 the depreciation of the peso commenced to accelerate again and in response the Argentine government further strengthened the foreign exchange restrictions and controls. This provoked the development of an unofficial U.S. dollar trading market at which the U.S. dollar exchange rate was substantially higher than in the official foreign exchange market (the "FX Market"). Between January 1, 2015 and September 30, 2015, based on the official exchange rate in the FX Market, the peso depreciated 10.1%. However, after the former Macri administration that took office in December 2015 lifted all foreign exchange controls, by the end of 2015 the peso depreciated an additional 38.1% in the FX Market. In 2016, the peso lost 22.15% of its value with respect to the U.S. dollar and in 2017, the peso lost approximately 18.45% of its value with respect to the U.S. dollar.

Due to several factors, including but not limited to the raising of the interest rate by the US Federal Reserve, the inability of the Argentine government to perform structural changes and reduce the fiscal deficit, the Argentine government's increasing need for international financing, the increase of the Argentine government's inflation goals for 2018, a historical drought that affected the crops production (main export of Argentina) and the Turkish crisis, during the first half of 2018, the peso suffered a new sharp depreciation—Despite the measures adopted by the Argentine government to try to control the increasing depreciation of the peso (including the definition by the BCRA of foreign exchange intervention and non-intervention zones, the increase of the interest rate in pesos and the execution of a financing agreement with the IMF for US\$57.1 billion to back up the economic program), in 2018 the peso accumulated a depreciation of 103.83% against the U.S. dollar.

After the results of the primary elections were announced on August 11, 2019, the markets reacted negatively, and the dollar price jumped from Ps.45.2 to Ps.59 at the exchange rate published by the BCRA as of August 15, 2019. Consequently, the shares of Argentine companies in the New York stock exchange and the value of national bonds dropped.

Given the political and economic landscape, the administration of former President Macri re-introduced rigid restrictions and foreign exchange controls in September 1, 2019, which among other things, significantly curtailed access to the FX Market by individuals and entities. See "*Additional Information—Exchange Controls*". Notwithstanding the strengthening of the foreign exchange controls, the peso accumulated a depreciation of 59.02% and 40.49% against the U.S. dollar in the FX Market in 2019 and 2020, respectively. However, since these restrictions were implemented an unofficial U.S. dollar trading market developed again in which the Peso/U.S. dollar exchange rate is significantly higher than the one in the FX Market.

Despite the positive effects of the depreciation of the peso on the competitiveness of certain sectors of the Argentine economy, including our business, it has also had a negative impact on the financial condition of many Argentine businesses and individuals. The devaluation of the Peso has had a negative impact on the ability of certain Argentine businesses to honor their foreign currency-denominated debt, and has also led to very high inflation

initially and significantly reduced real wages. The devaluation has also negatively impacted businesses whose success is dependent on domestic market demand, and adversely affected the Argentine government's ability to honor its foreign debt obligations. If the peso is significantly depreciated, the Argentine economy and our business could be adversely affected.

Additional volatility, appreciation or depreciation of the peso, or reduction in the BCRA's international reserves due to currency interventions could adversely affect the Argentine economy, which in turn may have an adverse effect on our financial conditions and results of operations. Any further devaluation of the peso could have material adverse effects on the Argentine economy, which could have a material adverse effect on our results of operations and financial condition.

Given the economic and political conditions in Argentina, we cannot predict whether, and to what extent, the value of the peso may depreciate or appreciate against the U.S. dollar, the euro or other foreign currencies. We cannot predict how these conditions will affect our capital expenditure program, the consumption of products we provide to local costumers or our ability to meet our liabilities denominated in currencies other than the peso. Furthermore, our ability to transfer funds abroad and our ability to pay dividends to shareholders located abroad may be jeopardized if high exchange rate volatility continues and exchange controls are increased in Argentina. Finally, we cannot predict whether the Argentine government will further modify its monetary, fiscal or exchange rate policy in the future.

Government measures, as well as pressure from labor unions, could require private companies to implement salary increases or provide workers with additional benefits, all of which could increase our operating costs.

In the past, the Argentine government has enacted laws and regulations requiring private companies to maintain certain wage levels and provide added benefits to their employees. Additionally, both public and private sector employers have been subject to strong pressure from the workforce and trade unions to grant salary increases and certain additional benefits.

Labor relations in Argentina are governed by specific legislation, such as Labor Law No. 20,744 and Collective Bargaining Law No. 14,250, which, among other things, dictate how salary and other labor negotiations are to be conducted. Every industrial or commercial activity in Argentina is regulated by a specific collective bargaining agreement, or CBA, that groups companies together according to industry sector and trade union. Although the process of negotiation is standardized, each chamber of industrial or commercial activity separately negotiates the increases of salaries and labor benefits with the relevant trade union covering such commercial or industrial activity. In the cement industry, salaries are established on an annual basis through negotiations between the chambers that represent the cement producers and the cement industry employees' trade union. The National Labor Ministry mediates between the parties and ultimately approves the annual salary increase to be applied in the cement industry. Parties are bound by the final decision once it is approved by the labor authority and must observe the established salary increases for all employees that are represented by the cement union and to whom the collective bargaining agreement applies.

In addition, each company is entitled, regardless of union-negotiated mandatory salary increases, to give its employees additional merit increase or variable compensation scheme. Argentine employers, in both the public and private sectors, have experienced significant pressure from their employees and labor organizations to increase wages and to provide additional benefits. Since June 2017, the minimum salary was raised from Ps.10,000 to Ps.21,600, as of the date of this report (in nominal terms without adjustment for inflation). Due to high levels of inflation, both public and private sector employers experience significant pressure from unions and their employees to further increase salaries. In 2015, the INDEC published the Coeficiente de Variación Salarial (Salary Variation Index), an index that shows the evolution of salaries. The Salaries Index showed an increase of approximately 33.0% and 27.3% in registered private sector salaries in 2016 and 2017, respectively, of 30.4% in 2018, 44.3% in 2019, and 34.4% in 2020. During this period, the average wages in the cement industry increased in line with the average of private sector salaries, according to the Argentine Ministry of Labor, Employment and Social Security. On January 2020, the Argentine government issued a decree imposing the payment of an extraordinary non-compensatory bonus of Ps.4,000 to all workers in the private sector, payable in two installments in January 2020 and February 2020. This bonus and similar salary increases and additional payments could also have an effect on inflation, and, if, as a result of such measures salaries exceed local inflation and/or devaluation of the Peso, whatever is higher, this could have a material and adverse effect on our costs and business, results of operations and financial

condition. High inflation rates could continue to increase demand for wage increases. In the future, the Argentine government could take new measures requiring salary increases or additional benefits for workers, and the labor force and labor unions may apply pressure for such measures. Any such increase in wage or worker benefit could result in added costs and reduced results of operations for Argentine companies, including us. Such added costs could adversely affect our business, financial condition and result of operations.

By means of Decree No. 34/2019 issued on December 13, 2019, the Argentine Executive Branch duplicated the amount of the statutory severance payments payable to employees hired before December 13, 2019 and fired between December 13, 2019 and January 25, 2021. After several extensions, on January 22, 2021, the Argentine government issued Decree No. 39/2021, which further extended the obligation to pay double severance amounts for employee terminations until December 31, 2021, but limited the amount of the additional severance payment to 500,000 pesos.

On March 31, 2020, due to the COVID-19 pandemic, the Argentine government issued Decree No. 329/2020, which prohibits layoffs and dismissals due to force majeure or lack or decrease work during the next 60 days from the date of publication of the decree. In addition, Decree No. 266/2021 further extended the prohibition on terminations without cause, terminations based on the lack or reduction of work, and suspensions for force majeure events until May 31, 2021.

On August 14, 2020 the Argentine Executive Branch enacted the Law 27,555 that regulates dependent work provided from the employee's own home or from a place other than the employer's establishment, and introduces the concept of teleworking. In addition, Law 27,555 establishes the minimum legal requirements for regulating teleworking, delegates specific aspects to collective bargaining, recognizes rights and duties for those who work under this modality (e.g., right of reversibility, right to digital disconnection, trade union rights, right to privacy) and contains regulations referring to working hours, provision of work tools and reimbursement of expenses. The Law entered into force on April 1, 2021. However, pursuant to the provisions of Resolution 142/2021 of the Ministry of Labor, Employment and Social Security, the teleworking regime will not apply to those employees working at home exclusively due to the COVID-19 pandemic.

By the end of December 2020, a strike of the Argentine Mining Workers Association (Asociación Obrera Minera Argentina) or AOMA against our contractor in charge of the extraction of limestone in Olavarría provoked a suspension of the works at the quarry and of the operation of the kilns in our L' Amalí plant. The union claimed the affiliation of such contractor's workers to the AOMA union and was settled after several days of strike. The conflict provoked the consumption of our cement stocks at out L' Amalí plant, but we did not discontinue the dispatch and delivery of our products.

The Argentine Government may adopt new measures that determine salary increases or additional benefits for workers, and workers and their unions can pressure employers to comply with such measures or obtain other benefits. Any salary increase or additional benefit could result in an increase in costs and a decrease in the results of the operations of Argentine companies, including those of Loma Negra.

Argentina's economy has undergone a significant slowdown, and any further decline in Argentina's rate of economic growth could adversely affect our business, financial condition and results of operations.

Economic conditions in Argentina from 2012 to 2015 included increased inflation, continued demand for wage increases, a rising fiscal deficit and limitations on Argentina's ability to service its restructured debt in accordance with its terms due to its ongoing litigation with holdout creditors. In addition, beginning in the second half of 2011, an increase in local demand for foreign currency caused the Argentine government to strengthen its foreign exchange controls. Between 2013 and 2015 the government implemented price controls on certain goods and services to curb inflation. Starting in December 2015, former president Macri administration has maintained certain price controls over necessary goods, such as foods, cleaning products and toiletries. According to the revised calculation of the GDP published by the INDEC, Argentina's real GDP decreased by 2.1% in 2016 and increased by 2.7% in 2017. However, due to the foreign exchange crisis suffered during the first semester of 2018, and the measures adopted by the Argentine government to control such crisis, according to the INDEC, Argentina's real GDP decreased by 2.5% in 2018.

Since May 2018, following the rate increase in the United States and the taxation of financial income from foreign residents, and until August 2018, the Peso depreciated 110.3% with respect to the U.S. Dollar. The Argentine government reacted by consecutively raising interest rates in pesos from 27.25% to 60% annually.

As a way to alleviate the ensuing crisis, in June 2018, Argentina and the IMF agreed to a stand-by loan for US\$50.0 billion with duration of 36 months with the IMF (the “Stand-By Agreement”)- to back up the economic program, and which was extended to US\$57.1 billion in September 2018. The IMF requested the Argentine government to implement the following measures: (i) reduce the primary deficit to 1.3% in 2019 and achieve the primary fiscal balance by 2020; and (ii) strengthen the autonomy of the BCRA. The reduction of the deficit implied a cut in public spending, reduction of energy and transportation subsidies, reduction of public works, transfers to the provinces, among other measures.

As of the date of this annual report, the IMF disbursed an aggregate of US\$44.70 billion under the Stand-By Agreement. The Argentine government is currently negotiating an extension with the IMF for payments under the Stand-By Agreement that mature in 2021 and 2022.

In early September 2018, and for further control over inflation, the administration of the former president Mauricio Macri expanded price controls over necessary goods with the incorporation of 127 new products. Consequently, the price control program had over 550 products, with an average increase of only 3.1%. This agreement was valid until January 6, 2020 and included supermarkets, hypermarkets and wholesale stores. On January 7, 2020, the national government of Alberto Fernández unveiled the 2020 price control program with the intention of fostering consumption and establishing reference prices for products with the highest consumption in households. The plan for 2020 had over 310 products and decreases of 8% on average. The plan for 2021 had more than doubled the number of products included in the previous year, resulting in 660. Our products are not included in the price control program.

Pursuant to Resolution No. 415/2020, published on September 28, 2020, the Secretary of Domestic Commerce approved a sample agreement with companies that commercialize or produce construction materials, to cap price increases of construction materials. In this regard, Loma Negra entered into an agreement with the Secretary of Domestic Commerce pursuant to which Loma Negra agreed to sell certain products to one of the biggest retail establishments of Argentina at a maximum price depending on the region of the country. The prices shall be subject to a quarterly review. The agreement shall be in force until September 1, 2021.

In addition, and in order to prevent shortage of goods, the Secretary of Domestic Commerce issued Resolution No. 237/2021 by means of which it created the Information System for the Implementation of Economic Reactivation Policies (“*Sistema Informativo para la Implementación de Políticas de Reactivación Económica*” or “SIPRE”), in which certain companies, including our company, must report monthly the prices of their products, quantities sold and stocks of final and intermediate goods.

Despite all these measures adopted by the Argentine government, according to the INDEC, Argentina’s real GDP continues to decrease by 2.2% in 2019. In addition, in 2020 the general macroeconomic conditions worsened as a result of the COVID-19 pandemic. According to INDEC, during 2020 GDP declined by 9.9%.

A decline in international demand for Argentine products, a lack of stability and competitiveness of the peso against other currencies, a decline in confidence among consumers and foreign and domestic investors, a higher rate of inflation and future political uncertainties, among other factors, may continue to adversely affect the development of the Argentine economy, which could lead to a reduced demand for our services and adversely affect our business, financial condition and results of operations.

The implementation of new exchange controls and restrictions on capital inflows and outflows could limit the availability of international credit and could threaten the financial system, adversely affecting the Argentine economy and, as a result, our business.

Between 2011 and 2015, until former president Macri took office, the Argentine government increased controls on the sale of foreign currencies and the acquisition of foreign assets by residents, limiting the possibility of transferring funds abroad. Through a combination of foreign exchange and tax regulations, the Fernández de Kirchner administration significantly curtailed access to the FX Market by individuals and private-sector entities. In

addition, during former Fernández de Kirchner administration, the BCRA exercised a de facto prior approval power for certain foreign exchange transactions otherwise authorized to be carried out under the applicable regulations, such as dividend payments or repayment of principal of intercompany loans as well as the import of goods, by means of regulating the amount of foreign currency available to companies to conduct such transactions. The number of exchange controls introduced in the past and in particular between 2011 and 2015 during former Fernández de Kirchner administration gave rise to an unofficial U.S. dollar trading market, and the unofficial peso to U.S. dollar exchange rate in such market differed substantially from the official peso to U.S. dollar exchange rate. Due to the foreign exchange crisis generated in August 2019 and the continued reduction of the BCRA's foreign currency reserves, since September 1, 2019 the Argentine government imposed once again rigid exchange controls and transfer restrictions, substantially limiting the ability to obtain foreign currency or make certain payments or distributions out of Argentina See "*Item 10.D Additional Information—Exchange Controls*".

In response to the re-imposed foreign exchange restrictions, an unofficial U.S. dollar trading market developed again in which the Peso-U.S. dollar exchange rate differed substantially from the official Peso-U.S. dollar exchange rate in the FX Market.

In addition, access to foreign currency and its transfer out of Argentina can also be obtained through capital markets transactions denominated Blue-Chip Swaps, subject to certain restrictions, which is significantly more expensive than acquiring foreign currency in the FX Market.

In the past, the Argentine government also imposed informal restrictions on the ability of entities and individuals to purchase foreign currency, consisting in de facto measures as those described in the first paragraph. Notwithstanding the measures adopted by the Argentine government in the recent years, in the future the Argentine government could reinstate further exchange controls, transfer restrictions, restrictions on the free movement of capital, and may implement other measures in response to capital flight or a significant depreciation of the peso, which could further limit our ability to access the international capital markets and impair our ability to make interest, principal or dividend payments abroad. Such measures could lead to renewed political and social tensions, and could undermine the Argentine government's public finances, which could adversely affect Argentina's economy and prospects for economic growth and, consequently, adversely affect our business and results of operations, and could further impair our ability to make dividend payments to holders of the ADSs, which may adversely affect the market value of the ADSs.

Argentina's current account and balance of payment imbalances could lead to a depreciation of the Peso, and as a result, affect our results of operations, our capital expenditure program and our ability to service our foreign currency liabilities.

Between 2007 and 2015, former Fernández de Kirchner's administration significantly increased public spending. In the eleven-month period ended on November 30, 2015, the fiscal deficit increased by 363% annualized. During that period, former Fernández de Kirchner administration turned to the BCRA and the ANSES (*Administración Nacional de la Seguridad Social*) to finance part of the public administration. Inflation continues to be a challenge for Argentina given its persistent nature in recent years. The Macri Administration had announced its intention to reduce the primary fiscal deficit as a percentage of GDP over time and also reduce the government's dependence on BCRA financing. Given the difficulties of the Argentine public finances, the administration of former President Macri adopted several measures to finance their public spending, for example, the revision of subsidy policies (in particular those related to energy, electricity and gas, water and public transport) and the implementation of an expansive monetary policy. These measures resulted in a further increase in prices and, therefore, adversely affected, consumer purchasing power and the overall economic activity.

In August 2018, the government of former President Macri announced the following measures to reduce public expenditure: a) Decrease of subsidies. The decrease in public expenditures through the decrease of subsidies, reduction of public works and lower expenses in political structure; b) Further cuts for the Administration; c) Approval of new rates of export duties; and d) Reduction of employee contributions, in other words, the reduction of the non-taxable minimum of said contributions.

The government of President Alberto Fernandez, among other, enacted the Solidarity Law, see "*Risk Factors – Risks Relating to Argentina – Argentina's growth and stability may not be durable*" and "*Additional Information – Taxation*".

According to INDEC, Argentina has a structural current account deficit that reached US\$4.0 billion in 2019, US\$27.1 billion in 2018, US\$31.2 billion in 2017, US\$15.1 billion in 2016, and US\$17.6 billion in 2015. The account deficit between 2015 and 2017 originates in the stagnation of exports of goods, which have only increased by 1.4%, taking into account the compounded average growth rate, or CAGR, between 2015 and 2017; in contrast, imports of goods have been increasing at a much faster speed, reaching a CAGR of 5.8% in the same period. During 2020 the current account accumulated a superavit of US\$3.0 billion, provided that the fourth quarter of 2020 registered a deficit of US\$1.4 billion year over year. The superavit during 2020 originated in the reduction of net expenses due to a decrease of imports of goods and services and international travels, among others.

During the former Macri administration, the account deficit was financed with external debt issuances in the international debt markets. In addition, the settlement of the disputes over the 2001 defaulted debt crisis has allowed several provinces of Argentina and certain Argentine private companies to issue new debt securities in foreign markets.

Because foreign direct investment remains stagnant in Argentina, it may become impossible for Argentina and its provinces to meet their debts obligations in the future, since Argentina's foreign currency needs would severely overcome its foreign currency sources. If this level of uncertainty prevails on international investors, Argentina may suffer a "sudden stop" event, where investors stop lending money to Argentinean institutions. This, in turn, may result in large capital outflows that could not only force the Argentine government to default on its debt, but also generate a rapid and unanticipated depreciation of the peso, a hike in local interest rates and a probable banking system crisis if bank deposits are largely withdrawn following social unrest.

The events described above have already taken place in recent decades in Argentina, and although the actual administration intends to address the situation, as of the date of this annual report, the impact that the measures taken by the present administration will have on the Argentine economy as a whole cannot be predicted. As of the date of this report, the results of the measures already implemented and the Argentine government's measures related to the outbreak of COVID-19, impacted the primary and financial deficit in 2020, that reached 6.5% of GDP, as a result of the income and expenses measures that the Argentine government implemented to face the pandemic. Alberto Fernández's government measures aims to stabilize state accounts, but in principle they intend to maintain expansive policies that would mean initially even more increases in public spending, financed through the expansion of currency issuance.

The failure to reduce fiscal deficits could increase the level of uncertainty regarding the macroeconomic conditions in Argentina. In particular, it could lead to an increase in the inflation index, devaluation of the Peso with respect to foreign currencies and a subsequent crisis in the balance of payments, greater local vulnerability to the international credit crisis or geopolitical shocks, rising rates of interest, erratic monetary policies, reduction in real wages and, as a consequence, in private consumption and reduction in growth rates. This level of uncertainty, over which we have no control, can affect our financial condition or the results of operations.

If a balance of payments crisis were to occur, a large depreciation of the Peso against the U.S. dollar could adversely affect our ability to meet our foreign currency obligations. Furthermore, the negative effect such a crisis could have on the growth rates of the Argentine economy and its consumption patterns could have a material adverse effect on our business, financial condition and result of operations.

The Argentine government's ability to obtain financing from international markets may be limited, which may negatively impact our financial condition and our ability to grow.

The Argentine government's ability to obtain financing from international markets has been limited:

The Argentina's sovereign default in 2001 limited Argentina's ability to access to international financing. Through exchange offers conducted between 2005 and 2010, Argentina restructured over 92% of the sovereign defaulted debt. However, holdout holders declined to participate in the restructuring commenced litigation against Argentina. The Argentine government settled US\$9.2 billion outstanding principal amount of the untendered debt held by some of these holdout holders in April 2016 with the proceeds from a US\$16.5 billion international bonds offering. Although the size of the outstanding claims has decreased significantly, as of the date of this report, litigation initiated by bondholders that have not accepted Argentina's settlement offer continues in several jurisdictions. However, after the settlement with the holdouts and offering Argentina regained access to the international capital markets.

Additionally, foreign shareholders of several Argentine companies, including those of our controlling shareholder, have filed claims before the International Center for Settlement of Investment Disputes or the ICSID alleging that the emergency measures adopted by the Argentine government since the crisis in 2001 and 2002 differ from the just and equal treatment standards set forth in several bilateral investment treaties to which Argentina is a party. The ICSID has ruled against Argentina with respect to many of these claims.

In July 2017, in a split decision, an ICSID tribunal ruled that Argentina had breached the terms of a bilateral investment treaty with Spain, alleging the unlawful expropriation by the Federal Government of Aerolíneas Argentinas and affiliates (including Optar, Jet Paq, Austral, among others). The ICSID tribunal has fined Argentina for an approximate amount of US\$328.8 million, awarding plaintiffs about 20% of the US\$1.6 billion they had initially claimed. In May 2019, a request of the Argentine government for annulment of the decision was denied by ICSID.

In January 2020, a New York district court dismissed an \$84 million lawsuit filed by Aurelius Capital against Argentina related to the alleged payment shortfall under Argentina's GDP-linked bonds issued in 2013, while additional claims were pending in New York and London in respect of the same bonds. However, in March 2020, Aurelius Capital filed two new claims in New York for \$252 million alleging that the Republic of Argentina breached the terms and conditions of the GDP-linked bonds upon the manipulation of the INDEC's statistics determining the calculation of the GDP-based bonus under the bonds. In March 2021, the Southern District Court of New York admitted this claim, which as of the date of this annual report is pending. Future access to debt and equity financings in international markets may be limited as litigation with holdout bondholders as well as ICSID and other claims against the Argentine government continues, which in turn could limit economic growth, adversely affecting our business, results of operations and financial condition.

In May 2018, the former Macri administration requested the IMF the granting of the Stand-By Agreement for up to US\$57.1 billion with the purpose of supporting the government's economic plan. As of the date of this report, the IMF disbursed an aggregate of US\$44.70 billion. The Fernández administration is negotiating the extension of the repayment terms of the Stand-By Agreement that mature in 2021 and 2022.

Pursuant to a report issued by the Ministry of Economy of the Argentine government, as of December 2019, Argentina's foreign debt amounted to US\$311.25 billion, which represented 91.6% of Argentina's GDP. In 2020 the Argentine government had to make payments of about US\$52 billion on sovereign debt in U.S. dollar and pesos, including about US\$37 billion in foreign sovereign; and in 2021 the Argentine government have to make payments of about US\$37.1 billion on sovereign debt in U.S. dollars and pesos.

On February 12, 2020, the Argentine Congress enacted the Law No. 27,544 for the Restoration of the Sustainability of the Public Debt issued under Foreign Law, which granted the Ministry of Economy the powers to restructure the Argentine government external public debt. And through Decree No. 250/2020, published in the Official Gazette on March 10, 2020, the Argentine Executive Branch authorized negotiations for the restructuring of US\$68.85 billion in foreign currency and law governed sovereign bonds. On April 21, 2020, the Argentine government launched an exchange offer with respect to all eligible foreign currency and law-governed sovereign bonds, which included a reduction of the principal amount of certain series of the eligible bonds, an interest payment grace period until November 2022, and coupons between 0.5% and 0.6% between November 2022 and November 2023 or 2025, depending on the series of the new bonds, and increasing to between 1.0% and 4.875% from those dates until final maturity depending on the series of the new bonds.

On April 22, 2020, approximately US\$500 million in coupon payments under the eligible foreign bonds BIRAD/USD 6.875% due 2021, BIRAD/USD 7.5% due 2026 and BIRAD/USD 7.625% due 2046 became due, subject to a cure period through May 22, 2020. When the exchange offer was originally set to expire on May 8, 2020, the Argentine government's initial offer received a very low level of acceptance, resulting in the government extending the deadline of the exchange offer until May 22, 2020. After several extensions and the improvement of the initial offer, at the expiration of the last extension of the invitation term on August 28, 2020, the Argentine government obtained consents to exchange and/or restructure 99.01% of the aggregate principal amount of all series of the approximately US\$64.8 billion eligible bonds.

On April 6, 2020, Decree No. 346/2020 (“Decree 346”) issued by the Argentine Executive Branch was published in the Official Gazette, setting forth, among other things, the deferral of interest payments and amortizations of principal, of the national public debt instrumented by bonds denominated in United States Dollars (USD) issued under the Argentine law, until December 31, 2020, or until any previous date to be determined by the Ministry of Economy. Certain intra-public sector public debt instruments issued under Argentine law and denominated in USD, were excluded from the deferral of payments. Decree 346 also provided for the exchange at their stated maturity of certain public debt instruments (mainly instruments held by the Argentine Central Bank and the Fondo de Garantía de Sustentabilidad, or the FGS) by new public debt instruments:

In August 2020, by means of Law 27,556 Argentina launched an offer to exchange sovereign bonds denominated in US dollars and ‘dollar-linked’ issued under Argentine law. As a result of this transaction, and as informed in a Ministry of Economy press release on September 15, 2020, 99.41% of the bondholders of eligible instruments denominated in US dollars or “dollar-linked” issued under Argentine law had accepted the offer.

On November 4, 2020, the Ministry of Economy published Resolution No. 540/2020 in the Official Gazette, which provided for the procedure to allow eligible instruments which did not enter into the debt restructuring under Argentine law carried out on August and September 2020 to be tendered. The resolution provided that holders who were unable to enter the exchange within the prior invitation term may do so in successive acceptance terms which will be extended until July 28, 2021 in the conditions set forth therein.

In addition, on January 26, 2020, the Province of Buenos Aires, the largest estate in Argentina, also had a maturity of provincial sovereign debt for US\$277 million in principal amount and interests that, after the failure of the negotiations for an extension, cancelled within the curing period in February 5, 2020. The Province of Buenos Aires had additional payments under its sovereign debt for US\$110 million maturing in May 2020 and US\$750 million maturing in June 2020. In May 2020 the Province of Buenos Aires, defaulted in the payment of its international sovereign bonds and since then is seeking to restructure its sovereign bonds through an exchange offer. After several extensions without success, the Province of Buenos Aires has recently extended again the offer expiration date until April 23, 2021. However, due to the lack of progress in the negotiations, a group of creditors have filed lawsuits in New York claiming more than US\$366 million in unpaid principal and interests on the defaulted bonds.

As of the date of this annual report, the Argentine government and the IMF did not reach an agreement on the restructuring of the Stand-By Agreement and there are no assurances that such agreement would be reached during 2021, nor are we able to predict the future consequences for the Argentine economy in general or our business in particular if such agreement is not reached and is defaulted. Mainly due to the frustration of the negotiations with the IMF and the uncertainty on the restructuring of the Stand-By Agreement, as of April 29, 2021 the country risk index published by J.P. Morgan reached 1555 basis points.

If the negotiations with the IMF fail or the Province of Buenos Aires or other provinces of Argentina fail to restructure their debt, the Argentine government defaults again in the payment of its sovereign debt or the measures adopted and to be adopted by the Argentine government to reduce the fiscal deficit, control inflation and stabilize the foreign exchange market are not effective, Argentina’s ability to obtain international or multilateral private financing or direct foreign investment may be limited, which may in turn impair its ability to implement reforms and public policies to foster economic growth, impair the ability of private sector entities to access the international capital markets or make the terms of such financing much less favorable than those accessible by companies in other countries in the region and may accelerate the depreciation of the peso, foster inflation and deepen the economic crisis and recession. In addition, Argentina may face again litigation from sovereign debt holdout holders.

Lack of access to international or domestic financial markets could affect the projected capital expenditures for our operations in Argentina, which, in turn, may have an adverse effect on our financial condition or the results of our operations.

Government intervention may adversely affect Argentine economy, Argentine companies and, as a result, our business and results of operations.

During recent years, the federal government has exercised substantial control over the Argentine economy. The two administrations of President Fernández de Kirchner, who governed from 2007 through December 9, 2015, increased state intervention in the Argentine economy, including through expropriation and nationalization measures, price controls and pervasive exchange controls.

In 2008, the Fernández de Kirchner administration absorbed and replaced the former private pension system for a public “pay-as-you-go” pension system. As a result, all resources managed by the private pension funds, including significant equity interests in a wide range of listed companies, were transferred to a separate fund (*Fondo de Garantía de Sustentabilidad*), or the FGS, to be administered by the National Social Security Administration (*Administración Nacional de la Seguridad Social*), or the ANSES. The dissolution of the private pension funds and the transfer of their financial assets to the FGS have had important repercussions on the financing of private sector companies. Debt and equity instruments that previously could be placed with pension fund administrators are now entirely subject to the discretion of the ANSES. Since acquiring equity interests in privately owned companies, through the process of replacing the pension system, the ANSES is entitled to designate representatives of the Argentine government to the boards of directors of those entities.

In April 2012, the Fernández de Kirchner administration decreed the removal of directors and senior officers of YPF S.A., or YPF, the country’s largest oil and gas company, which was controlled by the Spanish group Repsol, and submitted a bill to the Argentine Congress to expropriate shares held by Repsol representing 51% of the shares of YPF. The Argentine Congress approved the bill in May 2012 through the passage of Law No. 26,741, which declared the production, industrialization, transportation and marketing of hydrocarbons to be activities of public interest and fundamental policies of Argentina and empowered the Argentine government to adopt any measures necessary to achieve self-sufficiency in hydrocarbon supply. In February 2014, the Argentine government and Repsol announced that they had reached an agreement on the terms of the compensation payable to Repsol for the expropriation of the YPF shares. Such compensation totaled approximately US\$5.0 billion payable by delivery of Argentine sovereign bonds with various maturities. The agreement, which the Argentine government ratified pursuant to Law No. 26,932, settled the claim filed by Repsol with the ICSID.

On September 28, 2014, Law No. 26,991 (“Supply Law”) came into effect. The Supply Law covers the economic process related to goods, facilities and services that directly or indirectly satisfy the basic or essential needs of the population. The Supply Law also grants broad delegations of powers on its enforcement authority. Moreover, the Supply Law provides that in a situation of shortage or scarcity of goods or services which satisfy basic or essential needs destined to the general welfare of the population, the governmental authorities may order their sale, production, distribution and delivery throughout the territory of the Argentine nation.

In February 2015, former Fernández de Kirchner administration filed a bill to the Argentine Congress in order to revoke certain train concession and nationalize the train services. The bill also provides powers to examine concessions actually in course. This bill was passed by the National Congress on May 20, 2015 as Law No. 27,132.

Moreover, on September 23, 2015 the Argentine Congress passed Law No. 27,181 that deems as public interest the protection of the company shares owned by the Argentine Government as part of the Sustainability Guaranty Fund of the Argentine Integrated Social Security System and the company shares in which the Argentine Government is a minority partner, prohibiting its transfer or any action that may limit, alter, eliminates or modifies its destiny, domain or nature, or its outcome, without the previous authorization of two thirds of the members of the Argentine Congress except for the shares that the National Government owns in YPF S.A. This law also created the National Agency of share capital owned by the Argentine state as decentralized body in the orbit of the executive branch whose main activities are the implementation of policies to exercise the rights attached to the underlying shares. On July 22, 2016, Law No. 27,260 was passed by the Argentine Congress that repeals parts of the Law No. 27,181 and authorized the sale of shares owned by the Sustainability Guaranty Fund of the Argentine Integrated Social Security System when the sales are done in order to pay amounts due under the Argentine Integrated Social Security System.

As for our activities, in the 2008-2015 period, the former Secretariat of Domestic Commerce, Guillermo Moreno, agreed with the most important cement manufacturers, including us, to limit to 8% the price increase of cement, in order to limit the price increase of the inputs that are used to build.

Since taking office in December 2019, the Fernández Administration implemented several measures that increased the government intervention, for example: i) the Social Solidarity and Productive Reactivation Law published on December 23, 2019; ii) the Price Control Program announced on January 7, 2020; iii) the Law of Sustainability of Public Debt under Foreign Law, published on February 13, 2020; iv) the Supermarkets' Shelf Law published on March 17, 2020; and v) Decree No. 690/2020, which was published on August 22, 2020, and regulated certain services tariffs.

Among other things, the Solidarity Law froze the electricity and natural gas tariff rates until December 31, 2020 and instructed the relevant regulatory agencies to pursue a mandatory renegotiation of those rates. Currently, a tariff renegotiation is in process and public hearings are expected to be held soon.

Pursuant to Decree No. 690/2020, the Argentine government designated information and telecommunications services as essential public services and froze tariffs on such service providers until December 31, 2020. Effective January 1, 2021, the National Telecommunications Agency approved the rendering of universal basic mandatory services for fixed and mobile telephone services and internet services and fixed a maximum fee increase of 5% on the telecommunications services for January 2021. The National Telecommunication Agency further approved an additional maximum fee increase of 7.5% for February 2021, and 2.5% for March 2021, for mobile telephone services only.

Pursuant to Resolution No. 415/2020, published on September 28, 2020, the Secretary of Domestic Commerce approved a sample agreement with companies that commercialize or produce construction materials, to cap price increases of construction materials. In this regard, Loma Negra entered into an agreement with the Secretary of Domestic Commerce pursuant to which Loma Negra agreed to sell certain products to one of the biggest retail establishments of Argentina at a maximum price depending on the region of the country. The prices shall be subject to a quarterly review. The agreement shall be in force until September 1, 2021.

In addition, on March 17, 2021, the Secretary of Domestic Commerce issued Resolution No. 237/2021 by means of which it created SIPRE, in which certain companies, including our company, must report monthly the prices of their products, quantities sold and stocks of final and intermediate goods.

As of the date of this report it is not possible to predict whether the current administration will promote additional actions related to price controls of products elaborated by us. In case it does, we cannot predict how these measures will affect our results of operations. Please bear in mind that due to the COVID-19 pandemic the Federal Government intervention on economic, trade and regulatory matters has increased substantially.

Expropriations and other interventions by the Argentine government similar to those described above can have an adverse impact on the level of foreign investment in Argentina, the access of Argentine companies to the international capital markets and Argentina's commercial and diplomatic relations with other countries and, consequently, could adversely affect our business, financial condition and results of operations.

The Argentine economy could be adversely affected by economic developments in other markets and by more general "contagion" effects.

Weak, flat or negative economic growth in any of Argentina's major trading partners, such as Brazil, could adversely affect Argentina's balance of payments and, consequently, economic growth.

The Argentine economy may also be affected by conditions in developed economies, such as the United States, that are significant trading partners of Argentina or have influence over world economic cycles and over short-term evolution of commodity prices. If interest rates increase significantly in developed economies, including the United States, Argentina and its developing economy trading partners, such as Brazil, could find it more difficult and expensive to borrow capital and refinance existing debt, which could adversely affect economic growth in those countries. Decreased growth from Argentina's trading partners could have a material adverse effect on the markets for Argentina's exports and, in turn, adversely affect economic growth. Any of these potential risks to the Argentine economy could have a material adverse effect on our business, financial condition and result of operations.

The economy of Brazil, Argentina's largest export market and the principal source of imports, is currently experiencing heightened negative pressure due to the uncertainties stemming from ongoing political crisis. After the economic crisis of 2015 and 2016, the Brazilian economy is slowly recovering. The real growth per capita has fallen 8% since the recession started, and the poverty and inequality are growing. Even though the unemployment rate has fallen this year, it is still high in comparison with the rate before the crisis. On January 1, 2019, Jair Bolsonaro assumed office as a neoliberal and conservative politician. The Brazil economy is showing slow signs of recuperation sustained principally by higher consumption, low interest rates, controlled inflation and the expansion of credit operations. Nevertheless, Brazil faces serious obstacles such as the high unemployment rate and the ongoing political crisis. While the impact of Brazil's downturn on Argentina cannot be predicted, we cannot exclude the possibility that the Brazilian political and economic crisis could have a further negative impact on the Argentine economy.

In a referendum on membership of the European Union held on June 23, 2016, the United Kingdom voted in favor of the British government taking the necessary action for the U.K. to leave the European Union (commonly known as "Brexit"). On January 31, 2020, the U.K. left the European Union and the parties had 11 months of transition to negotiate their future relationship. The transition period concluded on 31 December 2020 and, the Trade and Cooperation Agreement negotiated between the European Union and the U.K. entered into force provisionally on 1 January 2021. Even though it is expected that London will not continue to be the financial center of Europe, being probably replaced by Germany, we cannot predict the concrete impact that these circumstances and the Trade and Cooperation Agreement will have for the European Union or which are the additional agreements that the parties will further agree on. As a consequence of the Brexit, the economic conditions in general and of the financial and capital market in particular of the European Union may be adversely affected, all of which may cause instability in the rest of the global financial markets, such as Argentina. Any of these effects or other that we cannot predict, may have a negative impact on our business, results of operations and financial condition.

On November 3, 2020, political elections took place in the U.S. and on January 20, 2021 Joe Biden took office. As of the date of this report, it is still unknown how the policies to be implemented by President Biden will impact on emerging market economies, including Argentina. Changes in social, political, regulatory and economic conditions in the United States, or in laws and policies governing foreign trade, could create uncertainty in the international markets and could have a negative impact on emerging market economies, including the Argentine economy, which in turn could have a negative impact on our business, results of operations and financial condition.

On February 5, 2018, Jerome H. Powell took office as the chair of the Federal Reserve of U.S., succeeding Janet L. Yellen. Mr. Powell has expressed its intention to continue with the policies of the Federal Reserve to gradually rise the interest rates as the economic conditions of the U.S. improve. In case that the U.S. economy improves, the recent tax reform that reduced the income tax rate may cause an overheat in the U.S. economy and that the Federal Reserve becomes more aggressive as to the rise of the interest rates.

In addition, Argentina is highly dependent on the export of certain commodities, such as soy, that has made the Argentine economy more vulnerable to fluctuations in the commodities prices. If international commodity prices decline, the Argentine economy could be adversely affected. In addition, adverse weather conditions can affect the production of commodities by the agricultural sector, which account for a significant portion of Argentina's export revenues.

All these circumstances could have a negative impact on the levels of government revenues, available foreign exchange and the government's ability to service its sovereign debt, and could either generate recessionary or inflationary pressures, depending on the government's reaction. Either of these results would adversely impact Argentina's economic growth and, therefore, our financial condition and results of operations.

The Argentine banking system may be subject to instability, which may affect our operations.

The Argentine banking system has experienced several crises in the past, and even collapsed in 2001 and 2002. However, in more recent years, the Argentine banking system has shown a recovery in credit activity, driven by increases in loans and deposits. However, most of the deposit growth is in short-term deposits and the sources of

medium- and long-term funding for financial institutions are currently limited. As of December 2018, deposits in pesos to the private sector increased 42.4% over the prior year and loans in pesos to the private sector increased 19.0%. In particular, mortgage loans experienced a high growth rate in 2017, rising at an annual rate of 106% year over year and 71.5% in 2018; also expanding rapidly were consumer loans, which increased 60% year over year, according to BCRA. The average interest rate for fixed-term deposits of more than Ps.1,000,000 with maturities between 30 and 35 days paid by private banks in Argentina, as published by the BCRA, averaged 20.6% during 2017, 34.3% in 2018 and 48.8% in-2019, 29.92 % in 2020. Despite improvements in stability, we cannot be certain that another banking system crisis will not occur in the future.

Financial institutions are particularly subject to significant regulation from multiple Regulatory Authorities, all of whom may, among other things, establish limits on commissions and impose sanctions on the financial institutions. The lack of a stable regulatory framework could impose significant limitations on the activities of the financial institutions and could induce uncertainty with respect to the financial system stability.

A new crisis or the consequent instability of one or more of the larger banks, public or private, could have a material adverse effect on the prospects for economic growth and political stability in Argentina, resulting in a loss of consumer confidence, lower disposable income and fewer financing alternatives for consumers. These conditions would have a material adverse effect on us by resulting in lower sales of products and the possibility of a higher level of uncollectible accounts or increase the credit risk of the counterparties regarding our investments in local financial institutions.

Exchange controls and restrictions on transfers abroad and capital inflows have limited, and could continue limiting, the availability of international credit. The continued limitation of international credit could have a material adverse impact on our financial condition, results of operations and cash flows.

Current investigations with respect to the involvement of politicians and several construction companies in the so-called Notebooks Investigation (“Escándalo de los Cuadernos”), may have a material adverse effect on construction activity and on the trading price of our ordinary shares and ADSs.

As of the date of this annual report, the Office of the Argentine Federal Prosecutor is conducting several investigations, which are ongoing, into allegations of money laundering and bribery of public officials. The largest of these investigations relates to *Los Cuadernos de las Coimas*, or the Notebooks Investigation. This investigation relates to notebooks kept by a driver who worked for public officials during the Kirchner Administration. The notebooks allegedly document a widespread corruption scheme involving illegal cash payments by businessmen to government officials in order to win government contracts.

As a result of these investigations, several businessmen (including construction company executives) and former public officials have been detained and prosecuted, including the former president of Argentina (and current vice president), Mrs. Cristina Fernández de Kirchner, who was prosecuted for illicit association.

In September 2019, judge Bonadío, who had been in charge of the Notebook Investigation, decided that a part of the case shall move on to an oral trial, including more than 50 defendants, former public officers and company’s officers, and another part would continue under investigation. As judge Bonadío passed away in 2020, the criminal investigation is now in charge of judge Marcelo Martínez De Giorgi. The part of the case that was sent to trial will be in charge of the Federal Oral Court no. 7. In September 2020, Chamber III of the Court of Cassation confirmed the prosecution of vice-president Cristina Fernández de Kirchner.

Considering the change of government, the measures to be taken in corruption enforcement are unclear and we are not able to foresee if these changes would affect ongoing investigations such as the Notebooks Investigation. Moreover, the Notebooks Investigation and other subsequent investigations may affect: (i) the access of construction companies to local and international financing; and (ii) awards of public works contracts to several construction companies. We cannot predict what impact these investigations might have or what other measures may be adopted by the courts, the current administration or any future administration, each of which could adversely affect our business, financial condition and the results of our operations.

The measures taken or to be implemented by the Argentine government in response to the COVID-19 pandemic have had and will likely continue to have an adverse effect on our business and operations.

On March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. This pandemic, as well as the reality or fear of any other adverse public health developments, is having and will likely continue to have a negative and material effect on, among other things, our manufacturing and supply chain operations, including due to the reduction or closure of our production units and the interruption of the supply of raw materials. The local, national and international response to the pandemic continues to rapidly evolve. Responses have included voluntary and, in some cases, mandatory quarantines as well as shutdowns and other restrictions on travel and commercial, social and other activities.

The Argentine government has taken several measures to address the COVID-19 pandemic outbreak. On March 18, 2020, through Decree No. 287/2020 and Administrative Decision No. 409/2020, the Argentine Executive Branch extended the public health emergency established by the Solidarity Law and authorized the direct contracting of goods, services and equipment necessary to attend to the public health emergency for jurisdictions and entities that comprise the Argentine Public Sector during the term of the public health emergency:

On March 20, 2020, the Decree No. 297/2020 (“Decree 297”) was published in the Official Gazette by which the Argentine Executive Branch implemented a social, preventive and mandatory isolation regime (“Mandatory Isolation Regime”), beginning on March 20, 2020, which was extended until November 8, 2020 for the area of greater Buenos Aires and Olavarría, among many other jurisdictions, by means of Decree No. 875/2020. Pursuant to Decree 297, individuals had to remain at home, except for minimal and indispensable displacements to stock up on cleaning supplies, medicines and food. During the period of Mandatory Isolation Regime, no cultural, recreational, sports, religious or any other type of event involving the participation of people may be held. The opening of business premises, shopping centers, wholesale and retail establishments, and any other place requiring the presence of persons was also suspended.

According to Decree 297 businesses and individuals within the activities and services declared essential were exempted from compliance with the Mandatory Isolation Regime in connection with the compliance with those essential activities and services. The construction of public works, the transportation of goods, and urban hazardous, dangerous and pathogenic waste treatment activities were included as essential services. After the adoption of the Mandatory Isolation Regime we shut down cement plant facilities but in April 2020 after adopting strict safety protocols, we restarted our operational activities at our cement facilities. Decree 297 also provided that employers must guarantee the hygiene and safety conditions established by the Ministry of Health to preserve the health of their employees. Furthermore, during the Mandatory Isolation Regime all employees in the private sector shall be entitled to the full enjoyment of their normal income, under the terms to be established by the regulations of the Ministry of Labor, Employment and Social Security.

Furthermore, by means of Decree No. 329, published in the Official Gazette on March 31, 2020, the Argentine Executive Branch prohibited for a period of 60 days from the date of its publication: (i) employment terminations without cause; (ii) employment terminations and/or suspensions for lack of workload; (iii) employment terminations and/or suspensions due to reduced workload; and/or (iv) employment terminations and/or suspensions for force majeure. Suspensions pursuant to Section 223/bis of the Employment Contract Law are exempt from this prohibition. In addition, Decree No. 39/2021 further extended the prohibition on terminations without cause, terminations based on the lack or reduction of work, and suspensions for force majeure events until April 25, 2021.

On April 3, 2020, Administrative Decision No. 450/2020 was published in the Official Gazette, expanding the list of activities and services declared essential during the health emergency, including the sale of building supplies and materials provided by building material depots, and activities related to production, distribution and commercialization of forestry and mining.

On April 6, 2020, Resolution No. 135/2020 of the Ministry of Labor of the Province of Buenos Aires was published in the Official Gazette of said Province, which establishes that employers must prepare and implement, within two working days, a Protocol on Health and Safety in the Workplace within the framework of the health emergency. The resolution states that the Protocol must comply with the provisions in force and with the special needs of the activity developed by the company and/or the tasks performed by the workers in each of the employer’s premises and/or workplaces, such as, (a) social distancing, (b) frequent hand washing with soap and water, (c) provision of hand sanitizer when handling things because of or in the occasion of work, (d) ventilation of the

workplace and/or the disinfection of frequently used objects and work tools, and (e) display at least one Protocol per establishment, in prominent places that allow easy viewing by all workers. The Protocol must be communicated within a 24-hour term to the Joint Health and Safety Committee at Work, or to the trade union representing the workers in the establishment. The penalty for non-compliance is up to 2,000% of the minimum wage for each affected employee may be imposed on employers. Additionally, inspectors may adopt measures of immediate application in the event of serious and/or imminent danger to the health or safety of the worker, including the suspension of work. Moreover, on April 11, 2020, Decree No. 355/2020 and decision 490/2020 of the Chief of Cabinet of Ministers included the following activities and services as essential and therefore allowed under the current lockdown: (i) auto-repair shops, tire manufacturing and auto parts manufacturers, (ii) short outings for people with disabilities, (iii) banks, and (iv) stationery shops (only home delivery).

In September 2020, Administrative Decision No. 1604/20 of the Chief of the Cabinet of Ministers exempted from the Mandatory Isolation Regime the construction of buildings of more than 5,000 square meters and the finalizations of construction projects that could be completed or finished within 90 days.

Since November 9, 2020, by means of Decree No. 875/2020 the social, the Mandatory Isolation Regime was replaced by a mandatory distance regime (“Mandatory Distance Regime”) in many Argentine jurisdictions, including the area of the Greater Buenos Aires, and Olavarría. During the Mandatory Distance Regime, among others, individuals must maintain a minimum distance of two meters between them, use face masks in shared spaces, sanitize their hands, and strictly comply with the protocols for activities, recommendations, and instructions implemented by the provincial and federal health authorities. In case of detecting situations of risk of spread of the COVID-19, the governors are empowered to reinstate the Mandatory Isolation Regime for individuals entering the province or the City of Buenos Aires from other jurisdictions, with prior intervention of the provincial health authority and for a maximum period of fourteen days. Pursuant to the Decree No. 168/2021 of the Argentine Executive Branch the Mandatory Distance Regime has been extended until April 9, 2021 in all Argentine jurisdictions.

The economic, industrial, commercial, and service activities, including our activity, may be carried out, provided, they have an operating protocol approved by the provincial health authority that includes all the recommendations and instructions of the federal health authority and restrict the use of closed surfaces allowing a maximum of 50% of their capacity (subject to certain exceptions). Certain activities (e.g., social, cultural activities for maximum of 20 persons in closed spaces and 100 in open spaces, cinemas, theatres) remain prohibited during the Mandatory Distance Regime.

As consequence of the second wave of COVID-19 infections that Argentina is experiencing since March 2021, and as cases continue to rise, pursuant to Decrees No. 235 and No. 241/2021, the Argentine Executive Branch re-established a limited number of restrictions on certain business operations and individuals circulation (like the restriction of groups’ tourism travels, closing of shopping malls, shops operation restrictions between 19:00 and 6:00 on the following day, and general circulation restriction between 20:00 and 6:00 on the following day) in the most affected areas (including the City of Buenos Aires and its surroundings), initially until April 30, 2021. If these restrictions are extended or expanded, the economic activity could continue to fall, poverty continue to rise and all other economic indicators continue to deteriorate, all of which has had and continues to have an adverse impact in Argentina’s economy and may negatively materially impact our industry and our business.

The measures to control the COVID-19 pandemic have negatively impacted the global economy, disrupted financial markets and international trade, resulted in increased unemployment levels and significantly impacted global supply chains, all of which have had and may continue to have an adverse impact in Argentina’s economy and may negatively materially impact our industry and our business.

The Argentine government has imposed certain conditions in the granting of work and production assistance and benefits in response to the COVID-19 pandemic, that may have effects in us and/or some of our Argentine subsidiaries.

Pursuant to Decree 332/2020, the Argentine Executive Branch created an emergency work and production assistance program available until December 31, 2020 to all employers (excluding those rendering services deemed essential, except under exceptional circumstances) that comply with any of the following requirements (“ATP Program”): i) perform activities critically affected by the geographical areas where they are carried out; and/or ii) have a significant number of employees infected with COVID 19 or subject to mandatory isolation or work exemption; and/or iii) have suffered a significant reduction of their sales after March 12, 2020.

Benefits of the ATP Program included: i) extension of the expiration for the payment of employers’ contributions to the Argentine Social Security System or a reduction of up to 95% on employers’ contributions to the Argentine Social Security System; ii) the payment by the Social Security Authority (ANSES) of a complementary salary to all or a portion of the beneficiary’s workers in an amount equal to 50% of the workers’ net salary as of February 2020 provided that it could not be lower than the minimum salary nor higher than two minimum salaries or the total of the net salary for that month, to be computed on account of the full remuneration owed to the worker; and iii) subsidized interest rate loans.

On April 5, 2020 the Argentine Executive Branch created the Committee for the Evaluation and Monitoring of the ATP Program. Pursuant to the Committee’s decisions and recommendations, beneficiaries of the ATP Program with more than 800 workers as of February 29, 2020 are banned from: i) distributing dividends for the fiscal years ending since November 2019; ii) re-purchasing, directly or indirectly, their own shares; iii) purchasing securities with Pesos for their settlement in foreign currency or their transfer outside Argentina; and iv) making any payments to persons with residence in “non-cooperative jurisdictions” or other jurisdictions subject to low or no taxation at all. These restrictions apply during the fiscal year when the benefits were granted and the following 12 or 24 months depending on the benefit granted and the number of workers.

On November 12, 2020, the Ministry of Work, Employment and Social Security created the Program for the Productive Recovery II (Programa de Recuperación Productiva – REPRO- II), which provided for the payment of a fixed amount of 9,000 pesos to each of the workers of the beneficiary on account of the salaries to be paid by such beneficiary for two months. However, the beneficiaries could re-register for the benefit within the second month of the benefit; and the number of employees subject to the benefit are determined on the basis of the number of beneficiaries, the economic and financial situation of each beneficiary, the general economic conditions and the program’s budget. Pursuant to Resolution No. 57/2021, the Ministry or Work, Employment and Social Security approved new amounts of the benefit depending on the sector of the workers for 9,000 pesos for non-critical sectors workers, 12,000 pesos for critical sectors workers and 18,000 pesos for health sector workers.

Our subsidiary Ferrosur applied for, and was granted, the following benefits under the ATP Program: i) the payment of the complementary salary during April and May 2020; and ii) the extension of the expiration for the payment of the employees’ contributions to the Argentine Social Security System due in May 2020 until August 2020. Therefore, Ferrosur is subject to the restrictions described above until December 31, 2022.

We cannot assure that neither we nor any of our Argentine subsidiaries will not be in a position to need to request these or any other assistance or benefits under these or other measures and aid programs issued by the Argentine government in response to the COVID-19 pandemic and/or under which conditions.

Risks Relating to Our Indirect Controlling Shareholder

Adverse events affecting affiliates of our indirect controlling shareholder, Mover Participações S.A., including with respect to the involvement by a subsidiary of Mover Participações S.A. in the so-called Operation Car Wash investigation in Brazil (“Operação Lava Jato”), may have a material adverse effect on our reputation and on the trading price of our ordinary shares and ADSs.

Construções e Comércio Camargo Corrêa S.A., or CCCC, a construction and engineering subsidiary of Mover Participações S.A. (formerly named Camargo Corrêa S.A.) and certain of its former senior management and employees have been the subjects of a Brazilian Federal Police investigation referred to as Operation Car Wash, which is an investigation into widespread allegations of corruption, including the Brazilian federal government controlled national oil company Petróleo Brasileiro S.A.—Petrobras, where certain of its employees accepted bribes from a number of construction companies, including CCCC.

In connection with the Operation Car Wash investigation and comprehensive internal investigations undertaken by CCCC with the assistance of external experts, CCCC and certain of its former senior management and employees entered into leniency and plea bargain agreements with the Brazilian authorities pursuant to which they admitted to violations of Brazilian antitrust and anti-corruption laws and agreed to pay compensation totaling more than 1,400 million Brazilian Reais, which included fines and other indemnification, and committed to continue to cooperate with Brazilian authorities. In addition, CCCC continues to conduct internal investigations on an ongoing basis regarding its anti-corruption compliance.

The news of Operation Car Wash also had repercussions in other Latin America countries where CCCC operates besides Brazil, including Peru, Argentina and Venezuela. According to certain media reports, government investigations are underway in those countries for alleged acts of corruption involving Brazilian construction companies. CCCC's management has conducted internal investigations with the help of external experts and to-date has not identified evidence of any wrongdoing performed by CCCC in these countries.

Any additional violations of anti-corruption and/or antitrust laws involving CCCC may result in additional fines and/or indemnification obligations. In addition, any additional adverse events or developments could have a material adverse impact on CCCC and the Mover investment portfolio, which may subject us to reputational damage and could materially adversely affect the trading price of our ordinary shares and ADSs. Moreover, although we have been informed by Mover Participações and its counsels that CCCC should be solely liable for any violations by CCCC of antitrust and/or anti-corruption laws, no assurances can be given that affiliates of CCCC will not also be found to be liable for any such violations of law.

Risks Relating to Our Business and Industry

The cyclical nature of the cement industry may lead to decreases in our revenues and profit margin.

The cement industry is cyclical and sensitive to changes in supply and demand that are, in turn, affected by political and economic conditions in Argentina and elsewhere. This cyclicity may decrease our profit margin. In particular:

- downturns in general business and economic activity may cause demand for our products to decline;
- when demand falls, we may be under competitive pressure to lower our prices; and
- if we decide to expand our plants or construct new plants, we may do so based on an estimate of future demand that may never materialize or may materialize at levels lower than we predicted.

The prices we are able to obtain for cement depend in large part on prevailing market prices. Cement is subject to price fluctuations resulting from production capacity, inventories, the availability of substitutes and other factors relating to the market such as the level of activity in residential construction markets, and, in some cases, government intervention. If the price of cement were to decline significantly from current levels, it could have a material adverse effect on us and our profit margin.

We are subject to the possible entry of domestic or international competitors into our market, which could decrease our market share and profitability.

The cement market in Argentina is competitive and is currently served by four principal groups which together supply substantially all of the cement consumed in the country. In the cement industry, the location of a production plant tends to limit the market that a plant can serve because transportation costs are high, reducing profit margins. Historically, we have been the clear leader in Argentina and the only player with a relevant presence across all regions in the country. However, competition could intensify if other players decide to try to enter our market.

We may face increased competition if the other Argentine cement manufacturers, despite incremental freight costs, decide to increase their existing capabilities (whether greenfield or brownfield) in the manufacturing and/or distribution ends of the cement market. Certain of our local competitors are executing investments to expand their production capacity levels in Argentina. According to available public information, Holcim Argentina S.A. is expanding the "Malagueño" plant, located in the province of Cordoba, by 0.7 million tons. In the case of Avellaneda S.A., a similar expansion of 0.7 million tons in the "El Gigante" plant in the province of San Luis has been finished in late 2020 and is operating.

We also face the possibility of competition in Argentina from the entry into our market of imported clinker, cement or other materials (such as slag) or products from foreign manufacturers, which may have significantly greater financial resources than us, particularly as production capacity continues to exceed depressed demand in other parts of the world and transportation costs decrease.

We may not be able to maintain our market share if we cannot match our competitors' prices or keep pace with the development of new products. If any of these events were to occur, our business, financial condition and results of operations could be adversely affected.

Demand for our cement products is highly related to residential and commercial construction in Argentina and is dependent upon public infrastructure developments, which, in turn, is affected by economic conditions in those countries.

Cement consumption is highly correlated to construction levels. Demand for our cement products depends, in large part, on residential and commercial construction and infrastructure developments. Residential and commercial construction, in turn, is highly correlated to prevailing economic conditions in the country. An eventual decline in economic conditions would reduce household disposable income, cause a reduction in residential construction and potentially delay infrastructure projects, leading to a decrease in demand for cement. As a result, a deterioration in the economic conditions would have a material adverse effect on our financial performance. We cannot assure you that growth in Argentina's GDP will rebound, or growth in Argentina's GDP, or the contribution to GDP growth attributable to the construction and infrastructure sectors, will continue at the recent pace or at all.

A reduction in private or public construction projects in Argentina could have an adverse effect on our business, financial condition and results of operations.

Significant interruptions or delays in, or the termination of, private or public construction projects may adversely affect our business, financial condition and results of operations. Private and public construction levels in our market depend on investments in the region which, in turn, are affected by economic conditions.

We cannot assure you that the Argentine government will execute the infrastructure plans as communicated. A reduction in public infrastructure spending in the markets in which we operate or delay in the execution of these projects could have an adverse effect on the general growth of the economy and, therefore, could adversely affect our business, financial condition and results of operations.

Volatility and uncertainty in fuel prices and availability may affect our operating costs and competitive position, which could materially and adversely affect our results of operations, cash flows and financial condition.

All of the locomotives we operate are diesel-powered, and our fuel expenses are significant. If increases in fuel prices cannot be passed on to our customers through our tariffs, our operating margins could be materially and adversely affected.

Fuel prices have historically been volatile and may continue to be volatile in the future. Fuel prices are subject to a variety of factors that are beyond our control, including, but not limited to, consumer demand for, and the supply of, oil, processing, gathering and transportation availability, price and availability of alternative fuel sources, weather conditions, natural disasters and political conditions.

Changes in the cost or availability of raw materials supplied by third parties may adversely affect our business, financial condition and results of operations.

We use certain raw materials in the production of cement, such as gypsum, slag, iron ore, steel slabs, clay, sand and pozzolana that we obtain from third parties. In 2020, our cost of raw materials supplied by third parties as a percentage of our total cost of sales was 10.1%, and 9.9% and 10.4% in 2019 and 2018, respectively. Should existing suppliers cease operations or reduce or eliminate production of these by-products, sourcing costs for these materials could increase significantly or require us to find alternative sources for these materials, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Energy accounts for a significant portion of our total cost of sales, so higher energy prices or governmental regulations that restrict energy available for our operation could materially adversely affect our operations and financial condition.

We consume substantial amounts of energy in our cement production processes and currently rely on third-party suppliers for a significant portion of our total energy needs. During the year ended December 31, 2020, in Argentina, thermal energy cost and electricity cost represented approximately 11.1% and 9.3% of our total cost of sales, respectively, and in 2019 and 2018, thermal energy cost and electricity cost represented approximately 15.7% and 10.0% and 15.9% and 10.2% of our total cost of sales, respectively. Our results of operations may be adversely affected by higher costs of electricity or unavailability or shortages of electricity, or an interruption in energy supplies.

Electricity shortages have occurred in Argentina in the past and could occur again in the future, and there can be no assurance that power generation capacity will grow sufficiently to meet our demand. In recent years, the condition of the Argentine electricity market has provided little incentive to generators to further invest in increasing their generation capacity, which would require material long-term financial commitments. As a result, Argentine electricity generators are currently operating at near full capacity and could be required to ration supply in order to meet a national energy demand that exceeds the current generation capacity.

In addition, the 2001 economic crisis and the resulting emergency measures had a material adverse effect on other energy sectors, including oil and gas companies, which led to a significant reduction in natural gas supplies to generation companies that use this commodity in their generation activities. In an attempt to address this situation, in January 2016, the Argentine Government unified and increased wholesale energy prices for all consumption in Argentina. As a result of this and other measures implemented by the Argentine government, investments have been made in conventional and renewable energy, increasing the installed capacity almost 3500 MW in the last two years. This increase in capacity has occurred both in thermal and renewable energy (wind and solar), the latter being enhanced by the renewable energy tenders, reaching 6% of the Argentine generation matrix in 2019, with a peak of 8.17% in December 2019.

On December 21, 2019, the National Congress approved the Social Solidarity and Productive Reactivation Law (*Ley de Solidaridad Social y Reactivación Productiva*). This law grants powers to the national government to intervene the Electricity Regulating Entity (ENRE) and the National Gas Regulatory Entity (ENARGAS). Moreover, the national government has the power to maintain electricity and natural gas tariffs that are under federal jurisdiction and to initiate a comprehensive tariff revision process or to initiate a review of an extraordinary nature, aiming at a reduction of the real tariff load on households, businesses and industries by 2020. Finally, in March 2020, by means of an executive decree, the national government declared the government intervention of ENRE and ENARGAS.

Electricity generators may still not be able to guarantee the supply of electricity to distribution companies, which, in turn, could prevent these companies from experiencing continued growth in their businesses and could lead to failures to provide electricity to customers; and we may not have access to the gas necessary to maintain our cement production processes. Shortages and government efforts to respond to or prevent shortages may materially adversely impact the cost and supply of energy for our operations, which could materially adversely affect our operations and financial condition.

Public health threats or outbreaks of communicable diseases, including the COVID-19, have had and will likely continue to have an adverse effect on our operations and financial results

We may face risks related to public health threats or outbreaks of communicable diseases. The outbreak of communicable diseases could result in a widespread health crisis that could adversely affect the global economy and our ability and our business partners' ability to conduct business in Argentina for an indefinite period of time.

Since the COVID-19 outbreak in March 2020, the Argentine government adopted a series of measures to control the spread of the virus, including quarantine measures, border closures and other travel restrictions, causing unprecedented commercial disruption. See *"The measures taken or to be implemented by the Argentine government in response to the COVID-19 pandemic have had and will likely continue to have an adverse effect on our business"*

and operations". This outbreak has resulted in a global economic slowdown and a temporary shutdown of production and supply chains and disrupt international trade, all of which has negatively impacted our industry and our business. In addition, the COVID-19 pandemic poses risks that our employees, contractors, suppliers, customers and other business partners may be prevented from conducting business activities for an indefinite period of time, including shutdowns that have been requested or mandated by governmental authorities, which have had and will likely continue to have a material adverse effect on our results of operations, financial condition and liquidity.

To date, the outbreak of the COVID-19 has caused significant social and market disruption. The long-term effects to the global and the Argentine economy and to us of the on-going COVID-19 pandemic; are difficult to assess or predict, and may include a further decline in the market prices of our ordinary shares and ADSs, risks to employee health and safety, risks to our production process and operations and reduced sales in geographic locations impacted.

These and other responses could impact the ability to market our products, the availability of those who make the decision to purchase our products and the ultimate demand for our products. In the event the number of infected patients increases in the markets in which we operate, it is possible that these disruptions would affect the economy and the financial markets, consequently affecting our financial condition and results of operations. On a business level, this could mean that our or other companies' operations may be suspended.

In response to the outbreak and business disruption, first and foremost, we have prioritized the health and safety of our employees and we have developed and implemented a plan covering several preventive measures required to minimize the effects of the pandemic.

Including the definition of staggered home office rotation for all employees since March 17, 2020. In compliance with the Mandatory Isolation Regime we undertook the following measures: (i) suspension of production and dispatch of cement, concrete and aggregates, (ii) temporary suspension of the construction of the second line of L'Amalí plant in Olavarría, Province of Buenos Aires, Argentina, and (iii) home-office for all of our administrative staff.

According to Decree 297 and Administrative Decision No. 450/2020, certain activities and services were declared essential and exempted from compliance with the Mandatory Isolation Regime (including the construction of public works and the sale of building material depots). See *"Item 3.D Risk Factors—Risks Relating to Argentina—The measures taken or to be implemented by the Argentine government in response to the COVID-19 pandemic have had and will likely continue to have an adverse effect on our business and operations."*

This situation has been causing a decline on the demand of our products, mainly in the cement bulk sales. Over time, these measures may also have a negative impact on our activities including our revenue, supply and profitability but also on the recoverability of our receivables and long-lived assets. In light of the current situation and in addition to the measures above mentioned, we have initiated proactive cost management strategies and an action plan focused on liquidity and liability management, which consists mainly of securing our working capital needs, tightening our fixed cost structure, including labor costs, and reformulating our priorities regarding maintenance capital expenditure needs.

We may also be affected by a decline in the demand of our products due to significant interruptions or delays in, or the termination of, private or public construction projects, or the need to further implement additional policies limiting our production or limiting the efficiency and effectiveness of our operations, including home office policies for a prolonged period of time. Furthermore, it is not possible to measure impacts on the health of our employees, even if the appropriate measures have been taken. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Additionally, we cannot predict the duration of the pandemic, how the disease will evolve (and potentially, spread) in Argentina, or anticipate any additional protective measures or restrictions the Argentine government may impose. Given the uncertainty around the extent and timing of the potential future spread or mitigation and around the imposition or relaxation of protective measures, we cannot reasonably estimate the impact to our future results of operations, cash flows or financial condition. However, COVID-19 virus is having and will likely continue to have, for so long as the health crisis and the virus impact continue, a negative impact on our activities, the demand of our products and our results of operations, financial position and cash flows.

The deterioration of Argentine and global economic conditions could, among other things:

- further negatively impact demand for cement, concrete and aggregates, or further lower market prices for our products, which could result in a continued reduction of our sales, operating income and cash flows;
- make it more difficult or costly for us to obtain financing for our operations or investments or to refinance our debt in the future;
- cause us to experience an increase in costs as a result of our emergency measures, delayed payments from our customers and uncollectable accounts;
- impact our liquidity position and cost of and ability to access funds from financial institutions and capital markets;
- cause delays and disruptions in the supply chain resulting in disruptions in the commercial operation dates of certain construction projects;
- cause delays and disruptions in the construction of new cement facilities and the expansion of our existing facilities;
- impair the financial condition of some of our customers, suppliers or counterparties, thereby increasing customer bad debts or nonperformance by suppliers or counterparties;
- decrease the value of certain of our investments; and
- cause other unpredictable events.

Despite that as of the date of this annual report the Mandatory Isolation Regime has been lifted in all jurisdictions in Argentina, there is uncertainty on the reinstatement of a strict lockdown or any other government intervention or other measures, or the possibility of other economic effects on the stock market, foreign exchange rates and otherwise. Any such negative impact could result in a material adverse effect on our business, liquidity, financial conditions and results of operations as well as our ability to achieve our previously disclosed expectations for the year of 2021. The extent to which COVID-19 could impact our business depends on future developments, which are highly uncertain and cannot be predicted and are outside of our control, including new information which may quickly emerge concerning the severity of the virus, the scope of the outbreak and the actions to contain the virus or treat its impact, among other developments.

We may be materially adversely affected if our transportation, storage and distribution operations are interrupted or are more costly than anticipated.

Our operations are dependent upon the uninterrupted operation of transportation, storage and distribution of our cement products. Transportation, storage or distribution of our cement products could be partially or completely shut down, temporarily or permanently, as the result of any number of circumstances that are not within our control, such as:

- disasters or catastrophic events;
- extreme weather conditions;
- hostilities or political uncertainty;
- strikes or other labor difficulties;
- acts of terrorism;
- widespread illnesses or epidemics, including the COVID-19 pandemic; and
- other disruptions in means of transportation.

In addition, we rely on third-party services providers for the transportation of our products to our customers. Our ability to service our customers at reasonable costs depends, in many cases, upon our ability to negotiate reasonable terms with carriers, including trucking companies. To the extent that third-party carriers were to increase their rates, we may be forced to pay these higher rates before we are able to pass such increases onto our customers, if at all.

By the end of December 2020, a strike of AOMA against our contractor in charge of the extraction of limestone in Olavarría provoked a suspension of the works at the quarry and of the operation of the kilns in our L'Amali plant. The union claimed the affiliation of such contractor's workers to the AOMA union and was settled after several days of strike. The conflict provoked the consumption of most of our cement stocks at our L'Amali plant, but we did not discontinue the dispatch and delivery of our products.

Any significant interruption at these facilities or an inability to transport our products to or from these facilities or to or from our customers for any reason would materially adversely affect us.

Our business strategies require substantial capital and long-term investments, which we may be unable to fund competitively.

Our business strategies to continue to expand our cement production capacity and distribution network will require substantial capital investments, which we may finance through additional debt and/or equity financing. However, adequate financing may not be available or, if available, may not be available on satisfactory terms, including as a result of adverse macroeconomic conditions. We may be unable to obtain sufficient additional capital in the future to fund our capital requirements and our business strategy at acceptable costs. If we are unable to access additional capital on terms that are acceptable to us, we may not be able to fully implement our business strategy, which may limit the future growth and development of our business. If our need for capital were to arise due to operating losses, these losses may make it more difficult for us to raise additional capital to fund our expansion projects.

The implementation of our growth strategies depends on certain factors that are beyond our control, including changes in the conditions of the markets in which we operate, actions taken by our competitors and laws and regulations in force in Argentina. Our failure to successfully implement any part of our strategy may have a material adverse impact on us.

Management's plans to obtain sufficient funds to settle current liabilities may not be accomplished and hence we may continue to have negative working capital in the near future.

Our board of directors has the ultimate responsibility for liquidity risk management and has established an appropriate framework allowing our management to handle financing requirements for the short-, medium- and long-term.

Weaker economic conditions could adversely affect our business, results of operations and financial condition. In addition, if we are unable to access the capital markets to finance our operations in the future, this could adversely affect our ability to obtain additional capital to grow our business.

Delays in the construction of new cement facilities and the expansion of our existing facilities may materially adversely affect our operating results.

We may construct new cement production facilities or expand existing ones. The construction or expansion of a cement production facility involves various risks. These risks include engineering, construction, regulatory and other significant challenges that may delay or prevent the successful operation of a project or significantly increase its cost. Our ability to successfully complete any construction or expansion project on schedule also may be subject to financing and other risks.

The import of the capital goods and machinery to expand our production capacity are exempted from import duties under the Mining Investment Regime pursuant to Law No. 24,196 and the Large Investment Projects Regime set forth by Resolution No. 256/2000 of the Ministry of Economy. The loss of those benefits could significantly increase the project costs.

Our financial condition and results of operations may be adversely affected if:

- we are not able to complete our construction or expansion projects on time or within budget;
- our new or expanded facilities do not operate at their designed capacity or cost more to construct, expand or operate than we anticipated; or
- we are unable to sell our additional production at attractive prices.

As of the date of this annual report the works are in progress and close to completion. Clinker production is expected to begin by May 2021, and full commission is scheduled for second semester this year.

We are subject to risks related to litigation and administrative proceedings that could adversely affect our business and financial performance in the event of an unfavorable ruling.

The nature of our business exposes us to litigation relating to product liability claims, labor, health and safety matters, environmental matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes, among other matters. In the past, we have been subject to antitrust and tax proceedings or investigations including by the Argentine Antitrust Commission, or the CNDC (see “*Item 8. Financial Information—Legal Proceedings—Antitrust Proceedings*”). While we contest these matters vigorously and make insurance claims when appropriate, litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome of actual or potential litigation. Although we establish provisions as we deem necessary, the amounts that we reserve could vary significantly from any amounts we actually pay due to the inherent uncertainties in the estimation process. We cannot assure you that these or other legal proceedings will not materially affect our ability to conduct our business, financial condition and results of operations in the event of an unfavorable ruling.

In 2018, two investors who purportedly purchased our ADSs pursuant and/or traceable to our initial public offering, or IPO, commenced two different putative class actions before US courts on behalf of all persons and/or entities who purchased or otherwise acquired our ADSs pursuant and/or traceable to our prospectus and registration statement issued in connection with the IPO and, in the case of the Federal Class Action (defined below), on behalf of all persons and/or entities who purchased our ADSs on the open market between November 2, 2017 and May 23, 2018, inclusive. Loma Negra, its directors and some members of its senior management at the time of the IPO and Loma Negra Holding GmbH (now InterCement Trading e Inversiones S.A.) are named as defendants in both actions. A lawsuit does not become a class action unless and until the court enters an order certifying that the case satisfies certain criteria. As of the date of this annual report none of the complaints have been certified as class actions. See “*Item 8.A. Consolidated Statements and Other Financial Information—Legal proceedings—Securities Complaints Commenced Against Loma Negra under US Jurisdiction*”. On April 27, 2020, the United States District Court for the Southern District of New York issued an opinion granting defendants’ motion to dismiss in respect of the Federal Class Action. On July 17, 2020, the plaintiff voluntarily dismissed the appeal filed against the Federal Court’s opinion. Therefore, the favorable opinion for the Company and the other defendants is final and the Federal Class Action is over. However, the State Class Action (defined below) is still ongoing. We cannot assure you that our position will prevail. If our position does not prevail, the case may have substantial adverse effects on our business, financial condition and results of operations.

We are subject to anti-corruption, anti-bribery, anti-money laundering and antitrust laws and regulations in Argentina and the United States and our internal policies and procedures might not be sufficient to ensure compliance with such laws and regulations.

The United States Foreign Corrupt Practices Act (FCPA), the Argentine Anti-Money Laundering Law (Ley de Prevención del Lavado de Activos), the Argentine Corporate Criminal Liability Law (Ley de Responsabilidad Penal Empresaria) and other applicable anti-corruption laws prohibit companies and their intermediaries from

offering or making improper payments (or giving anything of value) to government officials and/or persons in the private sector for the purpose of influencing them or obtaining or retaining business and require companies to keep accurate books and records and maintain appropriate internal controls. In particular, the Argentine Corporate Criminal Liability Law provides for the criminal liability of corporate entities for criminal offences against public administration and transnational bribery committed by, among others, its attorneys-in-fact, directors, managers, employees, or representatives. In this sense, a company may be held liable and subject to fines and/or suspension of its activities if such offences were committed, directly or indirectly, in its name, behalf or interest, the company obtained or may have obtained a benefit therefrom, and the offence resulted from a company's ineffective control.

Although we have a Compliance Program with internal policies and procedures designed to ensure compliance with applicable laws and regulations, potential violations of anti-corruption laws could be identified on occasion as part of our compliance and internal control processes. In case such issues arise, we plan to attempt to act promptly to learn relevant facts and take any appropriate remedial action to address the risk. Given the size of our operations and the complexity of the production chain, there can be no assurance that our internal policies and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by our employees, directors, officers, partners, agents and service providers or that such persons will not take actions in violation of our policies and procedures (or otherwise in violation of the relevant anti-corruption laws and sanctions regulations) for which we or they may be ultimately held responsible.

If we or individuals or entities that are or were related to us are found to be liable for violations of applicable anti-corruption laws (either due to our own acts or our inadvertence, or due to the acts or inadvertence of others), we or other individuals or entities could face civil and criminal penalties or other sanctions, which in turn could have a material adverse impact on our reputation and business. Further, litigations or investigations relating to alleged or suspected violations of anti-corruption laws and sanctions regulations could be costly.

Environmental, health and safety regulation may adversely affect our business.

The pollutants generated by cement producers are mainly dust and gas emissions from the use of fossil fuels. Our operations often involve the use, handling, disposal and discharge of hazardous materials into the environment and the use of natural resources. Most of our operations are subject to extensive environmental, health and safety regulations.

In Argentina, regulations regarding gas emissions and air quality are enacted at both the national and provincial levels. We are required to obtain permits and licenses from governmental authorities for many aspects of our operations, and we may be required to purchase and install expensive pollution control equipment or to make operational changes to limit the actual or potential environmental, health and safety impacts of our operations to the environment and our employees. The Province of Buenos Aires, where our principal plants are located, requires that all production facilities have an environmental compliance certificate issued by the Provincial Organism for Sustainable Development, and similar certifications are required by relevant municipal authorities in the other provinces in which we operate. As part of these requirements, local environmental authorities ordinarily make information requests to each of our plants relating to their compliance with environmental laws and regulations and, in the ordinary course of our business, we collaborate with such national and provincial environmental authorities in the conduct of their regulatory activities.

If we were to violate these laws and regulations or the conditions of our permits and licenses, we may be subject to sanctions that may result in substantial fines or criminal sanctions, revocations of operating permits and licenses and possible closings of our facilities.

We could be subject to administrative and criminal sanctions, including warnings, fines and closure orders for our failure to comply with these environmental regulations, which, among other things, limit or prohibit emissions or spills of toxic substances that we emit in connection with our operations. We also may be required to modify or retrofit our facilities at substantial cost in order to comply with waste disposal and emissions regulations. We are subject to inspection by environmental agencies in the various jurisdictions that we operate, which may impose fines, restrictions on our operations or other sanctions. In addition, we are subject to environmental laws that may require us to incur significant costs to mitigate any damage that a project may cause to the environment, which costs may adversely impact the viability or projected profitability of the projects that we intend to implement.

In addition, as a result of possible changes to environmental regulations, the amount and timing of our future environmental compliance expenditures may vary substantially from those we currently anticipate. Certain environmental laws impose liability on us for any and all consequences arising out of exposure to hazardous substances or other environmental damage. We cannot assure you that the costs we incur to comply with existing current and future environmental, health and safety laws, and liabilities that we may incur from past or future releases of, or exposure to, hazardous substances will not materially and adversely affect us.

Compliance with Resolution 54/2018 of the Secretary of Commerce could adversely affect our operations and profitability.

Pursuant to Resolutions 54/2018 of the former Ministry of Production and Labor Law — which establishes the technical quality and safety requirements for all types and classes of cements used in construction-cement sold in bags must have a maximum net content of 25 kilograms. Therefore, our cement bags must be reduced from 50 kilograms to 25 kilograms. This requirement shall be enforceable as from October 3, 2022. However, the main cement companies through the AFCP have requested an extension of the effective date and are working with the administrative authorities regarding the implementation of this new regulation as well as a potential timeline. This implementation could adversely impact our results of operation and financial condition and we will need to incur in capital expenditures to adapt our bags productions lines and packaging.

Compliance with mining regulations or the revocation of our authorizations, licenses and concessions could adversely affect our operations and profitability.

We engage in certain mining operations as part of our cement production processes. These activities are dependent on authorizations and concessions granted by the Argentine governmental authorities or regulatory agencies. The extraction, mining and mineral processing activities are also subject to applicable laws and regulations, which change from time to time. Although we believe that we are in substantial compliance with applicable laws relating to these activities as well as the terms of our current authorizations and concessions, the effect of any future applicable regulatory changes regarding such matters on our mining activities or mining rights cannot presently be determined. In addition, if our authorizations and licenses are revoked, we may be unable to maintain or improve our cement production levels, which could adversely impact our results of operation and financial condition.

Governmental agencies or other authorities may adopt new laws or regulations that are more stringent than existing laws or regulations or may seek to more stringently interpret or enforce existing laws and regulations that would require us to expend additional funds on environmental or other regulatory compliance or delay or limit our ability to operate as we intend. In addition, these actions could increase the costs associated with the renewal of our existing licenses and permits or the cost of seeking new licenses or permits. We cannot assure you that these additional costs will not be material or that our existing permits will be renewed.

Our railway concession operates in a regulated environment, and measures taken by public authorities may impact our activities.

Our transportation operation take place in a regulated environment. The Argentine federal government has the legal authority to regulate rail activities in the country (by means of the enactment of applicable laws and regulations). Therefore, actions taken by the public administration in general may affect the services rendered by us.

Law No. 27,132 in effect since May 20, 2015, provides for important changes in the regulatory framework of the railway system and empowered Argentina's federal government to renegotiate and, if necessary, terminate concessions currently in force.

Pursuant to Decree No. 158/2020, published on March 12, 2021, the National Government imposed an update mechanism pursuant to which Ferrosur would have to substantially increase the amount of the performance guarantee it had originally posted according to the concession contract (and updated in 2018 voluntarily). Ferrosur has recently filed an administrative appeal against such Decree before the Executive Branch not only because the update is considered unreasonable but also because the National Government does not have the right to unilaterally modify the concession contract.

We cannot be certain of the effects on the terms of our concession or any changes to the current regulatory framework that the competent authorities of the federal government may issue and whether these changes will adversely affect our results of operations.

The early termination of our railway concession or our inability to extend our concession may have a material adverse effect on our business.

Argentina's railway concessions are subject to early termination in certain circumstances, including the competent authorities' decision to reassume control of the service or to terminate the concession for breach of contract. Upon termination of a concession, the leased or operated assets must revert to the federal government. The amount of the compensation may not be sufficient to cover all the losses suffered by us as a result of such early termination. In addition, certain creditors may have priority with regards to such compensation. Likewise, upon termination, the competent authority may claim compensation alleging a purported breach in the concession contract.

Ferrosur Roca's concession expires in 2023. The Argentine government may, upon our request at least five years prior to the expiration of the concession, choose to extend this term once for an additional 10 years (based on the fulfillment of obligations related to the concession, such as investments, maintenance and fines imposed, among others). Ferrosur Roca is obliged to invest the equivalent to 10.7% of its gross revenues every year.

In addition, Law No. 27,132 (passed in April in 2015), inter alia, established that the Argentine Executive Branch must adopt all necessary measures to recover the administration of railways infrastructure, provide for open access for the Freight Railroad Transportation system and empowers the Ministry of Transport to terminate and to renegotiate the railways concession contracts. It also provided that the Executive Branch would create a National Registry of Railroad Operators. Such registry was created by Decree No. 1924/15, within the purview of the National Commission of Transport Regulation (CNRT). The full implementation of the open access scheme entails the re-assumption by the Government of the administration of the railways infrastructure and, once in place, would be a significant change in the Argentine railway system. This regulatory change may benefit those sectors which are interested in operating railways in Argentina, as well as those that wish to transport commodities and other products through them.

On November 2018, Decree No. 1027/2018 was enacted. Decree No. 1027/2018 regulates several provisions of Law No. 27,132. On the one hand, it establishes that the renegotiation processes of the current railways concession contracts may allow for an extension of their terms for up to ten years and, inter alia, regulate the investments to be made by the concessionaires. On the other hand, Decree No. 1027/2018 establishes that the open-access scheme will be fully implemented once all the current railway concession agreements have expired, including, if it were the case, the term of their extension.

On March 8, 2018, Ferrosur Roca duly filed before the Ministry of Transport a request for an extension of the term of validity of the concession for ten more years. On March 20, 2019, the Ministry responded, informing Ferrosur Roca that the Special Commission created by Decree No. 1027/2018 would be in charge of the renegotiation of the concession agreement and that such process would include analysis of the concession term extension in order to enable the implementation of the open access scheme (as explained above).

By the end of 2018, the Ministry of Transport issued Resolution No. 1112/18 through which it appointed new members of the Special Commission. During 2019 Ferrosur Roca participated in two preliminary meetings between the railway transport companies and the Special Commission. In the first days of December 2019, the members of the Special Commission submitted their resignation. The new members took a large part of 2020 to analyze the background and records of the concession.

On May 8, 2020, the Board of Directors of Ferrosur decided to make the term extension request conditional on the renegotiation of certain terms and conditions of the concession contract, in order to mitigate certain issues that affect the Company's business and alter the balance of the concession contract. Moreover, the Board decided that, in case no agreement is reached during such renegotiation, then Ferrosur Roca would reserve its right to withdraw the concession's term extension request. In such sense, on May 13, 2020, Ferrosur Roca filed a note with the Ministry of Transport, the Special Commission and the CNRT informing the Board of Director's decision in accordance with the abovementioned.

On November 3, 2020, the Ministry of Transport issued the Resolution No. 248/2020 to remove the Lobos-Bolivar railway branch of the General Roca line in the province of Buenos Aires (from km. 98,760 to km. 330,457) from the scope of the railway concession granted to Ferrosur Roca in 1992.

By the end of 2020 the Special Commission requested Ferrosur to ratify the representatives of the company that would interact with the Special Commission, which the company duly complied with. In January 2021, Ferrosur Roca made a new filing before the Special Commission requesting the prompt resumption of the negotiations. As of the date of this report, Ferrosur has not been called to any further meeting and has not received any response related to the extension of the concession.

In addition, on March 29, 2021, through Resolution No. 219/2021, the CNRT approved the Rules for the National Registry of Railroad Operators, and granted such capacity to Ferrosur and the other current railway concessionaires, among others. Pursuant to these rules, once the open access scheme is in force, any registered railroad operator will be allowed to provide railroad services regardless of who holds the ownership or possession of the facilities of the loading point or destination. In this sense, the National Government must adopt the necessary measures in order to resume the full administration of the railway infrastructure. The registration is subject to the compliance of certain requirements depending on the type of service (transport of people or goods), the filing of the information required by the CNRT, the compliance with any other regulations issued by the CNRT and the applicable law, and the compliance with the payment of a registration fee and annual fee. The obligations of the operators under this Registry includes the notification to the CNRT of any changes in its corporate structure, the sale of its equity and/or any circumstance adversely affecting the railroad services or the compliance with the requirements and conditions pursuant to which the registration was granted, among others; and the filing of its annual financial statements. The rules also created a set of provisions for determining the regime of violations to the rules and provide that the CNRT will prepare an annual report on each operator's performance and compliance with the rules and other applicable law.

As of the date of this report, Ferrosur has not been informed about the information that the CRNT will request to the current railway concessionaires for their registration in the National Registry of Railroad Operators.

Also, as of the day of this report, the National Government has not carried out any of the infrastructure works that needs to be done to enable the implementation of the open access scheme and has not yet informed Ferrosur if the open access scheme will come into effect once the current railway concessions have ended. However, according to certain news articles and non-official sources, the Ministry of Transport's intention would be to move forward with the implementation of an open access scheme, where the current railway concessionaires would become railway operators.

In light of the above and the provisions of Ferrosur Roca's concession contract and the applicable legislation, although we have 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, we cannot guarantee that the Argentine authorities will not terminate our railway concessions prior to their stated terms or that they will extend the term of the railway concession in the future. We cannot guarantee that the Argentine authorities will actually implement the open access scheme either. Any such action by the Argentine authorities could have a material adverse effect on our business, financial condition and results of operations.

For additional information related to Ferrosur Roca's railway concession, See "*Item 4.B Information on the Company—Business Overview—Ferrosur Roca*".

Our estimates of the volume and grade of our limestone deposits could be overstated, and we may not be able to replenish our reserves.

Our limestone reserves described in this annual report constitute our estimates based on evaluation methods generally used in our industry and on assumptions as to our production. Our proven and probable reserve estimates are based on estimated recoverable tons. We did not employ independent third-parties to review reserves over the five-year period ended December 31, 2020. Our mineral reserves data are prepared by our engineers and geologists and are subject to further review by our corporate staff. There are numerous uncertainties inherent in estimating quantities of reserves and in projecting potential future rates of mineral production, including many factors beyond our control. Reserve engineering involves estimating deposits of minerals that cannot be measured precisely, and the accuracy of any reserve estimate is a function of the quality of available data, as well as engineering and geological interpretation and judgment. As a result, we cannot assure investors that our limestone reserves will be recovered or that they will be recovered at the rates we anticipate. We may be required to revise our reserve and mine life estimates based on our actual production and other factors. If our limestone reserves are lower than our estimates, this may have a material adverse effect on us, particularly if as a result we have to purchase limestone from third-party suppliers.

Our business is subject to a number of operational risks, which may adversely affect our business, financial condition and results of operations.

Our cement business is subject to several industry-specific operational risks, including accidents, natural disasters, labor disputes and equipment failures. Such occurrences could result in damage to our production facilities, and equipment and/or the injury or death of our employees and others involved in our production process. Moreover, such accidents or failures could lead to environmental damage, loss of resources or intermediate goods, delays or the interruption of production activities and monetary losses, as well as damage to our reputation. Any prolonged and/or significant disruption to our production facilities, whether due to repair, maintenance or servicing, industrial accidents, unavailability of raw materials such as energy, mechanical equipment failure, human error, natural disasters or otherwise, will disrupt and adversely affect our operations.

Additionally, any major or sustained disruptions in the supply of utilities such as water or electricity or any fire, flood or other natural calamities or communal unrest or acts of terrorism or disease outbreaks may disrupt our operations or damage our production facilities or inventories and could adversely affect our business, financial condition and results of operations. Our insurance may not be sufficient to cover losses from these events, which could adversely affect our business, financial condition and results of operations.

Our rail transportation and handling of cargo also exposes us to risks of catastrophes, mechanical and electrical failures, collisions and loss of assets. Fires, explosions, fuel leaks and other flammable products as well as other environmental events, cargo loss or damage, railroad, cargo loading and unloading terminal, accidents, business interruptions due to political events as well as labor claims, strikes, adverse weather conditions and natural disasters, such as floods, may result in the loss of revenues, assumption of liabilities or cost increases. Moreover, our operations may be periodically affected by landslides and other natural disasters.

We typically shut down our facilities to undertake maintenance and repair work at scheduled intervals. Although we schedule shutdowns such that not all of our facilities are shut down at the same time, the unexpected shut down of any facility may nevertheless affect our business, financial condition and results of operations from one period to another. In addition, key equipment at our facilities, such as our mills and kilns, may deteriorate sooner than we currently estimate. Such deterioration of our assets may result in additional maintenance or capital expenditures, and could cause delays or the interruption of our production activities. If these assets do not generate the cash flows we expect, and we are not able to procure replacement assets in an economically feasible manner, our business, financial condition and results of operations may be materially and adversely affected.

Our insurance coverage may not cover all the risks to which we may be exposed.

We face the risks of loss and damage to our products, property and machinery due to fire, theft and natural disasters such as floods. Such events may cause a disruption to or cessation of our operations. Our insurance may not be sufficient to cover losses from these events, which could adversely affect our business, financial condition and results of operations. We also face risks related to cyber security threats, however, as of December 31, 2020, our insurance does not cover losses associated with cyber security risks.

Our success depends on key members of our management.

Our success depends largely on the efforts and strategic vision of our executive management team. The loss of the services of some or all of our executive management could have a material adverse effect on our business, financial condition and results of operations.

The execution of our business plan also depends on our ongoing ability to attract and retain additional qualified employees. For a variety of reasons, particularly with respect to the competitive environment and the availability of skilled labor, we may not be successful in attracting and retaining the personnel we require. If we are unable to hire, train and retain qualified employees at a reasonable cost, we may be unable to successfully operate our business or capitalize on growth opportunities and, as a result, our business, financial condition and results of operations could be adversely affected.

The introduction of substitutes for cement in the markets in which we operate and the development of new construction techniques could have a material adverse effect on us.

Materials such as plastic, aluminum, ceramics, glass, wood and steel can be used in construction to substitute cement. In addition, other construction techniques, such as the use of dry wall, could decrease the demand for cement and concrete. In addition, new construction techniques and modern materials may be introduced in the future. The use of substitutes for cement could cause a significant reduction in the demand and prices for our cement products and have a material adverse effect on us.

We are subject to restrictions due to our non-controlling interests in certain of our consolidated subsidiaries.

We conduct some of our business through subsidiaries. In some cases, other shareholders hold non-controlling interests in these subsidiaries. Non-controlling shareholders' interests may not always be aligned with our interests and, among other things, could result in our inability to implement organizational efficiencies and transfer cash and assets from one subsidiary to another in order to allocate assets most effectively.

Changes in labor laws and in case law interpretations of labor laws in Argentina that tend to favor employees could negatively affect our results of operations.

In the past, the Argentine government has introduced laws, regulations and decrees requiring private companies to maintain certain minimum wage standards and provide specific benefits to employees. The Argentine government may implement again such policies in the future. We cannot guarantee that the Argentine government will not take measures that will increase wages or require us to provide additional benefits. This would result in an increase in our costs and expenses, which could have a material adverse effect on our financial condition and results of operations.

In addition to our own employees, we require third-party contractors to perform certain activities that are part of our business. Therefore, we maintain strict control policies on the compliance of these contractors with their activities. However, due to changes in the interpretation of labor laws made by case law that tend to favor employees, our labor and social security obligations to our employees and to the employees of its third-party contractors have increased significantly. As a result, the risk of being required to pay severance to our employees and to the employees of our third-party contractors has increased. Consequently, our labor and social security costs could increase to the extent that our severance costs and labor-related liabilities are increased by future changes in the interpretation of labor laws, adversely affecting our operating results.

Failures in our information technology systems and information security (cybersecurity) systems can adversely impact our operations and reputation.

Our operations are to a certain extent dependent on information technology and automated operating systems to manage or support our operations. The proper functioning of these systems is critical to the efficient operation and management of our business. In addition, these systems may require modifications or upgrades as a result of technological changes or growth in our business. These changes may be costly and disruptive to our operations and could impose substantial demands on outage time. Our systems may be vulnerable to damage, disruption or intrusion caused by circumstances beyond our control, such as physical or electronic break-ins, catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, unauthorized access and cyberattacks. We are constantly implementing new technologies and solutions to assist in the prevention of potential and attempted cyber-attacks, as well protective measures and contingency plans in the event of an existing attack. We analyze the risks we face on an ongoing basis and, accordingly, strengthen our information technology infrastructure, update our policies, and raise awareness among our employees, to enhance our ability to prevent and respond to such risks. Although we take actions to secure our systems and electronic information and also have disaster recovery plans in case of incidents that could cause major disruptions to our business, these measures may not be sufficient.

As of December 31, 2020, we have not detected, and our third-party service providers have not informed us of, any relevant event that has materially damaged, disrupted or resulted in an intrusion of our systems. Any significant information leakages or theft of information could affect our compliance with data privacy laws and damage our relationship with our employees, customers and suppliers, and also adversely impact our business, financial condition and results of operation. As of December 31, 2020, our insurance does not cover any risk associated with any cyber security risks. In addition, any significant disruption to our systems could adversely affect our business, financial condition and results of operations.

Risks Relating to Our Ordinary Shares and the ADSs

The market price of our ADSs may fluctuate significantly, and you could lose all or part of your investment.

Volatility in the market price of our ADSs may prevent you from being able to sell your ADSs at or above the price you paid for them. The market price and liquidity of the market for our ADSs may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. The market price of our ADSs declined by 30% and 21% in 2019 and 2020, respectively. This decrease in value has been largely attributed to Argentina's most recent macroeconomic crisis. Other factors include:

- actual or anticipated changes in our results of operations, or failure to meet expectations of financial market analysts and investors;
- investor perceptions of our prospects or our industry;
- operating performance of companies comparable to us
- increased competition in our industry;
- new laws or regulations or new interpretations of laws and regulations applicable to our business;
- general economic trends in Argentina;
- departures of management and key personnel;
- catastrophic events, such as earthquakes and other natural disasters;
- widespread illnesses or epidemics, including the COVID-19 pandemic; and
- developments and perceptions of risks in Argentina and in other countries.

Market fluctuations, as well as general political and economic conditions in the markets in which we operate, such as recession or currency exchange rate fluctuations, may also adversely affect the market price of our ordinary shares and the ADSs. Although our ADSs listed on the New York Stock Exchange are U.S. dollar-denominated securities, they do not eliminate the currency risk associated with an investment in an Argentine company. Following periods of volatility in the market price of a company's securities, that company may often be subject to securities class-action litigation. This kind of litigation may result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on our business, results of operations and financial condition.

The relative volatility and illiquidity of the Argentine securities markets may substantially limit your ability to sell shares underlying the ADSs at the price and time you desire.

Investing in securities that trade in emerging markets, such as Argentina, often involves greater risk than investing in securities of issuers in the United States. The Argentine securities market is substantially smaller, less liquid, more concentrated and can be more volatile than major securities markets in the United States and is not as highly regulated or supervised as some of these other markets. There is also significantly greater concentration in the Argentine securities market than in major securities markets in the United States. As of December 31, 2020, the ten largest Argentine companies in terms of market capitalization represented approximately 54% of the aggregate market capitalization of the Mercado de Valores de Buenos Aires S.A., or Merval, the predecessor market of Bolsas y Mercados Argentinos, or BYMA, which began trading in May 2017. Accordingly, although you are entitled to withdraw the shares underlying the ADSs from the ADR facility, your ability to sell such shares at a price and time at which you wish to do so may be substantially limited. Furthermore, new capital controls imposed by the Argentine Central Bank could have the effect of further impairing the liquidity of the BYMA by making it unattractive for non-Argentines to buy shares in the secondary market in Argentina. See "Item 10.D Additional Information—Exchange Controls".

Interpretation of Argentine tax laws may adversely affect the tax treatment of our ordinary shares and the ADSs.

Argentine income tax law provides that the income resulting from the sale, exchange or other transfer of shares and other securities is subject to tax at a rate of 15% for Argentine resident individuals or 30% for Argentine companies. Argentine residents are exempted from such tax in case of shares issued by Argentine companies which are listed in capital markets authorized by the CNV and have authorization for public offering by the CNV as long as such transactions are carried out through stock exchanges or stock markets authorized by the CNV.

Income obtained by non-Argentine residents is subject to income tax rate of 15% of the net income or 13.5% of the gross income. In case of a sale or other transfer between two non-Argentine residents, the law provided that the buyer was in charge of the payment of the tax but did not provide any payment mechanism. On December 29, 2017 the Law No. 27,430, or the Tax Reform, established: (i) that the income tax derived from transactions occurred between September 2013 and December 29, 2017 will be borne by the buyer through international wire transfer as indicated in General AFIP Resolution No. 4227/2018; and (ii) that the income tax derived from transactions occurred from December 29, 2017 will be borne by the seller through its legal representative in Argentina, by means of the following two payment mechanisms: (a) if the seller has a legal representative in Argentina, then such representative will pay the tax through the tax authority's webpage in the terms of General Resolution No. 3726; and (b) if the seller does not have a legal representative in Argentina, then the seller itself should pay the tax through an international wire transfer as indicated in General AFIP Resolution No. 4227/2018.

The Tax Reform also exempted non-Argentine residents from the payment of the income tax on the sales, exchanges or other transfers of shares issued by Argentine companies which are listed in capital markets authorized by the CNV and have authorization for public offering by the CNV as long as such transactions are carried out through stock exchanges or stock markets authorized by the CNV. Also, non-residents are exempt from the income tax deriving from the sale or other kind of disposition regarding ADSs which underlying security are shares issued by Argentine companies that comply with the requirements described above.

The Argentine Congress is currently discussing a draft bill to modify: (i) the corporate tax rate for Argentine entities, by applying a sliding scale from 25% to 35%, depending on the accumulated net income obtained during the given year; and (ii) regardless of the applicable corporate tax rate, in all cases, dividends or profits will be levied at a 7% tax rate. If the bill is enacted, such tax treatment would be applicable for fiscal years starting as of January 1, 2021.

The holders of our ordinary shares and the ADSs are encouraged to consult with their tax advisers as to the particular Argentine income tax consequences of owning our ordinary shares and ADSs. See “*Item 8. Financial Information—Dividends and Dividend Policy*” and “*Item 10.E Additional Information—Taxation—Material Argentine Tax Considerations*”.

Restrictions on transfers of foreign exchange and the repatriation of capital from Argentina may impair your ability to receive dividends and distributions on, and the proceeds of any sale of, the shares underlying the ADSs.

On September 1, 2019, the Argentine government issued Executive Decree No. 609/19 (as amended) which, inter alia, reinstated certain foreign currency exchange restrictions, most of which had been progressively repealed as from 2015. Decree No. 609/19 was further regulated, amended and complemented by several regulations issued by the BCRA (included, but not limited to, Communication “A” 6844, as further amended, supplemented and restated). Since then, the Argentine government implemented monetary and foreign exchange control measures that included restrictions on the transfer of funds abroad, including dividends, without prior approval by the BCRA or fulfillment of certain requirements.

However, starting on January 17, 2020, local companies may transfer funds abroad in order to pay annual dividends only to foreign shareholders and the depository for the benefit of the ADS holders, in an amount that (including the amount of the payment being made at the time of the access) does not exceed 30% of the value of new capital contributions of foreign direct investments. These contributions must be made to the local company and must be transferred to Argentina and sold for Pesos through the foreign exchange market as from such date. Access to the foreign exchange market for the payment of dividends in cases not above contemplated will require prior approval of the BCRA.

In addition to the formal exchange controls and regulations, the Argentine Central Bank has exercised in the past a de facto prior approval power for certain foreign exchange transactions otherwise authorized to be carried out under the applicable regulations, such as dividend payments or repayment of principal of intercompany loans as well as the import of goods, by means of regulating the amount of foreign currency available to financial institutions to conduct such transactions.

Payments of cash dividends and distributions, if any, will be made in pesos, although we reserve the right to pay in other currency to the extent permitted by applicable law. Subject to applicable law, the ADS depository will convert such dividends received in pesos into U.S. dollars and pay such amount to holders of ADSs, net of any dividend distribution fees, ADS depository’s fees and expenses, currency conversion expenses and taxes or governmental charges, if any. In the event that the ADS depository is unable to convert immediately the amount in pesos received as cash dividends into U.S. dollars, the amount of U.S. dollars payable to holders of ADSs may be adversely affected by depreciation of the peso.

Since the foreign exchange controls were reinstated, the depository for the ADSs is prevented from converting pesos it receives in Argentina into U.S. dollars for the account of the ADS holders. Since the conversion is not practicable, the deposit agreement allows the depository to distribute the foreign currency only to those ADS holders to whom it is practicable to do so. If the exchange rate fluctuates significantly during a time when the depository cannot convert the foreign currency, you may lose some or all of the value of the dividend distribution.

Your voting rights with respect to the shares are limited.

Holdings may exercise voting rights with respect to the shares underlying ADSs only in accordance with the provisions of the deposit agreement. There are no provisions under Argentine law or under our by-laws that limit ADS holders’ ability to exercise their voting rights through the depository with respect to the underlying shares. However, there are practical limitations upon the ability of ADS holders to exercise their voting rights due to the additional procedural steps involved in communicating with such holders. For example, Law No. 26,831 requires us

to notify our shareholders by publications in certain official and private newspapers of at least 20 and no more than 45 days in advance of any shareholders' meeting. ADS holders will not receive any notice of a shareholders' meeting directly from us. In accordance with the deposit agreement, we will provide the notice to the depository, which will in turn, as soon as practicable thereafter and subject to legal limitations, provide to each ADS holder upon the terms of the deposit agreement:

- the notice of such meeting;
- voting instruction forms; and
- a statement as to the manner in which instructions may be given by holders (including an express indication that such instructions may be deemed given upon the terms specified below).

To exercise their voting rights, ADS holders must then provide instructions to the depository how to vote the shares underlying ADSs. Because of the additional procedural step involving the depository, the process for exercising voting rights will take longer for ADS holders than for holders of shares.

If we timely request the depository to distribute voting materials to the ADS holders and the depository does not receive timely voting instructions from an ADS holder on or before the date established by the depository for such purpose, the depository shall deem such ADS holder to have instructed the depository to give a discretionary proxy to a person designated by our board of directors with respect to the deposited securities represented by the holder's ADSs. The cutoff time for ADS holders to provide voting instructions to the depository bank is typically up to two business days prior to the cut-off date to vote shares in Argentina so as to enable the depository bank to tally the ADS voting instructions received from ADS holders and to provide the corresponding voting instructions at the share level in Argentina through the custodian of the shares represented by ADSs.

Except as described in this annual report, holders will not be able to exercise voting rights attaching to the ADSs.

Holders of ADSs who wish to propose matters or vote on any matters directly should cancel their ADSs and withdraw their underlying ordinary shares to attend and vote at the shareholders meetings.

If we do not file or maintain a registration statement and no exemption from the Securities Act registration is available, holders of ADSs may be unable to exercise preemptive rights with respect to our ordinary shares.

Under the Argentine General Companies Law, if we issue new shares as part of a capital increase, our shareholders will generally have the right to subscribe for a proportional number of shares to maintain their existing ownership percentage, which is known as preemptive rights. However, pursuant to the Capital Markets Law, our shareholders will not be entitled to the right to subscribe for the unsubscribed shares at the end of a preemptive rights offering, known as accretion rights. We may not be able to offer our ordinary shares to holders of ADSs residing in the U.S., or U.S. holders, pursuant to preemptive rights granted to holders of our ordinary shares in connection with any future issuance of our ordinary shares unless a registration statement under the Securities Act is effective with respect to these shares and preemptive rights, or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file or maintain a registration statement relating to any preemptive rights offerings with respect to our ordinary shares, and we cannot assure you that we will file or maintain any such registration statement. If we do not file and maintain a registration statement and there is no exemption from registration, the depository for our ADSs, may attempt to sell the preemptive rights and provide holders of our ADSs with their pro rata share of the net proceeds from any such sale. However, these preemptive rights may expire if the depository does not sell them on a timely basis, and holders of ADSs will not receive any benefit from such preemptive rights. Even if a registration statement were effective, we may decide to not extend any preemptive or subscription rights to U.S. Persons (as defined in Regulation S under the Securities Act) that are holders of our ordinary shares and holders of ADSs. Furthermore, the equity interest of holders of shares or ADSs located in the United States may suffer dilution of their interest in us upon future capital increases.

We are entitled to amend and supplement the deposit agreement and to change the rights of ADS holders under the terms of such agreement, without the prior consent of the ADS holders.

We are entitled to amend and supplement the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. Any amendment or supplement that imposes or increases any fees or charges (other than charges in connection with foreign exchange regulations and taxes and other governmental charges, delivery and other expenses) or that otherwise materially prejudice any substantial rights of holders of ADSs will not become effective until the expiration of 30 days after notice of such amendment or supplement has been given to holders of outstanding ADSs. Any other amendments and supplements may be effective prior to the expiration of the 30-day period.

The substantial share ownership position of our controlling shareholder will limit your ability to influence corporate matters.

Our controlling shareholder beneficially owns approximately 51.04% of our outstanding ordinary shares as of the date of this annual report. As such, our controlling shareholder has the ability to determine the outcome of substantially all matters submitted for a vote to our shareholders and thus exercise control over our business policies and affairs, including, among others, the following:

- the composition of our board of directors and, consequently, any determinations of our board with respect to our business direction and policy, including the appointment and removal of our executive officers;
- determinations with respect to mergers, other business combinations and other transactions, including those that may result in a change of control;
- whether dividends are paid or other distributions are made and the amount of any such dividends or distributions;
- cause us to issue additional equity securities;
- whether we limit the exercise of preemptive and accretion rights to holders of our ordinary shares in the event of a capital increase to the extent and terms permitted by the applicable law;
- sales and dispositions of our assets; and
- the amount of debt financing that we incur.

Furthermore, our controlling shareholder's interests may conflict with your interests as a holder of ordinary shares or ADSs, and it may take actions that might be desirable to it but not to other shareholders and may be able to prevent other shareholders, including you, from blocking these actions or from causing different actions to be taken. Also, our controlling shareholder may prevent change of control transactions that might otherwise provide you with an opportunity to dispose of or realize a premium on your investment in our ADSs. We cannot assure you that our controlling shareholder will act in a manner consistent with your interests.

Our status as a "foreign private issuer" and as a "controlled company" allows us to follow alternate standards to the corporate governance standards of the NYSE, which may limit the protections afforded to investors.

The NYSE's rules require domestic listed companies that are not "controlled companies" to have, among other requirements, a majority of their board of directors be independent and to have independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a "foreign private issuer", we are permitted to, and we will, follow home country practice in lieu of the above requirements.

Argentine law, the law of our home country, does not require that a majority of our board consist of independent directors or the implementation of a compensation committee or nominating/corporate governance committee. In addition, under the NYSE rules, a "controlled company" in which over 50% of the voting power is held by an individual, a group or another company is also not required to have a majority of its board of directors be independent directors and to have a compensation committee or a nominating/corporate governance committee, or to have such committees be composed entirely of independent directors.

We currently follow certain Argentine practices concerning corporate governance and intend to continue to do so. As a “controlled company”, we are eligible to, and, in the event we no longer qualify as a “foreign private issuer”, we intend to, elect not to comply with certain of the NYSE corporate governance standards, including the requirement that a majority of directors on our board of directors are independent directors and the requirement to maintain a compensation and a nominating/corporate governance committee consisting entirely of independent directors. Accordingly, holders of our ADSs will not have the same protections afforded to shareholders of companies that are subject to all NYSE corporate governance requirements and our status as a “foreign private issuer” and a “controlled company” may adversely affect the trading price for our ADSs. For more information, see “*Item 16G. Corporate Governance*”.

We are an “emerging growth company” and we cannot be certain whether the reduced requirements applicable to emerging growth companies will make our ADSs less attractive to investors.

We are an “emerging growth company”, as defined in the JOBS Act, and we may take advantage of certain exemptions from various requirements that are applicable to other publicly-listed companies that are not “emerging growth companies”. For so long as we remain an “emerging growth company”, we will not be subject to the provision of Section 404(b) of the Sarbanes-Oxley Act that requires our independent registered public accounting firm to provide an attestation report on the effectiveness of our internal control over financial reporting. This may increase the risk that we fail to be aware of and remedy any material weaknesses or significant deficiencies in our internal control over financial reporting. We have irrevocably elected not to avail ourselves of the election to delay adopting new or revised accounting standards until such time as those standards apply to private companies.

Nevertheless, as a foreign private issuer that is an emerging growth company, we are not required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act for up to five fiscal years after the date of completion of the offering on October 31, 2017. We will remain an emerging growth company until the earliest of: (a) the last day of our fiscal year during which we have total annual gross revenues of at least US\$1.07 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of the offering on October 31, 2017; (c) the date on which we have, during the previous three-year period, issued more than US\$1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a “large accelerated filer” under the Exchange Act, with at least US\$700 million of equity securities held by non-affiliates. When we are no longer deemed to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act.

We cannot predict if investors will find our ADSs less attractive as a result of our reliance on exemptions under the JOBS Act. If some investors find our ADSs less attractive as a result, there may be a less active trading market for our ADSs and our ordinary share price may be more volatile.

Under Argentine corporate law, shareholder rights and obligations may be fewer or less well defined than in other jurisdictions.

Our corporate affairs are governed by our by-laws and by the Argentine corporate law, as amended, which differ from the legal principles that would apply if we were incorporated in a jurisdiction in the United States (such as Delaware or New York), or in other jurisdictions outside Argentina. Thus, your rights or the rights of holders of our ordinary shares or ADSs under the Argentine corporate law to protect your or their interests relative to actions by our board of directors may be fewer and less well defined under Argentine corporate law than under the laws of those other jurisdictions. Although insider trading and price manipulation are illegal under Argentine law, the Argentine securities markets are not as highly regulated or supervised as the U.S. securities markets or markets in some other jurisdictions. In addition, rules and policies against self-dealing and regarding the preservation of shareholder interests may be less well defined and enforced in Argentina than in the United States, or other jurisdictions outside Argentina, putting holders of our ordinary shares and the ADSs at a potential disadvantage.

The protections afforded to minority shareholders in Argentina are different from and more limited than those in the United States and may be more difficult to enforce.

Under Argentine law, the protections afforded to minority shareholders are different from, and much more limited than, those in the United States. For example, the legal framework with respect to shareholder disputes, such as derivative lawsuits and class actions, is less developed under Argentine law than under U.S. law as a result of Argentina's short history with these types of claims and few successful cases. In addition, there are different procedural requirements for bringing these types of shareholder lawsuits. As a result, it may be more difficult for our minority shareholders to enforce their rights against us or our directors or controlling shareholder than it would be for shareholders of a U.S. company.

Investors may not be able to effect service of process within the United States limiting their recovery of any foreign judgment.

We are a publicly held corporation (*Sociedad anónima*) organized under the laws of Argentina. Most of our directors and our executive officers, and a significant part of our assets are located in Argentina. As a result, it may not be possible for investors to effect service of process within the United States upon us or such persons or to enforce against us or them in United States courts judgments obtained in such courts predicated upon the civil liability provisions of the United States federal securities laws. There is doubt whether the Argentine courts will enforce, to the same extent and in as timely a manner as a U.S. or foreign court, an action predicated solely upon the civil liability provisions of the United States federal securities laws or other foreign regulations brought against such persons or against us. In addition, the enforceability in Argentine courts of judgments of U.S. or non-Argentine courts with respect to matters arising under U.S. federal securities laws or other non-Argentine regulations will be subject to compliance with certain requirements under Argentine law, including the condition that any such judgment does not violate Argentine public policy (*orden público*).

Our shareholders may be subject to liability for certain votes of their securities.

Our shareholders are not liable for our obligations. Instead, shareholders are generally liable only for the purchase price of the shares they subscribe. However, shareholders who have a conflict of interest with us and who do not abstain from voting may be held liable for damages to us, but only if the transaction would not have been approved without such shareholders' votes. Furthermore, shareholders who willfully or negligently vote in favor of a resolution that is subsequently declared void by a court as contrary to Argentine General Companies Law or our bylaws may be held jointly and severally liable for damages to us or to other third parties, including other shareholders. As a result, we cannot assure you that some shareholders may not be held liable for damages or other expenses under the Argentine General Companies Law.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Loma Negra Compañía Industrial Argentina Sociedad Anónima, is a corporation organized as a *Compañía Industrial Argentina Sociedad Anónima* under the laws of Argentina. Our principal executive offices is located at Boulevard Cecilia Grierson 355, 4th Floor, Zip Code C1107CPG – Ciudad Autónoma de Buenos Aires, Argentina, and the telephone number of the office is 54-11-4319-3048.

We were founded in 1926 our date of expiration is July 3, 2116 and pursuant to section 4 of our bylaws, our corporate purpose includes engaging in commercial, industrial, real estate and financial activities. We are also authorized to carry out business in the mining and construction industries, and to operate transportation and public services.

We were founded in 1926 by Mr. Alfredo Fortabat and began our cement production operations in 1929 in Olavarría, Province of Buenos Aires. In the 1950s, we expanded our production capacity at our Olavarría plant through a new kiln and, in addition, we inaugurated a new plant located in the town of Barker, Province of Buenos Aires. During the 1960s, we continued our expansion, adding to our production a plant in the Province of San Juan and in the 1970s a plant in Zapala, in the Province of Neuquén. In the 1980s, we inaugurated a new plant located in El Alto, in the Province of Catamarca.

In 1992, we acquired Cemento San Martín S.A., an Argentine company that owned a cement producing plant in Sierras Bayas. Also, during that year, we diversified our business towards activities complementary to the production of cement. In this sense, we own other complimentary businesses, including Cofesur, which controls Ferrosur Roca S.A., a company that operates the Ferrosur Roca freight railway network under a concession granted by the Argentine government. With this acquisition we optimized the distribution network of our products in the Province of Buenos Aires, connecting plants and accelerating the constant flow of material and customer service. In 1995, we founded Recycomb S.A.U., a company designed to recycle industrial waste for its later use as fuel in cement kilns. Recycomb operates through a modern facility located in Cañuelas, Province of Buenos Aires.

In 1998, we acquired the concrete operations of several producers in the Greater Buenos Aires area and in the city of Rosario. These companies were merged into Loma Negra in 2010. We operate our concrete business under the Lomax brand, and we are the leading concrete company in the Greater Buenos Aires area and Rosario, being specialists in large construction projects as this segment includes a broad product line of specialty concretes.

In the early 2000s, we finished the construction of L'Amalí, located approximately five kilometers from our Olavarría plant, and LomaSer, located approximately 50 kilometers from the City of Buenos Aires. These two plants are connected through the Ferrosur Roca railway, being a complement of each other, aiming to better serve the Greater Buenos Aires and the City of Buenos Aires area, Argentina's most important cement consumption market.

In 2005, we became part of the InterCement Group. Since then, we have invested in several projects, which have allowed us to increase production and be more efficient and competitive in a demanding market context. In order to diversify our energy matrix, we invested in alternative fuels (petroleum coal-petcoke), which makes it possible to keep our kilns running throughout the year substituting natural gas.

In 2009, we acquired La Preferida de Olavarría S.A., or La Preferida de Olavarría, a quarry of stone crushing, thereby allowing us to strengthen our vertical integration. In 2015, this company was merged into Loma Negra.

In 2006, the Loma Negra Foundation was created with a vision of community development and toward the self-sustainability of projects through partnerships with several local actors or other public or private institutions. The Loma Negra Foundation primarily invests in projects related to education, capacity-building, entry of young people into the labor market and inclusive productive business.

In 2012, we acquired 35% of Yguazú Cementos' outstanding shares from Votorantim Cimentos. Additionally, in 2016, we acquired an additional 16% of the company's outstanding shares from InterCement Brasil, achieving control and 51% of ownership in the Paraguayan cement company.

On October 31, 2017, we completed our initial public offering and on November 1, 2017, our ADSs representing ordinary shares began to trade on the NYSE and Merval.

In July 2017, we accepted a proposal from the Chinese company Sinoma International Engineering Co. Ltd., or Sinoma, for the construction of a second line at our L'Amalí plant to increase the installed capacity of this facility by 2.7 million tons annually, involving a capital expenditure of approximately US\$350 million. The execution phase of the L'Amalí plant expansion started in August 2017.

In the context of the L'Amalí expansion project, and considering the decline in demand, during 2019 we decided to reconvert Barker and San Juan plants, transforming both full cement lines into grinding and distribution centers, and we have adapted our cost structure to reflect the new scenario.

The marketing operations in Paraguay started in 2000 and in 2013 the factory started its operations. After a few year, on August 21, 2020, we decided to sell our total stake in Yguazú Cementos, an operation with high standards of production and profitability. Our stake represented 51.0017% of the capital stock of Yguazú Cementos. The sale was made to the local shareholder of Yguazú Cementos. The Company considers that the economic result (excluding Exchange differences on translating foreign operations) of Ps.4,311 million obtained by this operation was very beneficial for Loma Negra and is in line with maximizing value for its shareholders. The sale price was US\$107 million, the use of proceeds was mainly applied to repay existing debt and for the distribution of an extraordinary dividend. The sale was made to the local minority shareholder of Yguazú Cementos.

On February 12, 2021, our Board of Directors approved a plan for the repurchase of our shares in accordance with Section 64 of the Law No. 26,831 and the CNV Regulations. See *“Item 16E Purchases of Equity Securities by the Issuer and Affiliated Purchasers”* for additional information.

B. Business Overview

Founded in 1926, Loma Negra is the leading cement company in Argentina, producing and distributing cement, masonry cement, aggregates, concrete and lime, products primarily used in private and public construction. Loma Negra is a vertically-integrated cement and concrete company, with nationwide operations, supported by vast limestone reserves, strategically located plants, top-of-mind brands and established distribution channels.

We produce and distribute cement, masonry cement, aggregates, concrete and lime to wholesale distributors, concrete producers and industrial customers, among others. We held a market share of 43.8% in terms of sales volume in Argentina for the year ended December 31, 2020, according to management estimates.

Over our 90-year history we have built Argentina’s sole pan national, vertically integrated cement and concrete business, supported by top-of-mind brands and captive distribution channels. As of December 31, 2020, our annual installed clinker and cement production capacities amounted to 5.2 million tons and 8.4 million tons, respectively. We hold significant, strategically located limestone reserves and we estimate that our existing quarries have sufficient reserves to support our operations for approximately 158 years, based on our 2020 cement production levels.

For the year ended December 31, 2020 and the year ended December 31, 2019, we had revenues of Ps.41,623 million and Ps.47,753 million, respectively, and net profit of Ps.11,382 million and Ps.5,505 million, respectively. For the year ended December 31, 2020 and the year ended December 31, 2019, we also had net profit margin amounted to 27.3% and 11.5%, respectively. Our net debt (borrowings offset against cash balances, banks and cash-equivalent investments) as of December 31, 2020 and December 31, 2019 was Ps.2,065 million and Ps.10,762 million, respectively.

Our Products

We offer our customers a broad range of high-quality cement products and a diversified product portfolio aimed at meeting all of their cement needs. Since our inception, we have developed and expanded our product range, tailoring different mixtures and product lines for a wide variety of uses and client needs. We currently produce cement (compound cement, cement with calcareous filler, pozzolana cement, as well as other specialty type cements), masonry cement, lime and concrete. Both in 2020 and 2019, cement represented approximately 85% of our shipments.

In Argentina, we sell our products under the Loma Negra trademark, which we believe is the most well-known cement brand in Argentina, and which we believe is synonymous with “cement” in the country. We believe that our brand recognition is important, given that bagged cement represents a significant part of the cement sold in Argentina. We sell our products in bulk and in bags, with bagged cement representing approximately 60% of our sales in 2019 and 70% in 2020.

Cement

Through our brand name Loma Negra and our San Martín brand, a well-known brand for Portland cement and compound cement, we produce 11 different types of cement in bags and 16 types of cement in bulk. Our cement products meet all requirements and quality standards as outlined in the following Standard Specifications of the *Instituto Argentino de Normalización y Certificación*, or the IRAM Institute: IRAM-50000:2017, IRAM-50001:2017 and IRAM-50002:2009. These specifications were constructed based upon the European Cement Standards. The IRAM Institute is a member of the International Standard Organization, or the ISO.

Masonry Cement

As part of our continued diversification of our product line, we entered the masonry cement market in 1973. Our masonry cement brand Plasticor is well-known in Argentina. In the masonry cement market we believe we are market leaders, followed by Hidralit of Cementos Avellaneda S.A., in a market that represents approximately 1 million tons per year.

Lime

We produce two different types of lime: (1) hydraulics, under the brands Cacique Plus and Cacique Max; and (2) industrial, under our brand Loma Negra Plus. These products are generally used for generic masonry, underpinning, interior and exterior plaster, interior and exterior subfloors and soil stabilization. The mixing process includes cement, sand and lime.

The oldest and most traditional use of lime has been in mortar and plaster, because of its superior plasticity and workability. There are other applications of lime in construction. The dominant construction-related use of lime is soil stabilization for roads, building foundations and earthen dams. Lime is added to low quality soils to produce a usable base and sub base. Hydrated lime has long been acknowledged to be a superior anti-stripping addition for asphalt pavements. It also helps resist rutting and fracture growth at low temperatures, reduce age hardening and improve the moisture resistance and durability.

Concrete and Aggregates

We participate in the concrete market under our Lomax brand offering different types of concrete. We also sell granitic aggregates through our plant La Preferida in Olavarría, which is responsible for approximately 52% of the aggregates consumed by Lomax in their concrete production operations, as of 2020.

Lomax offers a highly recognized set of solutions to our clients, including quality control, in-place facilities and logistics solutions, among other features, which can be customized to our customer’s needs. Lomax concentrates its operations on the segments in which it can assert its differential attributes: focus on quality, operational and logistic capacity and development of customized solutions.

Production Process

Cement Production

We produce cement in a closely controlled chemical process. All our plants use the dry cement production process, incorporating state of the art technology. Below we set forth the standard phases of the cement production process, which consists of the following main stages: extraction and transportation of limestone from the quarry; grinding and homogenization to make the raw meal of consistent quality; clinkerization; cement grinding; storage in silos; and packaging, loading and distribution.

1. Mining

The extraction process of the principal raw materials (limestone and clay). Naturally occurring calcareous deposits such as limestone, marl or chalk provide calcium carbonate and are extracted from quarries, often located close to the cement plant. In the pre-operational phase, the extraction process begins with mining research and probing to identify the quality and quantity of limestone ore. Once economic feasibility is established, we begin planning the mining work to define final digging configuration as well as the size of the fleet of vehicles and equipment needed for the operation. In the operational phase, the blocs are marked, and the holes are made by punch presses. The holes are then loaded with explosives and detonated to obtain fragmented material, which is then transported to the crushing system to reduce the granulation level. Clay extraction does not normally require explosives.

2. Transportation

Limestone is loaded by large blades on dump trucks and carried to the crushing plant.

3. Primary crushing

The primary crusher converts the rocks into small stones.

4. Pre-homogenization of the limestone and clay

Approximately 90% of the limestone is stored in a park, where the first homogenization of the chemical composition of the stone is achieved. At the crusher, the limestone rocks are reduced to fragments measuring approximately 10 centimeters. This crushed limestone is then transported to the cement plant by truck or conveyor belt. Clay is also transported by truck to the plants. At the clinker plant, crushed limestone is blended by reducing the variations in chemical properties in order to obtain a homogenized mixture of limestone and clay.

5. Grinding and homogenization (“raw meal” production)

The crushed pieces are then milled together to produce a powder called “raw meal”. Subsequently, the raw meal is sent to a blending silo and then to a storage silo from where it is fed into the pre-heater.

6. Burning of raw meal to produce clinker (“clinkerization”)

A pre-heater is a series of vertical cyclones through which the raw meal is passed. In these cyclones, thermal energy is recovered from the hot flue gases and the raw meal is preheated before it enters the kiln, so the necessary chemical reactions occur faster and more efficiently. Calcination is the decomposition of limestone to lime. Part of the reaction takes place in the “pre-calciner” and part in the kiln. Here, the chemical decomposition of limestone typically emits 65% of total emissions. The pre-calcined meal then enters the kiln. Fuel is fired directly into the kiln to reach temperatures of up to 1,450 degrees Celsius. The intense heat causes chemical and physical reactions that partially melt the meal to form a mixture of calcium silicates and other silicates, which is called “clinker”.

7. Cooling and final milling of clinker to produce cement

From the kiln, the hot clinker falls onto a grate cooler where it is cooled to a temperature of approximately 200 degrees Celsius by incoming combustion air. A typical cement plant will have clinker storage between clinker production and grinding. Traditionally, ball mills have been used for grinding, although more efficient technologies like roller presses and vertical mills are used in many modern plants today. In this form, cement reacts as a binding agent that, when mixed with water, sand, stone and other aggregates, is transformed into concrete or mortar.

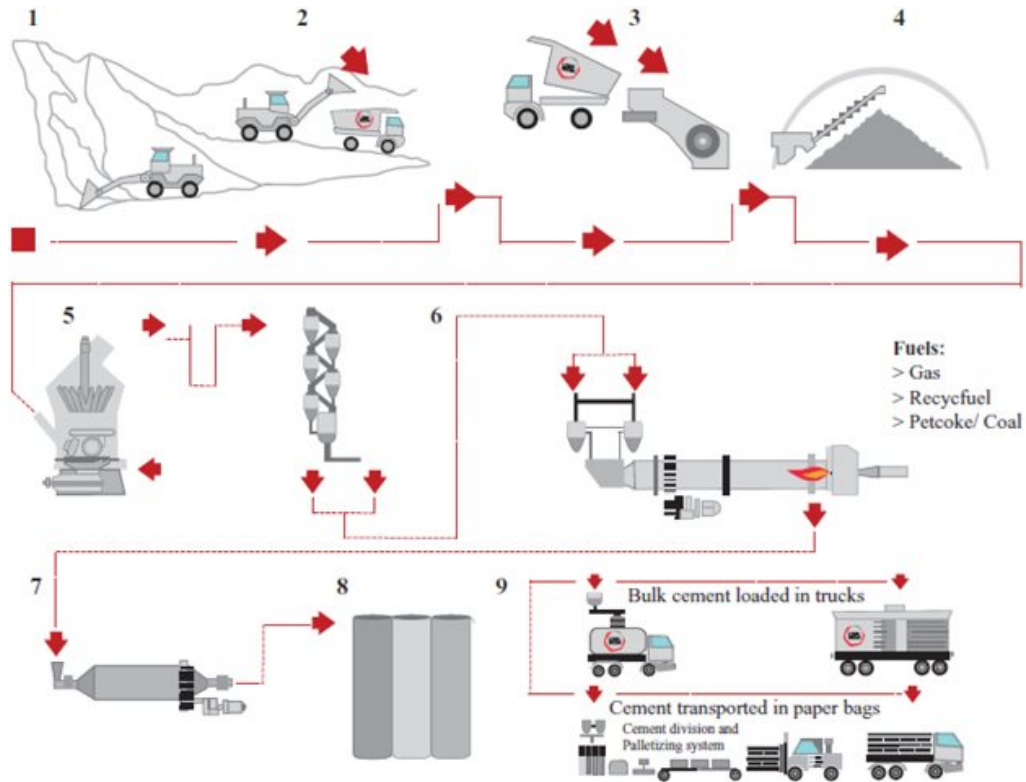
8. Storing in the cement silo

The final product is homogenized and stored in cement silos and dispatched from there to either a packing station (for bagged cement) or to a silo truck. Most of our product is sold in paper bags, which are generated through an industry standard automatic bagging process.

9. Cement dispatch

Cement is dispatched in bulk or in paper bags sacked on pallets.

The chart below illustrates the different phases of our cement production process, as numbered above:



To ensure an efficient production process, our plants use monitoring and control tools, including: (1) automated controls using specialized software for the operation and monitoring of the cement production process; (2) measuring and testing equipment that offer metrological reliability; and (3) SAP system support for management of production planning and maintenance.

Concrete Production

Concrete is produced either in concrete plants and transported directly to construction sites as concrete in trucks or produced at the construction sites. In the concrete industry, it is crucial to have a close network of concrete plants to meet customers' delivery needs.

The concrete production process is a question of minutes. Cement mixed with water enters the hydrate phase. After a short period, a chemical reaction hardens the concrete into a permanent form of artificial stone. Tensile strength, resistance to pressure, durability, setting times, ease of placing, and workability under various weather and construction conditions characterize this building material.

Lime Production

1. Mining, crushing and homogenization of the limestone

The extraction process of the principal raw material: limestone. See “—Cement Production”.

2. Burning of limestone to produce quicklime (“calcination”)

The limestone then enters the kiln. Fuel is fired directly into the kiln to reach temperatures of up to 1,150 degrees Celsius. The intense heat causes physical reactions that partially transform limestone into quicklime.

While there are multiple kiln types in use, we have a rotary kiln in our plants. A rotary kiln consists of a rotating cylinder that sits horizontal. Limestone is fed into the upper or “back end” of the kiln, while fuel and combustion air are fired into the lower or “front end” of the kiln. Limestone is heated as it moves down the kiln toward the lower end. As the preheated limestone moves through the kiln, it is “calcined” into lime to reach temperatures of up to 1,200 Celsius degrees. The lime is discharged from the kiln into a cooler where it is used to preheat the combustion air. Lime can either be sold as is or crushed to make hydrated lime.

3. Cooling and storing of quicklime

From the kiln, the hot lime falls onto a grate cooler where it is cooled to a temperature of approximately 200 degrees Celsius by incoming combustion air. A typical lime plant will have clinker storage between quicklime production and hydration and classification plant.

4. Hydration and classification plant to produce hydrated lime

Quicklime can be processed into hydrated lime by crushing the quicklime, adding water to the crushed lime (water accounts for approximately 1% of raw hydrate), and then classifying the hydrated lime to ensure it meets customer specifications before it is transported.

5. Storing in the lime silo and dispatch

The final product is homogenized and stored in lime silos and dispatched from there to either a packing station (for bagged hydrated lime) or to a silo truck. Most of our product is sold in paper bags, which are generated through an industry standard automatic bagging process.

Masonry Cement Production

The production of masonry cement is similar to cement production, See “—Cement Production”. However, the blending and final milling of the clinker processes vary in the production of masonry cement.

1. Blending

Masonry cement consists of a mixture of clinker, gypsum and plasticizing materials (such as limestone), together with other additions introduced to enhance one or more properties of the cement, such as: setting time, workability, water retention, and durability. We prepared our additions for masonry cement at our Olavarria plant.

2. Final milling of clinker to produce masonry cement

Ball mills are used for grinding. In this form, masonry cement is designed to be mixed with sand and water to produce a masonry mortar. Masonry mortar is specially formulated and manufactured for use in brick, block, and stone masonry construction. Masonry cements are also used to produce stucco.

3. Storing in the cement silos

The final product is homogenized and stored in cement silos and dispatched from there to either a packing station (for bagged masonry cement) or to a silo truck. Most of our product is sold in paper bags, which are generated through an industry standard automatic bagging process.

Capacity and Volumes

In 2019, our sales volume reached 5.5 million tons of cement, masonry and lime, and in 2020, it reached 5.2 million tons. We had a cement installed capacity of 8.4 million tons, a concrete installed capacity of 0.9 million m3, an aggregates installed capacity of 2.2 million tons annually and a lime installed capacity of 0.5 million tons annually. Annual installed capacity is based on a 365-day production per annum.

The following table sets forth certain data related to our operations for the periods indicated.

	As of and for the Year Ended		
	December 31,		
	2020	2019	2018
Operating data (million tons annually)(1)			
Installed cement capacity			
Total installed cement capacity	9.1	9.1	9.1
Installed clinker capacity			
Total installed clinker capacity	5.2	5.2	5.2
Installed concrete capacity in Argentina (in m3)	0.9	1.2	1.2
Installed aggregates capacity in Argentina	2.2	2.2	2.2
Installed lime capacity in Argentina	0.5	0.5	0.4
Production volume (millions of tons):			
Cement, masonry and lime total	5.1	5.4	6.1
Clinker			
Clinker total	2.9	3.6	4.0

(1) Annual installed capacity is based on a 365-day production per annum.

The table below sets forth the name, location and annual clinker and cement production at each of our eight cement plants during the year ended December 31, 2020:

Name	Location	Annual Production of Clinker	Annual Production of Cement and Masonry Cement
		(in millions of tons)	
Barker	Benito Juárez	0.0	0.1
Catamarca	El Alto	0.7	0.9
L'Amali / LomaSer	Olavarría/Vicente		
	Casares	1.5	2.0
Olavarría	Olavarría	0.5	1.0
San Juan	San Juan	0.0	0.2
Zapala	Zapala	0.2	0.3
Ramallo	Ramallo		0.3
Sierras Bayas	Olavarría	0.0	0.0
Total		2.9	4.7

The following table sets total production of each of our plants of cement, masonry cement and lime, our principal products, for each of the periods indicated:

Name	Production for the Year Ended December 31,		
	2020	2019	2018
	(in millions of tons)		
Argentina:			
Barker	0.1	0.1	0.3
Catamarca	0.9	0.9	1.1
L'Amali/ LomaSer	2.0	2.2	2.2
Olavarría	1.3	1.4	1.5
San Juan	0.2	0.1	0.2
Zapala	0.3	0.4	0.3
Ramallo	0.3	0.2	0.2
Sierras Bayas	0.0	0.1	0.2
Total	5.1	5.4	6.1

Quality Control

We monitor quality control measures at each stage of the cement production process. At each of our plants, we review our production line, and periodically perform examinations of the raw material mix. These examinations include chemical, physical and x-ray tests. We perform similar examinations on the clinker we produce as it comes out of our kilns. In addition, we similarly test our finished products.

These examinations are performed by sampling the subject material from the various points on each production line. All of our plants have received ISO 9001 certification, which reflects the quality of our products and of our operating procedures. Our quality controls comply with the ISO 9000 rules.

Raw Materials

The principal raw materials used in the production of cement include: (1) limestone, clay and gypsum for the production of clinker, and (2) clinker additions, including blast furnace slag, pozzolana, fly ash, and paper bag, since we package a substantial portion of our cement in bags. These items collectively represented 10% in 2020 and 10% and 13% in 2019 and 2018, respectively, of our total cost of sales.

Mineral Reserves

Our cement operations are supplied by limestone reserves that are located within close proximity to our production facilities. We own and operate exclusively operate six open-pit quarries from which limestone can be extracted efficiently due to the proximity of the limestone deposits to the surface and the high quality of the limestone in the mines. We have total limestone reserves of approximately 1,107 million tons, which should be sufficient to supply us with approximately 158 years of cement production at our 2020 rate of consumption.

Our reserves are a sum of proven and probable reserves. Proven reserves are those mineral masses for which size, shape, depth and mineral content of reserves are well established, revealed by geological surveys, drilling campaigns, chemical analysis and geological modeling, to ensure exploitability and usage. All of these activities determine the quantity of minerals that matches the quality required by our production process. Our proven reserves contain suitable geological and chemical information density (drill holes) to guarantee their existence, continuity and the suitability of use. Proven reserves are constrained by a final pit configuration (effectively exploitable reserves). In addition to the foregoing, we consider reserves to be proven if they are present on land we own and if related environmental permits have been granted.

Probable reserves are mineral masses for which quantity or quality are computed from information similar to that used from proven reserves, but the sites for inspection, sampling, and measurement are farther apart. Our probable reserves contain similar suitable geological and chemical information density (drill holes) to guarantee their existence, continuity and the suitability of use than our proven reserves. The degree of assurance, although sometimes lower than that for proven reserves, is high enough to assume continuity between points of observation. In addition to the foregoing, we consider reserves to be probable if they are not present on land we own or if related environmental permits have not been granted.

Drilling or sample density information is not the key criteria we use to distinguish proven from probable reserves. Nevertheless, to analyze the drill hole data from our quarries we assume the following distance ranges between drill holes: for active quarries, between 60 and 150 meters, and for inactive quarries, between 150 and 300 meters. The density between drill holes (samples) used in the reserves estimation process is a function of the geological complexity of the deposits and the chemical heterogeneity of the materials used in the process; therefore, we do not have a single, fixed criteria for all of our mineral reserves.

We also do not use the price or cost of raw materials used in the cement production process as a variable in our reserves' evaluation process because there is no global commodity market value for these raw materials, which prices depend on the cement local market value.

Our proven and probable reserve estimates are based on estimated recoverable tons. We did not employ independent third parties to review reserves over the five-year period ended December 31, 2020. Our mineral reserves data are prepared by our engineers and geologists and are subject to further review by our corporate staff. We believe that our engineers and geologists are qualified to prepare our mineral reserves data in Argentina. Given that we prepare our mineral reserve data in-house, our engineers and geologists have acquired important technical know-how, which helps us to maintain our cost competitiveness.

To further maintain our cost competitiveness, we obtain nearly all of our mineral resources from our own quarries, using, either third party services or our own mining equipment. For the year ended December 31, 2020, mostly all of our limestone was sourced from our own quarries. We own and exclusively operate our limestone quarries.

Each of our plants possesses and is responsible for several active and inactive mining licenses. Active mining licenses are those for which we hold all necessary permits and rights to actively exploit the mineral mass. Each of our plants also holds inactive mining licenses on areas for which we do not have the operational license, since their exploitation is not currently necessary.

We conduct annual operational governance, checking our mineral reserves and reviewing new production volumes and geologic aspects to maintain high safety standards and sufficient volume to guarantee our production without overburdening our activities.

Our mining capital expenditures are focused on developing new quarries and sustaining investments, and are used mainly for mining equipment, crushing systems, safety equipment and environmental compliance.

We do not classify our reserves by average grade.

We distinguish recoverable limestone from waste by evaluating whether the limestone rocks are adequate to be used in a raw mill, which is a powder composed of a clay and limestone mixture, and other minerals. In order to meet raw mill specifications, we generally use limestone with at least a 75% concentration of calcium carbonate (CaCO₃). Although there is no specific cutoff grade for aggregates, we distinguish recoverable aggregates from waste by segregating the type of rock extracted from the quarry. The most common rocks used for aggregates production are granite, basalt, limestone, sand or gravel.

Depending on the type of cement product, we require approximately 1.5 tons of limestone to produce one ton of clinker. On average, we require approximately 1.2 tons of limestone to produce one ton of cement product. In addition, on average, we required approximately one ton of rock to produce one ton of aggregates product.

The table below sets forth our total proven and probable operating limestone and granitic aggregates reserves by geographic regions as of December 31, 2020:

Location	Mining Property	Number of quarries	Active Mining Rights		Inactive Mining Rights	Total Proven & Probable	Years to Depletion	2020 Annualized Production (in thousands of tons)	5 year Average Annualized Production
			Proven (R1)	Probable (R2)	Probable (R2)				
(in millions of tons)									
Limestone:									
Catamarca	Doña Amalía	1	63.2	56.2	—	119.4	86	1,271.1	1,390.1
San Juan	Piedras Blancas	1	0.3	0.3	—	0.6	6	15.6	97.4
Zapala	El Salitral	1	18.5	29.7	—	48.2	190	368.3	422.8
	Cerro Bayo	1	13.5	18.7	—	32.1			
Barker	Barker	1	44.8	27.0	—	71.8	120	327.7	597.3
Olavarría and L'Amalí	La Pampita y Entorno (Don Gabino - Los Abriles - SASII)	1	597.0	35.3	—	632.3	141	3,886.4	4,500.0
	Cerro Soltero I	—	—	—	53.5	53.5	—	—	—
	Cerro Soltero II	—	—	—	111.6	111.6	—	—	—
	El Cerro	—	—	—	37.6	37.6	—	—	—
Total			737.3	167.1	202.7	1,107.2	158	5,869.1	7,007.5
Granitic aggregates:									
	La Preferida	2	62.7	54.2	—	116.9	115	637.6	1,012.6
Total			62.7	54.2	0.0	116.9	115.5	637.6	1,012.6

The reserves estimations presented do not consider losses by dilution, mining and process recovery issues, since they are considered to be marginal in the deposits in which they are being exploited. Also, the flexibility of the cement production process allows several types of materials to be partially blended into cement products, including materials that could otherwise be considered as waste products without blending.

The map below shows the geographical location of each of our principal reserves:



Energy Sources

We maximize the efficiency and flexibility of our operations by employing several energy sources in our production processes that may be used interchangeably, depending on price levels and adequacy of supply, such as thermal energy and electrical power. Energy is the largest single cost component in the production of cement and accounted for 26% of our total cost of sales in 2020 and 26% and 22% in 2019 and 2018, respectively.

Thermal Energy

Thermal energy is our most utilized source of energy for our operations having accounted for 11% in 2020 and 17% and 17% in 2019 and 2018, respectively, of our total cost of sales. Thermal energy is comprised of natural gas, mineral coal and petcoke, co-processing, and fuel oil (See “Co-processing”). Natural gas and petcoke are the most significant of these energy sources. Thermal energy cost is strongly impacted by the volatility of the price of natural gas and the international price of oil. Since 2006, we have diversified our fuel matrix in our main plants, so that we can optimize it at all times according to the cost of each energy source. This great versatility allows us to capture a very competitive price on the market.

Historically, given the shortage of natural gas in wintertime the energy matrix of our kilns migrates to solid fuels. Currently, this flexibility to operate with different thermal energy sources, allow us to benefit from potential low thermal energy prices.

To ensure the supply of gas, we entered into supply contracts, for different volumes and basins, with producers (YPF and Tecpetrol), and marketers and distributors, such as Ecogas – Distribuidora de Gas del Centro S.A., SAESA, Energy Traders, Metroenergía, Gas Patagonia and Camuzzi. All these contracts have expirations between April 2020 and 2021.

The cost of petcoke varies in accordance with international market prices, which are quoted in U.S. dollars and fluctuate depending upon the supply and demand for oil and other refined petroleum products. We make spot purchases of petcoke or steam coal in order to capture market opportunities in the price of these solid fuels. Average petcoke prices increased by approximately 38% from 2017 to 2018 and 19% from 2018 to 2019 and decreased 39% from 2019 to 2020. This decline is not reflected in the greater use of solid fuels because the decrease in the cost of natural gas was even greater than 50% making more convenient to maximize the percentage of natural gas in the thermal energy matrix. Particularly during 2020 we managed to capture the low prices of Gas, due to the oversupply combined with the collapse in consumption due to the pandemic. Reaching a thermal matrix where gas as fuel prevailed.

Electrical Power

Electrical power is one of the main drivers of our cost structure and represented 9% in 2020 and 10% and 11% in 2019 and 2018, respectively, of our total cost of sales. In 2016, the new administration in Argentina started a process to reverse subsidized electrical power rates and has implemented a series of measures to correct and normalized the electrical power tariff, which has had a direct negative impact on our cost structure.

Electrical power cost is highly influenced by the policy implemented for fuels used in electrical energy generation and by the growing share of thermal power generation in the electric matrix in Argentina.

Currently, the energy system in Argentina is still constrained by technical operating limits, especially in transportation and distribution, due to the lack of investment in the system during the 15-year period ended in 2016, mainly as a consequence of a price policy oriented towards residential demand subsidies.

In Argentina, the energy demanded that equals the level of consumption in 2005 is marketed by National Administrator of the Electric System (Compañía Administradora del Mercado Mayorista Eléctrico), or CAMMESA, approximately 60% of our demand. Since 2005, it was possible to contract the rest of the consumption (approximately 40%) through private contracts. Since 2018, through Law No. 27,191, we were permitted to contract renewable energy for up to 100% of our demand.

We have entered into annual contracts with Pampa Energía S.A. for the supply of approximately 20% of our current electrical power requirements. Additionally, in 2020 we covered 56% of our current electrical power requirements with renewable energy sources, overachieving the percentage stipulated by the Law No. 27.191.

Pursuant to the Law No. 27,191, consumers with a demand higher than 300kW are required to source a minimum level of their electrical power demand from renewable sources pursuant to the requirements set forth by the Law No. 27,191 equal to 8% by December 31, 2017, 12% by December 31, 2019, 16% by December 31, 2021, 18% by December 31, 2023 and 20% by December 31, 2025; provided that any consumption of renewable energy for higher levels as of each cut-off date cannot be reduced in the following periods. For purposes of complying with these minimum level requirements of renewable energy, the consumers have the option to enter into individual power purchase agreements (PPAs) with renewable energy generators, marketers or distributors, or to buy the energy through CAMMESA. See “Item 5.F Operating and Financial Review and Prospect –Supply Contracts”.

In 2016, we signed a 20-year contract with Genneia S.A., and in 2018 we signed a 20 year contract with Aluar Aluminio Argentino S.A.I.C. to enhance the use of green energy in a cost efficient manner. With these contracts, we not only complied with the law limits but also surpassed them. See “Item 5.F Operating and Financial Review and Prospects—Supply Contracts”.

Co-processing

We have increased the use of co-processing in our operations. Co-processing is the final disposal of waste (agricultural, urban and industrial waste) by its integration in the process of cement production as a secondary raw material or alternative fuel, as a source of energy. Co-processing is a technique used for permanently eliminating waste without generating environmental liabilities, harnessing the energy and/or mineral potential of the material.

Co-processing uses duly prepared waste at different stages of the production process as a substitute for natural raw materials and/or fossil fuels. The replacement of fossil fuels and raw materials with waste provides us with a dual advantage: (1) it allows us to meet thermal and non-renewable natural resources requirements in our production process; and (2) it presents a recognized benefit by disposing of waste that otherwise would have been deemed to be harmful and of environmental concern.

This process is conducted safely, monitored and environmentally correct, with quality assurance of the cement produced. We have utilized the highest industry standards and technological advances in developing our co-processing operations to ensure safety and efficiency.

In order to reinforce our commitment to sustainability, five of our plants are prepared for co-processing. The products we co-process are mainly municipal solid waste, or MSW, refuse-derived fuel, or RDF and shredded solid waste, or SSW.

At the end of 2019, we obtained the authorization to co-process the rejection of the urban waste, leading in Argentina the use of this waste stream in the co-processing. During 2020, we developed the use of new alternative fuel streams. At the Zapala Plant we carry out the tests of “Regenoil”, a fuel derived from the oil industry waste in Vaca Muerta, Neuquén Province. In Buenos Aires, we are making progress with the co-processing of scrap tires, actively promoting the use of this type of waste in cement kilns.

Sales, Marketing and Customers

We are supported by a commercial, sales and marketing team of more than 64 people focused on attending our customers’ needs. This team includes the technical center Loma Negra, focused on quality control, research and development of new products and technical support for clients. We serve more than 1,050 clients in Argentina through our dedicated sales teams. In the Greater Buenos Aires and the City of Buenos Aires area, our sales team is organized by customer category, namely distributors, concrete companies, industrial and construction companies, and public sector entities. Outside the Greater Buenos Aires and the City of Buenos Aires area, sales teams are organized by geographical region.

We have long-term relationships with many of our customers, with approximately 70% of our customer base (representing over 78% of our total cement shipments) operating under long-standing, exclusive relationships. No single customer represents more than 5% of our total net sales, while our top 20 clients represented approximately 39% of total cement volume sold during 2020. We have also built a diversified customer base by sectors.

Over the years, we have thoughtfully built a network of small- and medium-sized distributors throughout Argentina, and which we cultivate through a wide range of customer relationship programs, such as training and technical assistance, aimed at improving loyalty and customer service quality. We believe that we have forged, over a long period of time, a strong client relationship based on prioritizing service and product quality. In 2020, 71% of our total cement sales were made directly to our wholesale distributors, 20% to concrete producers, 5% to industrial customers and 4% to construction companies and others.

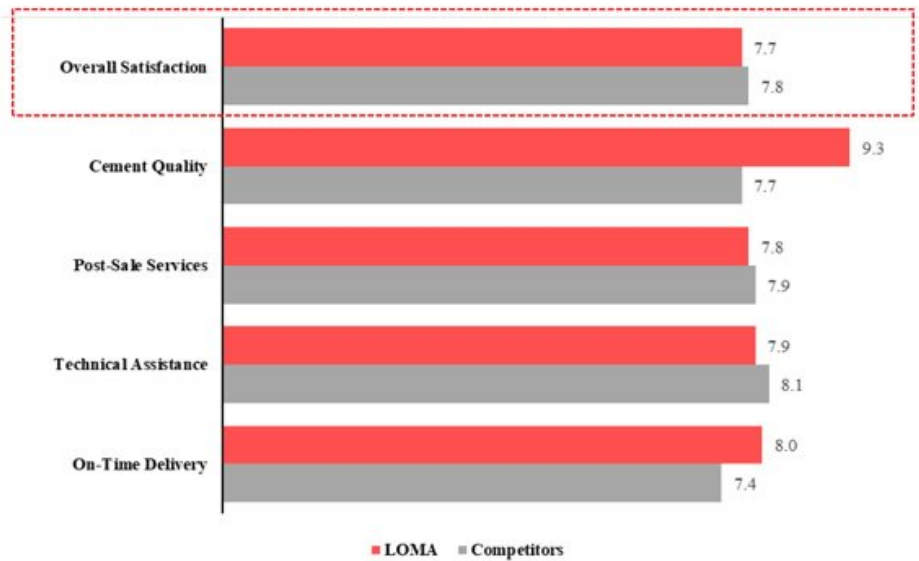
As a consequence of the activities in which we engage, our transactions do not have a significant cyclical or seasonal character. Nevertheless, during the second half of the year, historically the volume of sales in Argentina has shown a slight increase.

Since our inception, we have developed and expanded our product range, tailoring different mixtures and product lines for a wide variety of uses and client needs. We provide our clients with customized construction solutions with superior quality, proven reliability and uniform performance. We believe that, by educating retailers and end-consumers of these attributes of our products, we have been successful in building demand and realizing higher margins for our differentiated product offering.

Client Loyalty

Throughout the years we have implemented a wide range of relationship programs focused on improving customer loyalty. Our average client is a medium-sized family-owned company mainly focused on the commercialization of cement, masonry and lime. We offer our customers technical support on a range of areas, including shops decoration, and even issues related to their business continuity.

According to our 2020 annual customer satisfaction inquiry to evaluate our key competitive advantages, we outperformed our competitors in terms of, cement quality, and on-time delivery. For the first time since the inquiry, the competition outperformed us in overall satisfaction. We attribute this result to: the increase in bagged cement demand after the lockdown was implemented which peaked while the inquiry was being held; From past results we know the satisfaction inquiry has a high negative correlation with cement demand.



Source: 2020 Loma Negra Customer Satisfaction Inquiry Results.

Technical Assistance

We offer technical and post-sales support to customers, focusing on enhancing each customer’s capacity. In order to provide this service, we have several technical advisers who are available for different customer segments, technical visits, workshops, seminars and in site demonstrations.

Marketing Efforts

We are expanding the scope of our brand image strengthening campaign, adding more points of sale and improving the image of the distribution centers of our clients and consolidating the participation of our brand in the main soccer matches of the Argentine Championship, reinforcing our brand as a synonym of cement in Argentina.

Distribution

We have a distribution system aimed at providing the broadest product range in Argentina's most important cement markets, particularly in the Greater Buenos Aires and the City of Buenos Aires area. Our strategy has been to base our sales and marketing efforts on our brand name recognition, broad product portfolio, customer service, efficient and timely delivery and technical support

We divide our distribution platform into six regions: Buenos Aires, Central, Northwestern, Northeastern Patagonia and Cuyo. Each of these regions is served by our production facilities. LomaSer, our mixing, distribution and logistics facility is the center of our Buenos Aires' distribution complex, or the Buenos Aires Complex. Our Buenos Aires Complex serves the main market of the Greater Buenos Aires and the City of Buenos Aires area and provides backup supply to other regions in the rest of the country. The Province of Buenos Aires is our principal market representing 41% of our total volume sold in 2020.

Our cement plants generally serve the geographic regions in which they are located. The table below shows the total market sales in each of Argentina's regions as a percentage of total volume sold in Argentina in 2020.

Sales of Cement in Argentina in 2020

<u>Region</u>	<u>Sales</u>	<u>Cumulative Sales</u>
	<u>(in percentages %)</u>	
Buenos Aires	41	41
Center	23	63
Northwest	14	78
Northeast	9	87
Patagonia	8	95
Cuyo	5	100

Source: Loma Negra.

LomaSer is located approximately 50 kilometers from the City of Buenos Aires. Due to its close proximity to this important market and its mixing and bagging capacity, LomaSer enables us to respond quickly to our clients' cement needs. For example, LomaSer has the capacity to deliver bagged or bulk cement to locations in the Greater Buenos Aires and the city of Buenos Aires area designated by its customers within 24 hours from the time a customer places its order. In addition, LomaSer is linked to our other production facilities via the Ferrosur Roca freight railway and is able to mix cement on-site that it receives from our other plants (L'Amalí, Barker and Ramallo).

Argentina's Central Region is mainly served by the Catamarca plant. The Northwest area of the Patagonia region is served from our Zapala plant. The San Juan plant supplies demand from Cuyo, while Catamarca serves the Northwestern region of Argentina.

The Northeast region is serviced by our Catamarca plant, through our Resistencia distribution center. The Litoral area is serviced through our Buenos Aires Complex and our Paraná distribution center.

There are no exclusive sale contracts in Argentina or abroad, for a portion of or for total production, with the exception of the "Export and Distribution Contract" (*Contrato de Exportación y Distribución*) entered in 2008 with the *Administración Nacional de Combustibles, Alcohol y Portland*, or ANCAP, in which, with regards to the exportation of cement produced to Uruguay, we committed to the exclusive distribution through ANCAP and/or Cementos del Plata S.A. (of which ANCAP is the controlling shareholder) in Uruguay. Such contract will expire on March 31, 2023.

In addition, we operate the Ferrosur Roca freight railway network, which extends from the northeastern region of the City of Buenos Aires to several other regions of the country. Of the total distance of 3,100 kilometers that are part of this railway concession, approximately 2,500 kilometers are currently operational. We use the Ferrosur Roca freight railway network to ship our products and raw materials, as it is connected directly to five of our plants. In addition, third parties have access to this railway network in which we charge them freight railway fees to ship their goods.

Our Subsidiaries

The following chart shows our principal subsidiaries, including our direct or indirect equity ownership interest in each of them and their main business activities as of the date of this annual report:

<u>Subsidiary</u>	<u>Equity Ownership Interest (%)</u>	<u>Main activity</u>
Ferrosur Roca S.A.(1)	80.00	Rail freight
Recycomb S.A.U	100.00	Waste recycling

(1) Indirect ownership (through Cofesur S.A.U., in which we have a direct 100% equity ownership interest).

Below is a brief description of our principal subsidiaries.

Ferrosur Roca S.A.

Through our subsidiary, Cofesur, we indirectly control Ferrosur Roca, a company that holds a concession to operate the Ferrosur Roca freight railway network, a 3,100 kilometer railway that runs from the northeastern region of the City of Buenos Aires to several other regions of the country and that is strategic to our business as it is linked directly to five of our plants (Ramallo, Olavarria, Barker, Zapala and L'Amali) and also our LomaSer, Solá and Bullrich production and distribution centers. We own the total capital of Cofesur, which in turn owns 80% of the total capital of Ferrosur Roca. As of December 31, 2020, Ferrosur Roca had 1,151 employees.

The Ferrosur Roca concession expires in 2023 and could be extended by the Argentine government for an additional term of 10 years, based on the fulfillment of obligations related to the concession, such as investments, maintenance and fines imposed, among others.

On March 8, 2018, Ferrosur Roca duly filed before the Ministry of Transport a request for an extension of the term of validity of the concession for ten more years. The Ministry responded on March 20, 2019, informing Ferrosur Roca that the Special Commission created by Decree No. 1027/2018 would be in charge of the renegotiation of the concession agreement, and that such process will include the analysis of the concession term extension in order to enable the implementation of the open access scheme. As of the date of this report Ferrosur has not received a response to the extension request. 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.

On November 3, 2020, the Ministry of Transport issued the Resolution No. 248/2020 to remove the Lobos-Bolívar railway branch of the General Roca line in the province of Buenos Aires (from km. 98,760 to km. 330,457) from the scope of the railway concession granted to Ferrosur Roca in 1992.

Recycomb S.A.U.

We own 100% of the total equity capital of Recycomb, a company that was founded in 1995. Recycomb operates a blending facility for recycling industrial waste into alternative fuel sources. This blending facility has an annual production capacity of 106,000 tons (30,000 tons of liquid waste-derived fuel, 36,000 tons of solids waste-derived fuel and 40,000 tons of shredded solids waste-derived fuel) and has been operational since the end of 1996. This facility, which is located in the southern part of the Greater Buenos Aires area, is connected to Ferrosur Roca's freight railway. As of December 31, 2020, Recycomb had 29 employees.

Information Technology

We believe that an appropriate information technology infrastructure is important in order to support the growth of our business. Our data collection processes and software allow us to accurately monitor the quality of the products manufactured at our various facilities, ensuring consistency and enabling us to adjust quickly in the event of any variations. Furthermore, our enterprise resources planning software allows us to develop production, sourcing and pricing models based on anticipated consumer demand.

In addition, we have license agreements involving intellectual property rights with several companies, such as Oracle, Microsoft, SAP, Adobe, Novell and McAfee.

Insurance

We maintain insurance policies against damages to third parties, with coverage and conditions comparable to those of companies engaged in similar businesses in Argentina and Paraguay, respectively. We maintain insurance policies with reputable international insurance companies, covering property loss and business interruption risks to our plants, equipment and buildings for partial or total damages or losses. The coverage for total loss or damage is for an insured value that we have established using as a reference the replacement value of each plant's kiln, which is the main asset subject to risk, as we consider the total destruction of any of our plants as unlikely. For partial loss or damage, we are insured for the value at risk. As of December 31, 2020, the aggregate value at risk of our plants was approximately US\$ 1,377,270,376. These policies have a deductible of US\$ 54,000 per claim. For loss of profit derived from material damages the coverage is 21 days.

We have not made any material claims on our insurance policies in recent years.

Sustainability and Social Responsibility

In its performance, Loma Negra considers sustainability as the basis of its business vision, and it is from this concept that it guides its activities and commitment to operate in a safe, socially and environmentally responsible manner, creating value for our shareholders and avoiding and reducing the impact of our activities on the environment and society. Three principles drive our practices in the markets in which we operate, under the Triple Impact concept, promoting economic growth, social contribution and environmental care, in harmony with our communities. Following these principles, we will continue to develop as a world-class company and we will operate our business in accordance with the principles of sustainability, being agents of change within the framework of continuous improvement.

Together with other companies of the InterCement Group, we have been signatories of the Global Compact led by the United Nations from 2004 to 2010 and, until January 2020, we have been members of the Cement Sustainability Initiative, or CSI, an initiative of the cement segment of the Council World Business for Sustainable Development, or WBCSD, currently called the Global Cement and Concrete Association or GCCA. For its part, we are a member company of the "Argentine Business Council for Sustainable Development" (CEADS). These programs have supported us in the development and implementation of a sustainability strategy of international standards that contributes to the development of the communities in which we operate.

We believe that we are pioneers in the use of alternative fuels in Argentina and in promoting the circular economy, increasingly venturing into the use and valorization of new waste streams (not recyclable or reusable) as alternative fuels and raw materials used in our cement plants, through the co-processing technique, substituting the use of fossil fuels and non-renewable natural resources. In this line, we intend to continue advancing in the maximization of co-processing in the country, promoting the circular economy in all operations, and contributing to reducing CO2 emissions and, also, to achieving the sustainable development objectives set by the United Nations as part of the global agenda to 2030. We continuously monitor the emissions to the atmosphere of our furnaces, which allows the control of pollution in real time. In December 2012, we successfully registered our first clean development mechanism (CDM) project with the United Nations Framework Convention on Climate Change, or UNFCCC. Our focus on improving energy efficiency at our Catamarca plant has reduced carbon dioxide emissions by approximately 6,000 tons per year.

For its part, we became the first Argentine company of private capital with the highest consumption of renewable energy from wind farms, thus promoting the diversification of its energy matrix and that of the Country, contributing to the reduction of the carbon footprint, using renewable energy in cement plants, as an alternative to traditional energies generated from fossil fuels.

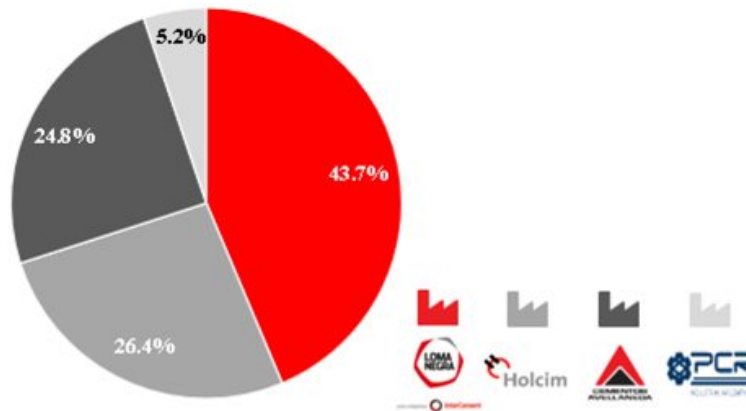
Thus, in 2019 the energy matrix was made up of 38% renewable energies, replacing 227 gigawatt-hours (GWh) of non-renewable generation during the year. This is equivalent to the average consumption of more than 75,000 standard households, and an annual reduction of 105,224 t CO₂. During 2020, 56% of renewable energy has been exceeded in the energy matrix, representing a great milestone for the company, positioning itself well above the legal requirement foreseen for 2019 and 2020 of 12% of renewable energy and 20% from 2025.

Competition

Cement

Following the consolidation of the cement industry in Argentina during the 1990s, LafargeHolcim, an international cement company, through its acquisition of Juan Minetti S.A. and Corcemar S.A., two Argentine cement producers, became the second largest cement producer in Argentina. Other Argentine cement producers include Cementos Avellaneda S.A., or Avellaneda, a company controlled by Cementos Molins, S.A. and Votorantim Cimentos S.A., and Petroquímica Comodoro Rivadavia S.A., or PCR. Given the high cost of transporting cement, our competitors are generally limited in competing in the regions where their production facilities are located. We are the only cement company in Argentina with production facilities located in several regions of Argentina and with nationwide reach.

The chart below sets forth the estimated cement market share in Argentina during 2020 for our company, Holcim Argentina, Cementos Avellaneda and Petroquímica Comodoro Rivadavia.



Source: AFCP and Loma Negra.

Each of Argentina's main cement companies have developed market strengths in specific areas driven primarily by the location of their facilities and their geographic focus resulting from high transportation costs which limit their ability to compete effectively over long distances. We are the only Argentine cement company to have nationwide coverage, as our facilities are located throughout the country, with particular focus on Argentina's most important market, the Province of Buenos Aires. Our cement plants generally serve the geographic regions in which they are located. Holcim Argentina S.A. has a strong market position in the provinces of Córdoba, Mendoza and Jujuy.

Since 2016, the dispatch participation of bulk cement has been increasing, however, starting in the third quarter of 2019, this trend seems to have changed as cement demand for public and private infrastructure works has decreased, affecting industrial consumer more in comparison to other cement consumers that purchase cement in the bag format. In 2020, we supplied 70% of Argentina's cement dispatch by bags and 30% of Argentina's cement dispatch by bulk.

In July 2017, we accepted the proposal from the Chinese company Sinoma International Engineering Co., or Sinoma for the construction of a second line at our L'Amalí plant to increase the installed capacity of this facility by 2.7 million tons annually, involving a capital expenditure of approximately US\$350 million. The execution phase of the L'Amalí plant expansion started in August 2017. As of the date of this annual report the works are in progress and close to completion. Clinker production is expected to begin by May 2021, and full commission is scheduled for second semester this year.

See “Item 3.D Risk Factors—Risks Relating to Argentina—The measures taken or to be implemented by the Argentine government in response to the COVID-19 pandemic may cause adverse effect on our business and operations” and “Item 3.D Risk Factors—Risks Relating to Our Industry and Business—Public health threats or outbreaks of communicable diseases, including the COVID-19, have had and will likely continue to have an adverse effect on our operations and financial results”.

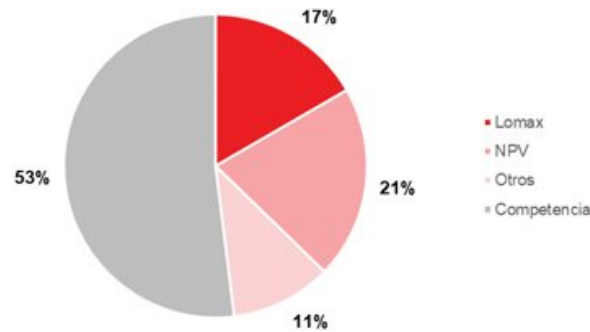
Likewise, our main competitors are executing investments to expand their production capacity in Argentina. According to available public information, Holcim Argentina S.A. is expanding the “Malagueño” plant, located in the province of Cordoba, by 0.7 million tons. In the case of Avellaneda S.A., a similar expansion of 0.7 million tons in the “El Gigante” plant in the province of San Luis has been finished in late 2020 and is operating.

Concrete

We participate in the concrete market under our Lomax brand. We have operations in the two principal concrete markets of Argentina: (1) the City of Buenos Aires and the Greater Buenos Aires area; and (2) the city of Rosario. The Olavarría region is the main supplier of granitic aggregates consumption for the Greater Buenos Aires and the City of Buenos Aires area. This area is responsible for approximately 50% of the national production of aggregates, according to our own estimates.

We also lead this dynamic and high potential growth market through the *Nueva Propuesta de Valor*, or NPV concept. NPV is a group of selected medium- and large-sized concrete companies that have been exclusive and loyal clients of Loma Negra for many years. We have entered into agreements with these companies to keep them in a continuous improving operational process, with several clauses related to loyalty and cement supply commitment.

The chart below presents the market share of concrete in the Greater Buenos Aires and the City of Buenos Aires area as of December 31, 2020. Our combined market share is 49% when we add Lomax share together with the NPV clients and other exclusive concrete producers.



Source: Loma Negra.

Legal and Regulatory Matters

Environmental Regulations

The pollutants generated by cement producers are mainly dust and gas emissions. In Argentina, beyond the specific regulations on the emission of gases and air quality, there are comprehensive regulations that regulate the environmental impact of the general activities of each establishment, thus requiring that all production facilities have a certificate of environmental compliance (called “Certificate of Environmental Aptitude” (CAA) or “Environmental Impact Statement” (DIA)) issued by the environmental agencies of each of the jurisdictions in which we operate. In this way, we have obtained and maintained in full force the CAAs of the Barker, LomaSer, Zapala, and Technical Center plants, while our Catamarca, L’Amali, Olavarría, Ramallo, and San Juan plants have delivered the necessary documents to renew the respective CAA or DIA. It is estimated that these renewals will be granted during 2021, highlighting that the current regulations have been duly complied with, and that the plants can operate while the certificate renewal process is in progress. For their part, our concrete plants are also certified or in the process of obtaining the certificates. We do not require any materials technology licenses for our cement or concrete operations.

Mining Regulations

We extract limestone from quarries that we own, and quarries owned by third parties. The main statute that governs mining in Argentina is the Argentine Mining Code, which was enacted by Law No. 1,919 of 1886, as amended. The Argentine Mining Code establishes that the ownership of mineral substances existing in quarries, including limestone, is exclusively vested in the owner of the land where they are located and that provincial laws will regulate the operation of quarries. The owner may mine the quarries existing in its land or leave them inactive. However, the federal, provincial or municipal government where the quarry is located may declare that the exploitation of the mines is of public interest and expropriate the land where the quarries are located.

Pursuant to the Argentine Mining Code, as amended by Law No. 24,585, which regulates environmental aspects of the mining activity, parties involved in certain mining activities are required to file, prior to the commencement of mining activities on a tract of land, an environmental impact evaluation report with the relevant regulatory agency for its approval. If approved, the relevant regulatory agency issues an environmental impact declaration, which must be renewed every two years.

Professional Associations

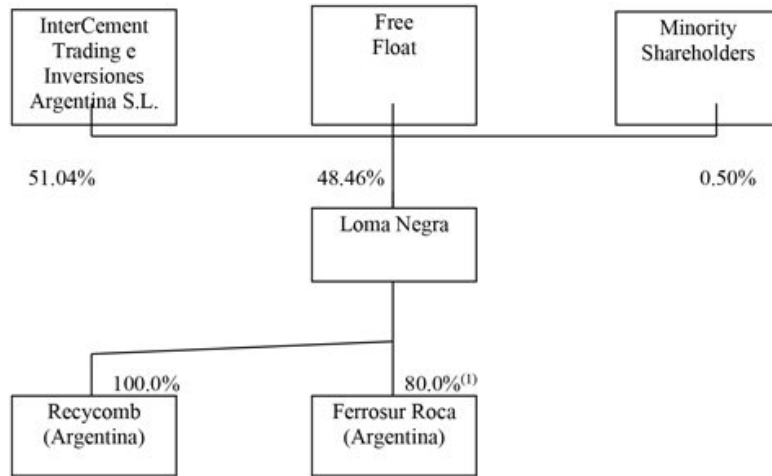
As of the date of this annual report we are part of the following associations:

- Argentine National Association of Portland Cement Producers (*Asociación de Fabricantes de Cementos Portland*).
- Argentine Institute of Portland Cement (*Instituto Argentino de Cemento Portland*).
- Argentine National Concrete Association (*Asociación Argentina de Hormigón Elaborado*).
- Argentine National Association of Industrial Gas Consumers (*Asociación de Consumidores Industriales de Gas de la República Argentina*).
- Argentine National Association of Energy Power Major Users (*Asociación de Grandes Usuarios de Energía Eléctrica de la República Argentina*).
- Latin - American Railway Association (*Asociación Latinoamericana de Ferrocarriles*).
- American Chamber of Commerce of United States in Argentina (*Cámara de Comercio de Estados Unidos en Argentina*).
- Argentine Business Council for Sustainable Development (*Consejo Empresario Argentino para el Desarrollo Sostenible*).

- Argentine Chamber of Importers (Cámara Argentina de Importadores).
- Chamber of environmental companies (Cámara de empresas de medio ambiente).

C. Organizational Structure

The following organizational chart sets forth our simplified corporate structure as of the date of this annual report:



(1) Indirect ownership (through Cofesur SAU, in which we have a direct 100% equity ownership interest)

D. Property, Plants and Equipment

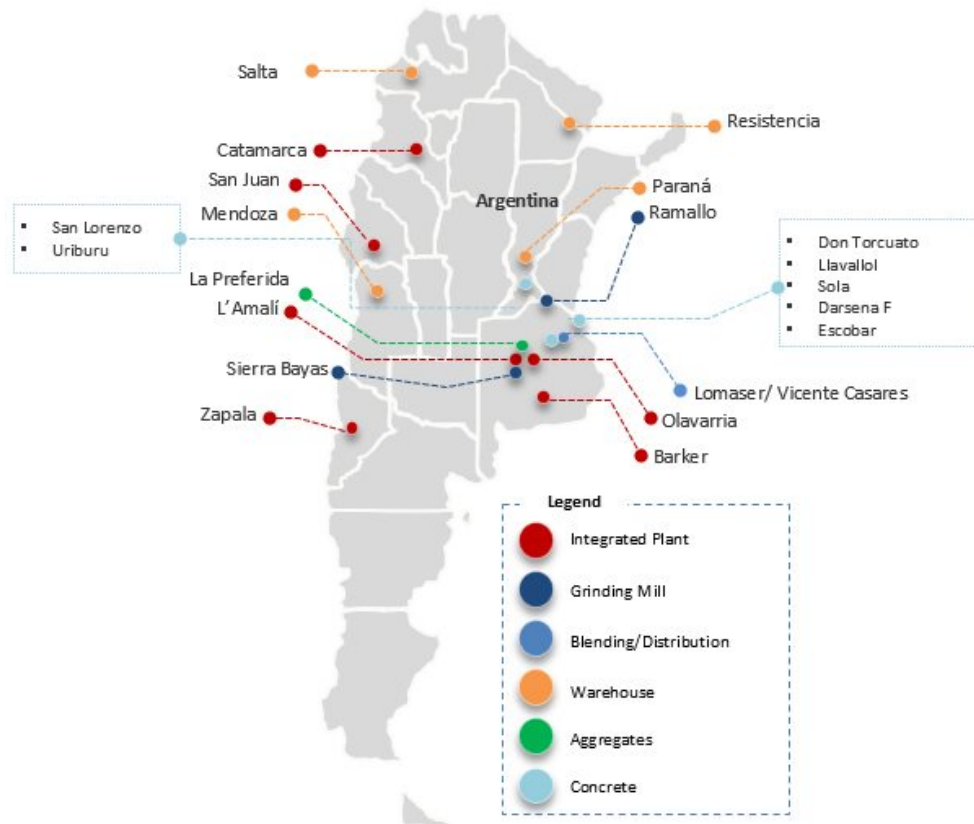
Our Production Facilities

As of December 31, 2020, we owned eight cement manufacturing plants in Argentina: Barker, Catamarca, L'Amali / LomaSer, Olavarría, Ramallo, San Juan, Sierras Bayas, and Zapala, eleven concrete plants operating under the Lomax brand and one granitic aggregates plant.

The following table sets forth information regarding our production facilities, as of December 31, 2020:

Production Facility	Type of Plant	Location	Commissioning Year
Argentina:			
North-east:			
Resistencia	Warehouse	Resistencia	
Center-east:			
Barker	Cement	Benito Juárez	1956
L'Amalí	Cement	Olavarría	2001
LomaSer	Blending/Distribution	Cañuelas	2000
Olavarría	Cement	Olavarría	1929
Ramallo	Grinding Mill	Ramallo	1998
Sierras Bayas	Grinding Mill	Olavarría	1919
Paraná	Warehouse	Paraná	
Patagonia:			
Zapala	Cement	Zapala	1970
Cuyo:			
San Juan	Cement	San Juan	1963
Mendoza	Warehouse	Palmira	2020
North-west:			
Catamarca	Cement	El Alto	1980
Salta	Warehouse	Salta	2020
Concrete plants under the Lomax brand:			
Don Torcuato	Concrete	Greater Buenos Aires area	1998
Sola	Concrete	City of Buenos Aires	1998
Llavallol	Concrete	Greater Buenos Aires area	1998
Uriburu	Concrete	Rosario	2010
San Lorenzo	Concrete	Santa Fe area	2016
Darsena F 1	Concrete	City of Buenos Aires	2017
Darsena F 2	Concrete	City of Buenos Aires	2018
Vicente Casares	Concrete	Greater Buenos Aires area	2018
Escobar	Concrete	Greater Buenos Aires area	2020
Aggregates plant:			
La Preferida	Aggregates	Olavarría	2004

The map below presents the location of our facilities:



Barker

The Barker plant began operations in 1956 and is located in the City of Benito Juárez, Province of Buenos Aires. The Barker plant currently has total annual cement production capacity of approximately 1.3 million, using one dry-process kiln. The Barker plant has capacity to produce cement and also produces filler, which is used for cement mixing by LomaSer. In the context of the L'Amali expansion project, and considering the decline in demand, during 2019 we decided to reconvert our Barker and San Juan plants, transforming both full cement lines into grinding and distribution centers, and we have adapted our cost structure to reflect this new scenario.

Catamarca

The plant of Catamarca began operations in 1980 and is located in the City of El Alto, Province of Catamarca. The Catamarca plant, which uses a dry-process kiln, has annual installed cement production capacity of 2.18 million tons. This plant has modern automation technology and is equipped with pre-heating equipment. It also features automated quality control systems, which enhance the reliability of its finished products.

The Catamarca plant produces cement, as well as masonry cement. It serves the Province of Catamarca and certain neighboring provinces and regions.

L'Amalí

The L'Amalí plant is located approximately five kilometers from our Olavarria plant, Province of Buenos Aires, where our largest limestone reserves are located, and is connected to the Ferrosur Roca freight railway. This plant, which became operational in August 2001, has an annual installed production capacity of approximately 1.9 million tons of clinker and approximately 2.2 million tons of cement and complies with the highest standards of cement production technology and applicable environmental requirements. The plant uses natural gas and solid fuels, together with alternative fuels from Recycomb. See “—Investments” and “Item 5.B Operating and Financial Review and Prospect—Liquidity and Capital Resource—Capital Expenditures” for more information regarding the planned expansion of the L'Amalí plant”.

The L'Amalí plant has mobile equipment to extract and crush limestone mined from a quarry located nearby. The quarry is linked to the plant by a conveyor belt transporting system. The L'Amalí plant has a vertical mill to grind limestone and other raw materials, with an hourly capacity of approximately 493 tons, a single kiln to produce clinker with a daily capacity of approximately 5,960 tons and cement production, storage and bulk loading capabilities.

The L'Amalí plant produces cement in bulk. It also produces base cement that is used by LomaSer as a raw material for its cement production and clinker that is used by our other cement plants.

See “Item 4.D Property, Plants and Equipment – Investments”

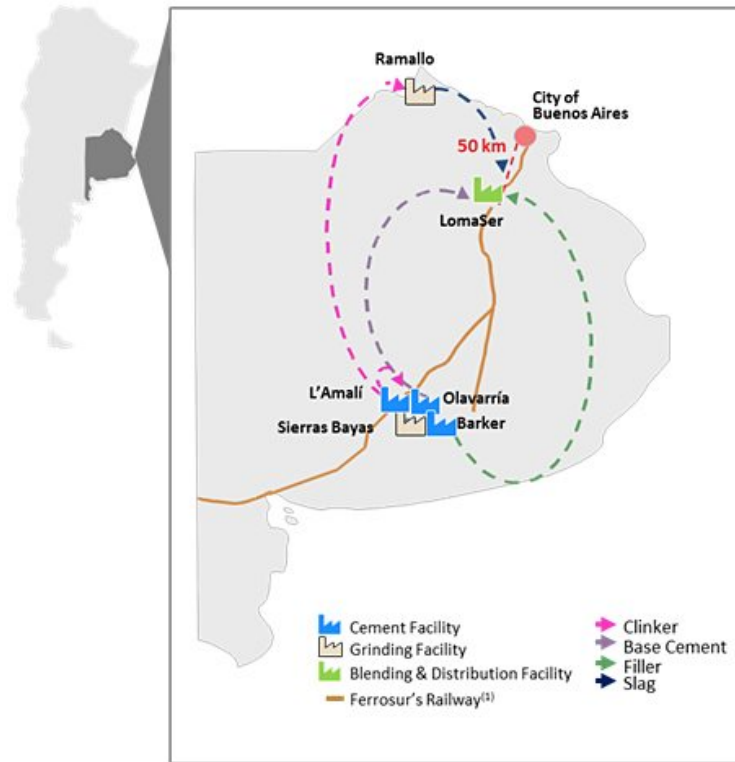
See “Item 3.D Risk Factors—Risks Relating to Argentina—The measures taken or to be implemented by the Argentine government in response to the COVID-19 pandemic may cause adverse effect on our business and operations” and “Item 3.D Risk Factors—Risks Relating to Our Industry and Business—Public health threats or outbreaks of communicable diseases, including the COVID-19, have had and will likely continue to have an adverse effect on our operations and financial results”.

LomaSer

LomaSer started operations in 2000 and it is located in the City of Vicente Casares, Province of Buenos Aires. LomaSer is our blending, distribution and logistics center and includes a cement mixing plant and distribution and logistics center. It is located approximately 50 kilometers from the City of Buenos Aires and is connected to our plants in the Province of Buenos Aires through the Ferrosur Roca freight railway. LomaSer's proximity to Argentina's principal cement market helps us to quickly respond to client needs, providing superior and reliable delivery services at competitive costs. It also allows customers to maximize fleet performance and minimize cement stock requirements.

LomaSer receives base cement filler and slag from the L'Amalí, Barker and Ramallo plants, respectively. These materials are stored in a multi-cell silo, which has a total capacity of 30,000 tons. The silo feeds a mixer, which has an annual installed cement production capacity of approximately 2.2 million tons.

The map below presents the location and connections among our facilities with LomaSer in the Greater Buenos Aires area, as well as the Ferrosur Roca freight railway network, which we use to ship our products and raw materials, as it is connected directly to six of our plants.



(1) Railway segment we actively use.

LomaSer has a flexible production facility that allows production to be switched rapidly between one type of cement to another. The ability to separate grinding and blending according to each additions' characteristic enables us to produce superior quality cement while optimizing the usage of additions.

LomaSer operates over 35% of our total cement dispatches in Argentina. It ships cement in bags or in bulk depending on its customers' needs.

Olavarría

The Olavarría plant began operations in 1929 and it is located in the City of Olavarría, Province of Buenos Aires. The plant currently has two active dry-process kilns with a kiln production capacity of approximately 0.4 million tons of lime, and a second kiln with an installed capacity of 1.0 million tons of annual production capacity of clinker and 1.62 million tons of annual production capacity of cement. In addition, the Olavarría plant has annual capacity to ship approximately 0.4 million tons of types of lime.

The Olavarría plant produces cement, as well as masonry cement and lime. It principally serves the Buenos Aires region.

Ramallo

The Ramallo plant was inaugurated in 1998 and it is located in the City of Ramallo, Province of Buenos Aires. Ramallo produces cement and also mills slag that is used by LomaSer. This plant has annual cement installed production capacity of 0.48 million tons. We acquire slag from Siderar S.A.I.C., Argentina's largest steel company, which is located near this plant.

The Ramallo plant serves the northern portion of the Province of Buenos Aires and the Province of Santa Fe.

San Juan

The San Juan plant began operations in 1963 and it is located in the City of Rivadavia, Province of San Juan. It has an annual installed clinker production capacity of 0.13 million tons and uses a dry-process kiln and 0.25 million tons. In 1993, a new facility was installed in this plant to enable it to store and process coal, enabling it to operate either using natural gas or a combination of natural gas, fuel oil and coal, together with liquid alternative fuels. The San Juan plant serves the Province of San Juan and certain neighboring provinces.

In the context of the L'Amalí expansion project, and considering the decline in demand, during 2019 we decided to reconvert our Barker and San Juan plants, transforming both full cement lines into grinding and distribution centers, and we have adapted our cost structure to reflect this new scenario.

Sierras Bayas

We acquired the Sierra Bayas plant, which is located in the City of Sierras Bayas, Province of Buenos Aires, in 1992 as part of the Cemento San Martín acquisition. This plant had annual cement production capacity of 0.66 million tons.

This plant is prepared to receive clinker for cement production from the L'Amalí and Olavarría plants. In the context of the L'Amalí expansion project, and considering the decline in demand, the company is analyzing the future operation in this plant.

Zapala

The Zapala plant began operations in 1970 and it is located in Zapala, Province of Neuquén. This plant has a dry-process kiln, with annual installed cement production capacity of 0.39 million tons and annual installed clinker production capacity of approximately 0.23 million tons. This plant is equipped with energy-efficient wheel-type roller grinding equipment used to grind the clinker before it enters the production process.

The Zapala plant produces cement. It mainly serves the provinces of Neuquén and Río Negro and exports approximately 1% of its cement products to Southern Chile.

La Preferida

In 2009, we commenced operations in the aggregates market in Argentina with our acquisition of La Preferida de Olavarría, which is located in the City of Olavarría, Province of Buenos Aires. In 2018, a new crusher started to operate, and we expect it to further enhance the efficiency in our production. This plant has annual aggregates production capacity of 2.2 million tons.

We sell granitic aggregates through La Preferida de Olavarría, which is responsible for approximately 52% of the aggregates consumed by Lomax in their concrete production operations.

Investments

The second line of the L'Amalí plant is expected to increase our annual installed cement production capacity by 2.7 million tons and requires a capital expenditure of approximately US\$350 million (US\$130 per ton). As of December 31, 2020 we have achieved 96% of progress in the construction of the L'Amalí plant second line, and we have invested approximately Ps.22,490 million.

The L'Amalí plant is strategically located in the Buenos Aires region and near our main distribution center, LomaSer, a region of Argentina that accounts for approximately 38% of the country's cement consumption.

The expansion of the L'Amalí plant was planned during its construction, reducing execution complexity. Required production inputs are already in place with enough capacity to sustain additional demand, such as electric power and natural gas sources. The investment will optimize the maintenance plan of the plant and spare parts inventory. The contractor guarantees, among other technical features, a thermal consumption of 730 kcal/kg, representing approximately an 18% reduction from our average thermal consumption in 2016.

The installation will include state-of-the-art equipment, including, among others: five stage precalcination towers, a new 5,800 tons/day three-pier kiln, one 24,000 tons multi-chamber cement silo, two new packing lines and bulk facilities, one silo with a capacity to store 75,000 tons of clinker, one cement vertical mill, and one raw vertical mill.

Once the expansion is completed, L'Amali is expected to become the largest cement plant in Argentina and one of the largest in Latin America, based on annual installed cement production capacity.

All imported material of the main equipment were received at site. In addition, civil works for main foundations, silos and buildings structures are completed, and the supply of local steel structures is almost fully completed. Regarding the electromechanical construction, the crusher was tested, the kiln system erection was completed, and the raw and cement mill erection presents good progress. As of the date of this annual report the works are in progress and close to completion. Clinker production is expected to begin by May 2021, and full commission is scheduled for second semester this year.

Additionally, during the month of February of this year, the kiln bag filter was commissioned at the Zapala plant, replacing the electro-filter. This investment will contribute to a more sustainable operation. The work began in early 2019, required an investment of USD 7.3 million.

See “*Item 3.D Risk Factors—Risks Relating to Argentina—The measures taken or to be implemented by the Argentine government in response to the COVID-19 pandemic may cause adverse effect on our business and operations*” and “*Item 3.D Risk Factors—Risks Relating to Our Industry and Business—Public health threats or outbreaks of communicable diseases, including the COVID-19, have had and will likely continue to have an adverse effect on our operations and financial results*”.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements due to a number of factors, including those set forth in the section entitled “Key Information—Risk Factors” and elsewhere in this annual report. You should read the following discussion in conjunction with “Cautionary Statement with Respect to Forward-Looking Statements” and “Key Information—Risk Factors”.

A. Operating Results

Principal Factors Affecting Our Results of Operations

Macroeconomic Conditions

Our business is highly sensitive to factors such as GDP growth (globally and in Argentina, the cement industry has a strong positive correlation with GDP growth). An economic slowdown can lead to a slowdown in the construction industry and consequently decreased cement demand and production. Likewise, an expansion of GDP is expected to drive incremental cement demand, above expected GDP growth.

During 2016, the Argentine economy declined by 2.1%; however, in 2017, the Argentine economy grew by 2.8%. According to the INDEC, the Argentine economy contracted by 2.6%, 2.1% and by 9.9% in 2018, 2019, and 2020, respectively.

The following table presents key data of the Argentine economy for the periods indicated.

	As of and for the Year Ended December 31,		
	2020	2019	2018
GDP (billions of Ps.)	624.3	693.0	707.1
Real GDP growth	(9.9)%	(2.1)%	(2.6)%
GDP per capita (in thousands of U.S. dollars)	8.6	9.9	11.7
Private consumption growth	(13.1)%	(6.4)%	(2.4)%
Average Ps./U.S. dollar exchange rate ⁽¹⁾	70.6	48.2	28.1
CPI inflation	36.1%	53.8%	47.6%
Private sector salary growth	34.4%	44.3%	30.4%
Unemployment rate ⁽²⁾	11.0%	8.9%	9.1%

Source: BCRA, IDB and INDEC.

(1) The average rate is calculated by using the average of the BCRA's reported exchange rates on a daily basis.

(2) As a percentage of Argentina's economically active population.

COVID-19 Pandemic

The disruptions caused by the COVID-19 had an adverse impact on our results for the period ended on December 31, 2020. Although we are getting to co-exist with the virus, we need to stay alert and focus, as our country and the world continues to battle the COVID-19 pandemic. Furthermore, the evolution of COVID-19 infectious cases or outbreak of new traits remains uncertain. Therefore, we cannot predict the duration or severity of a new outbreak and its containment measures, and consequently we cannot foresee the impacts on our markets for 2021.

During the period ended on December 31, 2020, this situation has caused a decline on the demand of our products. The containment measures adopted to control COVID-19 pandemic had a negative impact on our activities including our revenue, and profitability but also on the recoverability of increase in the outstanding day of our receivables and the recoverability of our long-lived assets. In March, 2020, during the initial adoption of the Mandatory Isolation Regime we temporarily shut down our cement plant facilities, yet in April 2020, and after adopting strict bio-safety protocols, we restarted our operational activities at our cement facilities. Additionally, we initiated proactive cost management strategies and an action plan focused on liquidity and liability management, which consists mainly of securing our working capital needs, tightening our fixed cost structure, including labor costs, and reformulating our priorities regarding maintenance capital expenditure needs.

At the time of this annual report, and given the uncertainty around the extent and timing of the potential future spread or mitigation and around the imposition or relaxation of protective measures, we cannot reasonably estimate the impact to our future results of operations, cash flows or financial condition. However, COVID-19 virus is having and will likely continue to have, for so long as the health crisis and the virus impact continue, a negative impact on our activities, the demand of our products and our results of operations, financial position and cash flows. Any such negative impact could result in a material adverse effect on our business, liquidity, financial conditions and results of operations as well as our ability to achieve our previously disclosed expectations for the year of 2021. We may also be affected by a decline in the demand of our products due to significant interruptions or delays in, or the termination of, private or public construction projects, or the need to further implement additional policies limiting our production or limiting the efficiency and effectiveness of our operations, for a prolonged period of time.

See “*Item 3.D Risk Factors—Risks Relating to Argentina—The measures taken or to be implemented by the Argentine government in response to the COVID-19 pandemic may cause adverse effect on our business and operations*” and “*Item 3.D Risk Factors—Risks Relating to Our Industry and Business—Public health threats or outbreaks of communicable diseases, including the COVID-19, have had and will likely continue to have an adverse effect on our operations and financial results*”.

Inflation

Our audited consolidated financial statements comprehensively recognize the effects of variations in the purchasing power of currency through the application of the method to restate financial statements in constant currency established by the IAS 29. See “*Presentation of Financial and Other Information*”.

Our audited consolidated financial statements as of and for the year ended December 31, 2020, including the figures corresponding to the previous fiscal year have been restated to consider changes in the general purchasing power of our functional currency (the Peso) in accordance with the provisions in IAS 29 and the CNV’s General Resolution No. 777/2018. As a result, our financial statements are stated in the unit of currency that was current at the end of the fiscal year that is being reported.

In accordance with IAS 29, the amounts in the financial statements that have not been stated in current currency as of the end of the reporting period must be restated by application of a general price index. To that end and in the manner established in FACPCE’s Resolution JG No. 539/18, coefficients have been applied that are calculated on the basis of indices published by the FACPCE, resulting from combining national consumer prices published by the *Instituto Nacional de Estadística y Censos* (the National Statistics and Census Institute), or INDEC, starting on January 1, 2017 and, looking back, domestic wholesale prices, or IPIM prepared by INDEC or, if none is available, consumer price indices published by the General Directorate of Statistics and Censuses in the Autonomous City of Buenos Aires.

The variation, in the index applied to restate our audited consolidated financial statements for the years ended as of December 31, 2020, 2019 and 2018 has been 36.1%, 53.8% and 47.6%, respectively. See “*Note 2.2 of our audited consolidated statements*”.

Foreign Currency Exchange Rate

Our liabilities that are exposed to foreign currency exchange rate risk are primarily denominated in U.S. dollars. To partially offset our risk of any depreciation of the peso against the U.S. dollar, from time to time we may enter into derivative contracts. Because we borrow in U.S. dollars in international markets to fund our operations and investments, we are exposed to market risks from changes in foreign exchange rates and interest rates.

Our foreign currency exposure gives rise to market risks associated with exchange rate movements. A significant portion of our borrowings are denominated in foreign currency. As of December 31, 2020, our consolidated foreign currency-denominated borrowings was Ps. 6,409 million, 82% of which was denominated in U.S. dollars, and 18% was denominated in Euros. This foreign currency exposure is represented mainly by debt in the form of international loans and working capital loans from financial institutions.

As of December 31, 2020 we did not have foreign currency derivative financial instruments.

In the event that the peso was to depreciate by 25% against the U.S. dollar as compared to the peso/ U.S. dollar exchange rate as of December 31, 2020, our foreign currency denominated indebtedness as of December 31, 2020 would have increased by approximately Ps.1,700 million.

Due to the foreign exchange crisis after the primary elections in August 2019 and the uncertainties on the presidential elections in October 2019 and the measures to be adopted by a new administration, since September 1, 2019 and effective until December 31, 2020, the Central Bank reinstated rigid restrictions and foreign exchange controls, for more information about said restrictions see “*Item 10. Additional Information- D. Exchange Controls*”.

In 2015, the Peso lost approximately 52% of its value with respect to the U.S. dollar, including a 10% devaluation from January 1, 2015 to September 30, 2015 and a 38% devaluation during the last quarter of the year, mainly concentrated after December 16, 2015 when certain exchange controls were lifted. As of December 31, 2017, the official nominal exchange rate for Pesos into U.S. dollars fell to Ps.18.7742 per US\$1.00, a devaluation of approximately 18% as compared to the official exchange rate of Ps.15.8502 per US\$1.00 as of December 31, 2016. As of December 31, 2018, the official nominal exchange rate for Pesos into U.S. dollars fell to Ps.37.8083 per US\$1.00, a devaluation of approximately 101% as compared to the official exchange rate of Ps.18.7742 per US\$1.00 as of December 31, 2017. As of December 31, 2019, the official nominal exchange rate for Pesos into U.S. dollars fell to Ps.59.8950 per US\$1.00, a devaluation of approximately 58.4% as compared to the official exchange rate of Ps.37.8083 per US\$1.00 as of December 31, 2018. As of December 31, 2020, the official nominal exchange rate for Pesos into U.S. dollars fell to Ps. 84.1450 per US\$1.00, a devaluation of approximately 40.5% as compared to the official exchange rate of Ps.59.8950 per US\$1.00 as of December 31, 2019. In the first three months of 2021, the Peso depreciated approximately 9.3% against the U.S. dollar.

The following table sets forth the annual high, low, average and period-end exchange rates for the periods indicated, expressed in pesos per U.S. dollar and not adjusted for inflation. There can be no assurance that the peso will not depreciate or appreciate again in the future. The Federal Reserve Bank of New York does not report a noon buying rate for pesos.

	Official Nominal Exchange Rates			
	High ⁽¹⁾	Low ⁽¹⁾	Average ⁽¹⁾⁽²⁾	Period-end ⁽¹⁾
2016	16.0392	13.0692	14.7794	15.8502
2017	18.8300	15.1742	16.5665	18.7742
2018	40.8967	18.4158	28.0937	37.8083
2019	60.0033	37.0350	48.2423	59.8950
2020	84.1450	59.8152	70.5941	84.1450
2021				
January 2021	87.2983	84.7033	85.9708	87.2983
February 2021	89.8250	87.6050	88.6746	89.8250
March 2021	91.9850	90.0850	91.0664	91.9850
April 28, 2021	93.416	92.236	92.7901	93.4167

(1) Reference exchange rate published by the Argentine Central Bank.

(2) Based on daily averages.

Net Capital Expenditures and Other Investments

For the past two years, our capital expenditures have been principally directed to our expansion project in L'Amalí plant. In July 2017, we entered into an agreement with the Chinese company Sinoma International Engineering Co. Ltd., or Sinoma for the construction of the second line at our L'Amalí plant to increase the annual installed cement capacity at this facility by 2.7 million tons. This investment represented approximately 76%, 73% and 35%, of total capital expenditures for the year ended December 31, 2020, 2019 and 2018.

On a consolidated basis, our capital expenditures incurred in property, plant and equipment were Ps.9,639 million during the year ended December 31, 2020 and Ps.15,946 million and Ps.8,547 million during the years ended December 31, 2019 and 2018, respectively.

As of the date of this annual report the works are in progress and close to completion. Clinker production is expected to begin by May 2021, and full commission is scheduled for second semester this year.

See "Item 3.D Risk Factors—Risks Relating to Argentina—The measures taken or to be implemented by the Argentine government in response to the COVID-19 pandemic may cause adverse effect on our business and operations" and "Item 3.D Risk Factors—Risks Relating to Our Industry and Business—Public health threats or outbreaks of communicable diseases, including the COVID-19, have had and will likely continue to have an adverse effect on our operations and financial results".

Our Cost Structure

The prices that we charge for our cement products are directly related to our production costs. Fluctuations in the price of our thermal energy sources and electricity impact our costs of goods sold and the prices that we charge our customers for our products. Significant increases in the price of natural gas, solid fuels or electricity and, consequently, in our production costs, could reduce our gross margins and our results of operations to the extent that we might not be able to pass a significant portion of these costs on to our customers and could result in reduced sales volumes of our products. Conversely, significant decreases in the price of natural gas, solid fuels or electricity and, consequently, in our production costs, would likely increase our gross margins and our results of operations. Our efforts on increasing the use of co-processing (use of waste as a source of a renewable energy, to replace natural mineral resources and fossil fuels such as coal, petcoke and gas) on our production process aims to decrease both our dependency on certain energy sources and reduce costs. In-2020, the percentage of co-processing used in our production process reached 1.8%.

Thermal Energy. Our operating income has been affected by energy price changes. Energy prices may vary in the future, mainly due to market forces and other factors outside our control. We protect ourselves from energy price inflation risks through the diversification of our fuel sources (including solid fuels and the use of co-processing as an alternative energy source) and our ability to transfer all or part of increased costs to our customers via price increases for our products. We also seek to produce different types of cement with lower clinker content, replacing it with other components such as fly ash, slag, pozzolana, and limestone, which reduce our overall energy costs.

Thermal energy is our most utilized source of energy for our operations, representing 11% in the year ended December 31, 2020 and 17% and 17% in the years ended December 31, 2019 and 2018, respectively, of our total cost of sales. Thermal energy is comprised of fuel oil, natural gas, mineral coal and petcoke. Natural gas and petcoke are the most significant of these energy sources. We enter into several contracts with suppliers, traders and distributors of natural gas. See “—*Supply Contracts*”.

The cost of petcoke varies in accordance with international market prices, which are quoted in U.S. dollars and fluctuate depending upon the supply and demand for oil and other refined petroleum products. We make spot purchases of petcoke or steam coal in order to capture market opportunities in the price of these solid fuels. In addition, we prioritize obtaining Argentine petcoke as opposed to imported petcoke since the petcoke we derive from Argentine sellers is generally of higher quality and at a lower cost. Average petcoke prices decreased by approximately 39% from 2018 to 2019 and decreased by 1% from 2019 to 2020.

Electrical power. Electrical power is one of the main drivers of our cost structure and represented 9%, 10% and 11% in the years ended December 31, 2020, 2019, and 2018, respectively, of our total cost of sales.

Electrical power is one of the most expensive energy sources that we use. Given our consumption needs and the potentially high cost of electrical power, we have sought to mitigate the risks of supply interruptions and cost increases by contracting electrical power to private companies and entering into agreements to increase the use of renewable energy. Electrical power cost is highly influenced by the government policy applied to fuels used in electrical power generation and by the growing contribution of thermal power generation to the electrical power generation matrix in Argentina.

In Argentina, approximately 60% of the current energy demand that equals the level of consumption in 2005 is marketed by National Administrator of the Electric System (Compañía Administradora del Mercado Mayorista Eléctrico), or CAMMESA. Since 2005, it was possible to contract the rest of the consumption (approximately 40%) through private contracts. This matrix was particularly different during 2020, due to the effects of the pandemic on energy consumption and the delivery of renewable energy (priority in our contracts), making the matrix 56% renewable, 29% supplied with private contracts and only 15% was transacted as Base energy acquired from CAMMESA.

Since 2018, consumers with a demand higher than 300kW are required to source a minimum level of their electrical power demand from renewable sources equal to 8% by December 31, 2017, 12% by December 31, 2019, 16% by December 31, 2021, 18% by December 31, 2023 and 20% by December 31, 2025; provided that any consumption of renewable energy for higher levels as of each cut-off date cannot be reduced in the following periods. For purposes of complying with these minimum level requirements of renewable energy, the consumers have the option to enter into individual power purchase agreements with renewable energy generators, marketers or distributors, or to buy the energy through CAMMESA See “—*Supply Contracts*”.

In 2016, we entered into a 20-year agreement with Genneia S.A., and in 2018 entered into a 20-year agreement with Aluar Aluminio Argentino S.A.I.C. to enhance the use of green energy. With these contracts, we not only complied with the law limits but also surpassed the minimum levels required. See “*Item 5.F Operating and Financial Review and Prospects—Supply Contracts*”.

Co-Processing. We have increased the use of co-processing in our operations. Co-processing is the final disposal of waste (agricultural, urban and industrial waste) through its integration in the cement production process as a secondary raw material or alternative fuel, as a source of energy. Co-processing is a technique used for permanently eliminating waste without generating environmental liabilities, by harnessing the energy and/or mineral potential of the material. In Argentina, co-processing represented 1.8% in the year ended December 31, 2020 and 3.8% and 4.1% in the years ended December 31, 2019 and 2018, respectively, of our total thermal energy consumption.

For additional information related to our thermal energy, electrical power and co-processing needs and costs, see “*Item 4.B Information on the Company—Business Overview—Energy Sources*”.

Preservation and maintenance costs. Our industry is capital intensive, and we incur in maintenance costs necessary to preserve the productivity and durability of our cement facilities. In the year ended December 31, 2020 preservation and maintenance costs represented 9% and in the years ended December 31, 2019 and 2018, represented 9% and 10%, respectively, of our total cost of sales.

Freight. Our freight includes the cost of transporting raw materials to our production facilities from our quarries or the location of our suppliers. In the year ended December 31, 2020 freight represented 7% and in the years ended December 31, 2019 and 2018, freight represented 7% and 8%, respectively, of our total cost of sales, mainly as a result of lower volumes of cement and concrete demand in 2019, reducing outbound and inbound freight needs.

Salaries, wages and social security charges. Our salaries, wages and social security charges comprise mainly compensation, social contribution and employee benefits. In the year ended December 31, 2020 salaries, wages and social security charges represented 18% and in the years ended December 31, 2019 and 2018, salaries, wages and social security charges represented 19% and 18%, respectively, of our total cost of sales.

Raw Material Availability. Our long-term success depends in part on our ability to secure raw materials in sufficient quantities, including limestone, gypsum and other materials necessary for the production of clinker and cement, which are currently available to us from quarries located close to the different industrial units. We generally obtain limestone from the mining of quarries that we own. In some cases, however, we may face the risk of the exhaustion of raw materials in some quarries, most notably limestone, which would require us to find new quarry sources further away from our production units, and result in potential materially higher raw material extraction and freight costs. In the year ended December 31, 2020 raw materials represented 14% and in the years ended December 31, 2019 and 2018, raw materials represented 8% and 8%, respectively, of our total cost of sales.

Effects of Taxes on Our Income

We are subject to a variety of generally applicable Argentine federal and state taxes on our operations and results. We are subject to Argentine federal Income Tax at a rate of 30%, which is the standard corporate tax rate in Argentina. Dividends paid to Argentine individuals and foreign beneficiaries (both individuals and entities) are subject to a 7% withholding tax made by the paying entity.

As explained, the corporate income and dividend tax rates for tax years commencing on or after January 1, 2020 through December 31, 2020 are 30% and 7%, respectively, and such tax rates will be modified to 25% and 13%, respectively, for fiscal years commencing from January 1, 2021. However, the Argentine Congress is currently discussing a draft bill to modify: (i) the corporate tax rate for Argentine entities, by applying a sliding scale from 25% to 35%, depending on the accumulated net income obtained during the given year; and (ii) regardless of the applicable corporate tax rate, in all cases, dividends or profits will be levied at a 7% tax rate. If the bill is enacted, such tax treatment would be applicable for fiscal years starting as of January 1, 2021. We are also subject to the following federal and state taxes:

- *Turnover Tax.* The Turnover Tax is a provincial tax and the rate applicable depends on each province. Currently, the Turnover Tax represents approximately 1,5% of our net sales.

- *Quarry Exploitation Fee.* Municipalities establish certain taxes that may have incidence on mining developments. Each jurisdiction in which mining activities are developed has its particular legislation.

For example, Municipalities may charge a quarry exploitation quota equivalent to the amount of limestone contained in the cement dispatched or sold from the factory at a rate determined by each municipality. The rate is determined at a fixed amount, which is updated in a monthly basis. This amount represented 1.4% of sales in 2020 of cement, masonry cement and lime.
- *Tax on Bank Accounts Debits and Credits.* The general rate of the Tax on bank accounts debits and credits is 0.6% for each debit and each credit, while an increased rate of 1.2% applies in cases in which there has been a substitution for the use of a bank account. Taxpayers (whether at 0.6% or 1.2% rate) may compute 33% of the amounts paid under this tax as a payment on account of the income tax. Law 27,264, in force since August 2016, establishes that micro and small sized companies may apply 100% of this tax as an advance payment of income tax, medium industrial sized may apply 60% of this tax as an advance payment of income tax. Moreover, Law 27,432 establishes that the executive power may increase up to 20% per year the percentage of the payments of this tax that can be computed for as payment on account of Argentine income tax. The government has not exercised this faculty since 2018 and currently it is uncertain if an increase of the computable amounts will take place in the medium term.
- *Stamp Tax.* Stamp tax is a local tax that is levied based on the formal execution of public or private instruments. Documents subject to stamp tax include, among others, all types of contracts, notarial deeds and promissory notes. Each province and the City of Buenos Aires have their own stamp tax legislation. Stamp tax rates vary according to the jurisdiction and agreement involved. In general, stamp tax rates vary from 0.5% to 3.5% and are applied based on the economic value of the instrument.
- *Personal Assets Tax.* An annual net wealth tax applies on the net equity where the shareholder is a nonresident or a resident individual at a rate of 0.50%. We have the right to request reimbursement from the shareholder. The taxable base of the personal assets tax is the book value of the shares as stated in the last financial statements issued at December 31 on the relevant tax period.

We are also subject to certain other non-material duties and taxes.

Effect of Indebtedness Level and Interest Rates

As of December 31, 2020, our total outstanding borrowings on a consolidated basis were Ps.6,441 million. The level of our indebtedness results in financial results, that are reflected in our consolidated statement of profit or loss and other comprehensive income. Financial results consist of interest expense, exchange gains/losses on U.S. dollar and other foreign currency-denominated debt, and other items as set forth in Note 10 to our audited consolidated financial statements. During 2020, we recorded financial expenses of Ps.1,508 million, which included Ps.396 million in interest expense related to our loans and financings.

The interest rates we pay on our indebtedness depend on a variety of factors, including prevailing Argentine and international interest rates, any collateral or guarantees and risk assessments of our company, our industry and the economies in Argentina and other markets in which we operate made by our potential lenders, potential purchasers of our debt securities and the rating agencies that assess our debt securities.

Financial Presentation and Accounting Practices

Presentation of Financial Statements

We maintain our financial books and records in pesos. We have prepared our annual audited consolidated financial statements in accordance with IFRS, as issued by the IASB. We have adopted all new and revised standards and interpretations issued by the IASB that are relevant to our operations and that are mandatorily effective as of December 31, 2020. The application of these amendments has had no impact on the disclosures or amounts recognized in our audited consolidated financial statements.

Our audited consolidated financial statements have been prepared on a historical cost basis, which has been restated in end-of-period currency in the case of non-monetary items.

Upon estimating the fair value of an asset or a liability, we take into consideration the characteristics of the asset or the liability when market participants do take these features into consideration when valuing the asset or the liability at the date of measurement. Fair value for purposes of measurement and/or disclosure in these consolidated financial statements is determined on that basis, except for the transactions consisting in share-based payments that are within the scope of IFRS 2, lease transactions within the scope of IFRS 16 and the measurements that have certain points in common with fair value but are not fair value such as net realizable value in IAS 2 or value in use in IAS 36.

Besides, for financial reporting purposes, fair value measurements are categorized as level 1, 2 or 3 on the basis of the degree to which fair value measurement inputs are observable and the impact of inputs for fair value measurements overall as described below:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: valuation techniques for which the lowest level input that is significant to their value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Classification into current and non-current:

We present assets and liabilities in our consolidated statement of financial position classified as current and non-current.

Assets are classified as current when:

- (i) we expect to realize the asset or intend to sell or consume it during its normal operation cycle;
- (ii) we maintain the asset primarily for trading purposes;
- (iii) we expect to realize the asset within twelve months after the reporting period; or
- (iv) the asset is cash or cash equivalents unless the asset is restricted and may not be exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current

Liabilities are classified as current when:

- (i) we expect to settle the liability during its normal operation cycle;
- (ii) we maintain the liability primarily for trading purposes;
- (iii) the liability must be settled within the twelve months after the reporting period; or
- (iv) we do not have an unconditional rights to defer settlement of the liability for at least the twelve months after the reporting period.

All the other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities in all cases.

Use of estimates

The preparation of consolidated financial statements requires our Board of Directors to make judgements, estimates and assumptions that affect the reported amounts of the revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The description of the estimates and significant accounting judgments made by our Board of Directors in the application of accounting policies as well as areas with a higher degree of complexity that require further judgment are disclosed in “Note 4 of our audited consolidated statements for the year ended December 31, 2020 and 2019”.

The main accounting policies are herein below discussed.

Principal Accounting Policies

Standards and Interpretations issued but not yet effective

The following is a detail of the standards and interpretations that are issued but not yet effective up to the date of issuance of our consolidated financial statements. We intend to adopt these standards, if applicable, when they become effective.

- 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 new standards and interpretation

We have 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, we 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 our consolidated financial statements.

- Amendments to IFRS 3 - Business definition

In October 2018, IASB issued changes into the definition of a business in the IFRS 3 “Business Combinations” to help entities to determine if an acquired group of activities and assets is a business or not. These amendments clarify the minimum requirements for a business, suppress the evaluation of whether the market participants are capable of replacing missing elements, add guidance to help entities to evaluate if an acquired process is substantive, reduce the definitions of a business and of P&L and introduce an optional test of fair value concentration. 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.

- Amendments to 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” through the standards and clarify certain aspects of the definition. The new definition lays down that “Information is material if omitting, misstating or hiding 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.

- Amendments to IFRS 9, IFRS 7 and IAS 39

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 “Financial Instruments: Disclosures”, which concludes Phase I of its work to respond to the effects of changes to interbank offered rates (“IBOR”) concerning financial information.

These amendments allow hedge accounting to continue during the period of uncertainty before the replacement of an existing benchmark interest rate for a risk-free alternative 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.

Critical Accounting Policies

Critical accounting policies are those that are important to the presentation of our financial condition and results of operations and that require our management to make difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgments become even more subjective and complex. For more information about our critical accounting policies, see the notes to our audited consolidated financial statements.

In order to provide an understanding of how our management forms its judgments about future events, including the variables and assumptions underlying the estimates, and the sensitivity of those judgments to different circumstances, we have identified the following critical accounting policies:

- revenue recognition;
- goodwill;
- investments in other companies;
- Leases;
- foreign currency and functional currency;
- borrowing costs;
- taxation;
- property, plant and equipment;
- intangible assets;
- impairment of tangible and intangible assets;
- inventories;
- provisions;
- financial instruments;
- financial assets;
- Ferrocarril Roca management trust;
- Financial liabilities and equity instruments;
- environmental restoration;
- short- and long-term employee benefits; and
- stripping costs and quarry exploitation.

Revenue recognition

We operate in the cement, masonry cement, concrete, limestone, aggregate production and sales business, in the operation of logistics services through the railway concession that it has been conferred and industrial waste recycling services. The goods to be delivered and the services to be provided arise from agreements (usually, non-written agreements) where we may identify the right of each of the parties, the terms of payment and the agreement are commercial in nature.

Sale of goods

Revenues from agreements with customers are recognized when control over goods is transferred to the customer for an amount that reflects the consideration that we expect to be entitled to in exchange for such assets or services. The customer obtains control of the goods when significant risks and rewards of the products sold are transferred in accordance with the specific terms of delivery that are agreed with the customer. Revenues from the sale of goods are measured at fair value of the consideration received or to be collected, which is the price specified in the invoice, net of commercial discounts. No financing components are considered in the transaction since credit terms average from 20 and 35 days, depending on the specific terms agreed upon, which is consistent with market practices.

Some agreements with clients offer commercial discounts or volume-based discounts. If revenue cannot be reliably measured, we defer recognition of income until the uncertainty is resolved. However, in general, performance obligations are met upon the delivery of the goods sold, at which time, both the price and any discount are specifically agreed between the parties. 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 measured using the expected method or the most likely amount.

The products sold by us in general are not returned by customers once they have been accepted and quality approved. Such approval is obtained the time of delivery.

Services rendered

We provide transportation services along with the sale of cement, concrete, limestone and aggregates. Revenues from transportation services is recognized at the time services are provided, which is usually when revenues from the sale of the transported good is recognized as transportation distance and time is very short. Revenue is measured on the basis of the consideration defined in the contract with customers.

Revenues from freight railway services and waste recycling services are recognized at the time such services are rendered.

Goodwill

Our goodwill corresponds to the acquisition of Recycomb S.A.U. and it is measured at cost restated at the end of the reporting period. See “*Note 2.2 of our consolidated financial statements*”.

In accordance with IFRS 3, Business Combinations, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized, but rather tested for impairment on an annual basis. For purposes of conducting the impairment test, goodwill is allocated to each of our cash generating units (“CGU”) that expected to benefit from the synergies of the combination. Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying amount may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs of disposal and its value in use. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses related to goodwill cannot be reversed in future periods.

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

Upon disposal of the cash generating unit to which goodwill has been allocated, such goodwill is included in the determination of the profit or loss on disposal.

For the years ended December 31, 2020, 2019 and 2018, goodwill has not suffered any impairment.

Investments in other companies

These are investments in companies in which no significant influence is exercised. Given that these investments have not got a market price quoted in an active securities market and its fair value may not be reliably measured, these investments are measured at the restated cost at the end of the fiscal year minus the impairment losses identified at the end of each fiscal year being reported.

Leases

We adopted IFRS 16 on January 1, 2019. The nature and the effect of the changes as a result of the adoption of this new accounting standard are described in “Note 14 of our consolidated financial statements”.

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

Right of use assets

We recognize 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.

Foreign currency and functional currency

For purposes of the consolidated financial statements, the income/ (loss) and the financial condition of each company are stated in Pesos, considered to be functional currency (the currency of the primary economic environment in which an entity operates) for all the companies with domicile in the Argentina and this is also the currency of presentation of the consolidated financial statements.

For purposes of presentation of our consolidated financial statements, the assets and liabilities from our foreign operations are translated to Pesos at foreign exchange rates prevailing at the end of the reporting period and their statement of profit or loss and other comprehensive income are translated at the average foreign exchange rate for each month, unless the corresponding foreign exchange rate has fluctuated significantly during the month, in which case, the exchange prevailing on the date of the transaction is used. Gain or losses on exchange differences on translation of foreign operations are recognized in other comprehensive income and are accumulated in shareholders' equity (and are attributed to non-controlling interests, as applicable).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the foreign exchange rate prevailing at the end of the reporting period.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Our assets and liabilities denominated in foreign currency are translated to the Pesos at the exchange rates at the end of the reporting period.

Foreign exchange gains / (losses) from monetary items are recognized in profit and loss for the year, net of the effect of inflation, except for those stemming from borrowings denominated in foreign currency to finance qualifying assets, such as construction in progress, in which case, they are capitalized as part of the carrying amount of the asset, as they are considered to be an adjustment to the costs for interest on said borrowings denominated in foreign currency.

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.

Income earned on short-term investments in specific outstanding borrowings to finance the construction of qualifying assets is deducted from the borrowing costs that may qualify for capitalization.

All the other borrowing costs are recognized in profit or loss when incurred, net of the effect of the inflation on the liabilities that generated them.

Taxation

Argentina

Income tax

We assess the income tax charge to be booked in accordance with the deferred tax method, which considers the effect of timing differences originating in the different basis for measuring assets and liabilities according to accounting and tax criteria and of the existing net losses and unused tax credits susceptible of deduction of future taxable income computed by considering the tax rate in force which at present is 30% in Argentina. This tax rate had been set forth by Law No. 27.430 until the fiscal period ended on December 2019, dropping to 25% as from January 1, 2020. Pursuant to the reform introduced by Law No. 27.541, the changes in tax rates that had been prescribed were suspended and a decision was made to maintain the original 30% tax rate up to the fiscal years starting on January 1, 2021 inclusive. A literal interpretation of the reform would be that the last year-end dates that will be subject to the 30% tax rate would be the fiscal years ended on December 31, 2021 (that is, those beginning as from January 1, 2021, inclusive), and that the 25% tax rate would come into force for the fiscal years starting as from January 1, 2022, inclusive. However, the Argentine Congress is currently discussing a draft bill to modify: (i) the corporate tax rate for Argentine entities, by applying a sliding scale from 25% to 35%, depending on the accumulated net income obtained during the given year; and (ii) regardless of the applicable corporate tax rate, in all cases, dividends or profits will be levied at a 7% tax rate. If the bill is enacted, such tax treatment would be applicable for fiscal years starting as of January 1, 2021. See “*Note 3.7.1 of our consolidated financial statements*”.

Current taxes

Current tax payable is based on the taxable profit for the fiscal year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit and loss and other comprehensive income because of items of income, or expenses that are taxable or deductible in other years and items that will never be taxable or deductible. Our liability for current tax is calculated using the tax rates that have been substantially enacted at the end of the reporting period.

Deferred taxes

Deferred tax is recognized on temporary differences between the carrying amount of the assets and liabilities included in the consolidated financial statements and the corresponding amount used in the computation of taxable profit. Deferred tax liabilities are generally recognized, for all the taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences that can be utilized. Such deferred tax

assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amounts of deferred tax assets are reviewed at the end of each fiscal year and derecognized to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at 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 enacted or substantially enacted at the end of the reporting period. Measurement of deferred tax liabilities and deferred tax assets at the end of fiscal year being reported 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.

We offset deferred tax assets and deferred tax liabilities if and only if a) it has legally enforceable right to set off current taxes and current liabilities and b) the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities and we intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where we are able to control the reversal of the temporary difference and it is probable that temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profit against which we can utilize the benefits of temporary differences and they are expected to reverse in the foreseeable future period.

Current and deferred taxes

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

Personal asset tax - Substitute responsible

In Argentina, foreign individuals and entities, as well as their undistributed estates, regardless of whether they are domiciled or located in Argentina or abroad are subject to personal asset tax of 0.25% over of the value of any shares or the American Depositary Shares issued by Argentine entities, held as of December 31 of each year. The tax applies to the Argentine issuers of said shares, who must pay for this tax on behalf for the relevant shareholders and it is based on the equity value (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 Asset Tax Law, we are entitled to obtain a reimbursement of the tax paid from the shareholders levied with the above-mentioned tax through the reimbursement mechanism that we deem advisable.

Tax reform in Argentina

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

With the enactment of Law No. 27,541 “Social Solidarity and Productive Reactivation in the framework of a Public Emergency Situation” on December 21, 2019, there was a change in the computation of the inflation adjustment for tax purposes, with it being fixed at one sixth in the fiscal period and in the remaining five sixths, in equal parts, in the immediately following five fiscal periods.

Given that as of the closing date of the fiscal year ended on December 31, 2020, the conditions have been satisfied for application of the inflation adjustment for tax purposes, current and deferred income tax have been recorded incorporating the effects stemming from their application. See “*Note 3.7.3 of our consolidated financial statements*”.

Revaluation of certain assets for tax purposes

The Tax Reform Law No. 27,430 signed into law by the Argentine Executive Branch on December 29, 2017 enables the exercise of the option to revalue, for tax purposes and on a one-off basis, certain assets owned by the taxpayer and existing at the end of the first fiscal year closed after December 29, 2017, the date of coming into force of the law, continuing afterwards with the adjustment of assets revalued on the basis of percentage variations in the consumer price index supplied by the Argentine Official Statistics Office (INDEC) in line with the scales prepared to that end by the Argentine tax authorities (AFIP). The exercise of the option entails payment of a special tax concerning all the revalued assets in accordance with the tax rates established for each type of asset and confers the right to deduct, upon calculating income tax, a depreciation that incorporates the effects of revaluation.

Those who exercise the option to revalue their assets in accordance with the provisions in Law No. 27.430 must (i) waive their right to commence any court case or administrative proceedings whereby the petitioner claims, with tax purposes, the application of adjustment proceedings in any nature until the date of the first fiscal year whose closing date falls subsequent to the coming into force of this law, and (ii) abandon the actions and rights invoked in proceedings commenced in connection with previously closed fiscal years. Additionally, the computation of the amortization of the revaluation amount or its inclusion as the computable cost of a disposal in the income tax assessment shall entail, for the fiscal year in which such computation is performed, a waiver of any claim for adjustment.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods and services, including capitalized stripping and quarry exploitation costs, or for administrative purposes are recorded at cost restate in constant currency at the end of the reporting period, minus depreciation and any accumulated impairment loss.

Construction in progress for administrative, production, supply or other purposes are carried at cost restated in constant currency at the end of the reporting period, minus any impairment loss already recognized. Cost includes professional fees and borrowing costs on qualifying assets, in accordance with our accounting policies. Depreciation on assets under construction only commences when such assets are ready their intended use.

Property, plant and equipment are depreciated, except for the land and assets under construction, over their estimated 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.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term or and the estimated useful life of the assets.

Land is not subject to depreciation.

Gain or loss from the disposal or write-off of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and it is recognized in the profit and loss.

Intangible assets

Intangible assets with finite useful lives, acquired separately, are carried at cost restated in constant currency at the end of the reporting period, less accumulated depreciation and any accumulated impairment losses.

The estimated useful life and the depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with an indefinite useful life that are separately acquired are carried at cost restated in constant currency at the end of the reporting period, less accumulated impairment losses.

Intangible assets are derecognized when no future economic benefits are expected from their use or disposal. Gains or losses from the derecognition of an intangible asset, is determined as the difference between the net disposal proceeds and the carrying amount of the asset and it is recognized in the profit and loss when the asset is derecognized.

Impairment of tangible and intangible assets

At the end of the reporting period, we review the carrying amounts of our tangible and intangible assets in order to assess if there is any indication that an asset might be impaired.

If any indication exists, we estimate the asset's or CGU's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks that are specific to the asset.

When the carrying amount of an asset or CGU's exceeds its recoverable amount, the asset or CGU's is considered impaired and it is written down to its recoverable amount. Impairment losses are immediately recognized in profit or loss.

A previously recognized impairment loss is reversed, only if there has been a change in the assumptions used to determine the asset's or of the CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset or CGU's does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset or CGU in prior years. Impairment loss reversals are immediately recognized in profit loss.

Inventories

Inventories are stated at the lower of cost restated in constant currency at the end of period and net realizable value. Costs of inventories are determined using the weighted average price method. The net realizable value is the estimated price of sale less estimated costs to conclude such sale. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and spare parts: at cost using the weighted average price method. Cost is determined at each of our plants.
- Finished goods and work in progress: at the 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 is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. In assessing recoverable amounts of inventories, slow-moving inventories are also considered.

Provisions

We recognize provisions when we have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Estimated amounts of the obligation are based on the expected outflows that will be required to settle such obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

When we expect some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset (a receivable), but only when the reimbursement is virtually certain and the amount of the receivable can be reliably measured.

We use the opinion of our legal advisers to determine if a provision should be recorded as well as to estimate the amounts of the obligations.

Environmental restoration

According to legal provisions and internal policies and practices, the land used for mining and quarries are subject to environmental restoration.

In this context, provisions are recognized in those cases that they could be determined, 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 estimated present value of the asset retirement obligation is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset, subject to depreciation. The liability recorded is increased each fiscal period due to the unwinding of the discount and this change is charged to net profit or loss. The asset retirement 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 estimated undiscounted costs. Increases or decreases in the obligation other than the unwinding of the discount will result in a corresponding change in the carrying amount of the related asset. Actual costs incurred upon settlement of the asset retirement obligation are charged against the asset retirement obligation to the extent of the liability recorded. We discount 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 each reporting period in order to reflect the discount rates in effect at that time.

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

Financial instruments

Financial assets and financial liabilities are recognized when we become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly 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 added or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Interest and financial income are recognized to the extent the effective interest rate is accrued.

Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which we have applied the practical expedient, we initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which we have applied the practical expedient are measured at the transaction price.

According to the provisions under IFRS 9 “Financial instruments”, we classify for purposes of subsequent measurement our 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 whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In addition, for the assets that satisfy the conditions mentioned above, IFRS 9 provides the option of designating at the time of initial recognition, an asset as measured at reasonable value if in doing so it eliminates or significantly reduces an inconsistency in valuation or recognition that would have arisen if the valuation of the assets or liabilities or the recognition of their income or loss were effected on different bases.

We have not designated any financial asset at fair value using this option. As of December 31, 2020, our financial assets at amortized cost comprise certain cash and cash equivalent elements, accounts receivable, trade and other receivables.

Financial assets at fair value through profit or loss

If one of the criteria mentioned above were not satisfied, the financial asset is classified as an asset measured at “fair value through profit or loss”.

Financial assets at fair value through profit or loss are carried in our consolidated statement of financial position at fair value with net changes in fair value recognized in our consolidated statement of profit or loss and other comprehensive income.

As of December 31, 2020 and 2019, our financial assets at fair value through profit or loss comprise mutual funds, classified as current investments.

Recognition and measurement

Financial assets at amortized cost are initially recognized at fair value plus transaction costs. Financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. We reclassify all investments in debt instruments only when there is a change in the business model used to manage said assets.

Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are recognized as expenses in profit or loss and other comprehensive income. Financial assets at fair value through profit or loss are carried at fair value, with net changes in fair value recognized in profit or loss. Gains and losses on the sale of financial assets at fair value through profit or loss are also recognized in profit or loss in “Financial results, net” in the statement of profit or loss or other comprehensive income. We typically use the transaction price to determine the fair value of a financial instrument at the time of initial recognition.

Derecognition

Purchases and sales of financial assets are recognized on the date when we undertake to purchase or sell the asset. The financial assets are de-recognized when:

- The rights to receive cash flows from the asset have expired, or
- We have transferred our rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either: a) we have transferred substantially all risks and rewards of the asset or b) we have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Upon derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Upon derecognition of a financial asset other than in its entirety (e.g. when we retain an option to repurchase part of a transferred asset), we allocate the previous carrying amount of the financial asset between the part we continue to recognize under continuing involvement, and the part we no longer recognized on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial asset impairment

At the end of each fiscal year, we assess if there is objective evidence of impairment of a financial asset or group of financial assets measured at amortized cost. Impairment is recorded only if there is objective evidence of the impairment as a consequence of one or more events occurred after the initial recognition of the asset and said impairment may be reliably measured.

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 book value of the asset and the present value of estimated future cash flows (to the exclusion of future loan losses not incurred) discounted at the original effective interest rate of the financial asset. The book value of the asset is written down and the amount of the loss is recognized in the consolidated statement of profit or loss and other comprehensive income. As a practical measure, we may measure impairment on the basis of the fair value of an instrument, using an observable market price. If, in a subsequent period, the impairment amount decreases and such reduction is related to an event taking place after the original impairment, the reversal of the impairment loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instrument

Financial assets and financial liabilities are offset if there is a currently enforceable legal right to offset the recognized amounts and when there is an intent to settle on a net basis, to realize the asset and settle the liability simultaneously.

Ferrocarril Roca Management Trust

The 100% ownership interest in the Ferrocarril Roca Management Trust is recorded at cost, which is the amount of the contributions made, net of trust expenses plus net financing profit 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 an impairment allowance at the end of this fiscal year. See “Note 3.15 of our consolidated financial statements”.

The entity is not controlled by Ferrosur Roca S.A. See “Note 38 of our consolidated financial statements”.

Financial liabilities and equity instruments

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.

Equity instruments

An equity instrument consists in a contract evidencing a residual ownership interest over an entity’s net assets. Equity instruments issued by us at the amount of proceeds receivable, net of direct issuance costs.

The repurchase of our own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss stemming from purchases, sales, issuance or cancellation of our own equity instruments. See “*Note 3.16 of our consolidated financial statements*”.

Note 3.16 of our consolidated financial statements disclose the valuation and classification criterion for all individual equity accounts, including non-controlling interest.

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. Financial liabilities are classified as held for trading if:

- a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- b) It is part of a portfolio of identified financial instruments that are managed together and, at a later date, there arises evidence for the first time of a recent actual pattern of short-term profit taking; or
- c) It is a derivative, except for a derivative that is a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are recorded at fair value, with any gains or losses arising from the remeasurement being recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability and is included in other financial results. Fair value is determined as described in Note 33 of our consolidated financial statements.

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 embedded derivatives, and IFRS 9 allows the entire combined contract to be carried at fair value through profit and loss.

We have no financial liabilities measured at fair value to be presented in the statement of financial position.

Other financial liabilities:

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

Subsequent to initial recognition, other financial liabilities are then measured at amortized cost using the effective interest rate method, with interest expenses recognized based on actual return.

Financial liabilities 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.

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 rate differences" (see Note 10 of our consolidated financial statements) under the "Financial results net" in the statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities:

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

Short- and long-term employee benefits

Liabilities are recognized for the benefits accrued in favor of employees with respect to the 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 (termination payment plans, which stem from plans that are specific to the employees who leave the company and receive a compensation agreed to be paid in installments) are measured at the present value of estimated future cash outflows expected to be realized.

On January 24, 2018, our Board of Directors approved the implementation of an incentive program calculated on the basis of our ADS (the "Program"). See "Item 6.B Directors, Senior Management and Employees – Compensation – Long-Term Incentive Program". The purpose of this Program is to attract and retain certain high-ranking employees who satisfy certain admissibility criteria, in the search for aligning the company's and its shareholders' long-term interest.

At the end of the reporting period of these annual report, such Program has been deployed and implemented. A liability has been recorded to reflect the fair value of the transactions involving stock-based payments as they are settled in cash. Such fair value is determined at the opening date and at every reporting period of the fiscal year until the date when the plan is settled. To calculate fair value, it is the Black-Scholes method that is used. Fair value is recorded as an expense in the period in which the right becomes irrevocable. Changes in fair value are recognized in the fair value in the "Salaries, wages and social security contributions" caption of the consolidated statement of profit or loss and other comprehensive income and the related liability in the caption "Salaries and social security payables" in the consolidated statement of financial position. See "Note 19 of our consolidated financial statements".

Stripping costs and quarry exploitation

As part of its mining operations, we incur stripping (waste removal) costs during the initial development phase of the open-pit quarries and production phase of our operations. Stripping costs incurred in the developments phase are capitalized as part of the cost of construction of the mine in property, plant and equipment, and are subsequently depreciated over its estimated useful life using the units of production method. Under the units of production method, we use the estimated proven reserves in the denominator. The proven reserves estimate is reviewed periodically, and any adjustment is applied prospectively. Extraction costs incurred during the production phase of a surface mine (production stripping) are considered part of the inventory production costs.

In the ordinary course of our business, we undertake 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. These costs are recognized as an expense in the period when these are incurred.

Mineral rights acquired in connection with the right to explore existing exploration areas are capitalized and amortized during the term of the right. As soon as a legal right has been acquired to explore, exploration and evaluation costs are expensed as incurred to profit or loss, unless the Group's Management concludes 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.

Capitalized stripping and exploration and evaluation costs are subject to impairment testing. In the case of determining a potential impairment indicator, we carry 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.

Components of Certain Statement of Profit or Loss and Other Comprehensive Income Line Items**Revenues**

Our revenues is derived by deducting discounts to clients from our gross sales revenue. Most of our gross sales revenue is denominated in pesos and is derived primarily from our sale of cement products, concrete, aggregates and railway services.

Cost of Sales

Our cost of sales consists of electrical power, manual labor, contractors, depreciation and amortization, freight, packaging and other costs. The following table sets forth the approximate percentage of our total cost of sales that each such component represented for the years ended December 31, 2020, 2019 and 2018.

	For the Year Ended December 31,		
	2020	2019	2018
	(in percentages)		
Salaries, wages and social security charges	17.6	18.8	18.0
Depreciation	12.5	10.2	10.0
Thermal energy	11.1	16.6	16.8
Electrical power	9.3	10.5	10.7
Preservation and maintenance costs	9.3	9.5	10.2
Freight	7.0	7.1	8.1
Contractors	6.6	7.9	7.9
Packaging	4.9	3.9	3.6
Fees and compensation for services	2.1	1.9	1.8
Taxes, contributions and commissions	2.0	1.8	1.6
Security	0.7	0.6	0.6
Transport and travelling expenses	0.7	0.7	0.8
Employee benefits	0.4	0.4	0.4
Tolls	0.4	0.0	0.0
Insurance	0.3	0.3	0.2
Canon (concession fee)	0.1	0.1	0.1
Communications	0.1	0.1	0.1
Leases	0.1	0.2	0.2
Data processing	0.0	0.1	0.1
Water, natural gas and energy services	0.0	0.0	0.0
Others	1.3	1.3	1.2
Production expenses	86.5	92.0	92.5
Cost of sales	100	100	100

Selling and Administrative Expenses

Our selling and administrative expenses consist of salaries, benefits and expenses paid to or on behalf of our sales force, advertising and marketing expenses, certain taxes, delivery services and other expenses. The following table sets forth the approximate percentage of our selling expenses that each such component represented for the years ended December 31, 2020, 2019 and 2018.

	For the Year Ended December 31,		
	2020	2019	2018
	(in percentages)		
Taxes, contributions and commissions	25.4	26.2	29.8
Salaries, wages and social security charges	24.8	29.3	28.8
Freight	13.2	9.9	11.2
Managers, directors and trustees' fees	8.4	8.5	5.5
Fees and compensation for services	8.4	6.1	6.9
Depreciation and amortization	8.3	6.1	3.4
Advertising expenses	2.2	2.2	2.2
Insurance	2.2	1.5	1.4
Data processing	1.8	2.0	1.8
Employee benefits	1.0	1.0	1.3
Communications	0.9	0.9	0.9
Transport and travelling expenses	0.6	1.5	1.4
Leases	0.4	0.6	2.3
Preservation and maintenance costs	0.3	0.5	0.4
Security	0.2	0.2	0.2
Allowance for doubtful accounts	0.2	1.7	0.2
Water, natural gas and energy services	0.1	0.1	0.1
Others	1.7	1.7	2.0
Total selling and administrative expenses	100	100	100

Financial results, net

Our financial results principally reflects: (1) interest payments in respect of our short- and long-term indebtedness; (2) income from our financial investments; (3) unwinding on liabilities and receivables; (4) foreign exchange variations related to our foreign currency-denominated indebtedness; (5) fees, commissions and other charges paid to financial institutions for borrowings; and (6) gain or loss on net monetary position. The non-cash components of our financial income (expenses), net, include foreign exchange variation. For a description of our outstanding indebtedness as of December 31, 2020, see “-Liquidity and Capital Resources-Indebtedness and Financing Strategy”.

Income Tax Expense

Income tax expense includes current and deferred taxes. Current income tax is measured as the amount expected to be paid (or recovered, to the extent applicable) to tax authorities based on the taxable profit for the period. Deferred taxes includes the effect of temporary differences originating in the different basis for measuring assets and liabilities according to accounting and tax criteria and of the existing net losses and unused tax credits susceptible of deduction of future taxable income computed by considering the tax rate.

Results of Operations

In the following discussion, references to increases or decreases in any period are made by comparison with the prior period, except as the context otherwise indicates. For a reconciliation of the operating results of our operating segments for the periods indicated to our consolidated results of operations, see “Note 32 to our audited consolidated financial statements included elsewhere in this annual report”.

Due to the transaction described in “Item 4.A — History and Development of the Company”, the company classified the results associated with the operation of Yguazú Cementos S.A. as a discontinued operation, which represented the entire cement operating segment in Paraguay until August 21, 2020. With such results classified as discontinued transactions, the cement segment in Paraguay is no longer presented in the segment note. In addition, the balances and results as of December 31, 2019 and 2018, which are presented for comparative purposes and which arise from the consolidated financial statements as of such date, have certain reclassifications related to the aforementioned sale of interest for purposes of comparative presentation with those of the current period.

Year Ended December 31, 2020, compared to the Year Ended December 31, 2019

The following table sets forth our statement of profit or loss and other comprehensive income for 2020 and 2019:

	For the Year Ended December 31,		Variation	
	2020	2019	Amount	(%)
	(in millions of Ps., except percentages)			
Revenues	41,623.3	47,753.1	(6,129.8)	-12.8
Cost of sales	(29,026.4)	(34,706.2)	5,679.8	-16.4
Gross profit	12,596.9	13,046.9	(450.1)	-3.4
Share of loss of associates	(403.8)	0.0	(403.8)	n/a
Selling and administrative expenses	(3,454.6)	(3,805.2)	350.6	-9.2
Impairment of property, plant and equipment	(947.0)	0.0	(947.0)	n/a
Other gains and losses	147.2	61.2	86.0	140.4
Tax on debits and credits to bank accounts	(489.4)	(549.8)	60.4	-11.0
Finance costs, net				
Exchange rate differences				-
	1,655.3	(1,625.3)	3,280.6	201.8
Gain on net monetary position	839.1	1,517.8	(678.7)	-44.7
Financial income	81.6	82.2	(0.6)	-0.7
Financial expenses	(1,508.2)	(2,042.7)	534.4	-26.2
Profit before taxes	8,517.1	6,685.1	1,831.9	27.4
Income tax expense				
Current	(2,387.1)	(1,423.9)	(963.2)	67.6
Deferred				-
	123.6	(776.3)	899.8	115.9
Net profit from continuing operations	6,253.5	4,485.0	1,768.5	39.4
Income from discontinued operations	5,128.6	1,020.3	4,108.3	402.7
Net profit	11,382.1	5,505.3	5,813.4	106.8

Revenues

Our revenues decreased Ps.6,130 million, or 12.8%, from Ps.47,753 million in 2019 to Ps.41,623 million in 2020, mainly due to the sales volume decline of 5.6%, 62.5%, 47.8% and 15.2% in our cement, masonry cement and lime segment in Argentina, concrete segment, aggregates segment and railroad segment, respectively. This was partially offset by a 0.9% sales price increase in cement, masonry and lime.

- Cement, masonry cement and lime segment: Revenues from our cement, masonry cement and lime segment, without considering the eliminations between segments, decreased Ps.1,892 million, from Ps.39,891 million in 2019 to Ps.37,999 million in 2020, mainly due to the decrease of 5.6% in sales volume, mostly explained by COVID-19 pandemic impacts, and partially offset by an average sales price increase of 0.9%.

- **Concrete segment:** Revenues from our concrete segment decreased Ps.4,740 million, from Ps.6,775 million in 2019 to Ps.2,035 million in 2020, mainly due to decrease of 62.5% in sales volume, heavily affected by the COVID-19 lock-down and economic uncertainty impacting major private and public projects, coupled with a lower average sales price of 19.9% as a consequence of softer demand.
- **Railroad segment:** Revenues from our railroad segment, without considering the eliminations between segments, decreased Ps.1,369 million, from Ps.4,964 million in 2019 to Ps.3,596 million in 2020, mainly due to a decrease of 15.2% in sales volume, mainly as a consequence of the drop in the frac-sand and building materials transported volumes and a decline of 14.6% in the average sales price.
- **Aggregates segment:** Revenues from our aggregates segment, without considering the eliminations between segments, decreased Ps.441 million, from Ps.843 million in 2019 to Ps.402 million in 2020, mainly due to a decline of 47.8% in sales volume and an average price decrease of 8.6%.
- **Others segment:** Revenues from Recycomb S.A.U., without considering the eliminations between segments, decreased Ps.57 million, from Ps.260 million in 2019 to Ps.203 million in 2020.

Cost of sales

Our cost of sales decreased Ps.5,680 million, or 16.4%, from Ps.34,706 million for 2019 to Ps.29,026 million for 2020, mostly as a consequence of the lower volume sales. Main contributors to our cost of sales decreased during the period were (1) Ps.2,564 million and Ps.928 million reduction in thermal and electricity energy costs, respectively, as a consequence of lower sales volume and lower unitary costs in US dollars; (2) a Ps.1,421 million in lower salaries, wages and social security charges (3) tighter cost control in contractor charges of Ps.828 million related to the COVID-19 pandemic, and Ps.581 million in preservation and maintenance costs due to an adjustment of the main equipment's overhauling schedule (4) and a Ps.438 million decrease in freights.

The following table sets forth the reconciliation of our production costs to our cost of sales for the years indicated:

	As of and for the Year Ended December 31,	
	2020	2019
	(in millions of Ps.)	
Purchases and production expenses for the year	28,043.5	34,796.2
(+) Inventories at the beginning of the year	8,630.8	8,540.7
(-) Inventories at the end of the year	7,647.9	8,630.8
Cost of sales	29,026.4	34,706.2

The cost of sales of our segments is set forth below, eliminations between segments are not considered:

- **Cement, masonry cement and lime segment:** Cost of sales from our cement, masonry cement and lime segment decreased Ps.3,151 million, or 11.6%, from Ps.27,065 million for 2019 to Ps.23,914 million for 2020. Cost of sales decreased, mainly due to a reduction in (1) thermal and electricity cost, as a consequence of lower sales volume and lower unitary costs in US dollars, (2) salaries, wages and social security charges (3) in freight cost, as a consequence of a lower need of outbound and inbound transportation, and (4) contractor charges related to tighter cost control during the beginning of COVID-19 pandemic, and lower costs in preservation and maintenance costs due to an adjustment of the main equipment's overhauling schedule.

- *Concrete segment:* Cost of sales from our concrete segment declined Ps.3,652 million, or 55.0%, from Ps.6,640 million in 2019 to Ps.2,988 million in 2020, mainly reflecting a decrease in variable costs due to lower sales volume.
- *Railroad segment:* Cost of sales from our railroad segment decreased Ps.836 million, or 17.3%, from Ps.4,846 million in 2019 to Ps.4,010 million in 2020, mainly impacted by a lower transported volume coupled with a lower salaries, wages and social security charges, as a consequence of managerial actions and governmental assistance.
- *Aggregates segment:* Cost of sales from our aggregates segment decreased Ps.369 million, or 38.9%, from Ps.947 million in 2019 to Ps.578 million in 2020, mainly reflecting a decrease in variable costs due to lower sales volume and lower preservation and maintenance, and salaries, wages and social security charges.
- *Others segment:* Cost of sales from Recycomb S.A.U. segment decreased Ps.40 million, or 21.5%, from Ps.188 million in 2019 to Ps.147 million in 2020 mainly due to lower sales volume and salaries, wages and social security charges.

Gross profit

As a result of the foregoing, our gross profit decreased Ps.450 million, or 3.4%, from Ps.13,047 million in 2019 to Ps.12,597 million in 2020. Our gross margin (gross profit divided by revenues and expressed as a percentage) was expanded by 294 basis points from 27.3% in 2019 to 30.3% in 2020.

Selling and administrative expenses

Our selling and administrative expenses decreased Ps.351 million, or 9.2%, from Ps.3,805 million in 2019 to Ps.3,455 million in 2020, mainly due to (1) a reduction in salaries, wages and social security charges (2) a reduction in the turnover tax, as a consequence of lower revenues.

Other gains and losses

Our other gains and losses were Ps.147 million in 2020, increasing Ps.86 million, or 140.4%, from Ps.61 million in 2019, which included a gain from the amendment to the ADSs program agreement with the exclusive depositary and lease income, jointly with other miscellaneous losses.

Tax on bank accounts debits and credits

Our tax on bank accounts debits and credits decreased Ps.60 million, or 11.0%, from Ps.550 million in 2019 to Ps.489 million in 2020, related to the volume of monetary transactions carried out the respective fiscal year.

Financial results, net

Our financial results improved Ps.3,136 million, from Ps.2,068 million (loss) in 2019 to Ps.1,068 million (gain) for 2020, principally due to (1) an improved of Ps.3,281 million from exchange rate differences, (2) a declined of Ps.534 million in losses from financial expenses, which was partially offset by a decrease in gain on net monetary position of Ps.679 million.

Our financial expenses decreased Ps.534 million, or 26.2%, from Ps.2,043 million for 2019 to Ps.1,508 million in 2020, mainly due to lower interest of Ps.704 million, reflecting a decrease in the average debt position, due to the prepayment of our pesos denominated debt due to the cash inflows from the sale of our share in Yguazú Cementos S.A.

Our financial income decreased Ps.0.6 million, or 0.7%, from Ps.82.2 million for 2019 to Ps.81.6 million for 2020.

Income tax expense

Our income tax expense increased Ps.1,485 million, or 64.7%, from Ps.2,296 million for 2019 to Ps.3,781 million for 2020. The effective tax rate was 24.9% for 2020 and 29.4% in 2019.

The following table presents our effective tax rate reconciliation for each period.

	For the year ended December 31,	
	2020	2019
	(amounts in millions of Ps.)	
Profit from continuing operations before income tax expense	8,517.1	6,685.1
Profit from discontinued operations before income tax expense	6,645.7	1,116.1
Statutory rate	30%	30%
Income tax at statutory rate	(4,548.8)	(2,340.4)
Adjustments for calculation of the effective income tax:		
Effect of derecognition of Yguazú Cementos S.A.	642.6	223.2
Impairment of tax losses recognized in Ferrosur Roca S.A.	(160.9)	0.0
Effects of the fiscal revaluation and adjustment to reflect inflation for accounting and tax purposes	187.2	205.5
Change in tax rate ⁽¹⁾	122.1	(383.2)
Other non-taxable income or non-deductible expense net	(22.9)	(1.1)
Income tax expense	(3,780.6)	(2,295.9)
Income tax expense		
Current	(3,897.3)	(1,502.0)
Deferred	116.7	(793.9)
Total	(3,780.6)	(2,295.9)
Income tax expense included in continuing operations	(2,263.5)	(2,200.1)
Income tax expense included in discontinued operations	(1,517.1)	(95.8)

- (1) Law No. 27.430 had set forth for the tax periods commencing as from January 1, 2020 that the tax rate payable by corporations as income tax would decrease from 30% to 25% and that the additional tax on dividends or earnings that are distributed to individuals in Argentina and abroad and foreign legal entities would rise from 7% to 13%. The Law No. 27,541 postpones such change in tax rates and maintains the original 30% and 7% tax rates until the fiscal years starting on January 1, 2021, inclusive.

Our current income tax increased Ps.2,395 million, or 159.5%, from Ps.1,502million in 2019 to Ps.3,897 million in 2020, mainly explained by the extraordinary income from the sale of our share in Yguazú Cementos S.A.

Our deferred income tax decreased Ps.911 million, from a loss of Ps.794 million in 2019 to a gain of Ps.117 million in 2020, mainly due to the impact of change in tax rate and the application of the inflation adjustment for tax purposes.

Net profit

As a result of the foregoing, our net profit increased Ps.5,877 million, or 106.8%, from Ps.5,505 million in 2019 to Ps.11,382 million in 2020. Our net margin (net profit divided by revenues and expressed as a percentage) increased by 1,582 basis points, from 11.5% in 2019 to 27.3% in 2020.

Our net profit from continuing operations increased Ps.1,769 million, or 39.4%, from Ps.4,485 million in 2019 to Ps.6,254 million in 2020, mainly explained by a gain on financial results, net.

Year Ended December 31, 2019, compared to the Year Ended December 31, 2018

The following table sets forth our statement of profit or loss and other comprehensive income for 2019 and 2018:

	For the Year Ended December 31,		Variation	
	2019	2018	Amount	(%)
	(in millions of Ps., except percentages)			
Revenues	47,753.1	51,238.2	(3,485.1)	-6.8
Cost of sales	(34,706.2)	(38,393.4)	3,687.3	-9.6
Gross profit	13,046.9	12,844.7	202.2	1.6
Selling and administrative expenses	(3,805.2)	(3,865.5)	60.3	-1.6
Other gains and losses	61.2	205.7	(144.5)	-70.2
Tax on debits and credits to bank accounts	(549.8)	(532.4)	(17.4)	3.3
Finance costs, net				
Exchange rate differences	(1,625.3)	(2,584.5)	959.2	-37.1
Gain on net monetary position	1,517.8	447.6	1,070.2	239.1
Financial income	82.2	56.8	25.4	44.7
Financial expenses	(2,042.7)	(927.0)	(1,115.7)	120.4
Profit before taxes	6,685.1	5,645.5	1,039.6	18.4
Income tax expense				
Current	(1,423.9)	(2,151.5)	727.6	-33.8
Deferred	(776.3)	(152.7)	(623.6)	408.4
Net profit from continuing operations	4,485.0	3,341.4	1,143.6	34.2
Income from discontinued operations	1,020.3	743.7	276.6	37.2
Net profit	5,505.3	4,085.1	1,420.2	34.8

Revenues

Our revenues decreased Ps.3,485 million, or 6.8%, from Ps.51,238 million in 2018 to Ps.47,753 million in 2019, mainly due to the sales volume decline of 10.6%, 25.1% and 5.8% in our cement, masonry cement and lime segment, concrete segment and railroad segment, respectively. This was partially offset by a 8.0% sales price increase in cement, masonry and lime.

- **Cement, masonry cement and lime segment:** Revenues from our cement, masonry cement and lime segment, without considering the eliminations between segments, decreased Ps.1,408million, from Ps.41,299 million in 2018 to Ps.39,891.301 million in 2019, mainly due to the decrease of 10.6% in sales volume, mostly explained by the general economic contraction, and partially offset by an average sales price increase of 8.0%.
- **Concrete segment:** Revenues from our concrete segment decreased Ps.2,470 million, from Ps.9,245 million in 2018 to Ps.6,775 million in 2019, mainly due to decrease of 25.1% in sales volume, reflecting a lower execution of public and private infrastructure projects, coupled with a lower average sales price of 2.2% as a consequence of the construction sector dynamic.
- **Railroad segment:** Revenues from our railroad segment, without considering the eliminations between segments, decreased Ps.455 million, from Ps.5,419 million in 2018 to Ps.4,964 million in 2019, mainly due to a decrease of 5.8% in sales volume, mainly as a consequence of the drop in the construction activity in Argentina and a decline of 2.7% in the average sales price.
- **Aggregates segment:** Revenues from our aggregates segment, without considering the eliminations between segments, increased Ps.3 million, from Ps.840 million in 2018 to Ps.843 million in 2019, mainly due to an average price increase of 0.3%.
- **Others segment:** Revenues from Recycomb S.A.U., without considering the eliminations between segments, decreased Ps.40 million, from Ps.300 million in 2018 to Ps.260 million in 2019.

Cost of sales

Our cost of sales decreased Ps.3,687 million, or 9.6%, from Ps.38,393 million for 2018 to Ps.34,706 million for 2019, mainly as a consequence of the lower sales volume. Additionally, other factors that contributed to our cost of sales decreased during the period were (1) Ps.662 million and Ps.460 million reduction in thermal and electricity energy costs, respectively, as a consequence of lower sales volume and lower unitary costs in US dollars; (2) Ps.656 million decrease in freights (3) and a Ps.637 million in preservation and maintenance costs.

The following table sets forth the reconciliation of our production costs to our cost of sales for the years indicated:

	As of and for the Year Ended December 31,	
	2019	2018
	(in millions of Ps.)	
Purchases and production expenses for the year	34,796.2	39,626.1
(+) Inventories at the beginning of the year	8,540.7	7,308.1
(-) Inventories at the end of the year	8,630.8	8,540.7
Cost of sales	<u>34,706.2</u>	<u>38,393.4</u>

The cost of sales of our segments is set forth below:

- **Cement, masonry cement and lime segment:** Cost of sales from our cement, masonry cement and lime segment decreased Ps.1,903 million, or 6.6%, from Ps.28,969 million for 2018 to Ps.27,065 million for 2019, mainly due to the lower sales volume, together with a reduction in (1) thermal and electricity cost, positively impacted by lower unitary costs, (2) a reduction in freight cost, as a consequence of a lower need of outbound and inbound transportation, (3) a decline in preservation and maintenance requirements mainly related to the reconversion of Barker and San Juan, and (4) a lower salaries, wages and social security charges, which were partially offset by non-recurrent costs related to the production footprint adequacy measures.

- **Concrete segment:** Cost of sales from our concrete segment decreased Ps.2,155 million, or 24.5%, from Ps.8,795 million for 2018 to Ps.6,640 million for 2019 mainly due to lower sales volume, reflecting a decrease in variable and fixed costs.
- **Railroad segment:** Cost of sales from our railroad segment decreased Ps.441 million, or 8.3%, from Ps.5,287 million for 2018 to Ps.4,846 million for 2019 mainly impacted by a lower transported volume coupled with a lower salaries, wages and social security charges.
- **Aggregates segment:** Cost of sales from our aggregates segment decreased Ps.81 million, or 7.9%, from Ps.1,028 million for 2018 to Ps.947 million for 2019 mainly due to an increase in preservation, maintenance, and contractor costs.
- **Others segment:** Cost of sales from Recycomb S.A.U. segment increased Ps.8 million, or 4.5%, from Ps.180 million for 2018 to Ps.188 million for 2019 mainly due higher cost of preservation, maintenance, leases, and depreciation and amortization costs.

Gross profit

As a result of the foregoing, our gross profit increased Ps.202 million, or 1.6%, from Ps.12,845 million in 2018 to Ps.13,047 million in 2019. Our gross margin (gross profit divided by revenues and expressed as a percentage) was expanded by 225 basis points from 25.1% in 2018 to 27.3% in 2019.

Selling and administrative expenses

Our selling and administrative expenses decreased Ps.60 million, or 1.6%, from Ps.3,865 million for 2018 to Ps.3,805 million for 2019, mainly due to (1) a reduction in the turnover tax, as a consequence of lower revenues and a decrease in the tax rate (2) a reduction in freights costs due to the lower sales volume; and (3) a reduction in salaries, wages and social security charges despite the non-recurrent costs related to the adequacy of our sales and administrative structure.

Other gains and losses

Our other gains and losses were Ps.61 million in 2019, decreasing Ps.145 million, or 70%, from Ps.206 million for 2018, which included a gain in 2018 from the amendment to the ADSs program agreement with the exclusive depository and the increase in 2019 of the lease income.

Tax on bank accounts debits and credits

Our tax on bank accounts debits and credits increased Ps.17 million, or 3.3%, from Ps.532 million for 2018 to Ps.550 million for 2019, related to the volume of monetary transactions carried out the respective fiscal year.

Financial results, net

Our financial loss, net decreased Ps.939 million, or 31.2%, from a loss of Ps.3,007 million for 2018 to a loss of Ps.2,068 million for 2019, principally due to (1) a higher gain on net monetary position of Ps.1,070 million and (2) a declined of Ps.959 million in losses from exchange rate differences, which was partially offset by an increase in financial expenses of Ps.1,116 million, with an increase in financial income of Ps.25 million.

Our financial expenses increased Ps.1,116 million, or 120.4%, from a loss of Ps.927 million for 2018 to a loss of Ps.2,043 million for 2019, mainly due to higher interest of Ps.833 million, reflecting an increase in both interest rate and average debt position, related to the expansion project in L'Amali plant.

Our financial income increased Ps.25 million, or 44.7%, from Ps.57 million for 2018 to Ps.82 million for 2019.

Income tax expense

Our income tax expense decreased Ps.104 million, or 4.5%, from Ps.2,304 million for 2018 to Ps.2,200 million for 2019. The effective tax rate was 32.9% for 2019 and 40.8% in 2018.

The following table presents our effective tax rate reconciliation for each period.

	For the year ended December 31,	
	2019	2018
	(amounts in millions of Ps.)	
Profit from continuing operations before income tax expense	6,685.1	5,645.5
Profit from discontinued operations before income tax expense	1,116.1	810.2
Statutory rate	30%	30%
Income tax at statutory rate	(2,340.4)	(1,936.7)
Adjustments for calculation of the effective income tax:		
Effect of sale of Yguazú Cementos S.A.	223.2	162.0
Tax revaluation and inflation adjustment for accounting and tax	205.5	(610.1)
Change in tax rate(1)	(383.2)	(11.4)
Other non-taxable income or non-deductible expense net	(1.1)	25.5
Income tax expense	(2,295.9)	(2,370.6)
Income tax expense		
Current	(1,502.0)	(2,197.7)
Deferred	(793.9)	(172.9)
Total	(2,295.9)	(2,370.6)
Income tax expense included in continuing operations	(2,200.1)	(2,304.2)
Income tax expense included in discontinued operations	(95.8)	(66.5)

- (1) Law No. 27.430 had set forth for the tax periods commencing as from January 1, 2020 that the tax rate payable by corporations as income tax would decrease from 30% to 25% and that the additional tax on dividends or earnings that are distributed to individuals in Argentina and abroad and foreign legal entities would rise from 7% to 13%. The Law No. 27,541 postpones such change in tax rates and maintains the original 30% and 7% tax rates until the fiscal years starting on January 1, 2021, inclusive.

Our current income tax decreased Ps.695 million, or 31.6%, from Ps.2,198 million for 2018 to Ps.1,502 million for 2019, mainly due to Tax revaluation and inflation adjustment for accounting and tax purposes.

Our deferred income tax increased Ps.621 million, from Ps.173 million in 2018 to Ps.794 million in 2019, mainly due to the impact of change in tax rate and the application of the inflation adjustment for tax purposes during 2019.

Net profit

As a result of the foregoing, our net profit increased Ps.1,420 million, or 34.8%, from Ps.4,085 million for 2018 to Ps.5,505 million for 2019. Our net margin (net profit divided by revenues and expressed as a percentage) increased by 356 basis points, from 8.0% for 2018 to 11.5% for 2019.

Our net profit from continuing operations increased Ps.1,144 million, or 34.2%, from Ps.3,341 million in 2018 to Ps.4,485 million in 2019, mainly explained by a gain on financial results, net.

B. Liquidity and Capital Resources

Our financial condition and liquidity is and will be influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness and the interest that we are obligated to pay on our indebtedness, which affect our net financial expenses;
- prevailing domestic and international interest rates, which affect our debt service requirements; and
- our capital expenditure requirements, which consist primarily of investments in our operations, maintenance, equipment and plant facilities.

Our principal cash requirements consist of the following:

- working capital requirements;
- the servicing of our indebtedness; and
- capital expenditures related to investments in our operations, maintenance, equipment and plant facilities.

During 2020, we used cash flow generated by our continuing operations and the sale of our share of Yguazú Cementos S.A, primarily for capital expenditures, working capital needs, reducing our debt and for the payment of a dividend. As of December 31, 2020, our cash and cash equivalents (defined as cash and banks and short-term investments) was Ps.4,376 million, and we had a negative working capital (defined as current assets less current liabilities) of Ps.1,205 million, mainly as a consequence of short-term debt and accounts payable. We expect that this deficit of working capital will be compensated with the future regular operational cash flows generated from its business.

We believe that our cash and cash equivalents on hand, cash from operations and borrowings that we believe are available to us, will be adequate to meet our capital expenditure requirements and liquidity needs for the foreseeable future. We implement liquidity risk management practices, keeping cash and other liquid instruments, as well as available funds. Given the nature of our principal economic activity, which drives predictable cash flows, we can operate with negative working capital. This condition is not related to insolvency, but rather to a strategic management decision. We may require additional capital to meet our long-term liquidity objectives and future growth requirements. Although we believe that we have adequate sources of liquidity (see *“Note 25 to our audited consolidated financial statements”*), weaker economic conditions could adversely affect our business, results of operations and financial condition. In addition, if we are unable to access the capital markets to finance our operations in the future, this could adversely affect our ability to obtain additional capital to grow our business.

Capital Expenditures

We expected to invest approximately US\$350 million from 2017 to 2021 in the expansion of our L’Amali plant, to increase our production capacity to meet expected additional demand for our products. The timing of the incurrence of these capital expenditures may be affected by our results of operations, our leverage ratios, available financing and market conditions. As of December 31, 2020, we have invested approximately Ps.22,490 million in the construction of the L’Amali plant. All the expenditures already incurred and the Company’s contracts in place for such constructions, as well as all related liabilities, have been recorded in the Company’s financial statements at fiscal year-end in accordance with IFRS.

As of the date of this annual report the works are in progress and close to completion. Clinker production is expected to begin by May 2021, and full commission is scheduled for second semester this year.

See “Item 3.D Risk Factors—Risks Relating to Argentina—The measures taken or to be implemented by the Argentine government in response to the COVID-19 pandemic may cause adverse effect on our business and operations” and “Item 3.D Risk Factors—Risks Relating to Our Industry and Business—Public health threats or outbreaks of communicable diseases, including the COVID-19, have had and will likely continue to have an adverse effect on our operations and financial results”.

COVID-19 Virus Impact

As of the date of this annual report, we cannot determine the impact of the COVID-19 virus on the actual amount and timing of our future capital expenditures. However, these could be materially lower than our estimates as a result of the spread of virus continues to negatively impact demand for our products and our operations. See “Item 3.D Risk Factors—Risks Relating to Argentina—The measures taken or to be implemented by the Argentine government in response to the COVID-19 pandemic may cause adverse effect on our business and operations” and “Item 3.D Risk Factors—Risks Relating to Our Industry and Business—Public health threats or outbreaks of communicable diseases, including the COVID-19, have had and will likely continue to have an adverse effect on our operations and financial results”.

We implemented an action plan focused on liquidity and liability management, which consists mainly of securing our working capital needs, deferring payments to suppliers and taxes; tightening our fixed cost structure, including labor cost reductions; and reformulating our priorities regarding maintenance capital expenditure needs. As of the date of this annual some of our production facilities have resumed operational activity.

In the current scenario, there is significant uncertainty regarding the recovery of this crisis, which will be dependent on a number of factors including the duration of the pandemic, government assistance and the resilience of the global economies. In the meantime, we are focused on the health and security of our employees and customers while working to ensure our sustainability.

Based on the actions explained above and assumptions regarding the impact of the COVID-19 virus, we believe that our current financial resources would be sufficient to fund our liquidity requirements for the next 12 months, subject to a number of factors including but not limited, to the evolution of the pandemic in the world, and more specifically its impact in our business and in the countries where we operate.

Cash Flows

The table below sets forth our cash flows from continuing operating activities, continuing investing activities and continuing financing activities for the years ended December 31, 2020, 2019 and 2018:

	For the Year Ended December 31,		
	2020	2019	2018
	(in millions of Ps.)		
Net cash flows provided by (used in) continuing operations:			
Continuing Operating activities	11,387.6	9,326.2	7,007.3
Continuing Investing activities	(1,429.5)	(15,972.9)	(8,679.0)
Continuing Financing activities	(10,503.3)	3,498.0	(4,284.1)
Increase (decrease) in cash and cash equivalents	<u>(545.2)</u>	<u>(3,148.6)</u>	<u>(5,849.5)</u>

Year Ended December 31, 2020

In 2020, our cash resulting from profit before tax, adjusted to reconcile net profit to net cash generated by continuing operating activities was Ps.11,485.8 million. The sum of changes used in continuing operating assets and liabilities were Ps.98.2 million in 2020, which was mainly due to cash flows of Ps.1,237.4 million in income tax paid, and partially offset by a Ps.788.5 million decrease in inventories and a Ps.515.4 million increase in salaries and social security payables. In 2020, net cash provided by continuing operating activities of Ps.11,387.6 million.

Our net cash flow used in continuing investing activities was Ps.1,429.5 million in 2020, mainly as a result of our acquisition of property, plant and equipment, related to the company expansion project of Ps 8,104, partially offset by proceeds from disposal of Yguazú Cementos S.A.

Our net cash flow used in continuing financing activities was Ps.10,503.3 million in 2020, due to repayment of borrowings of Ps.17,475.6 million, and interest paid to service our debt of Ps.2,908.8 million and the payment of a dividend of Ps.2,663.7 million, partially offset by proceeds from borrowings of Ps.12,692.0 million.

Our cash and cash equivalents of continuing operations increased by Ps.2,600.0 million in 2020, mainly due to effects of the exchange rate differences on cash and cash equivalents in foreign currency.

Year Ended December 31, 2019

In 2019, our cash resulting from profit before tax, adjusted to reconcile net profit to net cash generated by continuing operating activities was Ps.9,820.4 million. The sum of changes used in continuing operating assets and liabilities were Ps.494.2 million in 2019, which was mainly due to an increase of Ps.905.6 million from trade account receivables, partially offset by a Ps.1,372.3 million increase in accounts payable. In 2019, we also paid income taxes of Ps.2,378.5 million, resulting in net cash provided by continuing operating activities was Ps.9,326.2 million.

Our net cash flow used in continuing investing activities was Ps.15,972.9 million in 2019, mainly as a result of our acquisition of property, plant and equipment, related to the company expansion project. This investment, in the second production line in L'Amali plant, represented approximately 73% of the total amount, and the remaining consisted basically in general maintenance and stripping costs.

Our net cash flow provided in continuing financing activities resulted in Ps.3,498.0 million in 2019, due to proceeds from borrowings of Ps.12,927.7 million, and repayments of borrowing of Ps.6,654.2 and interest paid to service our debt of Ps.2,638.2 million.

Our cash and cash equivalents of continuing operations decreased by Ps.3,148.6 million in 2019, mainly due to Ps.15,972.9 million from financing activities, which were partially offset by net cash flows provided by operating activities of Ps.9,326.2 million.

Year Ended December 31, 2018

In 2018, our cash resulting from profit before tax, adjusted to reconcile net profit to net cash provided by continuing operating activities was Ps.9,791.0 million. The sum of changes in continuing operating assets and liabilities were Ps.2,783.7 million in 2018, which was mainly due to an increase in trade accounts receivable of Ps.1,595.9 and a Ps.869.0 million used to increase our inventories, partially offset by a Ps.1,793.5 million increase in accounts payable and a Ps.416.6 million decrease in other receivables. In 2018, we also paid income taxes of Ps.2,167.2 million, resulting in net cash provided by continuing operating activities of Ps.7,007.3 million.

Our net cash flow used in continuing investing activities was Ps.8,679.0 million in 2018, mainly as a result of our acquisition of property, plant and equipment, contributions to F.F.F.S.F.I., and intangible assets in the amount of Ps.8,546.7 million, Ps.96.9 million and Ps.45.8 million, respectively, during the year. This effect was partially offset by Ps.10.4 million in proceeds from the disposal of Property, plant and equipment. These investments mainly consisted in the expansion or L'Amali Plant, as well as capital expenditures related to general maintenance, stripping costs. Among other investments, at the Catamarca Plant, we acquired a stone analyzer, and we replace a drill. At the Olavarría Plant, the expansion of the lime dispatch continued with the change of the bagging-palletizing line, increasing the capacity of bagging, palletizing, and lime dispatch. Concrete mixer trucks were acquired, accompanying the growth of a greater demand for concrete. In the aggregate segment, a mobile crusher was purchased. Finally, Ferrosur Roca continued investing in the maintenance of its infrastructure network, as well as in locomotives and wagons.

Our net cash flow used in continuing financing activities was Ps.4,177.7 million in 2018, due amortizations of borrowings of Ps.5,574.1 million and interest paid to service our debt of Ps.1,498.9 million, the combined effects of which were partially offset by Ps.2,895.3 million in new borrowings acquired.

Our cash and cash equivalents of continuing operations decreased by Ps.5,849.5 million in 2018, mainly due to Ps. 8,679.0 million and Ps.4,177.7 million in net cash flows used by investing activities and by financing activities, respectively, which were partially offset by net cash flows provided by operating activities of Ps.7,007.3 million.

Indebtedness and Financing Strategy

As of December 31, 2020, our total outstanding consolidated borrowings were Ps.6,441 million, consisting of Ps.4,571 million of short-term borrowings, including current portion of long-term borrowings (or 71% of our total borrowings) and Ps.1,870 million of long-term borrowings (or 29% of our total borrowings).

Our foreign currency-denominated consolidated borrowings as of December 31, 2020 were Ps.6,409 million (or 99.5% of our total borrowings), of which Ps.5,268 million were denominated in U.S. dollars, and Ps.1,141 million in Euros. Our peso-denominated borrowings were Ps.32 million (or 0.5% of our total borrowings).

As of December 31, 2020, Ps.5,299 million, or 82%, of our total consolidated borrowings accrued interest at floating rates, including Ps.5,268 million of foreign currency-denominated borrowings that accrued interest at rates based on Libor, and Ps.32 million of borrowings with other floating interest rate.

The following table sets forth selected information with respect to our principal outstanding borrowings as of December 31, 2020:

December 31, 2020				
Re.	Company	Rate	Last maturity date	Amount
In millions Ps.				
Loans in foreign currency - USD				
	Industrial and Commercial Bank of China	Loma Negra CIASA	6-Month Libor + 4.25%	Mar-21 217.8
	Industrial and Commercial Bank of China	Loma Negra CIASA	6-Month Libor + 4.25%	Apr-21 255.5
	Industrial and Commercial Bank of China	Loma Negra CIASA	6-Month Libor + 4.25%	May-21 709.7
	Industrial and Commercial Bank of China	Loma Negra CIASA	6-Month Libor + 4.25%	Jun-21 170.6
	Industrial and Commercial Bank of China	Loma Negra CIASA	6-Month Libor + 4.25%	Jul-21 42.0
	Industrial and Commercial Bank of China	Loma Negra CIASA	6-Month Libor + 4.25%	Aug-21 891.2
	Industrial and Commercial Bank of China	Loma Negra CIASA	6-Month Libor + 4.25%	Sep-21 141.3
	Industrial and Commercial Bank of China	Loma Negra CIASA	6-Month Libor + 4.25%	Oct-21 290.1
	Industrial and Commercial Bank of China	Loma Negra CIASA	6-Month Libor + 4.25%	Nov-21 372.0
	Industrial and Commercial Bank of China	Loma Negra CIASA	6-Month Libor + 4.25%	Dec-21 262.8
	Industrial and Commercial Bank of China	Loma Negra CIASA	6-Month Libor + 4.25%	Jan-22 75.2
	Industrial and Commercial Bank of China	Loma Negra CIASA	6-Month Libor + 4.25%	Feb-22 39.4
	Industrial and Commercial Bank of China	(1) Loma Negra CIASA	6-Month Libor + 7.375%	Jan-22 600.1
	Industrial and Commercial Bank of China	(1) Loma Negra CIASA	6-Month Libor + 7.375%	Jan-22 543.9
	Industrial and Commercial Bank of China (Dubai)	(2) Loma Negra CIASA	3-Month Libor + 7.5%	Nov-23 656.4
Loans in foreign currency - EUR				
	Banco Itaú S.A.	Loma Negra CIASA	4%	Apr-21 139.5
	Banco Itaú S.A.	Loma Negra CIASA	4%	May-21 33.3
	Banco Itaú S.A.	Loma Negra CIASA	4%	Jun-21 176.9
	Banco Itaú S.A.	Loma Negra CIASA	4%	Jul-21 448.9

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Banco Itaú S.A.	Loma Negra CIASA	4%	Aug-21	39.7
Banco Itaú S.A.	Loma Negra CIASA	4%	Sep-21	1.9
Banco Itaú S.A.	Loma Negra CIASA	4%	Oct-21	301.2
Total loans in foreign currency				<u>6,409.3</u>
Loans in local currency				
Advances in current account	Ferrosur Roca SA	34%	Jan-21	13.8
Advances in current account	Loma Negra CIASA	34%	Jan-21	17.7
Total loans in local currency				<u>31.5</u>
Total				<u>6,440.8</u>

As of December 31, 2020, the average maturity of our indebtedness was 0.8 years. Our financing strategy over the next several years principally involves minimizing the firm cost of capital, continuing to maintain adequate liquidity and a debt maturity profile that is compatible with our anticipated cash flow generation and anticipated capital expenditures. Our financing strategy is to extend the average maturity of our outstanding indebtedness, including by repaying short-term debt with the net proceeds of long-term loans, in order to improve our strategic, financial and operational flexibility.

At the annual ordinary and extraordinary shareholders meeting held on April 16, 2020, our shareholders approved a global note program for the issuance of non-convertible negotiable obligations (obligaciones negociables) in an aggregate amount of up to US\$150.0 million or its equivalent in other currencies (the "Note Program"), in accordance with the provisions of the Negotiable Obligations Law No. 23,576, as amended and supplemented, and Title II of the Rules of the CNV. In addition, within the Note Program, our shareholders approved the issuance of simple non-convertible negotiable obligations in an aggregate amount of up to US\$50.0 million or its equivalent in other currencies, which may be issued in one, two or more series as determined by our Board of Directors. As of the date of this annual report, we have not issued any negotiable obligation under the Note Program.

Certain of the instruments governing our indebtedness require us to comply with financial and nonfinancial covenants. A breach of these financial covenants would constitute an event of default under the related financial agreements and could result in the acceleration of our obligations thereunder. As of the date of this annual report, we were in compliance with these financial and non-financial covenants. Many of our debt instruments also contain other covenants that restrict, among other things, our ability and the ability of certain of our subsidiaries to incur liens and merge or consolidate with any other person or sell or otherwise dispose of all or substantially all our assets.

The following is a description of our material indebtedness as of the date of this annual report.

Industrial and Commercial Bank of China

- (1) In January 2020, Loma Negra entered into a new loan agreement with Industrial and Commercial Bank of China for USD 13.1 million, payable upon maturity in January 2022. The loan accrues interest at the corrected Libor rate plus 7.375%, payable monthly. This amount was dedicated to cover the expiration of letters of credits associated to imports of goods and equipment related to the expansion project of L'Amalfi plant.
- (2) In November 2020, and in compliance with the BCRA com. A-7106, Loma Negra refinanced the 60% of the last installment of the amount outstanding with Industrial and Commercial Bank of China (Dubai) for USD 7.8 million. The amended loan accrues interest at the corrected three-month Libor rate plus 7.5% payable quarterly. The final maturity is on November 2023.

C. Research and Development, Patents and Licenses, etc.

Intellectual Property

As of December 31, 2020, Loma Negra had 107 registered trademarks and two pending trademark application for renewal with the Argentine National Intellectual Property Institute. In addition, Recycomb and Ferrosur Roca are owners of two trademarks each. There are no pending trademarks of these companies. We do not own any registered patents, industrial models or designs.

We are required to renew these trademark registrations when they expire at the end of their respective terms. Under the Argentine Trade and Service Marks Law No. 22,362, the term of duration of a registered trademark is 10 years from its issue date, and a trademark may be indefinitely renewed for equal periods thereafter if, within the five-year period prior to each expiration, the trademark was used in the marketing of a product, in the rendering of a service or as the designation of an activity. We have no pending litigation related to trademark matters. We have also registered our trademarks in Bolivia, Brazil, Chile, Paraguay and Uruguay.

D. Trend Information

See “Item 5-A”—*Operating Results — Factors Affecting Our Results of Operations.*”

E. Off-Balance Sheet Arrangements

We do not currently engage in off-balance sheet financing arrangements. In addition, we do not have any interest in entities referred to as variable interest entities, which includes special purposes entities and other structured finance entities.

F. Tabular Disclosure of Contractual Obligations

Contractual Commitments

The following table presents information relating to our contractual obligations as of December 31, 2020:

	Payments Due by Period				
	Total	Less than	1-3 years	3-5 years	More
		1 year			than
(in millions of Ps.)					
Financial borrowings ⁽¹⁾	6,756.6	4,780.0	1,976.6	—	—
Accounts payable	5,513.1	5,395.4	117.7	—	—
Taxes payable	2,884.1	2,884.1	—	—	—
Salaries and social security contributions	1,460.2	1,421.9	38.3	—	—
Lease liabilities	730.3	148.5	192.5	179.7	209.6
Severance payment plans	253.5	123.4	101.9	27.3	0.9
Other debts ⁽²⁾	31.0	31.0	—	—	—
Total	17,628.9	14,784.3	2,427.0	207.0	210.5

(1) Includes payments of principal only. “See – Note 26 of our audited consolidated statements for the year ended December 31, 2020 and 2019”.

(2) Corresponds to internal information of the Company.

Selected Ratios

Comparative ratios as of and for the years ended December 31, 2020, 2019 and 2018:

	As of and for the Year Ended December 31,		
	2020	2019	2018
Liquidity(1)	0.92	0.58	0.86
Solvency(2)	1.78	1.12	1.14
Non-current assets to total assets ratio(3)	0.80	0.94	0.73
Profitability(4)	0.27	0.14	0.13

- (1) Current assets / Current liabilities
- (2) Shareholder's equity / Total liabilities
- (3) Non-current assets / Total assets
- (4) Net profit / Average shareholder's equity

Supply Contracts

In 2007, we entered into a 15-year agreement with Siderar S.A.I.C., Argentina's largest steel company, for the supply of ground granulated blast-furnace slag.

We purchase various sources of energy from several suppliers, traders and distributors of natural gas. These suppliers ensure that we have the necessary levels of energy to operate and give us flexibility to purchase additional energy, if needed. None of these purchase orders represents a material amount of our total energy supply.

In 2016, we entered into 20-year contract with Genneia S.A. and in 2018 we entered into a 20-year contract with Aluar Aluminio Argentino S.A.I.C., for the provision of wind-sourced electric power commencing on January 1, 2018 and in February 1, 2019 (respectively), to ensure compliance with the obligations imposed by Laws Nos. 26,190 and 27,191, and related regulations, whose main objective is to reduce the use of fossil energy by increasing the use of renewable energy for industrial users in Argentina commencing in 2018. With these contracts, we currently exceed the requirements of the Law 2719, reaching approximately 35% of renewable energy in the energy matrix. Particularly, during 2020 we surpassed 50% the use of renewable energy in our energy matrix.

G. Safe Harbor

See the discussion at the beginning of this annual report under the heading "Cautionary Statement with Respect to Forward-Looking Statements" for forward-looking statement safe harbor provisions.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Our board of directors (Órgano de Administración) and our board of executive officers (Directors) are responsible for operating our business.

Board of Directors

Our by-laws provide that our board of directors consists of a minimum of three and up to fourteen members. Our board of directors is the decision-making body responsible for, among other things, determining policies and guidelines for its business. Our board of directors also supervises its board of executive officers and monitors the implementation of the policies and guidelines that are established from time to time by our board of directors.

The members of our board of directors are elected at general shareholders' meetings for one fiscal year and are eligible for reelection. The shareholders' meeting may also appoint alternate members as substitutes for absent or unavailable members. The terms of all of our current members expire in the next fiscal year and once the next annual shareholders' meeting is held in 2022. Our board of directors is presided over by the president of the board of directors and, in his absence, the vice president of the board of directors. The president of the board of directors, or the vice president in his absence, is the legal representative of Loma Negra. There are no restrictions in our by-laws establishing a minimum age for directors for retirement or non-retirement under an age limit requirement or requiring directors to be shareholders of our company.

Our board of directors is required to meet as often as required by the interests of our company and at least on a quarterly basis. The president or his alternate may, or at the request of any director shall, call for an extraordinary meeting of the board of directors at any time; provided that if such meeting is not called by the president or his alternate, it could be called by any other director. Decisions of our board of directors require a quorum of an absolute majority of members present physically or by any simultaneous electronic media including sounds and images, which permit to clearly determine the identity of the directors participating through electronic media in accordance with the applicable law, and any action may be taken by the affirmative vote of an absolute majority of those that are entitled to vote on such action. In the case of a tie, the vote of the president of the board of directors decides.

The following table lists the current members of our board of directors appointed by the ordinary and extraordinary shareholders meeting held on April 20, 2021:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Independent</u>	<u>Years as a Board Member as of December 31, 2020</u>
Flávio Mendes Aidar	45	President	No	2
Sergio Damián Faifman	46	Vice-President	No	9
Luiz Augusto Klecz	50	Director	No	2
Paulo Diniz	63	Director	No	4
Marcos Isabelino Gradin	49	Director	No	0
Carlos Boero Hughes	55	Director	Yes	4
Diana Mondino	62	Director	Yes	4
Sergio Daniel Alonso	58	Director	Yes	4
Javier Graña	50	Director	Yes	2

Brief descriptions of the biographical information of the members of our board of directors are presented below. As per section 256 of Argentine General Companies Law, the special address of our current directors is Cecilia Grierson 355, 4th Floor, City of Buenos Aires, Argentina. The majority of our directors reside in Argentina.

Sergio Damián Faifman. Mr. Faifman was appointed as a member of our Board of Directors in August 2012. He has also acted as Vice-President of our Board of Directors and CEO since November 2016. In addition, Mr. Faifman also currently serves as president of the boards of directors of Ferrosur Roca S.A., Cofesur S.A.U. and

Recycomb S.A.U., and Vice-President of Loma Negra. In May 2019, Mr. Faifman was appointed Vice-President of the National Association of Portland Cement Producers and the Argentine Institute of Portland Cement. Mr. Faifman joined the company in November 1994 and, since then, has held a number of positions, including Logistics and Supply Director from June 2015 until November 2016 and Chief Financial Officer between August 2012 and June 2015. Mr. Faifman has also served as Superintendent of Corporate Comptroller at InterCement Brasil from September 2010 until August 2012 and as Comptroller and Tax Manager at Loma Negra from May 2006 until September 2010. Mr. Faifman received a bachelor's degree in Public Accountancy from Universidad de Buenos Aires in 1997 and an MBA from Universidad del CEMA in 2002.

Flávio Mendes Aida. Mr. Aida was appointed as a member of our Board of Directors in April 2019. He was graduated in Business Administration from the School of Business Administration of Fundação Getúlio Vargas de São Paulo Brazil, in 1997. He is currently CEO of InterCement since March 2019. He is member of the Board of Directors of CCR SA since April 2018. He was a Member of the Advisory Board of Mover S.A. between June 2017 and March 2019. Between June 2017 and April 2010 and between 2005 and 2000 he held different positions in Brazil and New York at Goldman Sachs Bank where his last function was managing director of the investment bank and member of the management committee of Goldman Sachs Brazil. Between 2005 and 2010, he worked for Citigroup Global Markets as vice president of the investment bank for Latin America.

Paulo Diniz. Mr. Diniz was appointed as a member of our Board of Directors in July 2017. Mr. Diniz is the Chief Financial Officer of InterCement Participações, S.A. and InterCement Brasil since 2015 and he is also member of the Board of Directors of Cimpor-Cimentos de Portugal SGPS, S.A. (now InterCement Portugal, S.A.) and member of its Executive Committee. Mr. Diniz has over thirty years of experience in finance and general management, in companies in Brazil and abroad, such as: Amyris, Inc., Bunge Limited, Carrier Corporation, Cosan Limited, F. Hoffmann-La Roche AG and Telecom Italia. Mr. Diniz received a bachelor's degree in Industrial Engineering from Universidade de São Paulo Politecnica and a master's degree in Business Administration from IMD in Switzerland. Mr. Diniz also holds a postgraduate degree in human resources from INSEAD in France.

Luiz Augusto Klecz. Mr. Klecz hold a position as director of the Company between 2017 and 2018. He was appointed again as a member of our Board of Directors in April 2019. Mr. Klecz was also a member of our board from 2006 to 2008 and Director of InterCement Austria Holding GmbH from 2013 to 2015. He has been Head of the Legal Department of InterCement Brasil since 2002, and between 2005 and 2008, he was also Legal Director of Loma Negra C.I.A.S.A. and its subsidiaries. Since 2011, he is the General Counsel of the InterCement group. Mr. Klecz received a bachelor's degree in Law from Universidade de São Paulo, Brazil, in 1993. He also completed an MBA program that began at Universidad de CEMA in Buenos Aires and concluded in Insper in São Paulo in 2009.

Marcos Isabelino Gradin. Mr. Gradin has acted as CFO of the Company since September 2015. In addition, Mr. Gradin currently serves on the boards of directors of Ferrosur Roca S.A., Cofesur S.A.U. and Recycomb S.A.U. Mr. Gradin served as a member of our board of directors since August 2015 until July 2017. He has also served as CFO of Cimpor Spain and Portugal, from January 2013 until August 2015. He joined us in 1998, having occupied several executive positions within our group, including Financial Manager from June 2006 until January 2013 and Chief of Financial Operations from January 1998 until June 2006. Mr. Gradin received a bachelor's degree in Business Administration in 1995 from Pontificia Universidad Católica Argentina (UCA). He also received a master's degree in Corporate Finance from Universidad del CEMA in 2000.

Carlos Boero Hughes. Mr. Boero was appointed as a member of our Board of Directors in July 2017. Mr. Boero Hughes has served as corporate Chief Financial Officer of Adeco Agropecuaria in Argentina, Brazil and Uruguay since 2008. From 2003 to 2008, he served as regional Chief Financial Officer and local co-CEO of Noble Group. From 2000 to 2003 he served as Relationship Manager of Food, Retail and Agrobusiness at Citibank and from 1997 to 2000 as project manager at Citibank. From 1996 to 1997 he was Public Relations Manager at Banco Privado de Inversiones and from 1990 to 1996 he was Commercial Manager of Carlos Romano Boero. Mr. Boero Hughes received a bachelor's degree in Administration from Universidad de Buenos Aires in Argentina in 1989, an MBA from Universidad Católica de Argentina in 2001 and has also completed an Executive Program at INSEAD, France, in 2007.

Diana Mondino. Ms. Mondino was appointed as a member of our Board of Directors in July 2017. She is also Dean of Institutional Relations at Universidad del CEMA since 2006. Ms. Mondino has served as director of Banco Roela since 2014. From September 2015 to May 2017 she served as independent director and member of the Audit Committee of Grupo Supervielle. From 2009 to 2011 she served as an independent advisor to a Director of Banco de Córdoba. From 2006 to 2011, and from 2017 to 2019, she also served as an independent director of Pampa Energía. Ms. Mondino was Latin America Region Head for Standard & Poor’s Credit Rating Services in New York until 2003 and before that she was country head for Standard & Poor’s Credit Rating Services in Buenos Aires. Ms. Mondino obtained a bachelor’s degree in Economics from Universidad de Córdoba in Argentina. She received an MBA from IESE Business School, Universidad de Navarra in Spain in 1986.

Sergio Daniel Alonso. Mr. Alonso was appointed as a member of our Board of Directors in July 2017. Mr. Alonso is member of the Board of Arcos Dorados since 2008. He has also served as executive director (CEO) of Arcos Dorados from 2015 to 2019. From 2008 to 2015, he served as COO of Arcos Dorados and as CEO of McDonald’s of Brazil from 2003 to 2008. He also served as managing partner of Aroma from 1999 to 2003. Mr. Alonso served as General Manager of business subsidiaries and as director of commercial operations of CIADEA and RENAULT from 1996 to 1999. He served as Vice-President of Operations, Manager of Operations, Director and member of the Finance Committee, Accounting Manager and Accounting Director of Arcos Dorados- McDonald’s from 1989 to 1996. Mr. Alonso received a degree as a Certified Public Accountant from Universidad de Buenos Aires in Argentina.

Javier Graña. Mr. Graña was appointed as a member of our Board of Directors in April 2019. He obtained a Licentiate Degree in Economics from Pontificia Universidad Católica Argentina, a Master in Finance from Centro de Estudios Macroeconómicos Argentinos (CEMA) and an MBA from Harvard Business School. Mr. Graña is currently a Senior Advisor at PJT Partners responsible for the firm’s Latin American practice. From 2013 to the beginning of 2019 Mr. Graña was Managing Director and Head of Investment Banking for LatAm Ex-Brazil of Itaú BBA, subsidiary of Itaú Unibanco in Buenos Aires. Prior to that Mr. Graña worked at Morgan Stanley & Co. in New York for 14 years where he was Managing Director of the Mergers & Acquisitions Department from 1999 to 2011, and then as Managing Director and responsible for Latin America Mergers & Acquisitions Department. Previously, from 1996 to 1998 he was associate of the Investment Banking Division of Deutsche Morgan Grenfell in Buenos Aires, and earlier, he was analyst of the capital markets division of Banco Río de la Plata S.A.

Executive Officers

Our executive officers are responsible for the execution of decisions of our board of directors and our day-to-day management within the scope of their respective capacity. Our executive officers are elected by the board and may be removed at any time with or without cause by the board of directors. Each executive officer also has individual responsibilities that are determined by the board of directors. Our executive officers are currently as follows:

<u>Name</u>	<u>Year of Birth</u>	<u>Position</u>	<u>Year of first Appointment</u>
Sergio Damián Faifman	1974	Chief Executive Officer	2016
Marcos Isabelino Gradin	1972	Chief Financial Officer	2015
Dardo Ariel Damiano	1963	Industrial Director	2008
Gerardo Oscar Diez		Commercial and Concrete	
	1967	Director	2016
Damian Ariel Caniglia	1975	Head of Human Resources	2016
Gustavo Daniel Romera		Ferrosur Roca General	
	1953	Director	2016
Lucrecia Loureiro		Legal and Corporate	
	1981	Affairs Director	2021
Valeria Mara Loderer		Supply Chain and	
	1973	Logistics Director	2021

The business address of our executive officers is Cecilia Grierson 355, 4th Floor, City of Buenos Aires, Argentina.

The following are brief biographical descriptions of our executive officers.

Marcos Isabelino Gradin. Mr. Gradin has acted as CFO of the company since September 2015. In addition, Mr. Gradin currently serves in the boards of directors of Ferrosur Roca S.A., Cofesur S.A.U. and Recycomb S.A.U. Mr. Gradin served as a member of our board of directors since August 2015 until July 2017. He has also served as CFO of Cimpor Spain and Portugal, from January 2013 until August 2015. He joined us in 1998, having occupied several executive positions within our group, including Financial Manager from June 2006 until January 2013 and Chief of Financial Operations from January 1998 until June 2006. Mr. Gradin received a bachelor's degree in Business Administration in 1995 from Pontificia Universidad Católica Argentina (UCA). He also received a master's degree in Corporate Finance from Universidad del CEMA in 2000.

Dardo Ariel Damiano. Mr. Damiano has acted as our Director of Operations since March 2008, and he is responsible for the management and operations of our six integrated plants and two grinding plants. In addition, Mr. Damiano also currently serves in the boards of Ferrosur Roca S.A., Cofesur S.A.U. and Recycomb S.A.U. Mr. Damiano served as a member of our board of directors from November 2008 to July 2017. Since 1990, he held a number of positions at our industrial units and was the plant manager of our L'Amali and Ramallo plants from May 2006 until March 2008, our Catamarca plant from March 2005 until May 2006 and our Olavarría, Sierras Bayas and Barker plants from December 2002 until February 2005. Mr. Damiano received a degree as Mechanical and Electrical Technician from ENET No.1 in 1982, a bachelor's degree in Mechanical Engineering from *Universidad Nacional de La Plata* in 1989, a master's degree in Human Resources Management from *Pontificia Universidad Católica Argentina (UCA)* in 2000 and an Executive MBA degree from IAE Business School *Universidad Austral* in 2008.

Gerardo Oscar Diez. Mr. Diez has acted as our Commercial and Concrete director since January 2016. Mr. Diez is responsible for our marketing strategy and commercial relationships. In addition, Mr. Diez also currently serves in the board of Ferrosur Roca S.A. Mr. Diez joined the company in May 1992 and, since then, has held a number of positions, including member of our board of directors from September 2012 to July 2017 and Superintendent of Concrete and Aggregates Finance Manager and Supply Chain Manager, having accumulated more than 25 years of expertise. Mr. Diez received a bachelor's degree in Public Accountancy from *Universidad de Buenos Aires* in 1991 and an MBA from *Universidad Austral* in 2000.

Damian Ariel Caniglia. Mr. Caniglia has acted as our Human Resources and Health, Security and Environment Director since April 2021. Prior to that, he served as Human Resources and Health, Security and Environment Superintendent from November 2016 to March 2021. In addition, Mr. Caniglia currently serves in the boards of Ferrosur Roca S.A. Mr. Caniglia served as a member of our board of directors from December 2016 to July 2017. He has also held a number of positions at our Human Resources, or HR, team since 2000 when he joined us, including HR Superintendent from April 2015 until November 2016 and HR Development Manager from April 2013 until April 2015. Between 2008 and 2013, Mr. Caniglia acted as HR Corporate Manager and HR manager for InterCement Brasil. Prior to that, Mr. Caniglia served at Loma Negra as Development Leader, from 2006 to 2008; San Juan plant's HR Leader, from 2002 to 2006; and HR Analyst, from 2000 to 2002. Mr. Caniglia received a bachelor's degree in Business Administration in 1999 from *Universidad de Buenos Aires* and a specialization certificate in Human Resources in 2007 from *Universidad de San Andrés*. He also received a master's degree in Human and Organizational Factors in Risk Management from *Universidad de San Andrés* in 2017.

Gustavo Daniel Romera. Mr. Romera has acted as the General Director of Ferrosur Roca since November 2016, responsible for the management of our railway operations. In addition, Mr. Romera also currently serves in the boards of Ferrosur Roca S.A. and Cofesur S.A.U. Mr. Romera joined the company in 1982 and, since then, has held a number of positions, including member of our board of directors from December 2016 to July 2017, Superintendent of Operations, Operational Excellence Manager and Projects and Technical Manager, at Ferrosur Roca from November 2011 until September 2016. He has also served at Loma Negra as Operational Excellence Manager for our operations in Argentina and Paraguay from 2009 until 2011; Plant Manager at our Olavarría and Sierra Bayas plants from 2008 until 2009 and Operational Excellence Manager from 2007 until 2008. Prior to that, between 1992 and 2007, Mr. Romera held several operational positions at Ferrosur Roca, including Manager of Operations, Manager of Transport, Head of Transport and Head of Training Personnel, Security and General Services. Mr. Romera received a degree as Mechanical Technician from the *Escuela Técnica Privada de Fábrica Henry Ford—Consejo Nacional De Educación Técnica* in 1972 and a bachelor's degree in Mechanical Engineering from *Universidad Tecnológica Nacional* in 1982.

Lucrecia Loureiro. Ms. Loureiro was appointed as Director of Legal and Corporate Affairs in March 2021. Ms. Loureiro joined the company in 2011 and, since then, has held several positions in the Legal Department. Ms. Loureiro has wide-ranging experience in capital markets, corporate, labor, financial and commercial matters as well as active participation in international investment projects. Besides the legal affairs, she is also in charge of the Compliance Program of the company as well as its sustainable practices, public affairs, communications, and Fundación Loma Negra Para el Desarrollo Sustentable. Ms. Loureiro is also responsible for the legal and corporate matters of Ferrosur Roca and she is currently serving as Director of Ferrosur Roca. Ms. Loureiro received a Law Degree from the University of Buenos Aires in 2005. Furthermore, she completed graduate coursework in a master's program in Economic Business Law at Pontificia Universidad Católica Argentina (UCA) between 2008 and 2009 and she participated on the International Exchange Program in Tilburg University of Netherlands in 2009. During 2012 and 2013 she participated in a program for the development of Organizational skills at UCEMA University. In 2014 she was part of the Leadership Challenges Program of Universidad de San Andres. She has several compliance certifications granted by prestigious universities. In 2020 she participated in a Development Executive Program at Di Tella University.

Valeria Mara Loderer. Ms. Loderer was appointed as Supply Chain and Logistics Director in April 2021. Ms. Loderer has wide experience in management, supply chain, production and operation management. In addition, Ms. Loderer currently serves in the boards of directors of Ferrosur Roca S.A. and Recycomb S.A.U. Prior to Loma Negra, she served as Managing Director for Argentina and Uruguay at Starbucks from July 2019 to April 2021 and as Supply Chain Director for Argentina and Uruguay at Alsea (Starbucks, Burger King & PF Chang 's) from to 2018 to July 2019. Before that, she worked at BASF Brazil and BASF Argentina from 2012 to 2017 where she held several positions, the last position being Sr. Regional Operation Manager for Latin America South. Previously, she worked at Sanofi Pasteur Brazil and Sanofi Pasteur Argentina from 2003 to 2011 where she held several positions, the last position being Senior Project Manager for Technological Transfer. Prior to that, she held several production positions at GERARDO RAMON & CIA S.A.I. y C. from 1997 to 2003. As to her academic background, she obtained a degree in Chemical Engineering at Universidad Tecnológica Nacional (UTN) in Argentina. She also took Material Requirement Planning at Universidad del Salvador, Post Graduate Studies in Cost and Control Management at Universidad de Belgrano, Business Management at Universidad de San Andres and a Master in Business Administration at IDEA. She is also a candidate for a Management Program at IAE, Argentina.

B. Compensation

Executive Officers

Our executive officers receive compensation for the services they provide. The aggregate cash compensation paid to all members of senior management as a group was Ps.214 million in 2020 and Ps.190 million in 2019.

The cash compensation for each of our executive officers is principally comprised of base salary and bonus. Base salary is reviewed twice a year and adjusted accordingly to the fluctuations in the labor market. Bonuses are determined based on business results and paid once a year. In addition, our executive officers are eligible to participate in welfare benefit programs, including medical, life and disability insurance. We believe that the compensation awarded to our executive officers is consistent with that of our peers and similarly situated companies in the industry in which we operate.

Directors and Supervisory Committee

Our shareholders fix the compensation of our directors and members of our supervisory committee, including additional wages which may arise from the directors' performance of any administrative or technical activity. Compensation of our directors and members of our supervisory committee is regulated by the Argentine General Companies Law and the CNV regulations. Any compensation paid to our directors and members of our supervisory committee must have been previously approved at an ordinary shareholders' meeting. Section 261 of the Argentine General Companies Law provides that the compensation paid to all directors and members of our supervisory committee in a year may not exceed 5.0% of net profit for such year, if the company is not paying

dividends in respect of such net profit. The Argentine General Companies Law increases the annual limitation on director compensation to up to 25.0% of net profit based on the amount of dividends, if any, that are paid. In the case of directors that perform duties at special commissions or perform administrative or technical tasks, these limits may be exceeded if approved at a shareholders' meeting, the issue is included in the agenda, and is in accordance with the regulations of the CNV. In any case, the compensation of all directors and members of the supervisory committee requires shareholders' ratification at an ordinary shareholders' meeting.

During the annual ordinary shareholders' meeting held on April 16, 2020, the shareholders approved total directors' compensation of Ps.71.3 million and total fees for the members of our supervisory committee of Ps.2.3 million, for services rendered during 2019.

During the annual ordinary shareholders' meeting held on April 25, 2019, the shareholders approved total directors' compensation of Ps.30.2 million (nominal values) and total fees for the members of our supervisory committee of Ps.1.3 million (nominal values), for services rendered during 2018.

During the annual ordinary shareholders' meeting held on April 25, 2018, the shareholders approved total directors' compensation of Ps.33.4 million (nominal values) and total fees for the members of our supervisory committee of Ps.1.0 million (nominal values), for services rendered during 2017.

Certain members of our board of directors who are also our employees or employees of our subsidiaries do not receive any additional compensation for their service on our board of directors. We believe that our director fee structure is customary and reasonable for companies of our kind and consistent with that of our peers and similarly situated companies in the industry in which we operate. These fees may be increased from time to time by a resolution of the general meeting of shareholders.

As of the date of this annual report, neither we, nor any of our affiliates, have entered into any agreement that provides for any benefit or compensation to any director after expiration of his or her term.

Long-Term Incentive Program

Phantom Stock Plan

On January 24, 2018 our board of directors established the long-term incentive program, or the incentive program, with the purpose of attracting, retaining and motivating certain hierarchical employees by providing them incentives directly linked to shareholder value. The incentive program had an annual frequency, with granting of phantom stock rights occurring in the month immediately following the publication of our audited consolidated financial statements for the previous fiscal year. Such options were granted in the framework of an annual plan. Grants were determined by our board of directors. This program was terminated by resolution of our board of directors adopted on February 12, 2021. However, the annual plans that have already been granted within this program will remain in force.

Program administration. Our board of directors is responsible for the overall supervision of the incentive program with the support of a designated management committee, or the management committee, and our management. Only the board of directors has deliberative powers over the incentive program. The management committee is composed of members of our board of directors and, when necessary, advised by executive officers from specific areas (i.e., financial, legal) and external consultants who support our board of directors in the review of proposals for each grant in terms of eligible participants, number of awards, exercise price of each program, among others.

Eligibility. Board members and senior management of Loma Negra and a limited number of senior employees indicated by senior management are eligible for awards under the incentive program.

Awards. Awards consist of the granting of phantom stock rights, which consist in rights to future cash-based awards, based on the valuation of lots of common shares from a predetermined price, or exercise price, and for a certain period, or option term. The exercise of the options provide its beneficiaries the possibility of obtaining an economic benefit calculated by reference to the increase in the value of the phantom stock rights between the date of granting of each plan to the date of exercise of the option.

Exercise price. The exercise price will be defined at the time the awards are granted and will be held until the end of the option term. The exercise price will be equivalent to the average closing value of the common shares in the form of ADSs traded on the NYSE in the 60 days prior to the date of granting the phantom stock rights. The exercise price of the first grant will be equal to the initial public offering price. The share appreciation target will be defined at each grant based on a proposal from the management committee to be reviewed and approved by the board of directors.

Vesting period. The phantom stock rights shall vest and become exercisable on a staggered basis with no phantom stock rights vesting during the first two years of the individual grant and 1/3 of the phantom stock rights vesting during each subsequent year. Participants may exercise their vested rights every quarter after the publication of our quarterly financial statements, once the non-vesting period established by the board of directors has expired.

Option term. The incentive program has an option term of ten years, commencing from the granting of awards. The term of the award represents the maximum term in which the participant must exercise the right. After this period, the phantom stock rights not exercised will become null and void.

As of the date of this report, we granted to certain of our directors and executive officers the amount of 215,307 phantom stock rights for the 2017 plan duly approved in 2018, 100,369 phantom stock rights for the 2018 plan approved in 2019 and 451,299 phantom stock rights for the 2019 plan approved in 2020.

The phantom stock rights will mature one-third each year on the second, third and fourth anniversary of the award. All of the beneficiaries have accepted the phantom stock rights granted to them. The number of phantom stock rights granted pursuant to the 2018 plan was calculated on the basis of a ADS price of US\$19.0. The number of phantom stock rights granted pursuant to the 2019 plan was calculated on the basis of a ADS price of US\$8.5. The number of phantom stock rights granted pursuant to the 2019 plan was calculated on the basis of a ADS price of US\$5.8.

Stock-based compensation plans

On February 12, 2021 our board of directors established two long-term stock-based plans that replaced the Phantom Stock Incentive Program approved by our board of directors on January 24, 2018.

(i) Stock Compensation Plan

Program administration. The program will be managed by our board of directors, who will be responsible for its overall supervision. The board of directors may delegate the management and implementation of the plan to the human resources department, but only the board of directors has deliberative powers over the incentive program. Implementation of the programs and granting of the plans are subject to applicable law.

Eligibility. Board members, executive directors and senior management of Loma Negra to the extent that, in all cases, hold a labor relationship with us.

Awards. Awards consist of the granting of our ordinary shares and/or ADSs.

Vesting. The ordinary shares and/or ADSs under each plan will be delivered to the beneficiary pursuant to the following schedule (to the extent that, as of each vesting date the beneficiary continues holding a labor relationship with us): (a) January 1st of the next year immediately following the award date: 33% of the ordinary shares and/or ADSs awarded; (b) January 1st of the second year immediately following the award date: 33% of the ordinary shares and/or ADSs awarded; and (c) January 1st of the third year immediately following the award date: 34% of the ordinary shares and/or ADSs awarded.

As of the date of this report, we have not awarded any ordinary shares and/or ADSs under the program.

The board of directors may terminate the program at any time.

(ii) Total Shareholder Return Stock Compensation Plan

Program administration. The program will be managed by our board of directors, who will be responsible for its overall supervision. The board of directors may delegate the management and implementation of the plan to the human resources department, but only the board of directors has deliberative powers over the incentive program. Implementation of the programs and granting of the plans are subject to applicable law.

Eligibility. Board members, executive directors and senior management of Loma Negra to the extent that, in all cases hold a labor relationship with us.

Awards. Awards consist of the granting of our ordinary shares and/or ADSs in a number to be determined by reference to the Total Shareholder Return (TSR) as calculated in the manner contemplated in the program.

Vesting. Within the 10 business days following our shareholders meeting approving our annual financial statements for the fiscal period ending on the third fiscal year following the awarding date (including as first fiscal year the one at which the plan is awarded).

As of the date of this report, we have not awarded any ordinary shares and/or ADSs under the program.

The board of directors may terminate the program at any time.

C. Board Practices

Duties and Liabilities of Directors

Directors have the obligation to perform their duties with the loyalty and the diligence of a prudent business person. Under Argentine legislation, directors are jointly and severally liable to the company, the shareholders and third parties for the improper performance of their duties, for violating any law or the bylaws or regulations, if any, and for any damage to these parties caused by fraud, abuse of authority or gross negligence. The following are considered integral to a director's duty of loyalty: (i) the prohibition on using corporate assets and confidential information for private purposes; (ii) the prohibition on taking advantage, or allowing another to take advantage, by action or omission, of the business opportunities of the company; (iii) the obligation to exercise board powers only for the purposes for which the law, the corporation's bylaws or the shareholders' or the board of directors' resolutions were intended; and (iv) the obligation to take strict care so that acts of the board do not go, directly or indirectly, against the company's interests. A director must inform the board of directors and the supervisory committee of any conflicting interest he may have in a proposed transaction and must abstain from deliberating and voting thereon.

In general, a director will not be held liable for a decision of the board of directors, even if that director participated in the decision or had knowledge of the decision, if (i) there is written evidence of the director's opposition to the decision and (ii) the director notifies the Supervisory Committee of that opposition. However, both conditions must be satisfied before the liability of the director is claimed before the board of directors, the supervisory committee or the shareholders or relevant authority or the commercial courts.

Section 271 of the Argentine General Companies Law allows directors to enter into agreements with the company that relate to such director's activity and under arms' length conditions. Agreements that do not satisfy any of the foregoing conditions must have prior approval of the board of directors (or the supervisory committee in the absence of board quorum), and must be notified to the shareholders at a shareholders' meeting. If the shareholders reject the agreement, the directors or the members of the supervisory committee, as the case may be, shall be jointly and severally liable for any damages to the company that may result from such agreement. Agreements that do not satisfy the conditions described above and are rejected by the shareholders are null and void, without prejudice to the liability of the directors or members of the supervisory committee for any damages to the company.

The acts or agreements that a company enters into with a related party involving a relevant amount should fulfill the requirements set forth in Section 72 and 73 of Law No. 26,831. Under Section 72, the term "related party" includes the directors, the members of the audit and supervisory committee, the special or general managers designated pursuant to Section 270 of the Argentine General Companies Law (as well as their ascendants, descendants, spouses, brothers or sisters) and the companies in which any of the aforementioned persons may have a direct or indirect significant ownership. A relevant amount is considered to be an amount which exceeds 1% of the net worth of the company as per the latest balance sheet. Under the CNV Rules, a person has a "significant ownership" when the person owns shares that represent no less than 15% of the total capital of such company, or a

lesser ownership and the right to designate one or more directors per class of shares, or agreements with other shareholders regarding the management or corporate governance of the company or its controlling entity. The board of directors or any of its members shall require from the audit committee a report stating if the terms of the transaction may be reasonably considered adequate in relation to normal market conditions. The company may resolve with the report of two independent evaluating firms that shall have informed about the same matter and about the other terms of the transaction. The board of directors shall make available to the shareholders the report of the audit committee or of the independent evaluating firms, as the case may be, at the main office on the business day after the board's resolution was adopted and shall communicate such fact to the shareholders of the company in the respective market bulletin. The vote of each director shall be stated in the minutes of the board of directors approving the transaction. The transaction shall be submitted to the approval of the shareholders of the company when the audit committee or both evaluating firms have not considered the terms of the transaction to be reasonably adequate in relation to normal market conditions. In the case where a shareholder demands compensation for damages caused by a violation of Section 73, the burden of proof shall be placed on the defendant to prove that the act or agreement was in accordance with the market conditions or that the transaction did not cause any damage to the company. The transfer of the burden of proof shall not be applicable when the transaction has been approved by the board of directors with the favorable opinion of the audit committee or the two evaluating firms.

We may initiate causes of action against directors if so decided at a meeting of the shareholders. If a cause of action has not been initiated within three months of a shareholders' resolution approving its initiation, any shareholder may start the action on behalf and on the company's account. A cause of action against the directors may be also initiated by shareholders who object to the approval of the performance of such directors if such shareholders represent, individually or in the aggregate, at least 5% of the company's capital stock.

Except in the event of our mandatory liquidation or bankruptcy, shareholder approval of a director's performance, or express waiver or settlement approved by the shareholders' meeting, terminates any liability of a director vis-à-vis the company, provided that shareholders representing at least 5% of the company's capital stock do not object and provided further that such liability does not result from a violation of law or the company's bylaws.

Under Argentine law, the board of directors is in charge of the company's management and administration and, therefore, makes any and all decisions in connection therewith, as well as those decisions expressly provided for in the Argentine corporate law, the company's bylaws and other applicable regulations. Furthermore, the board is generally responsible for the execution of the resolutions passed in shareholders' meetings and for the performance of any particular task expressly delegated by the shareholders.

Supervisory Committee

Our supervisory committee (*Comisión Fiscalizadora*) consists of three members appointed at our shareholders' meeting for a term of one year. Members may be reelected. The primary responsibility of our supervisory committee is to supervise the compliance by our management with Argentine law and with our bylaws as well as to review our financial statements and to report their findings to our shareholders. Our supervisory committee is required to elect a president among its members and shall meet every quarter and at any time when called by its president. Decisions of the supervisory committee require a quorum of a majority of members and are taken by a majority vote. According to the Argentine Capital Markets Law and our bylaws, the supervisory committee may be rescinded by our shareholders at an extraordinary shareholders' meeting if the company has an Audit Committee. The following table lists the current members of our supervisory committee, who were elected at a shareholders' meeting held on April 20, 2021

<u>Name</u>	<u>Year of Appointment</u>	<u>Position Held</u>	<u>Age</u>
Antonio Juan Lattuca	2021	Member	76
Omar Raúl Rolotti	2021	Member	72
Adriana Irene Calvo	2021	Member	58
Paola Lorena Rolotti	2021	Alternate	43
Carlos Roberto Chiesa	2021	Alternate	50
José Alanis	2021	Alternate	82

Committees of the Board of Directors

Our board of directors has established an Audit Committee as well as other committees as described below. We expect our board of directors to have such other committees as the board of directors may determine from time to time.

Audit Committee

Our Audit Committee is composed of three principal members and one alternate member, all designated by our board of directors. All members of the audit committee were appointed by our board of directors on April 20, 2021, and their terms will expire at the next annual shareholders meeting. The following table provides relevant information about the members of our audit committee:

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Election Date</u>	<u>Condition</u>
Carlos Boero Hughes	Permanent	55	2021	Independent
Diana Mondino	Permanent	62	2021	Independent
Sergio Daniel Alonso	Permanent	58	2021	Independent
Javier Graña	Alternate	50	2021	Independent

As of the date of this annual report, all of the members of our audit committee are independent under CNV regulations, Rule 10A-3 under the Exchange Act, or Rule 10A-3, and the applicable NYSE standards. In addition, our board of directors has determined that each of the members of our Audit Committee is “financially literate” within the meaning of the rules of the NYSE and that Carlos Boero Hughes and Diana Mondino are “audit committee financial experts” within the meaning of Item 407(d) of Regulation S-K under the Securities Act and have the requisite accounting or related financial management expertise under the rules of the NYSE.

Our Audit Committee’s primary responsibilities are to assist the board of directors’ oversight of: (1) the integrity of our financial statements; (2) the adequacy and integrity of the accounting and financial reporting processes and internal controls systems for the issuance of financial reports, and the monitoring of such internal controls; (3) the identification and monitoring of our risks and risk management policies; (4) the standards and procedures related to ethics and conduct and our internal policies and channels for addressing complaints and concerns confidentially and anonymously raised by employees regarding accounting, internal controls and auditing matters and for the receipt, treatment and investigation of those concerns; (5) the external and internal audits, as well as the engagement of the independent auditor and the evaluation of qualifications, services, performance and independence of our independent auditor; (6) our compliance with legal and regulatory requirements; and (7) perform other duties attributed by law or by the Company’s Bylaws”. We adopted an Audit Committee charter defining the committee’s primary duties in a manner consistent with the rules of the SEC and the NYSE, which is available on our website at www.lomanegra.com.

Disclosure Policy Committee

In January 2018, our board of directors created the Disclosure Policy Committee to manage compliance with ongoing disclosure rules and regulations promulgated by the SEC under the U.S. Sarbanes-Oxley Act of 2002 and Regulation FD promulgated by the SEC under the Securities Exchange Act of 1934. The committee is composed of five members: Chief Executive Officer, Chief Financial Officer, Legal and Corporate Affairs Director, Head of Corporate Communications and Investor Relations Manager. The committee monitors compliance with regulations and our disclosure policy and advises the company on communications with external and internal audiences. Its main purpose is to obtain input from the company’s spokespersons on disclosure issues and to assure agreement on management’s messages and policies. This committee meets quarterly in advance of each earnings announcement or whenever there are issues that require consideration.

Securities Operations Approval Committee

Our Insider Trading Policy Committee establishes the policies and procedures that govern trading by our personnel of company securities and securities of any other company about which such personnel learns material, non-public information in the course of performing his or her duties for the company. All directors, officers and other employees of the company, supervisory board members, controlling shareholders and their representatives and/or employees, and any other person designated by the Securities Compliance Officer, are subject to the prohibitions set forth in the Insider Trading Policy.

Pursuant to this policy certain of our officers and employees as well as any person specially designated by the Securities Compliance Officer must inform and request for approval to the Securities Operations Approval Committee of any operation that they intend to carry out with our securities.

The committee comprises the Chief Financial Officer, the Commercial and Concrete Director; and the Legal and Corporate Affairs Director.

Ethics and Compliance Committee

The Ethics and Compliance Committee, consisting of members of the Board of Directors, at least one of them being an independent director, and members of our management, is responsible, jointly with the Ethics and Compliance Officer, for administering the Code of Business Conduct, designing and approving the Compliance Program and investigating any infringement of the code and of applicable laws and regulations.

The Ethics and Compliance Committee comprises Flávio Aidar, Sergio D. Faifman, Luiz A. Klecz, and Sergio D. Alonso.

People and Governance Committee

This committee was created by our Board of Directors on May 9, 2019 and is composed by members of the Board of Directors, at least one of them being an independent director. The People and Governance Committee is currently chaired by an independent director of Loma Negra. The committee's primary responsibilities are: (i) defining our governance model (reviewing bylaws, regulations, internal policies, committees, structure and organization); (ii) evaluating and proposing of the members of the Board of Directors; (iii) designing human resources guidelines and processes; (iv) evaluating of the remuneration of leadership positions and directors; and (v) developing succession plans for leadership positions and directors.

Results, Finance and Strategy Committee

This committee was created by our board of directors on May 9, 2019 and is composed by members of the board of directors, at least one of them being an independent director. The Results, Finance and Strategy Committee's primary responsibilities are: (i) defining the company's goals; (ii) reviewing the budget and monitoring results and cash flow; (iii) reviewing our results disclosure policy; (iv) supporting the management of our business; (v) discussing financial planning; (vi) management of opportunities in current businesses; (vii) capital expenditures management and planning; and (viii) analysis of new business opportunities and projects.

Risk and Reputation Committee.

This committee was created by our board of directors on May 9, 2019 and is composed by members of the board of directors, at least one of them being an independent director. The Risk and Reputation Committee's primary responsibilities are: (i) monitoring corporate image management; (ii) reviewing integrated risk map; (iii) designing crisis contingency plan; and (iv) overseeing community relations and donations.

D. Employees

As of December 31, 2020 we had a total of 2,900 employees. We have collective bargaining agreements with the union that represents our blue collar employees in the cement industry, or AOMA. Certain of our subsidiaries have collective bargaining agreements with unions that represent their employees in the railway transportation (*APDFA, La Fraternidad* and *Unión Ferroviaria*), in the chemical industry (*FESTIQyPRA*), and in the construction industry (*UOCRA*). We have not experienced a significant number of strikes or other labor slowdowns. During the last four years, we have not had a particular strike affecting all our operations, and we have lost an average of only 4.7 working days per year due to local strikes always affecting a particular plant in each case.

Business Segment	As of December 31,		
	2020	2019	2018
Cement	1,404	1,375	1,574
Concrete	272	156	386
Aggregates	44	61	73
Railroad	1,151	1,221	1,232
Others	29	31	32
Total	2,900	2,844	3,297

E. Share Ownership

None of our directors or executive officers beneficially owns one percent or more of our ordinary shares as of the date of this annual report.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information regarding the beneficial ownership of our outstanding shares, which may be represented by ADSs, as of March 19, 2021, by:

- each person or group of affiliated persons that, to our knowledge, beneficially owns 5% or more of our ordinary shares;
- each of our directors, director nominees and executive officers individually owning more than 1% or more of our ordinary shares; and
- all of our directors, director nominees and executive officers as a group.

The beneficial ownership of our ordinary shares, including shares in the form of ADSs, is determined in accordance with the rules of the SEC and generally refers to the sole or shared power to vote or direct the voting or to dispose or direct the disposition of any security. For purposes of this table, a person is deemed to be the beneficial owner of securities that can be acquired within 60 days from March 19, 2021, through the exercise of any option or warrant. The amounts and percentages are based upon 596,026,490 ordinary shares outstanding as of the date of this annual report.

All of our shareholders, including the shareholders listed below, have the same voting rights attached to their shares, including shares in the form of ADSs. See “*Item 10.B Additional Information—Memorandum and Articles of Association—Description of Capital Stock—Bylaws—Voting Rights*”. Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and investment power with respect to their shares, except to the extent authority is shared by spouses under community property laws.

As of our 2021 Annual General Meeting’s Record Date (i.e. April 23, 2021), we had 49,252,705 ADS holders of record, holding ADSs, representing 246,263,525 ordinary shares, or approximately 41,3175% of our outstanding capital stock as of such date.

Name of Beneficial Owner	Shares Beneficially Owned	
	Number	Percentage
Intercement Trading e Inversiones Argentina, S.L. (1)	304,233,740	51.04
The Capital Group Companies Inc.(2)	50,676,740	8.50
Redwood Capital Management, LLC. (3)	32,506,900	5.45
Directors and Executive Officers as a Group	*	*

(1) Based on a Schedule 13G filed on February 25, 2021. InterCement Trading e Inversiones S.A owns and controls 100% of InterCement Trading e Inversiones Argentina S.L. InterCement Portugal S.A. owns and controls 100% of InterCement Trading e Inversiones S.A.’s voting shares. InterCement Austria Holding GmbH owns and controls 94.63% of InterCement Portugal S.A.’s voting shares. InterCement Participações S.A. owns and controls 100% of the share capital of InterCement Austria Holding GmbH. Mover Participações S.A. owns and controls 100% of InterCement Participações S.A.’s voting

shares. Participações Morro Vermelho S.A. owns 99.99% of the common shares and 100% of the preferred shares of Mover Participações S.A. Each of the above mentioned entities are deemed to have shared voting and dispositive power over the 304,233,740 ordinary shares held of record by InterCement Trading e Inversiones S.A.

- (2) Based on a public filing with the Bolsa de Comercio de Buenos Aires on March 29, 2021. The Capital Group Companies Inc. indirectly controls the following participants which directly hold ordinary shares of company: Capital Research and Management Company holds 41,641,440 ordinary shares; Capital International Inc. holds 7,936,070 ordinary shares; Capital International Sàrl holds 1,099,230 ordinary shares.
 - (3) Based on a Schedule 13G filed on February 16, 2021
- * Individually each owning less than 1% of our outstanding ordinary shares.

Other than Intercement Trading e Inversiones Argentina, S.L., The Capital Group Companies, Inc., and Redwood Capital Management, LLC., we are not aware of any person that is the beneficial owner of five percent or more of our voting securities.

Significant Changes in Percentage Ownership

Except as disclosed below, to our knowledge, there has been no significant changes in the percentages of ownership held by the major shareholders listed below.

On October 31, 2017, we completed our initial public offering. We sold an aggregate of 288,650,000 ordinary shares: 30,000,000 ordinary shares sold by us, 9,000,000 of which were represented by 1,800,000 ADSs, and 258,000,000 ordinary shares sold by our controlling shareholder, representing 51,730,000 ADSs, including the full exercise of the over-allotment option by the underwriters to purchase up to an additional 7,530,000 ADSs. The price per ordinary share was US\$3.80 and per ADS was US\$19.00. In this initial public offering, our controlling shareholder sold 258,000,000 ordinary shares, reducing its ownership percentage from 99.44% to 51.04%.

During the year prior to our initial public offering, there was no change in the percentage of ownership of our ordinary shares by our controlling shareholder, InterCement Participações S.A. However, as a result of the corporate reorganization of Caue Austria Holding GmbH, the sole shareholder of Loma Negra Holding GmbH and controlling shareholder of InterCement Brasil, on August 26, 2017, Loma Negra Holding GmbH became the beneficial owner of 562,883,740 of our ordinary shares, representing 99.44% of our share capital.

On October 22, 2018 Loma Negra Holding notified to Caja de Valores of the transfer of all of its ownership in the company (i.e. 304,233,740 ordinary shares) to Caue Austria Holding GmbH, its parent company.

On January 21, 2020 Caue Austria Holding GmbH notified to Caja de Valores of the transfer of all of its ownership in the company (i.e. 304,233,740 ordinary shares) to Intercement Trading e Inversiones, S.A., its direct parent company.

On June 4, 2020, Intercement Trading e Inversiones S.A. granted a first priority pledge over all of its shares of Loma Negra (which represent 51.0437% of Loma Negra's capital stock) in favor of Planner Trustee DTVM Ltda. The aforementioned pledge was granted as security for the obligations assumed by its indirect shareholder, Intercement Participações S.A., and its subsidiary, Intercement Brasil S.A., regarding the issuance of simple debentures, not convertible into shares, in accordance with the public offering regulations of Brazil for a total amount of BRL 4,676,827,000 to refinance its financial debt. In this sense, on June 5, 2020, Intercement Trading e Inversiones S.A. requested to Caja de Valores the registration of the pledge.

On January 6, 2021 Intercement Trading e Inversiones, S.A. notified to Caja de Valores of the transfer of all of its ownership in the company (i.e. 304,233,740 ordinary shares) to its subsidiary Intercement Trading e Inversiones Argentina, S.L. As of the date of this annual report, Intercement Trading e Inversiones Argentina, S.L. holds 304,233,740 ordinary shares, representing 51.04% of our share capital.

B. Related Party Transactions

We enter into transactions with our shareholders and with companies that are owned or controlled, directly or indirectly, by us in the normal course of our business. We conduct these transactions on an arms' length basis. Any transactions with related parties have been made consistent with normal business operations using terms and conditions available in the market and are in accordance with the applicable legal standards. Those transactions were eliminated in the consolidation process.

We maintain certain agreements with other companies controlled by our controlling shareholder in the ordinary course of business in order to share costs and expenses related to the use and maintenance of certain shared administrative functions. These transactions comply at all times with legal requirements regarding conflict of interests and are monitored closely by our management.

As of the date of this annual report, we do not have any loans or other financing agreements with any of our directors and executive officers. Our related party transactions consist mainly of loans and financings and purchases of petcoke, clinker and steam coal. Please refer to "Note 19 to our audited consolidated financial statements" included elsewhere in this annual report for more information.

Other Transactions

Know-how Offer Letter with InterCement Participações S.A.

On August 28, 2020, we accepted an offer from InterCement Participações S.A. (the "Offer") for the transfer of technical know-how relating to the designing and manufacturing of building materials, such as cement, clinker, and concrete, among others, for the purpose of optimizing the performance and the operations of the Company. According to the terms of the Offer, we will have access to the know-how possessed and developed by InterCement Participações S.A., such as, technology, engineering, development of management systems to enhance performance and processes, industrial sustainability and innovation. The royalty fee for the transfer of technical know-how represents 1% of the Company's revenues in nominal values not adjusted for inflation pursuant to unconsolidated financial information of the Company for each year of validity of the Offer and will be paid on a quarterly basis. The Offer shall remain in force for an initial period of three years and shall thereafter be renewed automatically for further successive one-year periods unless either party terminates the Offer by giving to the other party not less than three months' prior notice. These transactions comply with legal requirements regarding conflict of interests, are conducted on an arms' length basis and are monitored closely by our management.

Cost Plus Offer Letter of InterCement Trading e Inversiones, S.A., InterCement Brasil S.A.

On August 15, 2018 and June 25, 2019 we accepted the offers from InterCement Trading e Inversiones, S.A. (formerly Cimpor Trading e Inversiones, S.A.) and InterCement Brasil S.A., respectively, regarding the outsourcing services to be received during the execution of the L'Amali Line 2 Project. Such services include, but are not be limited to, consulting, training, technical assistance and engineering of the Project (the "Services"). The fees for the Services represent (i) the Net Costs (meaning all costs which the service providers incur in connection with providing the Services); plus (ii) an arm's length return for all Services levied at 8%. The term of the agreements with InterCement Trading e Inversiones, S.A. and InterCement Brasil S.A. is 44 months starting on January 1, 2018, automatically renewable for successive three months periods unless either party provides written notice of termination.

Offer Letter Services from Loma Negra to InterCement Portugal, S.A. (formerly, Cimpor—Serviços De Apoio à Gestão De Empresas S.A.) and to Cimpor Trading Inversiones, S.A.

On July 31, 2018 and August 13, 2018, InterCement Portugal, S.A. (formerly, Cimpor—Serviços De Apoio à Gestão De Empresas S.A.) and Cimpor Trading Inversiones, S.A., respectively, accepted our offer regarding the provision of services to themselves or to any other company of the InterCement Group on its behalf (the "Services"). Such Services include, but are not be limited to: development and implementation of performance management, optimization and operational progress tools, technical support in the areas of process engineering, geology, raw materials, maintenance, products and quality, technical training of managers, engineers, and technicians and

prospecting of new international business (due diligences). The fees for the Services represents (i) the Net Costs (meaning all costs in which we incur in connection with providing the Services); plus (ii) an arm's length return for all Services levied at 8%. The term of the agreement is three years starting August 2017, automatically renewable for successive one-year periods unless either party provides written notice of termination at least three month in advance.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

See Item 18 and our audited consolidated financial statements as of December 31, 2020 and 2019 and for the three years ended December 31, 2020, 2019 and 2018 included in this annual report.

Legal Proceedings

We were party to various legal and administrative proceedings, including civil and labor claims filed by former employees and subcontractors' employees and public authorities relating to overtime payments, paid leave, working hours, safety, occupational accidents and compensation for exposure to health hazards and tax claims. As of December 31, 2020, such claims involved a total amount in controversy of approximately Ps.965.5 million, of which Ps.197.3 million corresponded to probable claims, Ps.551.3 million to possible claims, including mainly Ps.239.8 million related to tax contingencies, Ps.160.7 million in civil claims and Ps.150.8 million in labor contingencies. The remaining Ps.216.9 million corresponded to remote claims. It is our policy to make provisions for legal contingencies when, based upon our judgment based on the advice of our legal advisers, the risk of loss is probable. As of December 31, 2020, we had established a provision in the amount of Ps.197.3 million to cover contingencies for proceedings for which the risk of loss was deemed probable. Moreover, as of December 31, 2020, we also made judicial deposits in the amount of Ps.3.1 million, related to these proceedings.

As of December 31, 2020, there were no other material contingencies that could negatively impact our financial results.

The following table summarizes legal and administrative proceedings to which we are party, the amounts in dispute in these proceedings and the aggregate amount of the provision established for losses that may arise from these proceedings:

	As of December 31, 2020		
	Number of proceedings	Total Claims	Total Provisions
	(in millions of Ps.)		
Labor and Social Security Proceedings	182	292.1	100.1
Civil and other proceedings	277	673.4	97.2
Total	459	965.5	197.3

See Note 27 of our consolidated financial statements in relation with possible contingencies for which we have not recorded a provision as it is not required under IFRS.

Damnificados Financieros Asociación Civil's Class Action

In February 27, 2007, Damnificados Financieros Asociación Civil filed a class action as representative of the holders of the notes issued by Inversora Eléctrica de Buenos Aires S.A., or IEBA, in an aggregate principal amount of Ps.200,000,000, in 1997, or the IEBA Notes, against several defendants (including us, as a former minority shareholder of IEBA). Plaintiff seeks to extend liability to the defendants for the lack of payment of the IEBA Notes alleging, among other things, under-capitalization of IEBA, as issuer. We filed several defenses, including, without limitation, lack of standing to sue, statute of limitations, that we were no longer shareholders of IEBA at the time of the issuance of the IEBA Notes and that the IEBA Notes have been successfully restructured through a reorganization plan duly endorsed by the competent court with effect against all holders of the IEBA Notes and declared fulfilled by resolution of the same court dated April 18, 2008. On August 28, 2017, the court

admitted the class action and as of September 5, 2017, we appealed the court's decision. The Court rejected such appeal, thus on September 28, 2017 we filed a petition in error because of denial of appeal. Finally, the petition in error was admitted. As of August 14, 2018, the Court decided to confirm the appealed resolution regarding the admission and certification of the class action and order its registration in the Public Registry of Collective Processes (*Registro Público de Procesos Colectivos*). In 2019, the Court order to publish notice of the class action in the media. On September 2020, the publications' project filed by the plaintiff was approved and in December 2020, the plaintiff certified the publication of the class action in its social media. Based on our Argentine litigation counsel's opinion, we believe that the chances of success of the claim against us are remote.

Antitrust Proceedings

CNDC Fine. In 1999, the CNDC, initiated administrative investigations against the largest Argentine cement companies, including Loma Negra, for alleged violations of Argentine antitrust regulations by means of an alleged mutual agreement among all companies to fix prices and to distribute the market share among themselves during the period from 1981 to 1999, causing a potential damage to the general economic interest. On July 25, 2005, the CNDC determined that Loma Negra and Cementos San Martín (a company acquired by, and merged into, Loma Negra in 1992), together with other cement companies, violated these regulations and imposed a fine against Loma Negra in the aggregate amount of Ps.167.2 million. This resolution by the CNDC was appealed and finally confirmed in 2013 by the Argentine National Supreme Court of Justice, and Loma Negra paid the fine.

CNDC Market Investigation (C. 1476). In 2013, the CNDC initiated administrative investigations related to the price of cement. To this end, the CNDC requested information from all cement companies involved in the 1999 investigation. In June 2014, the CNDC removed Loma Negra as a party to the investigative proceeding and confirmed that it is a market investigation where the cement companies do not have access to the file. As of the date of this annual report, the case is still under analysis by the CNDC.

CNDC Market Investigation (C. 1491). In 2014, the CNDC initiated a market investigation that involved all construction materials companies. However, no particular company has been charged or is subject to investigation for anti-competitive behavior. In March and June 2014, Loma Negra submitted all the information requested by the Antitrust Commission. As of the date of this annual report, the case is still under analysis by the CNDC.

CNDC Investigation—Abuse of Dominant Position (C. 1488). In 2014 the Association of Small- and Micro- Enterprises (*Asociación de Pequeñas y Micro Empresas*) filed a claim against cement, steel and aluminum companies (including Loma Negra) for alleged abuse of dominant market position and artificial increases in product prices. In March 2016, Loma Negra filed an answer against the complaint and denied all claims, which was rejected by the CNDC on August 25, 2017. On September 8, 2017, we filed a motion for reconsideration against this administrative decision. On February 18, 2020 we were notified of the Resolution of the Secretary of Commerce that ordered the ending of the investigation after the opinion of the CNDC that found that no anticompetitive practices took place. Claimant may file an appeal to this resolution until March 16, 2020. On March 16, 2020, CNDC established the suspension of the procedural deadlines for the pending proceedings until the lockdown ends, due to the outbreak of the coronavirus pandemic. Claimant didn't appeal the CNDC's decision and the docket was closed.

CNDC Investigation—Competitive Conditions in Cement Market (IM 6). On August 10, 2017, we were notified of a new administrative investigation initiated by the CNDC regarding competitive conditions in the cement market in Argentina. None of the cement companies has been accused or is subject to investigation for anticompetitive practices under this proceeding. On April 26, 2018 the CNDC notified that the purpose of the investigation was to analyze the market conditions of the cement industry in order to make recommendations. The CNDC has requested us to file several information and documentation related to products that we commercialized: the last request for information received by us was February 7, 2021. We filed the requested information on February 23, 2021. As of the date of this annual report, the case remains under analysis by the CNDC.

Securities Complaints Commenced Against Loma Negra under US Jurisdiction

In 2018, two investors who purportedly purchased our ADSs pursuant and/or traceable to our IPO, commenced two different putative class actions before US courts on behalf of all persons and/or entities who purchased or otherwise acquired our ADSs pursuant and/or traceable to our prospectus and registration statement issued in connection with the IPO, and, in the case of the Federal Class Action (defined below), on behalf of all persons and/or entities who purchased our ADSs on the open market between November 2, 2017 and May 23, 2018, inclusive. Loma Negra, its directors and some members of its senior management at the time of the IPO and Loma Negra Holding GmbH (now Intercement Trading e Inversiones, S.A.) are named as defendants in both actions. A lawsuit does not become a class action unless and until the court enters an order certifying that the case satisfies certain criteria. As of the date of this annual report none of the complaints have been certified as class actions.

State Class Action

On June 21, 2018, plaintiff Dan Kohl filed a complaint in the Supreme Court of the State of New York, New York County, pursuant to Sections 11 and 15 of the Securities Act of 1933. The complaint also asserts claims against the underwriters of our IPO. The complaint alleges that our offering materials failed to disclose material facts and risks concerning our prospects for future growth. As a result of such alleged omissions, the plaintiff asserts that the price of our ADSs was artificially inflated. On March 13, 2019, we filed a motion to dismiss the complaint. On May 10, 2019 the plaintiff filed an opposition to our motion to dismiss. On June 12, 2019 we filed our reply to plaintiff's opposition to our motion to dismiss. On October 3, 2019 an oral argument on the motion to dismiss scheduled by the Court was held. As of the date of this report, we are waiting for the Court's decision on our motion to dismiss.

On October 22, 2020 the State Court issued its ruling on the motion to dismiss and dismissed only a portion of the claims but otherwise denied the rest of the motion. The case is currently in the discovery and class certification phase. As to class certification, on January 11, 2021, plaintiff filed a motion in support of class certification. On April 23, 2021, we filed our opposition brief, and plaintiff's reply is due on May 24, 2021.

On February 1, 2021, the Company filed an appeal against the State Court's decision that denied the motion to dismiss before the New York Supreme Court Appellate Division – First Department. On March 23, 2021 Plaintiff-Respondent filed his opposition to the Company's appeal. The Company's reply brief is due on April 9, 2021.

Federal Class Action

On December 5, 2018, plaintiff, Eugenio Carmona filed a complaint in the United States District Court for the Southern District of New York, pursuant to Sections 11, 12(a)(2) and 15 of the Securities Act of 1933. Like the New York State Court complaint discussed above, plaintiff also alleged that our offering materials failed to disclose material facts and risks concerning our prospects for future growth and that the price of our ADSs was artificially inflated. On February 25, 2019, the court appointed Sandor Karolyi as the lead plaintiff in the federal action.

On April 26, 2019, the plaintiffs filed an amended class action complaint in the federal action. The amended complaint contains new factual allegations, as well as two new causes of action pursuant to Sections 10(b) and 20 of the Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. The plaintiffs brought these Exchange Act claims against Loma Negra and two of our board members, on behalf of purchasers who bought Loma Negra shares on the open market from November 2, 2017 to May 23, 2018. The new Exchange Act claims allege that our offering materials, and certain public filings and statements contain material misstatements and omissions concerning our prospects for future growth. On September 19, 2019 we filed a motion to dismiss the amended complaint. On November 1, 2019 plaintiffs filed their opposition to our motion to dismiss and on December 6, 2019 we filed a reply to their opposition. On April 27, 2020, the United States District Court for the Southern District of New York issued an opinion granting defendants' motion to dismiss. On July 17, 2020, the plaintiff voluntarily dismissed the appeal filed against the Federal Court's opinion. Therefore, the favorable opinion for the Company and the other defendants is final and the lawsuit is over.

Dividends and Dividend Policy

Under the Argentine General Companies Law, the declaration and payment of dividends is determined by the shareholders at the shareholders' meeting. The approval of dividends requires the affirmative vote of a majority of the shares entitled to vote at the meeting. We have a single class of ordinary shares entitled to the same voting rights and amount of dividends per share.

Dividends, if any, on our outstanding ordinary shares will be proposed by our board of directors and subject to the approval of our shareholders. Even if our shareholders decide to distribute dividends, the form, frequency and amount of such dividends will depend upon our future operations and earnings, investment plans, capital requirements and surplus, general financial condition, contractual restrictions and other factors our board of directors and shareholders may deem relevant.

In addition, the distribution of dividends may be limited by Argentine law, which permits the distribution of dividends only out of realized and net earnings (*ganancias líquidas y realizadas*) as set forth in our annual standalone financial statements presented in pesos and approved by our shareholders, or consolidated special interim balance sheet, in case of anticipated dividends.

Under the Argentine General Companies Law, our bylaws and our Dividend Policy, we are required to allocate to our legal reserve 5% of our annual net earnings, plus or minus the results of prior years, until our legal reserve equals 20% of our then outstanding aggregate share capital. The legal reserve is not available for distribution to the shareholders. References to our bylaws are to our bylaws as adopted by our Shareholders Meeting held on April 16, 2020. Additionally, our annual net profit must be allocated in the following order:

- to comply with the legal reserve requirement;
- to the establishment of voluntary reserves;
- to pay the accrued fees of the members of our board of directors and supervisory committee;
- to pay dividends on preferred shares (if at any time issued and existing);
- to the distribution of dividends; and
- any remaining balance to undistributed cumulated earnings or as otherwise determined by our shareholders at the annual shareholders' meeting.

According to the rules issued by the CNV, cash dividends must be paid to shareholders within 30 days of the resolution approving their distribution.

Amounts Available for Distribution

Our board of directors will propose how to allocate our net profit for the preceding fiscal year. The allocation and declaration of annual dividends requires the approval of a majority of our shareholders. Dividends in cash have to be paid within 30 days as from the date of the shareholders' meeting that approved such distribution of dividends; while dividends payable in shares, such shares have to be delivered to the shareholders within three months as from the date of the shareholders' meeting that approves such dividend. The time limit after which the dividend entitlement lapses is 5 years from the date on which the dividend is payable in favor of the company.

According to our Dividend Policy the recommendation of our board of directors for the payment of dividends and its amount will depend on a number of factors, including, but not limited to, our cash flow, financial condition (including capital position), investment plans, prospects, legal requirements, economic climate and such other factors as we may deem relevant at the time. The amount of future dividends or interest attributable to shareholders' equity we may pay is subject to Argentine corporate law and will be determined by our shareholders at the shareholders' meetings as described above.

Our bylaws and Dividend Policy do not provide for specific amounts to be distributed, but refer to the distribution of the remainder of net profit after legal and statutory reserves are established.

Reserve Accounts

Reserve accounts are comprised of the legal reserve, environmental reserve, reserve for future dividends, facultative reserve, reserve for cumulative translation differences and reserve for cash flow hedging, as determined at the shareholders' meeting.

Legal reserve: in accordance with the Argentine General Companies Law and our bylaws, we are required to allocate to our legal reserve 5% of our annual net earnings, plus or minus the results of prior years, until our legal reserve equals 20% of our then outstanding aggregate share capital. The legal reserve is not available for distribution to the shareholders. If this legal reserve is reduced for any reason, no dividends can be distributed until such reserve is reinstated.

Environmental reserve: we may allocate a reserve for environmental investments.

Reserve for future dividends: we may reserve a portion of our net profit for future dividends distributions.

Facultative Reserve: we may reserve a portion of our net profit for future planned capital expenditures and other investments. Based on current regulations in Argentina, the shareholders' meeting must allocate 100% of the company's net profit.

The table below sets forth our capital reserves as of the dates indicated:

	As of December 31,		
	2020	2019	2018
	(in millions of Ps.)		
Legal reserve	961.0	787.2	217.7
Environmental reserve	7.5	7.5	7.5
Future dividends reserve	0.0	63.1	63.1
Optional reserve	17,750.9	15,306.8	4,487.3
Exchange differences on translating foreign operations	0.0	449.6	574.9
Total reserves	18,719.4	16,614.1	5,350.5

Payment of Dividends

Interest Attributable to Shareholders' Equity

The following table sets forth our interest attributable to shareholders' equity:

	For the year ended December 31,		
	2020	2019	2018
	(in millions of Ps.)		
Attributable to owners	45,119.4	36,889.8	31,788.4
Non-controlling interests	271.2	3,036.9	2,878.8
Total interest attributable to shareholders' equity	45,390.6	39,926.7	34,667.2

Form of Payment

In general, Argentine foreign exchange regulations grant access to the FX Market for the purchase of foreign currency to pay dividends abroad to foreign shareholders or to an ADS depository for the benefit of the foreign holders of ADSs, provided that the "External Credits and Debts Survey" established by Communication "A" 6401, as amended, must have been complied with. See "Item 10. Additional Information—D. Exchange Controls—Foreign indebtedness information regime".

The ordinary shares underlying the ADSs are held in Argentina by Caja de Valores, acting as the custodian agent for the ADS depository. The ADS depository is the registered owner on record of our ordinary shares represented by ADSs and acts as the registrar of our ADSs. We inform the Argentine Central Bank the amount of our ordinary shares held by foreign shareholders and the shares underlying the ADSs, and, therefore, should have access to the FX Market (single and free foreign exchange market) to pay dividends with respect to our ordinary shares and ordinary shares represented by ADSs, subject to certain structural restrictions as described further in “Item 3. Key Information—Risk Factors—Restrictions on transfers of foreign exchange and the repatriation of capital from Argentina may impair your ability to receive dividends and distributions on, and the proceeds of any sale of, the shares underlying the ADSs.” Pursuant to the deposit agreement, holders of ADSs will be entitled to receive dividends, if any, declared with respect to the underlying ordinary shares represented by such ADSs to the same extent as the holders of the ordinary shares.

Payments of cash dividends and distributions, if any, will be made in pesos, although we reserve the right to pay in other currency to the extent permitted by applicable law. The ADS depository will convert such dividends received in pesos into U.S. dollars and pay such amount to holders of ADSs, net of any dividend distribution fees, ADS depository’s fees and expenses, currency conversion expenses and taxes or governmental charges, if any. In the event that the ADS depository is unable to convert immediately the amount in pesos received as cash dividends into U.S. dollars, the amount of U.S. dollars payable to holders of ADSs may be adversely affected by depreciation of the peso.

History of Payment of Dividends

The annual shareholders’ meeting held on March 23, 2017, approved the distribution of cash dividends in an aggregate amount of Ps.444.7 million (nominal value) and the increase in the reserve for future dividends of Ps.15.5 million (nominal value) with respect to our results for the year ended December 31, 2016. On May 17, 2017, our board of directors approved the payment of this distribution of cash dividends.

The annual shareholders’ meeting held on April 25, 2018, approved the allocation of the earnings for the year ended December 31, 2017 for the amount of Ps.1,590.2 million (nominal value) in the facultative reserve considering the current investment plan in property, plant and equipment.

The annual shareholders’ meeting held on April 25, 2019, approved the allocation of the retained earnings for the year ended December 31, 2018 for the amount of Ps.5,166.2 million (nominal value) in the facultative reserve considering the current investment plan in property, plant and equipment.

The annual shareholders’ meeting held on April 16, 2020, approved the allocation of the retained earnings for the year ended December 31, 2019 for the amount of Ps.127.7 million in the legal reserve and Ps.3,711.5 million in the facultative reserve considering the current investment plan in property, plant and equipment.

The annual shareholders’ meeting held on April 20, 2021, approved (i) to modify the allocation of the Optional Reserve and to allocate such sum to the payment of future dividends and, consequently, change its name to “Optional Reserve for Future Dividends”; and (ii) to allocate the sum of Pesos 11,351,024,000.00 to the Optional Reserve for Future Dividends. Also, it was approved to delegate to the Board of Directors the power to totally or partially disaffect and distribute in cash, one or more times, the amount in constant currency of the Optional Reserve for Future Dividends depending on the evolution of the business and the regulatory restrictions and limitations until the next annual shareholders meeting that will consider the financial statements corresponding to the year ending December 31, 2021.

Contractual Limitations on Dividend Payments

Pursuant to several of our existing debt agreements, we are subject to various customary restrictions on the payment of dividends upon the occurrence of an event of default under such agreements or if such payment would otherwise be reasonably likely to result in an event of default.

The payment of cash dividends may be subject to additional tax considerations. For further information on the tax implications of dividend payments see “*Item 10.E Additional Information—Taxation—Material Argentine Tax Considerations—Taxation on Dividends*”.

B. Significant Changes

Except as identified in this annual report, no undisclosed significant changes have occurred since the date of the consolidated financial statements.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our ordinary shares trade on the BYMA under the symbol “LOMA” and on the NYSE under the symbol “LOMA” in the form of ADSs issued by Citibank, N.A., as depository. Each ADS represents five ordinary shares.

B. Plan of Distribution

Not applicable.

C. Markets

On October 31, 2017, we completed our initial public offering and on November 1, 2017, our ADSs representing ordinary shares began to trade on the NYSE. Our ordinary shares are currently traded on the Merval (since November 2017) and BYMA (since November 2017) under the symbol “LOMA” Additionally, our ADSs have been trading on the NYSE since October 31, 2017 under the symbol “LOMA”.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Description of Capital Stock

Our bylaws, approved by our shareholders at our general shareholders’ meeting held on April 16, 2020, are filed as Exhibit 1.1 to this annual report. The information otherwise contemplated by this Item is included in Exhibit 2.2 to this annual report, which is hereby incorporated by reference. This summary does not purport to be complete and is qualified by reference to our by-laws, Argentine corporate law, the rules and regulations of the CNV and the listing rules of BYMA. For more complete information, you should read our bylaws. For information on how to obtain a copy of our bylaws, please read “Documents on Display”.

General

We are a corporation organized as a *Sociedad Anónima* under the laws of Argentina on May 10, 1926 and registered with the Public Registry of Commerce of the Province of Buenos Aires (Azul) on August 5, 1926. The resolution of the board of directors dated July 4, 2018 approved the change of our principal executive offices to Boulevard Cecilia Grierson 355, 4th floor, City of Buenos Aires. This resolution has been registered before the Public Registry of Commerce of the City of Buenos Aires on October 1, 2018 under No. 18553, Book No. 91, Volume – of corporations.

Our share capital as of December 31, 2019 consisted of Ps.59,602,649, represented by 596,026,490 ordinary, book entry shares, with a par value of Ps.0.10 per share and each entitled to one vote. All outstanding shares are fully paid as of the date of this annual report.

The rights of holders of our stock may be modified through a resolution of our extraordinary shareholders meeting.

Bylaws

Corporate Purpose

According to its bylaws, Loma Negra C.I.A.S.A. has a broad corporate purpose that includes, among others, to participate in industrial activities, such as the production, commercialization, multiplication, licensing, purchase, sale, importation, exportation and distribution of mining products, as well as to engage in any activity related to mining; to invest in national or foreign companies, private or partially state-owned; to subscribe, acquire or transfer shares, interest or securities, to form subsidiaries; to provide guarantees to third parties; purchase, sale or lease real estate and personal property; to purchase, sell, register and make use of intellectual property; and to allocate up to 10% of its capital, reserves and profits to social and cultural works and charity.

Shareholders' Meetings

Shareholders' meetings may be ordinary or extraordinary. We are required to convene and hold an ordinary meeting of shareholders within four months of the close of each fiscal year to consider the matters specified in the first two paragraphs of Section 234 of the Argentine General Companies Law, such as the approval of our consolidated financial statements, allocation of net profit for such fiscal year, approval of the reports of the board of directors and supervisory committee and election and remuneration of directors and members of the supervisory committee. Other matters which may be considered at an ordinary meeting convened and held at any time include the responsibility of directors and members of the supervisory committee, and capital increases without limit, according to our bylaws.

In addition, under the provisions of section 71 of the Argentine Capital Markets Law and due to our being a company authorized to publicly offer our ordinary shares, the ordinary shareholders' meeting is to undertake (i) the transfer or encumbrance of all or a substantial part of our assets, other than in the ordinary course of business; and (ii) the execution of an administration or management agreement as it relates to our business and/or assets. The same applies to the approval of any other agreement pursuant to which the assets or services received by us are paid for, totally or partially, with a percentage of our income, results or profits, if such amount is substantial as it relates to our business or assets.

Extraordinary shareholders' meetings may be convened at any time to consider matters beyond the authority of an ordinary meeting, including amendment of the bylaws; reduction and reimbursement of capital; redemption, reimbursement and amortization of shares; merger, transformation and dissolution of the company; appointment, removal and remuneration of liquidators; division; examination of accounts and any other matters related to management during the liquidation of the corporation, which may require a final approving resolution; limitation or suspension of preemptive rights pursuant to Section 197 of the Argentine General Companies Law; reduction of the term for the exercise of preemptive rights for the subscription of new ordinary shares pursuant to Section 194 of the Argentine General Companies Law; issue of debentures and their conversion into shares; and issue of bonds, except for the issuance of negotiable obligations under the Argentine law, which may be approved by a resolution of an ordinary shareholders meeting.

The Argentine General Companies Law provides that shareholders' meetings may be called by our board of directors or by our supervisory committee or at the request of the holders of shares representing no less than 5% of the ordinary shares. Any meetings called at the request of shareholders must be held within a maximum of 40 days after the request is made. Any shareholder may appoint any person as its duly authorized representative at a shareholders' meeting, by granting a proxy.

Notice of shareholders' meetings must be published for five days in the Official Bulletin, in an Argentine newspaper of wide circulation and in the publications of Argentine exchanges or securities markets in which our ordinary shares are traded, at least 20 but not more than 45 days prior to the date on which the meeting is to be held. Such notice must include information regarding the type of meeting to be held, the date, time and place of such meeting and the agenda. If a quorum is not available at such first call for the meeting, a notice for a second call for the meeting, which must be held within 30 days of the date on which the first meeting was called, must be published for three days, at least eight days before the date of the second call for the meeting. The above-described notices of shareholders' meetings may be effected simultaneously for the second call for the meeting to be held on the same day as the first call, except in the case of extraordinary meetings. Shareholders' meetings may be validly held without notice if all shares of our outstanding share capital are present and resolutions are adopted by unanimous vote of such shares.

Under Argentine corporate law and our bylaws, quorum for ordinary meetings of shareholders on first call is a majority of the shares entitled to vote, and action may be taken by the affirmative vote of an absolute majority of the shares present that are entitled to vote on such action. If a quorum is not available at the first call for the meeting, a second call for the meeting may be held at which action may be taken by the holders of an absolute majority of the shares present, regardless of the number of such shares. The quorum for an extraordinary shareholders' meeting on first call is 60% of the shares entitled to vote, and if such quorum is not available, an extraordinary meeting following a second call may be held with the presence of 30% of shares entitled to vote.

However, pursuant to Section 244 of the Argentine General Companies Law, all shareholders' meetings, whether convened on a first or second quorum call, require the affirmative vote of the majority of shares with right to vote in order to approve the following decisions: voluntary winding-up of the company, transfer of the domicile of the company outside of Argentina, fundamental change to the purpose of the company, total or partial mandatory repayment by the shareholders of the paid-in capital; and a merger or a spin-off, when our company will not be the surviving company. In the aforementioned cases, the plurality of votes granted by a certain class of shares shall not be considered. Also, under Section 284 of the Argentine General Companies Law, plurality of votes will not be applicable to the election of syndics or members of the supervisory committee; provided that, the Argentine General Companies Law allows for the election of up to one third of vacant supervisory committee members positions through the cumulative voting system in terms similar to those described in the election of the members of the board of directors. For further information regarding cumulative voting rights, see "*Election of Directors, Quorum and Resolutions*".

End of Fiscal Year

Our fiscal year ends on December 31 of each year.

Jurisdiction and Arbitration

Pursuant to article 46 of Law No. 26,831, companies whose shares are listed on any authorized market (including the BYMA), are subject to the jurisdiction of the arbitration court of such authorized market (in this case, the *Tribunal de Arbitraje General de la Bolsa de Comercio de Buenos Aires*, or any successor thereof) for all matters concerning such companies' relationship with shareholders and investors, without prejudice to the right of shareholders and investors to submit their claims (or challenge any arbitral award, as provided by Sections 758 and 760 of the Argentine Code of Civil and Commercial Procedure) to the competent courts of Argentina. In case that the applicable laws provide for the accumulation of claims related to the same subject matter, such accumulation will be subject to the jurisdiction of the judicial courts.

Shareholders' Agreements

To our knowledge, as of the date of this annual report, there are no shareholders' arrangements or agreements the implementation or performance of which could, at a later date, result in a change in the control of us in favor of a third person other than the current controlling shareholder.

C. Material Contracts

We have not been party to any material contracts within the two years prior to the date of this annual report, other than contracts entered into in the ordinary course of business.

D. Exchange Controls

In January 2002, with the approval of the Public Emergency Law, Argentina declared a public emergency situation in its social, economic, administrative, financial and foreign exchange matters and authorized the Argentine executive branch to establish a system to determine the foreign exchange rate between the peso and foreign currencies and to issue foreign exchange-related rules and regulations.

Due to the foreign exchange crisis after the primary elections in August 2019 and the uncertainties on the presidential elections in October 2019 and the measures to be adopted by a new administration, since September 1, 2019 and effective until December 31, 2019, the Argentine Central Bank reinstated rigid restrictions and foreign exchange controls, which have been extended without time limitation by Decree No. 91/2019 issued on December 28, 2019 by the Argentine Executive Power, and Communication "A" 6862 issued by the Argentine Central Bank on January 15, 2020. Pursuant to these measures, as further amended and complemented, and other additional measures adopted by the Argentine Central Bank, among other things:

- (i) -Prior authorization of the Argentine Central Bank is required for the access to the FX Market for the purchase of foreign currency:
 - For portfolio investment purposes for more than \$200 per calendar month by individuals;
 - For portfolio investment purposes by legal entities, local governments, funds and trusts;
 - By non-Argentine residents, except for certain exemptions;
 - For payment of dividends and earnings, except that no such prior authorization is required for the payment of profits and dividends as from January 17, 2020, in an amount that (including the amount of the payment being made at the time of the access) do not exceeds 30% of the value of new capital contributions of foreign direct investments. These contributions must be made to the local company and must be transferred to Argentina and sold for Pesos through the foreign exchange market as from such date.
 - For the pre-payment of principal and interest on foreign financial indebtedness with an anticipation of more than three business days in advance to the scheduled maturity dates, unless certain conditions are met;
 - For the pre-payment of indebtedness for the import of goods and services, except for certain exemptions;
 - For the payment of services with related foreign parties, except for certain exemptions, and;
 - Until March 31, 2021 for the payment of principal under foreign financial indebtedness with related parties, except for certain exemptions.
- (ii) The proceeds of the disbursements of foreign financial loans incurred since September 1, 2019 must be transferred into Argentina and converted into Pesos through the FX Market in order for the Argentine resident debtor to have access to the FX Market for the payment of principal and interests under such foreign financial loan on their scheduled maturity
- (iii) It is prohibited to access the FX market for the purchase of foreign currency for the payment of local debts and other obligations incurred in foreign currency between Argentine residents originated as of September 1, 2019, except, among others, in the case of obligations instrumented by means of public registries or deeds dated as of August 30, 2019.
- (iv) The proceeds from the collections of foreign currency by Argentine residents out of Argentina for the export of the following goods since September 2, 2019 are subject to mandatory transfer into Argentina and conversion into Pesos through the FX Market, within the terms described in each case, computed from the shipment date:
 - 15 consecutive days for crops and soybean oil;
 - 30 consecutive days for hydrocarbons and derivatives;

- 60 consecutive days for exports between related parties not including the goods described above and for metal ores and precious metals;
- 180 consecutive days for all other goods; and
- 365 consecutive days for small exports under the EXPORTA SIMPLE program for medium and small companies with annual FOB exports of less than \$600,000 and individual exports of less than \$15,000 each.

Regardless of the applicable maximum terms described above, upon collection of the export receivables, the proceeds thereof are subject to the mandatory repatriation within the five consecutive days computed from the date of payment or collection.

- (v) The proceeds from the collection of foreign currency by Argentine residents out of Argentina for the export of services are subject to mandatory Repatriation within the five consecutive days computed from the date they are received.
- (vi) As a general rule, Argentine residents may access the FX Market for the payment of imports of goods. Different requirements apply for goods with customs entry registration and goods with pending customs entry registration. The Argentine importer may access the FX Market to pay imports of goods with customs entry registration registered in the import payment tracking system (“SEPAIMPO”, after its Spanish acronym), provided that certain requirements are met, including, among others, the payment is not made before the scheduled maturity date. Payments must be made to the foreign supplier. Goods with pending customs entry registration are subject to a special follow-up regime. In addition, the prior authorization of the Argentine Central Bank is required for the import of luxury goods such as luxury cars and motorbikes, and pearls and diamonds, among other luxury goods.
- (vii) Pursuant to Communication “A” 7001, dated April 30, 2020, as amended, in order to gain access to the FX Market for making any kind of payments, and in addition to applicable requirements, the Argentine Central Bank requires an affidavit from the requestor, (i) stating that it has not sold in Argentina securities settled against foreign currency or transferred securities to custody accounts out of Argentina within the immediately preceding 90 consecutive days; and (ii) committing not to sell in Argentina securities to be settled against foreign currency or to transfer securities to custody accounts out of Argentina within the immediately following 90 consecutive days.
- (viii) Communication “A” 7030 of the Argentine Central Bank, dated May 28, 2020, requires that, for purposes of accessing the FX Market for making payments of, among others things, imports of goods, services rendered by non-Argentine residents, interests in connection with the import of goods and services, dividends and other earnings distributions, principal and interest on financial debt, payment of debt securities with public registry in Argentina, or for making international portfolio investments or transactions with derivatives by legal entities, other purchases of foreign currency for specific allocation and premium, guarantees and payments on interest hedging transactions, the party will be required to file an affidavit (i) stating, that as of such date, all of such party’s holdings of foreign currency in Argentina are deposited with Argentine financial institutions and that it does not have foreign liquid disposable assets (including, among others, foreign currency, gold and savings and checking deposits in non-Argentine financial institutions) for an equivalent of more than USD\$100,000; and (ii) committing to transfer into Argentina and settle for Pesos any foreign currency payments received outside of Argentina from the collection of loans granted to third parties after May 28, 2020, time deposits made after May 28, 2020, or the sale of any asset when the asset was acquired.
- (ix) On September 15, 2020, the Argentine Central Bank restricted the access to FX Market for the payment of principal under foreign financial debt with third parties (other than with international or multilateral credit organizations) in excess of US\$1,000,000 per month in the aggregate with maturities between October 15, 2020 and March 31, 2021 to an amount equal to up to 40% of the amount originally due; and provided that the remaining unpaid principal balance is refinanced through a new foreign financial debt with an average life of at least two years, with certain limited exceptions. The Argentine Central

Bank authorized the prepayment of principal and interest under foreign financial indebtedness in connection with the refinancing described in this paragraph for up to 45 consecutive days from the original stated maturity, subject to compliance with certain additional requirements. The Argentine Central Bank also allowed the precancellation of interests on foreign financial indebtedness when such precancellation is implemented in connection with the exchange of debt securities and certain additional requirements are met. In addition, pursuant to Communication "A" 7218, dated February 4, 2021, the Argentine Central Bank allowed Argentine residents to access the FX Market for the payment of principal and interest under debt securities registered outside Argentina and issued since February 5, 2021, and that are partially subscribed for in foreign currency in Argentina, subject to certain requirements.

- (x) Pursuant to Communication "A" 7030, as amended by Communication "A" 7193, the Argentine Central Bank provides that, until March 31, 2021, with certain limited exceptions, access to the FX Market for the payment of importing certain goods or the payment of principal under imports accounts payable will be subject to the prior approval of the Argentine Central Bank, except where, among other things, the party files an affidavit stating that the aggregate amount of payments of imports made by such party since January 1, 2020 (including the payment requested) does not exceed \$1,000,000. Such amount is calculated as the aggregate amount of imports nationalized by the party between January 1, 2020 and the date immediately prior to the date of access to the FX Market, plus payments made for other imports not included in the forgoing calculation, less the amount of payments pending for imports with nationalization made between September 1, 2019 and December 31, 2019.
- (xi) The access to the FX Market for the purchase of foreign currency for any of the payments described above is subject to compliance with the foreign indebtedness information regime before the Argentine Central Bank.

Since December 21, 2019, the Argentine congress has enacted the Social Solidarity Law, which, among other things, established a new 30% tax on the purchase by Argentine residents of foreign currency for portfolio purposes, the acquisition of goods and services with credit and debit cards, and any payments in connection with international passenger transportation. Digital services rendered from outside Argentina (such as hosting, web services, software as a service, streaming services, etc.) are subject to a reduced tax rate of 8.0%.

In addition, pursuant to Communication "A" 7082, any persons holding loans granted by the government at subsidized interest rates granted in accordance with Decree No. 332/2020 cannot sell securities for settlement in foreign currency in Argentina or transfer them to custody accounts outside Argentina while those loans are outstanding.

By resolution of the CNV No. 878/2021, dated January 11, 2021, the CNV established that, with certain limited exceptions, in order to process any instruction for the sale of securities acquired with Pesos for U.S. dollars outside Argentina, or for the transfer of those securities to depositories outside Argentina, the securities must have been held for at least three business days since the date of their credit in the depository's custody account.

Pursuant to Decrees Nos. 332/2020 and 376/2020 dated April 1, 2020 and April 20, 2020, respectively, and each as amended, in connection with the COVID-19 crisis, the Argentine government approved government aid for private sector employers. Pursuant to Resolution 591/2020 of the Chief Cabinet of Ministers, entities benefiting from these programs are prohibited from, among other things, making dividend distributions, and purchasing securities with Pesos for their sale for foreign currency or transferring to custody accounts outside Argentina.

Law No. 19,359 (revised text pursuant to Decree No. 480/95 and complementary regulations) establishes penalties for the infringement of any foreign exchange regulations. Penalties include fines of up to a tenfold increase in the amount of the infringing transaction, temporary suspensions, disqualification for up to ten years preventing the infringing party from acting as importer, exporter and/or as foreign exchange institution, or even prison in event of recidivism.

For additional information regarding all current foreign exchange restrictions and exchange control regulations in Argentina, investors should consult their legal advisors and read the applicable rules mentioned herein, as well as any amendments and complementary regulations, which are available at the Argentine Central Bank's website: www.bcra.gob.ar.

E. Taxation

Taxation

The following discussion contains a description of the principal Argentine and United States federal income tax consequences of the acquisition, ownership and disposition of our ordinary shares or ADSs, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase our ordinary shares or ADSs and is not applicable to all categories of investors, some of which may be subject to special rules, and does not specifically address all of the Argentine and United States federal income tax considerations applicable to any particular holder. This summary is based upon the tax laws of Argentina and the regulations thereunder and the tax laws of United States and the regulations thereunder as in effect on the date of this *annual* report, which are subject to change, possibly with retroactive effect, and to differing interpretations. Each prospective purchaser is urged to consult its own tax adviser about the particular Argentine and United States federal income tax consequences to it of an investment in our ordinary shares or ADSs. This discussion is also based upon the representations of the depositary and on the assumption that each obligation in the deposit agreement among us, Citibank, N.A, as depositary and the registered holders and beneficial owners of the ADSs, and any related documents, will be performed in accordance with its terms.

Material Argentine Tax Considerations

The following opinion of material Argentine tax matters is based upon the tax laws of Argentina and regulations thereunder as of the date of this annual report, and is subject to any subsequent change in Argentine laws and regulations which may come into effect after such date. This section is the opinion of the law firm Marval O'Farrell Mairal, insofar as it relates to matters of Argentine tax law, of the material Argentine tax considerations relating to the purchase, ownership and disposition of our ordinary shares or ADSs. This opinion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a holder of such securities. No assurance can be given that the courts or tax authorities responsible for the administration of the laws and regulations described in this annual report will agree with this interpretation. Holders should carefully read "Key Information—Risk Factors—Risks Relating to the Offering, Our Ordinary Shares and the ADSs— Interpretation of Argentine tax laws may adversely affect the tax treatment of our ordinary shares and the ADSs". Holders are encouraged to consult their tax advisers regarding the tax treatment of our ordinary shares and ADSs as it relates to their particular situation.

Laws No. 27,430 and No. 27,541, enacted by the Argentine Congress on December 27, 2017 and December 21, 2019 respectively, made relevant amendments to the Argentine federal tax regime. Such amendments reached, among other laws, the Argentinean Income Tax Law (the "ITL") and the Personal Assets Tax Law. As a result, when we mention provisions of such laws we are referring to laws in force according to such amendments. In certain cases, we will mention Law No. 27,430 and No. 27,541 with the aim of outlining certain particular aspects of those laws.

Taxation on Dividends

The following rules apply to dividends paid to resident individuals and non-residents individuals or entities: (i) exempt from income tax if they are paid out of income generated during fiscal years beginning before January 1, 2018 except if the Equalization Tax applies (as explained below); (ii) subject to an income tax withholding rate of 7% if paid out of income generated during fiscal years beginning on or after January 1, 2018 through fiscal years beginning until-January 1, 2021; (iii) subject to a 13% income tax withholding rate if paid out of income generated on or after fiscal year beginning on or after January 1, 2021. Please note that the Argentine Congress is expected to discuss a draft bill to extend dividend tax rate of 7% for fiscal period commencing as of January 1, 2021 until and ending December 31, 2021. Consequently, if such extension is approved, the effectiveness of the 13% tax rate will be delayed until tax years commencing as of January 1, 2022.

These withholding rates might be lower if the holder of our ordinary shares or ADSs is resident of a country which signed a treaty to avoid double taxation with Argentina, and meets all the substantial and formal requirements for such treaty to apply.

The Equalization Tax is only applicable to dividend distributions paid out of income generated on fiscal years beginning before January 1, 2018, and to the extent that dividends distributed were greater than the income determined according to the application of the Argentine income tax law, accumulated at the fiscal year immediately preceding the year in which the distribution is made, referred to as “Taxable Accumulated Income” The Equalization Tax will be imposed as a withholding tax on the shareholder receiving the dividend.

Capital Gains

Gains derived from the transfer of shares, quotas, representative securities and other equity interests, titles, bonds and other securities of Argentine companies are subject to Argentine income tax regardless of the type of beneficiary who obtains the income.

Capital gains realized by Argentine corporate entities (in general, entities organized or incorporated under Argentine law, certain traders and intermediaries, local branches of non-Argentine entities, sole proprietorships and individuals carrying on certain commercial activities in Argentina) derived from the sale, exchange or other disposition of shares or representative securities are subject to income tax at the rate of 30% on net profit (the rate will be decreased to 25% for income generated on fiscal years beginning on or after January 1, 2021; however, the Argentine Congress is expected to discuss a draft bill to extend the corporate tax rate of 30% for fiscal period commencing as of January 1, 2021 and ending December 31, 2021, thus, if such extension is approved, the effectiveness of the 25% tax rate will be delayed until tax years commencing as of January 1, 2022). Losses from a previous fiscal year as a result of the disposition of shares can only be applied and compensated against net gains resulting from the same kind of transaction, and these losses can be carried forward for five fiscal years.

Capital gains realized by individuals residents in Argentina from the sale of shares and other securities is subject to income tax at a 15% rate on the capital gain, unless such securities were traded in stock markets and/or have public offering authorization issued by the CNV, in which case an exemption applies to the extent certain conditions are met.

Such exemption is also applicable for non-residents. For transactions not covered by the exemption (sale of stock not traded in a stock markets and/or with public offering authorization issued by the CNV), the gain derived from the disposition of shares and representative securities by non-residents is subject to Argentine income tax at a rate of 15% either (i) on the net amount resulting from deducting from the sale price of the shares, the acquisition cost and the expenses incurred in Argentina necessary for obtaining, maintaining and conserving this asset, as well as the deductions admitted by the Argentine income tax law or (ii) on the net presumed income provided by the Argentine income tax law for this type of transaction (*i.e.*, 90%), which results in an effective rate of 13.5% of the sales price. If the exemption does not apply, the buyer resident in Argentina is responsible for making the withholding. Instead, if the buyer is not resident in Argentina, the seller is responsible for paying the tax through its legal representative in Argentina or international wire transfer.

The exemption mentioned in the prior paragraph is not applicable if the foreign beneficiary is resident in a “non-cooperative jurisdiction” or the invested funds come from one of such jurisdictions. Section 19 of the ITL defines them as any jurisdiction or country that: (i) has not signed an information exchange agreement with Argentina; (ii) has not signed a treaty to avoid double taxation with Argentina; or (iii) has signed either an agreement or convention but does not comply with its obligation to share information with Argentina. According to the ITL, the Argentine Executive Branch will be responsible for issuing this “black list” of non-cooperative jurisdictions. Such blacklist was included in Section 24 of the ITL Regulatory Decree No. 862/2019 on December 6, 2019. If, for this reason the exemption is not applicable, the applicable rate is 35% on the net presumed income of 90%, thus the effective withholding rate is 31.5%.

Before the enactment of the tax reform introduced by Law No. 27,430, the tax treatment applicable to gains realized by beneficiaries who were residents and non-residents of Argentina from the sale of ADSs was open to interpretation and it may not have been uniform under the amended Argentine ITL. Possible variations in the treatment of the ADSs for income tax purposes could affect both residents and non-resident of Argentina holders of

ADSs. As of the date of this annual report, there are no administrative or judicial decisions clarifying the ambiguity of the law regarding the source of income originated in the sale of ADSs. However, since December 29, 2017, it is clear that the sale of ADSs by non-residents are subject to Income Tax in Argentina unless the underlying shares are covered by the exemption explained above.

Personal Assets Tax

Argentine entities, such as us, have to pay the personal assets tax corresponding to resident individuals and non-resident individuals and entities for the holding of our ordinary shares. The applicable tax rate is levied on the proportional net worth value (*valor patrimonial proporcional*), or the book value, of the shares arising from the last balance sheet of the Argentine entity calculated under Argentine GAAP. The applicable rate was 0.25% until 2018 tax period. Under the Law No. 27,541, the rate for this tax is increased to 0.50%, which is applicable from 2019 tax period onwards.

Pursuant to the Personal Assets Tax Law, the Argentine company is entitled to seek reimbursement of such paid tax from the applicable Argentine domiciled individuals and/or foreign domiciled shareholders.

Value Added Tax

The sale, exchange or other disposition of our ordinary shares and ADSs, and the distribution of dividends in connection therewith, are exempted from the value added tax.

Tax on Bank Accounts Debits and Credits

Credits to and debits from bank accounts held at Argentine financial institutions, as well as certain cash payments, are subject to this tax, which is assessed at a general rate of 0.6%. There are also increased rates of 1.2% and reduced rates of 0.075% that may apply in certain cases. Owners of bank accounts subject to the 0.6% or 1.2% rate may consider 33% of the tax paid under this tax as a credit against income tax and/or the special contribution on cooperative capital.

The amount not computed may not be subject, under any circumstances, to compensation with other taxes borne by the taxpayer or be reimbursed or transferred to third parties, and may be transferred, until exhaustion, to other fiscal periods of the aforementioned taxes. The amount computed as a tax credit cannot be deducted for income tax purposes.

When financial institutions governed by Law No. 21,526 make payments acting in their own name and on their own behalf, the application of this tax is restricted only to certain specific transactions. Such specific transactions include, among others, dividends or profits distributions.

Law No. 27,264 increased the creditable portion of the tax to 100% for small-sized companies and to 60% to medium-sized companies registered as a Small and Medium Enterprises.

Furthermore, the Argentine government may establish an increase in the proportion of the tax on bank accounts debits and credits that can be considered as creditable against taxes progressively since 2018 and until being entirely computable in 2022. However, such faculty has not been exercised by the Argentine Executive Branch since 2018 and the proportions we mention above have been maintained since then.

Turnover Tax

In addition, gross turnover tax could be applicable to residents in Argentina on the transfer of shares and on the payment of dividends to the extent such activity is conducted on a regular basis within an Argentine province or within the City of Buenos Aires. However, under the Tax Code of the City of Buenos Aires, any transactions with shares, as well as the payment of dividends are exempt from gross turnover tax.

Holders of our ordinary shares or ADSs are encouraged to consult a tax adviser as to the particular Argentine gross turnover tax consequences derived from holding and disposing of our ordinary shares or ADS.

Stamp Taxes

Stamp tax is a local tax that is levied based on the formal execution of public or private instruments.

Documents subject to stamp tax include, among others, all types of contracts, notarial deeds and promissory notes. Each province and the City of Buenos Aires have its own stamp tax legislation.

Stamp tax rates vary according to the jurisdiction and type of agreement involved. In certain jurisdictions, acts or instruments related to the negotiation of shares and other securities duly authorized for its public offering by the CNV are exempt from stamp tax.

Tax duties exemption on imports under the Mining Investment Regime and the Large Investment Projects Regime

The Mining Investment Regime set forth by Law 24,196 (as amended and supplemented) promotes investment in capital goods by exemptions on import duties and accelerated depreciation on income tax on imports of capital goods.

Pursuant to the Large Investment Projects Regime set forth by Resolution No. 256/2000, issued by the former Ministry of Economy (as amended), imports of production lines to enhance the production process and involving the process since the raw material enter the production line and until the final product is produced, are also subject to a promotional regime. Applicants must present a project (which, among other things, must include a commitment to acquire up to 20% of the projects' value in national goods), and which, upon approval, provides for a two-year term import duties exemption on such goods, subject to verification of the goods use.

Other Taxes

There are no Argentine federal inheritance or succession taxes applicable to the ownership, transfer or disposition of our ordinary shares, except for the court tax applicable in inheritance or succession processes which, if the proceedings is brought before a court sitting in the City of Buenos Aires, will be levied at 1.5% on the assets of the estate. Such rate will vary in each jurisdiction.

The Province of Buenos Aires establishes a tax on free transmission of assets, including inheritance, legacies, donations, etc. Free transmission of our ordinary shares could be subject to this tax.

In the case of litigation regarding the shares before a court of the City of Buenos Aires, a 3% court fee would be charged, calculated on the basis of the claim.

Pursuant to Law No. 27,605 enacted on December 18, 2020 (the "Exceptional Solidary Contribution"), the Argentine Congress created a one-time exceptional tax on wealth to contribute to dampen the effects of the COVID-19 pandemic. This exceptional contribution taxes Argentine resident individuals' and individuals undivided estates' assets on a global basis, and non-Argentine resident individuals' and individuals undivided estates' assets located in Argentina. For this purpose, Argentine nationals with domicile or residence in non-cooperating or low or non-taxation jurisdictions are deemed Argentine residents. The contribution is levied on the individuals' or individual undivided estates' assets with a value of more than Pesos 200 million at rates ranging between 2% and 3.5% for assets located in Argentina, and 3% and 5.25% for assets located out of Argentina. For purposes of the calculation of the tax, Decree No. 42/21 issued by the Argentine Executive Branch on January 29, 2021 allows taxpayers to value their holdings in Argentine companies under one of two options: (i) on the difference between the company's assets and liabilities as of December 18, 2020, according to financial statements prepared as of that date for this purpose only, or (ii) on the company's equity for the last financial year ended prior to December 18, 2020. The Argentine companies in which taxpayers hold equity must provide information on the valuation of the shares for purposes of the calculation of the tax. In compliance with this regulation, we made available the required information for the valuation of the holding of positions on us on the following link: <http://investors.lomanegra.com/es/results-center/2020>. Any questions or queries in connection thereto could be addressed at investorrelations@lomanegra.com. Taxpayers holding assets valued Pesos 200 million or more as of December 31, 2020, valued Pesos 130 million or more as of December 31, 2019 and valued Pesos 80,000,000 as of December 31, 2018 must file informative affidavits until April 30, 2021. The term for the filing of the Exceptional Solidary Contribution tax return and payment expired on April 16, 2021. Holders of our ordinary shares or ADSs are encouraged to consult a tax adviser as to the Exceptional Solidary Contribution consequences derived from holding our ordinary shares or ADS.

Tax Treaties

Argentina has signed tax treaties for the avoidance of double taxation with several countries, although there is currently no tax treaty or convention in effect between Argentina and the United States.

The above opinion is not intended to be a complete analysis of all tax consequences relating to the ownership or disposition of shares or ADSs. Holders are encouraged to consult their tax advisers concerning the tax consequences arising in each particular case.

Material United States Federal Income Tax Considerations

The following sets forth the material U.S. federal income tax consequences of the ownership and disposition of the ADSs and the ownership and disposition of the ordinary shares by U.S. Holders (as defined below) and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This summary is based upon the U.S. Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations issued thereunder, or the Regulations, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect.

This summary does not address all of the U.S. federal income tax consequences that may be relevant to a U.S. Holder in light of such holder's particular circumstances, including the impact of the Medicare tax on net investment income, or to U.S. Holders subject to special rules, such as certain banks or financial institutions, U.S. expatriates, insurance companies, individual retirement accounts, dealers in securities or currencies, traders in securities, U.S. Holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass through entities and investors in such entities, persons liable for alternative minimum tax, U.S. Holders that own 10% or more of the total voting power or value of our stock, U.S. Holders that are resident in or have a permanent establishment in a jurisdiction outside the United States and persons holding the ordinary shares or ADSs as part of a "straddle", "hedge", "conversion transaction", "constructive sale" or other integrated transaction. In addition, this summary is limited to U.S. Holders that acquire ADSs pursuant to the international offering and who hold the ordinary shares and ADSs as capital assets within the meaning of Section 1221 of the Code.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of the ordinary shares or ADSs that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person for U.S. federal income tax purposes.

If any entity treated as a partnership for U.S. federal income tax purposes holds the ordinary shares or ADSs the U.S. tax treatment of the partnership and a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the ordinary shares or ADSs, and partners in such a partnership, should consult their tax advisers regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the ordinary shares or ADSs.

The following discussion generally assumes that we are not, and will not become, a passive foreign investment company, or PFIC.

Prospective purchasers of the ordinary shares or ADSs should consult their tax advisers concerning the tax consequences of holding ordinary shares or ADSs in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other federal, state, local, non-U.S. or other tax laws.

Tax Treatment of the ADSs

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreements will be complied with in accordance with their terms. For U.S. federal income tax purposes, a beneficial owner of the ADSs generally will be treated as the owner of the ordinary shares represented by such ADSs. Accordingly, no gain or loss will be recognized upon an exchange of the ADSs for the ordinary shares.

Dividends

The gross amount of distributions paid with respect to the ordinary shares or ADSs (other than certain *pro rata* distributions of shares to all shareholders), including the amount of any Argentine taxes withheld, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of our current and accumulated earnings and profits will be treated first as a non-taxable return of capital, thereby reducing the U.S. Holder's adjusted tax basis in our common shares (but not below zero), and thereafter as either long-term or short-term capital gain depending upon whether the U.S. Holder held our common shares for more than one year as of the time such distribution is actually or constructively received. Because we do not maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. The dividends will be treated as foreign-source income and will not be eligible for the dividends-received deduction generally available to U.S. corporations with respect to dividends received from certain other corporations.

Dividends received by certain non-corporate U.S. Holders will generally be subject to taxation at reduced rates if the dividends are "qualified dividends". Subject to applicable limitations, dividends paid with respect to the ordinary shares or ADSs will be treated as qualified dividends if (i) the ordinary shares or ADSs, as applicable, are readily tradable on an established securities market in the United States and (ii) we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a PFIC. Our ADSs, but not the ordinary shares themselves, have been approved for listing on the NYSE. The ADSs will qualify as readily tradable on an established securities market in the United States so long as they are so listed. Based on existing guidance, however, we do not believe that the ordinary shares that are not represented by ADSs will qualify as readily tradeable on an established securities market in the United States. As a result, we believe that only dividends we pay with respect to the ordinary shares that are represented by ADSs (as opposed to the ordinary shares that are not represented by ADSs) currently have the potential to be treated as qualified dividends. As discussed below under "Passive Foreign Investment Company Rules", we do not believe we were a PFIC for the taxable year ending December 31, 2020 and do not expect to be a PFIC for the foreseeable future.

Dividends paid in pesos will be included in a U.S. Holder's income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date of a U.S. Holder's receipt, or in the case of ADSs, the depository's receipt of the dividend, regardless of whether the payment is in fact converted into U.S. dollars. If such a dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income. If such a dividend is not converted into U.S. dollars on the date of receipt, a U.S. Holder generally will have a basis in the non-U.S. currency equal to its U.S. dollar value on the date of receipt. A U.S. Holder generally will be required to recognize foreign currency gain or loss realized on a subsequent conversion or other disposition of such currency, which will generally be treated as U.S.-source ordinary income or loss.

Dividends received by U.S. Holders will generally constitute passive category income for U.S. foreign tax credit purposes. Subject to limitations under U.S. federal income tax law concerning credits or deductions for foreign taxes, any Argentine taxes withheld from cash dividends on the ordinary shares or ADSs will be treated as a foreign income tax eligible for credit against a U.S. Holder's U.S. federal income tax liability (or at a U.S. Holder's election, may be deducted in computing taxable income if the U.S. Holder has elected to deduct all foreign income taxes for the taxable year). However, amounts withheld on account of the Argentine personal assets tax (as defined in "—Material Argentine Tax Considerations") will likely not be eligible for credit against a U.S. Holder's U.S. federal income tax liability. The rules with respect to foreign tax credits are complex and U.S. Holders are urged to consult their independent tax advisers regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition

Upon a sale or other disposition of the ordinary shares or ADSs, U.S. Holders will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the U.S. dollar value of the amount realized on the disposition and the U.S. Holder's tax basis, determined in U.S. dollars, in the ordinary shares or ADSs. Generally, such gain or loss will be capital gain or loss, and will be long-term capital gain (taxable at a reduced rate for certain non-corporate U.S. Holders, such as individuals) or loss if the ordinary shares or ADSs were held by the U.S. Holder for more than one year. The deductibility of capital losses is subject to significant limitations.

If an Argentine tax is withheld on the sale or other disposition of the ordinary shares or ADSs, a U.S. Holder's amount realized will include the gross amount of the proceeds of the sale or other disposition before deduction of the Argentine tax. See "*Material Argentine Tax Considerations—Capital Gains*" for a description of when a disposition of the ordinary shares or ADSs may be subject to taxation by Argentina. This gain or loss will generally be U.S. source gain or loss for foreign tax credit purposes. Consequently, in the case of a disposition of the ordinary shares or ADSs that is subject to Argentine tax, the U.S. Holder may not be able to use the foreign tax credit for that Argentine tax unless it can apply the credit against U.S. tax payable on other income from foreign sources in the appropriate income category, or, alternatively, it may take a deduction for the Argentine tax if it elects to deduct all of its foreign income taxes. U.S. Holders should consult their tax advisers as to whether the Argentine tax on gains may be creditable against the U.S. Holder's U.S. federal income tax liability.

Passive Foreign Investment Company Rules

The foregoing discussion of dividends and capital gains assumes that we are not a PFIC for U.S. federal income tax purposes. A non-U.S. corporation will generally be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which the corporation satisfies either of the following requirements:

- at least 75% of its gross income is "passive income;" or
- at least 50% of the average gross fair market value of its assets is attributable to assets that produce "passive income" or are held for the production of "passive income".

Passive income for this purpose generally includes, for example dividends, interest, royalties, rents and gains from commodities and securities transactions. In addition, there is a look-through rule for investments in subsidiary corporations. Under this rule, if a non-U.S. corporation owns (directly or indirectly) at least 25 percent of another corporation, the non-U.S. corporation is treated as owning its proportionate share of the assets of the other corporation and earning its proportionate share of the income of the other corporation for purposes of determining if the non-U.S. corporation is a PFIC.

Based upon the composition of its income, its assets, the nature of its business, and the current price of its common shares, the Company does not believe it was a PFIC for the taxable year ending December 31, 2020 and does not expect to be a PFIC for the current year or the foreseeable future. There can be no assurance, however, that the Company will not be considered to be a PFIC for any particular year because PFIC status is factual in nature, depends upon factors not wholly within the Company's control, generally cannot be determined until the close of the taxable year in question, and is determined annually. If the Company were a PFIC in any taxable year, materially adverse U.S. federal income consequences could result for U.S. Holders. If the Company were a PFIC for any taxable year during which a U.S. Holder owned ordinary shares or ADSs, gains recognized by such U.S. Holder on a sale or other disposition of ordinary shares or ADSs would be allocated ratably over the U.S. Holder's holding period for such ordinary shares or ADSs. The amount allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, and an interest charge would be imposed on the amount allocated to each such taxable year. Further, any distribution on the ordinary shares or ADSs in excess of 125% of the average of the annual distributions on such ordinary shares or ADSs received by a U.S. Holder during the preceding three years or the U.S. Holder's holding period, whichever is shorter, would be subject to taxation in the same manner as gain, as described immediately above. If the Company is classified as a PFIC in any year that a U.S. Holder is a shareholder, the Company generally will continue to be treated as a PFIC for that U.S. Holder in all succeeding years, even if the Company ceases to be a PFIC. If a U.S. Holder owns ordinary shares or ADSs during any taxable year in which we are a PFIC, that holder

generally will be required to file an annual Internal Revenue Service (“IRS”) Form 8621. Significant penalties are imposed for failure to file IRS Form 8621, and the failure to file such form may suspend the running of the statute of limitations. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the shares or ADSs. U.S. Holders should assume, however, that a “qualified electing fund” or “QEF election” will not be available with respect our shares or ADSs. U.S. Holders should consult their tax advisers to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances and regarding the application of the PFIC rules to their investment in the ordinary shares or ADSs generally.

Information Reporting and Backup Withholding

Payments of dividends and proceeds from the sale or other disposition of the ordinary shares or ADS by a U.S. paying agent or other U.S. intermediary, or made into the United States, generally will be reported to the IRS, unless the U.S. Holder is a corporation or otherwise establishes a basis for exemption. In addition, certain U.S. Holders may be subject to backup withholding in respect of such payments if they do not provide their taxpayer identification numbers or certification of exempt status.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder’s U.S. federal income tax liability and may entitle the U.S. Holder to a refund, *provided that* the required information is timely furnished to the IRS.

Foreign Financial Asset Reporting

Certain U.S. Holders that own “specified foreign financial assets”, the aggregate value of which exceeds US\$50,000 on the last day of the taxable year (or the aggregate value of which exceeds US\$75,000 at any time during the taxable year), generally are required to file an information report with respect to such assets with their tax returns. The ordinary shares and ADSs generally will constitute specified foreign financial assets subject to these reporting requirements unless the ordinary shares or ADSs, as applicable, are held in an account at certain financial institutions. U.S. Holders are urged to consult their tax advisers regarding the application of these disclosure requirements to their ownership of the ordinary shares or ADSs.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We file reports, including annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. As a foreign private issuer, we are exempt from the rules under the Exchange Act relating to the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to file with the SEC, within 120 days after the end of each subsequent fiscal year, an annual report on Form 20-F containing financial statements audited by our independent auditors. We also intend to furnish with the SEC reports on Form 6-K containing unaudited quarterly financial information. You may read and copy any materials filed with the SEC at its public reference room in Washington, D.C., at 100 F Street NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Foreign private issuers, like us, have been required to make filings with the SEC by electronic means since November 4, 2002. Any filings we make electronically are available to the public over the Internet at the SEC’s web site at <http://www.sec.gov/>.

We will post our annual reports filed with the SEC on our website at <http://www.lomanegra.com>. The information contained on our website is not part of this or any other report filed with or furnished to the SEC. We will also furnish hard copies of such reports to our shareholders free of charge upon written request.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks arising from our normal business activities. These market risks principally involve the possibility that changes in interest rate or exchange rates will adversely affect the value of our financial assets and liabilities or future cash flows and earnings. Liquidity risk is the risk of us not complying with all of our obligations as a result of a decrease in the fair value of our investments, an excessive concentration of liabilities from a particular source, the mismatch between assets and liabilities, the lack of liquidity of assets or the funding of long term assets with short-term liabilities, among other possible risks. We could enter into derivatives and other financial instruments for purposes other than trading, in order to manage and reduce the impact of fluctuations in foreign currency exchange rates. These instruments are intended to reduce the impacts of any devaluation of the peso against the U.S. dollar and any increase in international interest rates on U.S. dollar liabilities.

Interest Rate Risk

We are exposed to interest rate risk because a significant portion of our indebtedness bears interest at floating rates. As of December 31, 2020, our total outstanding borrowings on a consolidated basis was Ps. 6,458.8 million, of which Ps. 5,317.4 million, or 82.3%, bore interest at floating rates, including Ps. 5,268 million of foreign currency-denominated borrowings that bore interest at rates based on Libor, and Ps. 49.4 million of borrowings with other floating interest rate.

In the event that the average BADLAR rate applicable to our financial assets and indebtedness during the year ended December 31, 2020 were 1.0% higher than the average interest rate during such period, our financial expenses during the year ended December 31, 2020 would have increased by approximately Ps. 31.4 million.

In the event that the average LIBOR rate applicable to our financial liabilities during the year ended December 31, 2020 were 1.0% higher than the average interest rate during such period, our financial expenses in the same period would have increased by approximately US\$ 0.75 million.

Foreign Currency Exchange Rate Risk

Our liabilities that are exposed to foreign currency exchange rate risk are primarily denominated in U.S. dollars. To partially offset our risk of any depreciation of the peso against the U.S. dollar, from time to time we may enter into derivative contracts. Because we borrow in U.S. dollars in international markets to fund our operations and investments, we are exposed to market risks from changes in foreign exchange rates and interest rates.

Our foreign currency exposure gives rise to market risks associated with exchange rate movements. A significant portion of our borrowings are denominated in foreign currency. As of December 31, 2020, our consolidated foreign currency-denominated borrowings was Ps.6,409 million, 82% of which was denominated in U.S. dollars, and 18% was denominated in Euros. This foreign currency exposure is represented mainly by debt in the form of international loans and working capital loans from financial institutions.

As of December 31, 2020 we did not have foreign currency derivative financial instruments.

In the event that the peso was to depreciate by 25% against the U.S. dollar as compared to the peso/ U.S. dollar exchange rate as of December 31, 2020, our foreign currency denominated indebtedness as of December 31, 2020 would have increased by approximately Ps.1,700 million.

Liquidity Risk

Our board of directors has the ultimate responsibility for liquidity risk management and has established an appropriate framework allowing our management to handle financing requirements for the short-, medium-and long-term. We manage liquidity risk by maintaining reserves, obtaining loan facilities, continuously monitoring projected and real cash flows, and reconciling maturity profiles of financial assets and liabilities.

We implement liquidity risk management practices, keeping cash and other instruments liquid, as well as available funds. However, as of December 31, 2020, our consolidated financial statements reflected a negative working capital balance of Ps.1,205 million. Given the nature of our principal economic activity, which drives predictable cash flows, we can operate with negative working capital. This condition is not related to insolvency, but rather to a strategic management decision. We may require additional capital to meet our long-term liquidity objectives and future growth requirements.

We consider that the liquidity risk exposure is low since we have been generating cash flow from our operating activities, supported on strong profits and have access to loans and financial resources. However, if we are unable to access the capital markets to finance our operations in the future, this could adversely affect our ability to obtain additional capital to grow our business. See “*Item 3.D Key Information—Risk Factors—Risks Relating to Our Business and Industry—Management’s plans to obtain sufficient funds to settle current liabilities may not be accomplished and hence we may continue to have negative working capital in the near future*”.

The COVID-19 virus continues to impact worldwide economic activity and pose the risk that customers and other business partners may be prevented from conducting certain business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities or otherwise elected by companies as a preventive measure. In addition, mandated government authority measures or other measures elected by companies as preventative measures may lead to our customers being unable to complete purchases or other activities. COVID-19 may have an adverse effect on trading and our operations and, given the uncertainty around the extent and timing of the potential future spread or mitigation and around the imposition or relaxation of protective measures, we cannot reasonably estimate the impact to our future results of operations, cash flows or financial condition.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not Applicable.

B. Warrants and Rights

Not Applicable.

C. Other Securities

Not Applicable.

D. American Depositary Shares

Fees and Expenses

As an ADS holder, you will be required to pay the following service fees to the depositary and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs):

<u>Service</u>	<u>Rate</u>
Issuance of ADSs (<i>i.e.</i> , an issuance of ADS upon a deposit of shares, upon a change in the ADS(s)-to-share(s) ratio, or for any other reason, excluding ADS issuances as a result of distributions of shares)	Up to US\$0.05 per ADS issued
Cancellation of ADSs (<i>i.e.</i> , a cancellation of ADSs for delivery of deposited property, upon a change in the ADS(s)-to-share(s) ratio, or for any other reason)	Up to US\$0.05 per ADS cancelled
Distribution of cash dividends or other cash distributions (<i>i.e.</i> , upon a sale of rights and other entitlements)	Up to US\$0.05 per ADS held

Distribution of ADSs pursuant to share dividends, free share distributions or exercise of rights	Up to US\$0.05 per ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs (<i>i.e.</i> , upon a spin-off)	Up to US\$0.05 per ADS held
Depository Services	Up to US\$0.05 per ADS held

As an ADS holder, you will also be responsible to pay certain fees and expenses incurred by the depository bank and certain taxes and governmental charges such as:

- Fees for the transfer and registration of shares charged by the registrar and transfer agent for the shares in Argentina (*i.e.*, upon deposit and withdrawal of shares).
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex and fax, transmissions and for delivery of securities.
- Fees and expenses incurred by the depository bank in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, ADSs and ADRs.
- Taxes and duties upon the transfer of securities (*i.e.*, when shares are deposited or withdrawn from deposit).
- Fees and expenses incurred in connection with the delivery or servicing of shares on deposit.
- Any applicable fees and penalties thereon.

Depository fees payable upon the issuance and cancellation of ADSs are typically paid to the depository bank by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depository bank and by the brokers (on behalf of their clients) delivering the ADSs to the depository bank for cancellation. The brokers in turn charge these fees to their clients. Depository fees payable in connection with distributions of cash or securities to ADS holders and the depository services fee are charged by the depository bank to the holders of record of ADSs as of the applicable ADS record date.

The depository fees payable for cash distributions are generally deducted from the cash being distributed. In the case of distributions other than cash (*i.e.*, stock dividend, rights), the depository bank charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depository bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depository bank generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depository banks.

In the event of refusal to pay the depository fees, the depository bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depository fees from any distribution to be made to the ADS holder.

Certain of the depository fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering.

The fees and charges may be required to be pay may vary over time and may be changed by us and by the depository bank. You will receive prior notice of such changes.

The depository bank may reimburse us for certain expenses incurred by us in respect of the ADS program established pursuant to the deposit agreement upon such terms and conditions as we and the depository bank may agree from time to time.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

A. Material Modifications to the Rights of Security Holders

None.

B. Material Modifications to the Rights of any Class of Registered Securities

None.

C. Withdrawal or Substitution of a Material Amount of the Assets Securing any Class of Registered Securities

None.

D. Changes in the Trustee or Paying Agents for any Registered Securities

None.

E. Use of Proceeds

Not Applicable.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, as amended. We performed an evaluation of the effectiveness of our disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file with or submit to the SEC under the Exchange Act, as amended, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and is communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding the required disclosure. Our CEO and CFO concluded that, as of the end of the period covered by the Annual Report, our disclosure controls and procedures were effective to provide reasonable assurance of their reliability.

Management's annual report on internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013). Based on our assessment and those criteria, management believes that the company maintained effective internal control over financial reporting as of December 31, 2020.

Attestation report of the registered public accounting firm

Not applicable.

Changes in Internal Control over Financial Reporting During the Year Ended December 31, 2020

During the period covered by the Annual Report, there have not been any changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Carlos Boero Hughes and Diana Mondino, who are currently serving on our Audit Committee, are "audit committee financial experts" as defined by the SEC's rules, have the requisite accounting or related financial management expertise under the rules of the NYSE and are independent under CNV regulations, Rule 10A-3 and the applicable NYSE standards. Mr. Hughes's and Ms. Mondino's biographical information is included in "Directors, Senior Management and Employees".

ITEM 16B. CODE OF ETHICS

As of August 28, 2018 Loma Negra adopted, communicated and upload on DMS the new version of the Code of Ethics, named Code of Business Conduct, which complies with NYSE and local regulation's standards. Likewise, the Code of Business Conduct is posted on our web site at: <http://www.lomanegra.com/en/who-we-are/ethics/>. Such Code of Business Conduct applies to our employees, directors, managers, shareholders and officers as well as contractors, subcontractors, brokers, suppliers, customers and generally, all parties that provide services to Loma Negra, or on its behalf. In addition, we did not grant any waivers to our Code of Business Conduct during the year ended December 31, 2020. Copy of our Code of Business Conduct and Ethics is also available without charge upon request. Please make your request to investorrelations@lomanegra.com and we shall provide a copy as soon as possible. Our Code of Business Conduct is filed as an exhibit to this annual report.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table describes the amounts billed to us by the independent registered public accounting firm, Pistrelli, Henry Martin y Asociados S.R.L. (member of Ernst & Young Global), for audit and other services performed in fiscal years 2020 and 2019.:

	<u>2020</u>	<u>2019</u>
	<u>(in thousands of Ps.)</u>	
Audit fees (1) (4)	83,683.3	65,376.9
Audit related fees (2) (4)	2,855.0	360.0
Tax fees (3) (4)	644.9	594.5
Total (4)	<u>87,183.2</u>	<u>66,331.4</u>

- (1) Includes fees for professional services rendered by the principal accountant, in each fiscal year, for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements. It includes the audit of annual consolidated financial statements and the reviews of quarterly consolidated financial statements.
- (2) Includes fees for assurance and related services that are reasonably related to the performance of the audit or review of consolidated financial statements and not reported under previous category. These services include attestation services that are not required by regulation.
- (3) Includes fees for professional services rendered by our independent registered public accounting firm, in each fiscal year, for tax compliance, mainly related to expatriate services.
- (4) Nominal values not adjusted per inflation.

The Audit Committee approved 100% of the fees paid to the independent registered public accounting firm for audit-related, and tax fees in the fiscal year 2020.

The engagement of any service rendered by our external auditor or any of its affiliates must always have the prior approval of our Audit Committee. Such committee has developed a pre-approval policy regarding the engagement of professional services by our external auditor, in accordance with the Sarbanes-Oxley Act. This Policy establishes the obligation to obtain prior approval from our Audit Committee for any service to be rendered by our external auditor to Loma Negra or any of its subsidiaries.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not Applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On February 12, 2021, the Board of Directors approved a plan for the repurchase of our shares in accordance with Section 64 of the Law No. 26,831 and the CNV Regulations. To adopt the decision, the Board of Directors took into consideration the efficient application of a portion of our cash position which may result in a greater return of value for our shareholders considering the attractive value of the shares, with the additional possibility of allocating part of the acquired shares to implement specific compensation programs or plans.

The main terms and conditions of the share repurchase plan approved by the Board of Directors -that became effective as from February 18, 2021—are described below:

- Maximum amount to invest: Up to Ps.750.000.000 (Pesos Seven Hundred Fifty Million) or such lower amount that derives from the repurchase of up to 10% of Company's capital stock.
- Maximum amount of shares or maximum percentage of the Company's capital stock to be repurchased: Repurchased shares in treasury shall never surpass the limit of 10% of the capital stock in accordance with Section 64 of Law No. 26.831.

- Daily limit of the transactions in the Argentine Market: According to Section 66 of Law No. 26.831, the daily quantity of shares to be repurchased in the Argentine Market shall not exceed twenty-five percent (25%) of the share's average daily trading volume for the 90 (ninety) prior trading days.
- Price to be paid per share: Up to Ps.245 (Pesos Two Hundred and Forty-Five) per share in BYMA and up to US\$ 8 (United States Dollars Eight) per ADR in the NYSE.
- Source of funding: The repurchase shall be carried out with realized and liquid earnings as per the Financial Statements as of September 30, 2020 which were approved by Board's Resolution of November 10, 2020.
- Period in which the acquisitions will be carried out: 90 (ninety) day period which counted as from February 18, 2021 and subject to any period or extension approved by the Board of Directors, which will be duly informed.
- As of the date of this annual report, this program is in force. As long as the share repurchase plan is in place, directors, statutory auditors and managers are forbidden to sell their own shares whether directly or indirectly held.
- There were no repurchases during the 2020 fiscal year.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Because we are a "foreign private issuer" and a "controlled Company", the NYSE rules applicable to us are considerably different from those applied to domestic companies that are not "controlled companies". Accordingly, we take advantage of certain exemptions from NYSE governance requirements provided in the NYSE rules for "foreign private issuers". Subject to the items listed below, we currently follow certain Argentine practices concerning corporate governance:

- *Director Independence.* The NYSE rules provide that the board of directors of a domestic listed company must have a majority of independent directors in accordance with NYSE independence requirements. "Controlled companies" are not required to comply with this requirement. Under Argentine corporate governance practices, an Argentine company is not required to have a majority of independent members on its board of directors. Currently, our board of directors is composed of nine members of whom four are independent in accordance with CNV independence requirements.
- *Executive Sessions.* The NYSE rules require the non-management directors of domestic listed companies to meet at regularly scheduled executive sessions without management being present. There is no similar requirement under Argentine law, however the recently enacted new Code of Corporate Governance of the CNV includes as a good practice the holding of Board of Directors meetings where only non-executive directors (including independent Directors) participate regularly. Loma Negra has adopted such practice. Under Argentine law there is a requirement that the board of directors meets at least once every three (3) months.

- *Audit Committee.* The NYSE rules require domestic listed companies to have an audit committee with a minimum of three independent directors and a written charter that covers certain minimum specified duties. In addition, the audit committee must comply with Rule 10A-3 and have at least one member with requisite accounting or related financial management expertise and each member of the audit committee must satisfy the independence and financial literacy set forth in the NYSE rules. As a foreign private issuer, we are only required to comply with Rule 10A-3. Pursuant to the Argentine Capital Markets Law, and its corresponding regulations, listed companies in Argentina are required to have an audit committee consisting of at least three members of our board of directors, the majority of which must be independent directors. We have elected to voluntarily comply with all financial management expertise, independence and financial literacy requirements of the NYSE.
- *Compensation and Nominating/Corporate Governance Committees.* The NYSE rules require domestic listed companies to maintain compensation and nominating/corporate governance committees, which must consist solely of independent directors and must have a written charter that addresses certain matters specified in the listing standards. “Controlled companies” are not required to comply with this requirement. Under Argentine law, an Argentine company may, but is not required to, form special governance committees, which may be composed partially or entirely of non-independent directors. On May 9, 2019 the Board of Directors decided to create the following Committees: (i) Results, Finance and Strategy Committee; (ii) People and Governance Committee; and (iii) Risk and Reputation Committee. For more information, see “*Item 6 C. Committees of the Board of Directors*”
- *Shareholder Approval of Equity Compensation Plans.* The NYSE rules require shareholders of domestic listed companies to be given the opportunity to vote on all equity-compensation plans and material revisions thereto, with limited exemptions. Under Argentine law, the basic terms of the equity-compensation plans should be considered at the general shareholders’ meeting, but permits delegation to the board of directors. We have elected to rely on the exemption from these NYSE rules requirement available to foreign private issuers and we comply with our home country practices regarding corporate governance.
- *Corporate Governance Guidelines.* The NYSE rules require domestic listed companies to adopt and disclose corporate governance guidelines that cover certain minimum specified subjects related to director qualifications and responsibilities. Argentine law does not require the adoption or disclosure of corporate governance guidelines. The CNV Rules contain recommended guidelines for listed companies referred to as Code of Corporate Governance and the board of directors must describe the level of compliance with the guidelines and recommendations in such Code of Corporate Governance in its annual report. As of the date of this annual report, we are in the process of adopting a corporate governance manual which shall be in compliance with the CNV Rules and shall comprise all corporate governance practices already adopted by Loma Negra. Notwithstanding this, we file on an annual basis before CNV a report regarding the status of compliance of such recommended corporate governance guidelines.
- *Code of Business Conduct and Ethics.* The NYSE rules require domestic listed companies to adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. We are currently subject to Loma Negra’s code of corporate conduct. Such Code of Business Conduct applies to our employees, directors, managers, shareholders and officers as well as contractors, subcontractors, brokers, suppliers, customers and generally, all parties that provide services to Loma Negra, or on its behalf. The Code of Business Conduct is available on our website at <http://www.lomanegra.com>.

Furthermore, as a “controlled company”, we are eligible to, and, in the event we no longer qualify as a “foreign private issuer”, we intend to, elect not to comply with certain of the NYSE corporate governance standards, including the requirement that a majority of directors on our board of directors are independent directors and the requirement to maintain a compensation, nominating/corporate governance committee consisting entirely of independent directors. For additional information, see “*Item 3.D Key Information—Risk Factors—Risks Relating to Our Ordinary Shares and the ADSs—Our status as a “foreign private issuer” and as a “controlled company” allows us to follow alternate standards to the corporate governance standards of the NYSE, which may limit the protections afforded to investors*”.

ITEM 16H. MINE SAFETY DISCLOSURE

Not Applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

Our audited consolidated financial statements are included in this annual report beginning at Page F-1.

ITEM 19. EXHIBITS

<u>Exhibit Number</u>	<u>Description of Document</u>
1.1	Bylaws of the Registrant, as of April 16, 2020 (incorporated by reference to Exhibit 1.1 to our Annual Report on Form 20-F (File No. 001-38262) filed on April 30, 2020).
2.1	Deposit Agreement dated as of November 3, 2017 among the Registrant, Citibank, N.A., as depositary, and the holders and beneficial owners of American depository shares issued thereunder, including the form of American depository receipts (incorporated by reference to Exhibit 2.1 to our Annual Report on Form 20-F (File No. 001-38262) filed on April 27, 2018)
2.2	Description of Registrant's Securities
4.1	Know-how Offer Letter from InterCement Participações S.A., dated August 20, 2020 for the transfer of technical know-how relating to the designing and manufacturing of building materials for the purpose of optimizing the performance and the operations of the Company
8.1	List of Subsidiaries
11.1	Code of Ethics (incorporated by reference to Exhibit 11.1 to the Registrant's Annual Report on Form F-20 filed with the SEC on April 30, 2019 (File No. 001-38262 19781307))
12.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Schema Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Schema Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Schema Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date: April 29, 2021

Loma Negra C.I.A.S.A.

/s/ Sergio D. Faifman

Name: Sergio D. Faifman

Title: Chief Executive Officer

/s/ Marcos I. Gradin

Name: Marcos I. Gradin

Title: Chief Financial Officer



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*Loma Negra Compañía Industrial
Argentina Sociedad Anónima*

*Consolidated financial statements as of
December 31, 2020 and 2019 and for the
years ended December 31, 2020, 2019 and
2018*

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**Consolidated Financial Statements as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 of Loma Negra
Compañía Industrial Argentina Sociedad Anónima**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Loma Negra Compañía Industrial Argentina Sociedad Anónima

Opinion on the financial statements

We have audited the accompanying consolidated statements of financial position of Loma Negra Compañía Industrial Argentina Sociedad Anónima (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the years ended December 31, 2020 and 2019, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years ended December 31, 2020 and 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PISTRELLI, HENRY MARTIN Y ASOCIADOS S.R.L.
Member of Ernst & Young Global

We have served as the Company’s auditor since 2019.

City of Buenos Aires, Argentina
April 29, 2021



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Loma Negra Compañía Industrial Argentina Sociedad Anónima

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows of Loma Negra Compañía Industrial Argentina Sociedad Anónima and subsidiaries (the "Company"), for the year ended December 31, 2018, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of its operations and its cash flows for the year ended December 31, 2018, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Application of Accounting Principles

As discussed in Note 2.2 to the consolidated financial statements, the Company has applied IAS 29 – *Financial Reporting in Hyperinflationary economies*, due to the presence of high-inflation indicators in Argentina.

In addition, as discussed in Note 42 to the consolidated financial statements, the Company has applied IFRS 5 – *Non Current Assets Held for Sale and Discontinued Operations*, due to the sale of its interest in Yguazú Cementos S.A. on August 21, 2020.

Basis for Opinion

The accompanying consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures

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included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provide a reasonable basis for our opinion.

/s/ Deloitte & Co. S.A.
Autonomous City of Buenos Aires, Argentina

April 25, 2019 (April 29, 2021, as to the effects of homogenous currency changes and the application of IFRS 5 as discussed in Notes 2.2 and 42)

We began serving as the Company's auditor in 2006. In 2019 we became the predecessor auditor.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte Touche Tomatsu Limited is a private Company limited by guarantee incorporated in England & Wales under Company number 07271800, and its registered office is Hill House, 1 Little new Street, London, EC4a, 3TR, United Kingdom.

LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31,
2020, 2019 AND 2018
(figures expressed in thousands of pesos - \$ - except as otherwise stated)

	Notes	For the year ended December 31,		
		2020	2019	2018
Continuing operations				
Revenues	5	41,623,255	47,753,090	51,238,154
Cost of sales	6	(29,026,378)	(34,706,159)	(38,393,415)
Gross profit		12,596,877	13,046,931	12,844,739
Losses from interest in companies	19	(403,791)	—	—
Selling and administrative expenses	7	(3,454,641)	(3,805,215)	(3,865,497)
Impairment of property, plant and equipment	13	(946,954)	—	—
Other gains and losses	8	147,185	61,220	205,743
Tax on debits and credits to bank accounts	9	(489,365)	(549,783)	(532,369)
FINANCIAL RESULTS, NET				
Exchange rate differences	10	1,655,282	(1,625,330)	(2,584,505)
Gain on net monetary position		839,109	1,517,775	447,609
Financial income	10	81,616	82,206	56,361
Financial expenses	10	(1,508,240)	(2,042,668)	(926,534)
Profit before tax		8,517,078	6,685,136	5,645,547
INCOME TAX EXPENSE				
Current	11	(2,387,112)	(1,423,878)	(2,151,495)
Deferred	11	123,552	(776,258)	(152,679)
NET PROFIT FOR THE YEAR FROM CONTINUED OPERATIONS				
		6,253,518	4,485,000	3,341,373
DISCONTINUING OPERATIONS				
Net profit for the year from discontinued operations	42	5,128,601	1,020,255	743,697
NET PROFIT FOR THE YEAR				
		11,382,119	5,505,255	4,085,070
OTHER COMPREHENSIVE INCOME				
Items to be reclassified through profit and loss:				
Exchange differences on translating foreign operations		(286,411)	(245,680)	987,894
Total other comprehensive income		(286,411)	(245,680)	987,894
Total comprehensive income		11,095,708	5,259,575	5,072,964
Net income attributable to:				
Owners of the parent company		11,351,024	5,226,692	3,769,442
Non-controlling interest		31,095	278,563	315,628
NET PROFIT				
		11,382,119	5,505,255	4,085,070
Total comprehensive income attributable to:				
Owners of the parent company		11,204,950	5,101,392	4,273,284
Non-controlling interest		(109,242)	158,183	799,680
Total comprehensive income		11,095,708	5,259,575	5,072,964
Earnings per share (basic and diluted):				
From continued operations (in pesos)	12	10.8625	7.8962	5.6879
From continued and discontinued operations (in pesos)	12	19.0445	8.7692	6.3243

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

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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	As of December 31,	
		2020	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	16-42	3,481	6,021,434
Goodwill	17	34,717	34,717
Inventories	18	2,156,154	2,037,914
Other receivables	20	480,816	765,175
Total non-current assets		<u>56,871,979</u>	<u>63,360,732</u>
Current assets			
Inventories	18	5,491,783	6,592,903
Other receivables	20	1,217,190	764,614
Trade accounts receivable	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		<u>14,073,911</u>	<u>12,364,854</u>
Total assets		<u>70,945,890</u>	<u>75,725,586</u>

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	As of December 31,	
		2020	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
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			
Borrowings	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			
Borrowings	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
Tax liabilities	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							Future dividends reserve	Accumulated other comprehensive income	Retained earnings	Shareholders' equity attributable to owners of the parent company	Non-controlling interest	
	Capital Stock	Capital adjustments	Share premium	Merger premium	Legal reserve	Environmental reserve	Optional reserve		Exchange differences on translation of foreign operations gain/ (losses)				
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,
Appropriation as per Annual 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,
Other comprehensive income									(146,074)		(146,074)	(140,337)	(
Reclassification of exchange differences on translation of foreign operation (Note 42)									(303,484)		(303,484)		(
Derecognition of non-controlling interest due to sale of subsidiary (Note 42)												(3,060,273)	(3,
Capital contribution to Ferrosur Roca S.A. - Minority shareholders													403,791
Net income for the year										11,351,024	11,351,024	31,095	11,
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,

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							Future dividends reserve	Accumulated other comprehensive income	Retained earnings	Shareholders' equity attributable to owners of the parent company	Non-controlling interest	Total
	Capital Stock	Capital adjustments	Share premium	Merger premium	Legal reserve	Environmental reserve	Optional reserve		Exchange differences on translation of foreign operations gain/ (losses)				
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.

LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA
 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2018
 (figures expressed in thousands of pesos - \$ - except as otherwise stated)

	Owners contributions									Accumulated other comprehensive income	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	Capital	Adjustment to capital	Share premium	Other capital adjustments	Merger premium	Legal reserve	Environmental reserve	Optional reserve	Future dividends reserve	Exchange differences on translation of foreign operations gain/ (losses)				
Balances as of January 1, 2018	59,603	4,745,549	10,348,877	(1,672,407)	1,567,326	216,042	7,502	—	63,092	71,017	12,108,512	27,515,113	2,079,075	29,594,1
Appropriation as per Annual Shareholders' Meeting held on April 25, 2018:														
Legal reserve						1,693						(1,693)		
Optional reserve								4,487,323				(4,487,323)		
Other capital adjustments			(1,672,407)	1,672,407										
Other comprehensive income										503,842		503,842	484,052	987,8
Income for the year											3,769,442	3,769,442	315,628	4,085,0
Balances as of December 31, 2018	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	34,667,1

LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED AS OF DECEMBER 31, 2020, 2019 AND 2018
(figures expressed in thousands of pesos \$ - except as otherwise stated)

	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year from continuing operations	6,253,518	4,485,000	3,341,373
Net profit for the year from discontinued operations	5,128,601	1,020,255	743,697
Net profit for the year	11,382,119	5,505,255	4,085,070
Adjustments to reconcile net profit to net cash generated by operating activities			
Income tax expense	3,780,642	2,295,947	2,370,635
Depreciation and amortization	3,987,936	3,655,322	3,728,041
Provisions	(93,206)	68,091	147,781
Interest expense	1,186,647	1,349,383	449,351
Exchange rate differences	(2,821,500)	(415,085)	303,154
Investment losses recognized	403,791	—	—
Gain on disposal of property, plant and equipment	40,692	(4,657)	(35,291)
Income from the operation of Yguazú Cementos S.A. (Note 42)	(6,645,683)	(1,116,066)	(810,159)
Impairment of property, plant and equipment (Note 13)	946,954	—	—
Gain on monetary position	(839,109)	(1,517,775)	(447,609)
Recognition of allowance for other doubtful receivables	156,523	—	—
Changes in operating assets and liabilities			
Inventories	788,549	87,893	(869,045)
Other receivables	92,068	602,760	416,552
Trade accounts receivable	(541,437)	(905,649)	(1,595,864)
Advances from customers	525,780	(35,533)	(210,327)
Accounts payable	(248,948)	1,372,276	1,793,516
Salaries and social security contributions	515,390	482,075	144,625
Provisions	(48,345)	(148,318)	(232,013)
Tax liabilities	(100,084)	342,747	(20,372)
Other liabilities	156,198	86,035	(43,626)
Income tax paid	(1,237,409)	(2,378,465)	(2,167,162)
Net cash generated by continuing operating activities	11,387,568	9,326,236	7,007,257
Net cash generated by discontinued operating activities (Note 42)	837,590	1,511,718	1,576,277
Net cash generated by operating activities	12,225,158	10,837,954	8,583,534
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds 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	10,435
Payments to acquire property, plant and equipment	(9,638,982)	(15,945,596)	(6,990,286)
Payments to acquire intangibles assets	(86,564)	(75,736)	(45,844)
Advance payments to acquire property, plant and equipment	—	—	(1,556,455)
Contributions to FFFSFI	(87,857)	(40,170)	(96,897)
Net cash used in continuing investing activities	(1,429,484)	(15,972,888)	(8,679,047)
Net cash used in discontinued investing activities (Note 42)	(137,227)	(48,890)	(167,013)
Net cash used in investing activities	(1,566,711)	(16,021,778)	(8,846,060)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12,691,980	12,927,725	2,895,259
Interest paid	(2,908,836)	(2,638,155)	(1,498,897)
Lease payments	(147,111)	(137,244)	—
Dividend paid	(2,663,733)	—	—
Repayment of borrowings	(17,475,599)	(6,654,287)	(5,574,086)
Net cash (used in) generated by continuing financing activities	(10,503,299)	3,498,039	(4,177,724)
Net cash used in discontinued financing activities (Note 42)	(2,573,229)	(1,570,984)	(660,367)
Net cash (used in) generated by financing activities	(13,076,528)	1,927,055	(4,838,091)
Net decrease in cash and cash equivalents	(2,418,081)	(3,256,769)	(5,100,617)
Less: Net effect of discontinued operations (Note 42)	1,872,866	108,156	(748,897)
Cash and cash equivalents at the beginning of the year	1,775,547	4,881,645	9,485,823
Effect of restating in constant currency of cash and cash equivalents	(156,797)	(220,586)	(205,023)
Effects of the exchange rate differences on cash and cash equivalents in foreign currency	3,302,013	263,101	1,450,359
Cash and cash equivalents at the end of the year	4,375,548	1,775,547	4,881,645
		(*)	(*)

(*) The cash and cash equivalents as of December 31, 2019 and 2018 from the discontinued operations amounted to 1,719,399 and 1,195,670.

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

LOMA NEGRA COMPAÑÍA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(figures expressed in thousands of pesos - \$ - except as otherwise stated)

1. LEGAL INFORMATION

Legal address:

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

Loma Negra Compañía Industrial Argentina S.A. (hereinafter “Loma Negra”, “the Company” or “the Group”) is a stock company organized under the laws of the Argentine Republic.

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 financial statements as “the Group”.

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

The Group has 9 factories in Argentina, in the provinces of Buenos Aires, Neuquén, San Juan and Catamarca and had 1 in Paraguay until August 21, 2020. (See Note 42). The Company also has 11 concrete plants.

The Group, through its subsidiary Cofesur S.A.U., has a controlling interest 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, which allows access of several of Loma Negra’s cement production plants 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 had 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. See Note 40 for more information about Ferrosur Roca S.A. 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.

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Date of registration in the Argentinian General Inspection of Justice:

- Inscription of the bylaws: August 5, 1926 under No 38, Book 46.
- Last amendment registered to the bylaws: August 29, 2017, under No 17,557, book 85, Corporations Volume.
- Correlative Number of Registration with the Inspección General de Justicia (local regulatory agency): Number of: 1,914,357.
- Tax identification number (CUIT): 30-50053085-1.
- Date of expiration: 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, Book 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 \$ 59,603, 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 OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Statement of compliance with the International Financial Reporting Standards (IFRS) and bases of preparation of these consolidated financial statements

The consolidated financial statements of the Group as of December 31, 2020 and 2019 and for the fiscal years ended December 31, 2020, 2019 and 2018 have been prepared and presented in accordance with the IFRS as issued by the International Accounting Standards Board (“IASB”).

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).

For comparative purposes, these consolidated financial statements include figures and other details corresponding to the fiscal years ended on December 31, 2019 and 2018, which are an integral part of the above-mentioned consolidated financial statements and are presented in order for them to be solely interpreted in conformity in accordance with the figures and other information for this current fiscal year. These figures have been restated in the current fiscal year’s end-of-period currency in the manner described in the following section in order to allow comparability. 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 results of its operations are disclosed 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 profit or loss and other comprehensive income are reclassified as discontinued operations. The consolidated statement of cash flows includes the cash flows from continuing 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.

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These consolidated financial statements were approved by the Board of Directors on April 29, 2021, the date when the consolidated financial statements were available for issuance.

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 prior fiscal years 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. 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 per the initials in Spanish] 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.

Taking such index into account, inflation was 36.14%, 53.83% and 47,64% in the years ended December 31, 2020, 2019 and 2018, 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, holding monetary assets causes losses in the purchasing power and holding 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 gains or losses are included in the statement of profit or loss and other comprehensive income for the fiscal year.

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

(iii) Non-monetary assets and liabilities measured at fair values as of the balance sheet date are not inflation-restated for presentation purposes in the statement of financial position, however, their restated amounts are used to measure the gains / losses caused by holdings of such non-monetary items. For the fiscal years ended December 31, 2020, 2019 and 2018, the Group did not have non-monetary items under the revaluated 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 that reflect 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 at the end of the reporting period. The amounts charged to against the statement of profit or loss and other comprehensive income due to depreciation of property, plant and equipment and amortization of intangible assets, as well as any other consumption of non-monetary assets shall be determined based on the restated amounts. As of December 31, 2020, 2019 and 2018, the items subject to this restatement process have been those included in inventories, other receivables, property, plant and equipment, right of use assets, goodwill, and non-current investments.

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(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. See Note 13 for the Group's capitalized borrowing costs

(vi) The restatement of non-monetary assets in terms of current units of measurement as of the end of the 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 profit or loss and other comprehensive income:

(i) Expenses and revenues are restated as the date of they are accrued for accounting purposes except for those profit or loss items related to the consumption of assets measured in purchasing power currency of a date previous to the recording of such consumption (such as 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, their separate restatement and their comparison based on the new restated amounts.

(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 real terms, i.e. net of the effect of inflation on the assets and liabilities that generated these income or expenses.

(iii) Net profit or loss from the maintaining monetary assets and liabilities is reported in a separate item of profit and loss and other comprehensive income.

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 the restatement effects of each such components includes the restatement effect from the date of the contribution or initial recognition. Capital stock is presented at nominal values and its corresponding restatement adjustment is presented in a "adjustment capital" account. Other comprehensive income resulting after the transition date of the implementation of IAS 29 is recorded in is recorded net of the inflation effect.

Restatement of the statement of cash flows:

IAS 29 requires that all entries in this statement should be restated in terms of the unit of measurement that is current at the end of the reporting period. The monetary gain or loss generated from cash and cash equivalents is presented in the statement of cash flows separately from the cash flows stemming from operating, investing 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 on a historical cost basis, which has been restated at year-end currency in the case of non-monetary items, except for the revaluation of certain non-current assets and financial instruments, which are measured at the fair value. In general, historical cost is based on the fair value of the consideration given in exchange for the assets.

Fair value is the price that the Group would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants as of the measurement date, irrespective of whether such price is directly observable or estimated using another valuation technique. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

- Level 1 quoted (unadjusted) prices in active markets for identical assets and liabilities to which the entity has access as at the measurement date;
- Level 2 valuation techniques for which the lowest level input that is significant to their value measurement is directly or indirectly observable; and
- Level 3 valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Classification as current and non-current:

The Group classifies assets and liabilities in the consolidated 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 reporting period; 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 reporting period.

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 reporting period; or
- d) fails to have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

All the other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities in all cases.

Year-end date:

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

Currency:

The consolidated financial statements are presented in thousands of Argentine Pesos (\$), the currency of legal tender in the Argentine Republic, and which is the functional currency of the Group.

Use of estimates:

The preparation of consolidated financial statements requires the Group's management to make judgements, estimates and assumptions that affect the amount of recorded assets and liabilities and the contingent assets and liabilities disclosed as of the reporting date, as well as the revenues and expenses recognized during each year. Future profit or loss may differ from the estimates and assessments made as of the date of preparation of these consolidated financial statements.

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The description of estimates and significant accounting judgments made by the Group's Board 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 Group's significant accounting policies are described below.

2.4. Standards and interpretations issued but not yet effective

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, if applicable, when they become effective.

- 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. The management of the Group understands that the application of these amendments will not have a material impact on the Group's consolidated financial statements.

- 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. The management of the Group understands that the application of these amendments will not have a material impact on the Group's consolidated financial statements.

- 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 management of the Group understands that the application of these amendments will not have a material 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. The management of the Group understands that the application of these amendments will not have a material impact on the Group's consolidated financial statements..

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- 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 management of the Group understands that the application of these amendments will not have a material 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 its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes 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 include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity 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 management of the Group does not expect that the application of these amendments will have a material 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 Agriculture — 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 management of the Company does not expect that the application of this interpretation will have a material impact on the Group's consolidated financial statements.

- IFRS 17 Insurance Contracts

In May 2017, the IASB issued the IFRS 17 "Insurance contracts", a new comprehensive financial reporting standard for the Insurance contracts which covers the recognition, assessment, presentation and disclosure. Once in force, IFRS 17 shall replace IFRS 4 which was issued in 2005. The IFRS 17 applies to all the types of insurance contracts (that is, life insurance, non-life insurance, direct insurance and reinsurance), irrespective of the type of entities that issue such policies as well as certain guarantees and financial instruments with certain characteristics of discretionary participation. IFRS 17's overall objective consists in the supply of an accounting model for the insurance contracts that should be more useful and systematic for the insurance companies. In contrast to the requirements of IFRS 4, which are based, to a large extent, on the enhancement of local accounting policies, the IFRS 17 provides a comprehensive model for the insurance contracts that deals with all relevant accounting aspects. The IFRS 17 is in force for the fiscal years starting on January 1, 2021. Since the Company is not engaged in insurance industry, the management of the Company does not expect that the application of these standard will have impact on the Group's consolidated financial statements.

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Adoption of new standards and interpretation

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

The amendments provide a new definition of material that states, "information is material if omitting, misstating or hiding 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, which provide financial information about a specific reporting entity." The amendments clarify that 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. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. 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 concludes Phase I of its work to respond 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

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions—amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting 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 from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

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The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

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 has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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.

Generally, there is a presumption that the majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all the relevant facts and circumstances in assessing whether it has power over the investee, including:

- The Group's voting right ownership percentage vis-à-vis the size and dispersion of the percentages held by other shareholders voting rights and potential voting rights;
- 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 obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Specifically, the revenues and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss 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 intra-group assets, liabilities, equity, income, expenses and cash flows related to transactions between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

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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	December 31, 2018
Cofesur S.A.U.	Investment	Argentina	100.00	100.00	100.00
Ferrosur Roca S.A. (1)	Rail freight transportation	Argentina	80.00	80.00	80.00
Recycomb S.A.U.	Waste recycling	Argentina	100.00	100.00	100.00

(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.

	2020	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	
	2020	2019	2018
Revenues	3,595,634	4,964,258	5,418,884
Financial results, net	375,153	(857,072)	(216,212)
Depreciation	(817,204)	(841,090)	(790,839)
Income tax	95,305	80,489	308,611
Net losses for the year (*)	(1,104,096)	(1,106,732)	(243,852)

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

	2020	2019	2018
Net cash generated by / (used in) operating activities	240,521	402,908	(362,798)
Net cash generated by / (used in) investing activities	(412,998)	74,338	(567,231)
Net cash generated by / (used in) financing activities	(673,538)	(786,408)	918,895
Effects of the exchange rate differences on cash and cash equivalents in foreign currency	841,997	(18,119)	(6,177)

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 for all periods presented.

3. SUMMARY OF MAIN ACCOUNTING POLICIES

3.1. Revenue Recognition

The Group is engaged in the production and distribution of cement, masonry cement, concrete, limestone and aggregates. The Group also operates the Ferrosur Roca concession with approximately 3,100 km of railroads in four provinces of Argentina, that links five of Group's production facilities (Olavarría, Barker, Ramallo, Zapala and L'Amalí) with the LomaSer, Solá and Bullrich distribution centers that are located near major consumption centers, such as the Buenos Aires metropolitan area. In addition, the Group is engaged in the industrial waste recycling business. The goods to be delivered and the services to be provided arise from agreements (in general, they are not written) where the Group may identify the right of each one of the parties, the terms of payment and the agreement is commercial in nature.

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3.1.1. Sale of goods

Revenues from agreements with customers are recognized when control over goods is transferred to the customer for an amount that reflects the consideration that the Group expects to be entitled to in exchange for such assets or services. The customer obtains 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 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 agreements with customers 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. Services rendered

The Group provides transportation services along with the sale of cement, concrete, limestone, and aggregates. Revenues from transportation services is recognized at the time services are provided, which is usually when revenues from the sale of the transported good is recognized as transportation distance and time is very short. Revenue is measured on the basis of the consideration defined in the contract with customers.

Revenues from freight railway services and waste recycling services are recognized at the time such services are 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 end of the reporting period currency, as mentioned in Note 2.2.

In accordance with IFRS 3, Business Combinations, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the fair value of the net identifiable assets acquired and liabilities assumed.

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.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses related to goodwill cannot be reversed in future periods.

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

Upon disposal of cash generating unit to which goodwill has been allocated, such goodwill is included in the determination of the profit or loss on disposal.

As of December 31, 2020, 2019 and 2018, the Group has not recognized any goodwill impairment loss.

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3.3. Investments in other companies

These are investments in which the Group has no significant influence. 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 period, less any impairment loss identified at the end of each reporting period.

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 following describes the accounting policy applied by the Group to the lease agreements before the adoption of IFRS 16:

a) Financial leases: the financial leases that transfer to the Group substantially all the risks and advantages inherent in the ownership of the leased asset and are capitalized at the time of lease inception either at the fair value of the property leased or the present value of the minimum lease payments, whichever is less. Lease payments are divided between interest and the repayment of the principal amount of the loan. Interest charges are recognized as financial cost in the statement of comprehensive income. The leased asset is depreciated throughout its useful life. However, if there is no reasonable certainty that the Group will obtain property at the end of term of the lease, the asset will be depreciated throughout its estimated useful life or in the term of the lease, whichever shorter.

b) Operating leases: the operating leases are recognized as operating expenses in the statement of comprehensive income on a straight line throughout the term of the lease.

Starting with the enforcement of IFRS 16, the Group has adopted a new model of accounting for the recognition and measurement of all the leases, which is hereinbelow described:

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 currency purchasing power. 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.

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3.5. Foreign currency and functional currency

The consolidated financial statements are presented 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 operates) 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 Guarani.

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 subsegment 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 borrowings related to finance qualifying assets, such as 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 borrowings.

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.

Income earned on short term investments in specific outstanding borrowings to finance the construction of qualifying assets is deducted from the borrowing costs that may qualify 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 to be recorded in accordance with 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 susceptible of deduction from future taxable income computed by considering the tax rate in force, which at present is 30% in Argentina. This tax rate had been set forth by Law No. 27,430 until the fiscal year ended in December 2019, dropping to 25% as from January 1, 2020. Pursuant to the Reform introduced by Law No. 27,541 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.

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3.7.1.1. Current taxes

Current tax payable is based on the taxable profit for the fiscal year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit and loss and other comprehensive income because of items of income, or expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Group's liability for current tax is calculated using the tax rates that have been substantially enacted at the end of the reporting period.

3.7.1.2. Deferred taxes

Deferred tax is recognized on the temporary differences between the carrying amount of the assets and liabilities included in the consolidated financial statements and the corresponding used in the computation of taxable profit. 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 profit 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 profit.

The carrying amounts of deferred tax assets are reviewed at the end of each fiscal year and derecognized to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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 enacted or substantially enacted at the end of the reporting period. Measurement of deferred tax assets and liabilities at the end of the reporting period 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.

The Group offsets deferred tax assets and deferred tax liabilities only if (a) it has enforceable right to set off current taxes and current liabilities and (b) the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities and the Group intends either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that there is probable that there will be sufficient taxable profit against with to utilize the benefits of temporary differences and they are expected to reverse in the foreseeable future period.

3.7.1.3. Current and deferred taxes

Current and deferred taxes are recognized in the statement of profit or loss and 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 asset tax – Substitute responsible

In Argentina, individuals and foreign entities, as well as their undistributed estates, regardless of whether they are domiciled or located 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 held as of December 31 of each year. The tax is applied to the Argentine issuers of such shares, who must pay this tax on behalf of 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 reimbursement of the tax paid from the shareholders to whom the above tax is applicable, through the reimbursement procedure deemed appropriate by the Group.

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As of December 31, 2020 and 2019, the Group carries receivables in this respect amounts 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 CPI variation in excess of 100% is verified during the thirty-six months previous to the closing date of the fiscal year being calculated ; (b) 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, second and third year of application, respectively; and (c) that the adjustment to reflect the effects of inflation for tax purposes —be it a gain or a loss— as applicable, corresponding to the first, second and third fiscal year commencing as from January 1, 2018 that has to be calculated if the hypotheses contemplated in the preceding sub-sections (a) and (b) are verified shall be computed: 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.

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.

Revaluation of certain assets for tax purposes:

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 revalue 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-, continuing afterwards with the adjustment of assets revalued on the basis of percentage variations in the consumer price index supplied by the Argentine Official Statistics Office [INDEC] in line with the scales prepared to that end by the Argentine tax authorities [AFIP].

The exercise of the option entails payment of a special tax concerning all the revalued assets in accordance with the tax rates established for each type of asset and confers the right to deduct, upon calculating income tax, a depreciation that incorporates the effect of the revaluation

Those who exercise the option of revaluing their assets in accordance with Law No. 27,430 must (i) waive the right to commence 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 computation of the amortization of the revaluation amount or its inclusion as the computable cost of a disposal in the income tax assessment shall entail, for the fiscal year in which such computation is performed, a waiver of any claim for adjustment.

The Group exercised the option of revalue its depreciable property, plant and equipment 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 constant currency at the end of the reporting period, in accordance with Note 2.2, minus 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 cost restated in constant currency at the end of the reporting period, in accordance with Note 2.2, less any recognized impairment loss. The cost included professional fees and borrowing costs on qualifying assets, in accordance with the Group's accounting policies. Depreciation on assets under construction only commences when such assets are ready their intended use.

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Property, plant and equipment are depreciated, except for the land and assets under construction, over their estimated 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 net disposal proceeds and the carrying amount of the asset and is recognized in the profit or loss statement at the restated value of the currency at the end of the reporting period .

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 constant currency at the end of the reporting period , 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 constant currency at the end of the reporting period, 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 profit or loss 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 that an asset might be impaired.

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 disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate 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.

A previously recognized impairment loss is reversed, only if there has been a change in the assumptions used to determine the asset's or of the CGU's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset or CGU in prior years. Impairment loss reversals are immediately recognized in profit loss.

3.11. Inventories

Inventories are stated at the lower of cost restated in constant currency at the end of the reporting period in accordance with Note 2.2 and net realizable value. Costs of inventories are determined using the weighted average price method. The net realizable value is the estimated price of sale less estimated costs to conclude such sale.

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

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- 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. Cost is calculated for each of the plants owned by the Group.

The net realizable value of an inventories 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 the reporting period. In assessing recoverable amounts, slow-moving inventories are also considered.

3.12. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Estimated amounts of the obligation are based on the expected outflows that will be required to settle such obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset (a receivable), but only when the reimbursement is virtually certain and the amount of the receivable can be reliably measured.

The Group uses the opinion of its legal advisors to determine if a provision should be recorded as well as to estimate the amounts of the obligations.

Environmental restoration:

Under legal provisions and the Group's practices, the land used 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 estimated present value of the asset retirement obligation is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset, subject to depreciation. The liability recorded is increased each fiscal period due to the unwinding of the discount and this change is charged to net profit or loss. The asset retirement 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 estimated undiscounted costs. Increases or decreases in the obligation other than the unwinding of discount will result in a corresponding change in the carrying amount of the related asset. Actual costs incurred upon settlement of the asset retirement obligation are charged against the asset retirement obligation to the extent of the liability recorded. 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 each reporting period in order to reflect the discount rates in effect at that time.

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

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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 added or deducted from the fair value of the financial assets or liabilities on the initial cost of recognition. Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Interest and financial income are recognized.

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 of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 one of the above two criteria is not met, the financial asset is classified as an asset measured 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.

Recognition and Measurement:

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 profit or loss and 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 results, net" in the statement of profit or loss and 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.

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The results of debt instruments that are measured at amortized cost and are not designated in a hedging relationship are recognized in the profit or loss and other comprehensive 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.

Financial asset impairment

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 written down and the amount of the loss is recognized the profit or loss and other comprehensive income statement. As a practical measure, the Group may measure impairment based on the fair value of an instrument using an observable market price. If, in a subsequent period, the impairment amount decreases and such reduction is related to an event taking place after the original impairment, the reversal of the impairment loss is recognized in the consolidated statement of profit and loss and other comprehensive income.

Offsetting of financial instrument

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

Derecognition of a financial asset

The Company shall derecognize a financial asset only when the contractual rights on the financial assets cash flows expire and transfer the substantial risks and advantages inherent to ownership of the financial asset. If the Company does not transfer or retain substantially all the risks and advantages inherent to the ownership and retains the control over the asset transferred, the Company shall recognize its interest in the asset and the associated obligation at the amounts payable. If the Company retains substantially all the risks and advantages inherent to property on the transferred financial asset, the Company shall continue to recognize the financial asset and shall also recognize a collateral loan for the receipts.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognized on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

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 net financing profit 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 an impairment allowance at the end of this fiscal year. The entity is not controlled by Ferrosur Roca S.A. (Note 38).

3.16. Financial Liabilities and Equity Instruments

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 consists in a contract evidencing a residual ownership interest over an entity's net assets. 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 profit or loss statement stemming from purchases, sales, issuance or cancellation of the Group's own equity instruments.

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Capital Stock Component Accounts

Capital Stock and Share Premium:

It comprises the contributions made by the shareholders represented by outstanding shares at nominal value.

Adjustment to the capital:

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 account. 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 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. Merger premium balances were restated in constant currency at the of the reporting period by applying the adjustment procedure described in Note 2.2 based on the respective merger dates.

Legal reserve:

In accordance with the provisions under Law No. 19,550, the Group must appropriate 5% of income for the year, plus adjustments of previous fiscal years, transfers of other comprehensive income to retained earnings and accumulated losses from previous fiscal years, until it reaches a 20% of the sum of the balances of “Capital” and “Adjustment to capital” accounts.

The Legal reserve has been maintained at nominal value at January 1, 2016 and, as from that date, it has been restated in constant currency at the end of the reporting period as described in Note 2.2, considering the movements taking place each fiscal year.

Environmental reserve and future dividends reserve:

This corresponds to the reserve created by the Group’s shareholders for future use on environmental matters and dividend distributions, respectively. These two reserves have been maintained at nominal value at January 1, 2016 and, as from that date, they have been restated in constant currency at the end of the reporting period as described in Note 2.2. considering the movements for each fiscal year.

Accumulated other comprehensive income:

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

Exchange difference on translating foreign operations:

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 derecognized from accumulated other 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 new accounting standards. Retained earnings are restated in constant currency at the end of the reporting period by applying the adjustment procedure described in Note 2.2, considering the movements taking place each fiscal year.

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Non-controlling interest:

This corresponds to the ownership by non-controlling interests, as follows:

- 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, and 2018, 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. Financial liabilities are classified as held for trading if:

- a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- b) It is part of a portfolio of identified financial instruments that are managed together and, at a later date, there arises evidence for the first time of a recent actual pattern of short-term profit taking; or
- c) It is a derivative, except for a derivative that is a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are recorded at fair value, with any gains or losses arising from the remeasurement being recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability and is included in other financial results. 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 embedded derivatives, 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 borrowings and trade and other payables, are initially recognized at fair value, net of transaction costs.

Subsequent to initial recognition, other financial liabilities are then measured at amortized cost using the effective interest rate method, with interest expenses recognized based on actual return.

Financial liabilities 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.

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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 rate differences" (Note 10) under the "Financial results net" in the statement of profit or loss and 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 recognized in connection with short-term employee benefits are 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. Changes in 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 profit or loss and other 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.

Mineral rights acquired in connection with the right to explore existing exploration areas are capitalized and amortized during the term of the right. As soon as a legal right has been acquired to explore, exploration and evaluation costs are expensed as incurred to profit or loss, 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. These costs are recognized as expenses in the period in which they are incurred.

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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 Group's management has been required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be 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 Management 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

Management 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.

4.2. Key assumptions and sources in the estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing 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.

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The carrying amount of goodwill is disclosed in Note 17 to the consolidated financial statements. There was no impairment of goodwill for the fiscal years ended on December 31, 2020, 2019 and 2018.

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 assets used in the concession of Ferrosur Roca S.A. are depreciated over the shorter of their estimated useful lives or the remaining 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 assesses tangible and intangible assets estimated useful lives, respectively.

4.2.3. Provisions for lawsuits and other contingencies

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.

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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 effect of deferral on investments in controlled or associated companies, Management has determined the presumption that they will not be disposed of in the foreseeable future and therefore no deferred tax has been recorded.

4.2.5. Use of judgment in the determination of lease periods

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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. REVENUES

	2020	2019	2018
Sale of products	56,254,241	50,633,488	50,727,051
- Domestic market	56,205,492	50,514,564	50,698,357
- External customers	48,749	118,924	28,694
Services rendered	2,043,557	2,940,185	3,144,616
(-) Bonuses / Discounts	(16,674,543)	(5,820,583)	(2,633,513)
Total	<u>41,623,255</u>	<u>47,753,090</u>	<u>51,238,154</u>

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6. COST OF SALES

	2020	2019	2018
Inventories at the beginning of the year	8,630,817	8,540,744	7,308,076
Finished products	614,789	759,654	399,619
Products in progress	1,919,671	1,872,214	1,581,371
Raw materials, materials, fuel and spare parts	6,096,357	5,908,876	5,327,086
Purchases and production expenses for the year	28,043,498	34,796,232	39,626,083
Inventories at the end of the year	(7,647,937)	(8,630,817)	(8,540,744)
Finished products	(471,045)	(614,789)	(759,654)
Products in progress	(899,962)	(1,919,671)	(1,872,214)
Raw materials, materials, fuel and spare parts	(6,276,930)	(6,096,357)	(5,908,876)
Cost of sales	<u>29,026,378</u>	<u>34,706,159</u>	<u>38,393,415</u>

The detail of the production costs is as follows:

	2020	2019	2018
Fees and compensation for services	620,385	667,308	698,292
Salaries, wages and social security contributions (1)	5,094,794	6,515,359	6,920,023
Transport and traveling expenses	192,606	240,804	297,299
Data processing	13,033	24,472	33,555
Taxes, duties, contributions and commissions	582,460	613,604	616,704
Depreciation and amortization	3,619,223	3,539,130	3,827,616
Preservation and maintenance costs	2,705,465	3,286,911	3,923,728
Communications	35,714	38,540	36,381
Leases	28,809	69,294	91,445
Employee benefits	111,871	143,947	147,862
Water, natural gas and energy services	8,546	15,408	12,282
Freight	2,026,915	2,465,000	3,121,482
Thermal energy	3,211,117	5,775,549	6,437,351
Insurance	95,963	114,216	79,793
Packaging	1,414,832	1,353,610	1,387,384
Electric power	2,705,470	3,633,421	4,093,427
Contractors	1,901,636	2,729,942	3,024,927
Tolls	109,168	4,332	8,338
Canon (concession fee)	38,306	38,650	37,867
Security	192,702	205,408	243,766
Others	390,106	459,402	458,138
Total	<u>25,099,121</u>	<u>31,934,307</u>	<u>35,497,660</u>

- (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.

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7. SELLING AND ADMINISTRATIVE EXPENSES

	2020	2019	2018
Managers and directors compensation fees	291,783	322,889	214,045
Fees and compensation for services	289,061	233,633	265,237
Salaries, wages and social security contributions	856,672	1,113,590	1,114,213
Transport and traveling expenses	19,066	57,308	55,495
Data processing	62,906	77,745	71,146
Advertising expenses	77,411	82,957	84,397
Taxes, duties, contributions and commissions	877,682	996,575	1,150,756
Depreciation and amortization	285,158	230,486	132,122
Preservation and maintenance	11,154	17,182	16,530
Communications	30,074	35,568	34,764
Leases	12,288	21,340	88,673
Employee benefits	33,085	39,675	49,651
Water, natural gas and energy services	4,125	5,135	4,690
Freight	457,166	375,495	433,662
Insurance	75,536	58,400	55,603
Allowance for doubtful accounts	6,001	63,789	8140
Security	7,960	7,234	7,520
Others	57,513	66,214	78,853
Total	3,454,641	3,805,215	3,865,497

8. OTHER GAINS AND LOSSES

	2020	2019	2018
Gain on disposal of property, plant and equipment	(40,692)	4,657	28,461
Donations	(30,580)	(34,918)	(42,907)
Technical services and assistance	7,221	15,319	9,000
Personal asset tax - Substitute responsible	(3,999)	(14,612)	(12,382)
Gain over tax credit assignment	8,855	9,578	4,468
Contingencies	(30,333)	(55,157)	(15,767)
Leases	129,653	121,329	64,868
Service fee from ADS Depository bank	40,124	—	210,130
Collection of loss	56,430	—	—
Miscellaneous	10,506	15,024	(40,128)
Total	147,185	61,220	205,743

9. TAX ON DEBITS AND CREDITS TO BANK ACCOUNTS

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 item in the statement of profit or loss and other comprehensive income.

Pursuant to 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 written down 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.

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10. FINANCIAL RESULTS, NET

	2020	2019	2018
<u>Exchange rate differences</u>			
Profit from operations with securities (Note 42)	3,183,801	—	—
Foreign exchange gains	88,265	58,668	852,331
Foreign exchange losses	(1,616,784)	(1,683,998)	(3,436,836)
Total	<u>1,655,282</u>	<u>(1,625,330)</u>	<u>(2,584,505)</u>
<u>Financial income</u>			
Unwinding of discounts on provisions and liabilities	81,616	82,206	56,361
Total	<u>81,616</u>	<u>82,206</u>	<u>56,361</u>
<u>Financial expenses</u>			
Interest on borrowings	(395,868)	(1,212,585)	(379,312)
Interest from short-term investments	(355,384)	(66,383)	(80,280)
Tax interest	(58,184)	(230,455)	(177,759)
Interest on leases	(49,998)	(53,636)	—
Unwinding of discounts on receivables	(237,913)	(107,492)	(66,355)
Others	(410,893)	(372,117)	(222,828)
Total	<u>(1,508,240)</u>	<u>(2,042,668)</u>	<u>(926,534)</u>

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11. INCOME TAX EXPENSES

	2020	2019	2018
Profit before income tax expenses	8,517,078	6,685,136	5,645,547
Profit before income tax from discontinued operations	6,645,683	1,116,066	810,159
Accounting income before income tax	15,162,761	7,801,202	6,455,706
Income tax rate	30%	30%	30%
Income tax with statutory tax rate	(4,548,828)	(2,340,361)	(1,936,712)
Adjustments for calculation of the effective income tax:			
Effect of derecognition of Yguazú Cementos S.A.	642,649	223,213	162,032
Impairment of tax losses recognized in Ferrosur Roca S.A.	(160,903)	—	—
Effects of the fiscal revaluation and inflation adjustments for accounting and tax purposes	187,159	205,498	(610,103)
Effect of change in tax rate	122,149	(383,166)	(11,382)
Other non-taxable income or non-deductible expense, net	(22,868)	(1,131)	25,530
Total income tax	(3,780,642)	(2,295,947)	(2,370,635)
Income tax			
Current	(3,897,349)	(1,502,032)	(2,197,740)
Deferred	116,707	(793,915)	(172,895)
Total	(3,780,642)	(2,295,947)	(2,370,635)
Income tax included in the statement of other comprehensive income	(2,263,560)	(2,200,136)	(2,304,174)
Income tax from discontinued operations	(1,517,082)	(95,811)	(66,461)

11.1. The deferred income tax assets and liabilities are as follows:

	2020	2019	2018
Assets			
Loss carryforward from subsidiary	143,235	365,995	285,526
Leases	24,684	56,287	—
Provisions	54,081	126,957	32,842
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	1,969
Others	6,250	10,501	10,648
Total deferred tax assets	306,902	713,413	330,985
Liabilities			
Investments	(23,383)	(5,994)	(2,115)
Other receivables	—	(54,340)	(44,733)
Property, plant and equipment	(5,353,939)	(6,092,226)	(6,275,493)
Borrowings	(2,978)	(1,476)	(3,797)
Inventories	(756,617)	(808,974)	(595,790)
Other liabilities	—	(3,551)	(11,278)
Taxes payable (tax inflation adjustment)	(1,445,822)	(1,146,495)	—
Others	(269)	(14)	(21,177)
Total deferred tax liabilities	(7,583,008)	(8,113,070)	(6,954,383)
Total net deferred tax liabilities	(7,276,106)	(7,399,657)	(6,623,398)

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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 Group not expecting to receive dividends from such companies, because their profits are reinvested in its businesses. The detail of unrecognized temporary differences is as follows:

	2020	2019	2018
Subsidiaries	88,996	(81,945)	(283,360)
Others	(847)	(839)	(823)
Total	88,149	(82,784)	(284,183)

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:

	2020	2019	2018
Profit 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	3,390,144
- Net for the year	11,351,024	5,226,692	3,769,442
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share (in thousands of shares)	596,026	596,026	596,026
Basic and diluted earnings per share			
- From continued operations (in pesos)	10.8625	7.8962	5.6879
- From continued and discontinued operations (in pesos)	19.0445	8.7692	6.3243

The weighted average number of outstanding shares was 596,026,490 for the years ended December 31, 2020, 2019 and 2018, respectively, like the basic weighted average number of shares, since there are no convertible debt instruments at the end of each reporting period.

13. PROPERTY, PLANT AND EQUIPMENT

	2020	2019
Cost	122,218,774	117,890,380
Accumulated depreciation	(68,661,709)	(64,115,739)
Total	53,557,065	53,774,641
Lands	679,274	679,480
Plant and 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
Quarries	4,042,336	4,021,560
Tools	53,879	55,489
Construction in process	25,116,929	22,980,023
Total	53,557,065	53,774,641

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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
Disposal	—	—	(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
Disposal	(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

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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	<u>(20,634,172)</u>	<u>(25,008,607)</u>	<u>(5,348,290)</u>	<u>(2,187,157)</u>	<u>(7,144,573)</u>	<u>(323,362)</u>	<u>(60,646,161)</u>
Disposals	—	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	<u>(21,504,055)</u>	<u>(25,729,324)</u>	<u>(5,875,588)</u>	<u>(2,211,050)</u>	<u>(8,451,410)</u>	<u>(344,312)</u>	<u>(64,115,739)</u>
Impairment	(526,553)	(117,084)	(282,889)	(16,758)	(1,954)	(1,716)	(946,954)
Disposals	12,829	41,867	50,199	—	22,146	—	127,041
Depreciation charge	(890,153)	(1,040,827)	(859,812)	(21,794)	(892,852)	(20,619)	(3,726,057)
Balance as of December 31, 2020	<u>(22,907,932)</u>	<u>(26,845,368)</u>	<u>(6,968,090)</u>	<u>(2,249,602)</u>	<u>(9,324,070)</u>	<u>(366,647)</u>	<u>(68,661,709)</u>

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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'Amali 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 borrowing cost

The Group has taken out several borrowings and has used other instruments for the settlement of trade payables in foreign currency in order to finance part of the investment mentioned above. IAS 23 establishes that borrowing costs of loans or other liabilities directly attributable to the acquisition, construction or production of a qualifying 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.

Due 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 borrowings 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 borrowings (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 capital 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 due to the application of the restatement in currency as a result of the application of IAS 29. 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 profit or loss and other comprehensive income.

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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 consolidated statement of profit or loss and other 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 profit or loss and other 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:

	2020	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
Foreign Exchange gain/(losses)	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
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.

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15. INTANGIBLE ASSETS

	2020	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 quarries, as they were ready to be used.

16. INVESTMENTS

	2020	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	—
- Short-term investments in foreign currency	—	120,261
Total	4,108,923	1,388,102

Short-term investments in pesos accrue interest at an annual nominal rate of approximately 31.05% and 56.8% as of December 31, 2020 and 2019, respectively.

Short-term investments in US dollars accrued interest as of December 31, 2019 at a 0.6% annual nominal average interest.

These short-term 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.

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17. GOODWILL

	2020	2019
Cost		
Recycomb S.A.U.	34,717	34,717
Total	<u>34,717</u>	<u>34,717</u>

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

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

The key hypothesis used in the determination of the recoverable value are consistent with the ones disclosed in note B.2 and used for impairment test of property, plant and equipment.

18. INVENTORIES

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

19. PARENT COMPANY, OTHER SHAREHOLDERS, ASSOCIATES AND OTHER RELATED PARTIES BALANCES AND TANSACIONS

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:

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

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

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The amounts outstanding as of 2019 and 2018 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, 2019 and 2018, respectively, are detailed as follows:

	2020	2019	2018
InterCement Brasil S.A. – purchases of goods and services	(131)	(15,162)	(162,993)
InterCement Trading e Inversiones S.A. – services provided	47,147	110,628	100,334
InterCement Portugal S.A. – services received	(228,921)	(439,972)	(480,832)
Intercement Participações S.A. – services received	(213,919)	—	—
Intercement Participações S.A. – services provided	47,134	—	—
Sacopor S.A. – purchases of goods and services	—	—	551
InterCement Trading e Inversiones S.A. – purchases of goods and services	—	—	(123,437)

The amount charged to income as fixed and variable remuneration for key management personnel of the Group was 214,173, 268,369 and 165,209 during the fiscal years ended December 31, 2020, 2019 and 2018, respectively. Additionally, 22,490 and 20,448 have been accrued as long-term incentive program, during the fiscal years ended December 31, 2020 and 2019 (Note 3.17).

No expenditure has been recognized in this or previous fiscal years in respect of bad or doubtful accounts 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 recorded in the statement of profit or loss and other comprehensive income, within income (loss) from interest in companies.

The Annual Shareholders' Meeting of the Company held on September 30, 2020 approved the distribution of dividends for a total of 2,671,850.

20. OTHER RECEIVABLES

	2020	2019
Non-Current		
Advance to suppliers	310,317	504,741
Receivable 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
Guarantee deposits	1,367	1,891
Miscellaneous	7,076	—
Subtotal	612,600	765,175
Allowance for other doubtful accounts	(131,784)	—
Total	480,816	765,175
Current		
Income tax credits	—	325,466
Value added tax credits	—	11,605
Turnover 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
Guarantee deposits	184	362

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	2020	2019
Reimbursements receivable	31,785	28,644
Advance payments to suppliers	23,232	36,126
Salaries advances and loans to employees	1,222	18,960
Receivables from sales of property, plant and equipment	27,983	11,375
Miscellaneous	30,081	20,636
Total	<u>1,217,190</u>	<u>764,614</u>

21. TRADE RECEIVABLES

	2020	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 accounts	(67,965)	(86,177)
Total	<u>2,989,390</u>	<u>3,231,790</u>

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 uncollectability 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.

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:

	2020	2019
To expire	1,709,167	1,825,878
Past due:		
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	<u>3,057,355</u>	<u>3,317,967</u>

Trade receivables disclosed above include certain amounts (see aging analysis below) that are past due at the end of each reporting period, 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:

	2020	2019
Past due:		
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

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

	2020	2019
Past due:		
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 reporting period. 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	63,789
Decreases (*)	(19,073)
Balance as of December 31, 2019	86,177
Increases	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

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

23. CAPITAL STOCK AND OTHER RELATED ACCOUNTS

	2020	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
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24. ACCUMULATED OTHER COMPREHENSIVE INCOME

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

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25. BORROWINGS

25.1. Composition of borrowings

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

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25.2 Detail of Borrowings

	2020					2019
	Re.	Company	Rate	Last maturity date	Amount	Amount
Borrowings in foreign currency—USD						
Industrial and Commercial Bank of China	(1)	Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Mar-21	217,772	212,987
Industrial and Commercial Bank of China	(1)	Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Apr-21	255,547	249,933
Industrial and Commercial Bank of China	(1)	Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	May-21	709,718	694,126
Industrial and Commercial Bank of China	(1)	Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Jun-21	170,582	166,834
Industrial and Commercial Bank of China	(1)	Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Jul-21	42,008	41,085
Industrial and Commercial Bank of China	(1)	Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Aug-21	891,194	871,613
Industrial and Commercial Bank of China	(1)	Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Sep-21	141,306	138,169
Industrial and Commercial Bank of China	(1)	Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Oct-21	290,080	282,306
Industrial and Commercial Bank of China	(1)	Loma Negra C.I.A.S.A.	6-Month Libor + 4.25%	Nov-21	372,047	359,803
Industrial and Commercial Bank of China	(1)	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	—
Industrial and Commercial Bank of China (Dubai)	(3)	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)	(4)	Loma Negra C.I.A.S.A.	—	—	—	817,340
Banco Patagonia	(5)	Loma Negra C.I.A.S.A.	—	—	—	124,381
HSBC Bank	(9)	Ferrosur Roca S.A.	—	—	—	826,455
Borrowings in foreign currency - EUR						
Banco Itaú S.A.	(6)	Loma Negra C.I.A.S.A.	4%	Apr-21	139,540	123,207
Banco Itaú S.A.	(6)	Loma Negra C.I.A.S.A.	4%	May-21	33,290	29,394
Banco Itaú S.A.	(6)	Loma Negra C.I.A.S.A.	4%	Jun-21	176,877	156,164
Banco Itaú S.A.	(6)	Loma Negra C.I.A.S.A.	4%	Jul-21	448,896	396,353
Banco Itaú S.A.	(6)	Loma Negra C.I.A.S.A.	4%	Aug-21	39,690	35,045
Banco Itaú S.A.	(6)	Loma Negra C.I.A.S.A.	4%	Sep-21	1,886	1,665
Banco Itaú S.A.	(6)	Loma Negra C.I.A.S.A.	4%	Oct-21	301,185	265,911
Total borrowings in foreign currency					<u>6,409,334</u>	<u>8,187,386</u>
Borrowings in local currency						
Banco Macro	(7)	Loma Negra C.I.A.S.A.	—	—	—	1,371,826
Bank overdrafts	(10)	Ferrosur Roca S.A.	34%	Jan-21	13,836	2,434,227
Bank overdrafts	(8)	Loma Negra C.I.A.S.A.	34%	Jan-21	17,670	544,414
Total borrowings in local currency					<u>31,506</u>	<u>4,350,467</u>
Total					<u><u>6,440,840</u></u>	<u><u>12,537,853</u></u>

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Industrial and Commercial Bank of China

Industrial and Commercial Bank of China

- (1) In the course of 2019, Loma Negra entered into a loan agreement USD 40,919,350 with Industrial and Commercial Bank of China Argentina S.A., with partial disbursements subject to the maturity dates of letters of credit, with a term of 2 years at a 6-month LIBOR + 4.25% with interest falling due on a half-yearly basis. As of December 31, 2019, the amount pending payment under this loan was 3,269,772. During this fiscal year Loma Negra received the last two disbursements of the loan agreement payable upon maturity in January and February 2022, respectively. As of December 31, 2020, the amount pending payment under this loan was 4,611,580.
- (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.
- (3) In June 2016, Loma Negra signed a new loan agreement with Industrial and Commercial Bank of China (Dubai) for a total amount of USD 50,000,000 to be paid in five equal, half-yearly installments with a one-year grace period as from the date of disbursement. Interest are accrued at a variable nominal interest rate on the basis of the LIBO rate to be paid on a quarterly basis. This loan requires the net debt / EBITDA ratio to be satisfied, which has always been satisfied from the execution of the loan. In May 2019, the Group extended the maturity dates of such loan. As of December 31, 2019, the amount pending payment under this loan was 2,141,700. During this fiscal year the Company, in accordance with the lender, has amended the loan agreement and shall pay the outstanding principal in nine payments, the first one on October 2020 of USD 5,200,000 and eight more equal quarterly payments of USD 975,000, the last due in November 2023. As of December 31, 2020, the amount pending payment under this loan was 656,390.
- (4) In May 2017, Loma Negra C.I.A.S.A. entered into a loan agreement with Industrial and Commercial Bank of China (Dubai) for USD 65,000,000 payable into five quarterly, equal and consecutive installments, with the first falling due 365 days from the date of disbursement. Interest were accrued at a variable nominal interest rate on the basis of the LIBO rate to be paid on a quarterly basis. This loan demanded satisfaction of the net debt / EBITDA ratio, which has been always satisfied. In May 2019, the Group extended the maturity dates of such loan. As of December 31, 2019, the amount pending payment under this loan was 817,340. This agreement was repaid as of December 31, 2020.

Banco Patagonia

- (5) In the course of 2019, Loma Negra entered into several USD-denominated agreements with Banco Patagonia; all of them were to be repaid in January and February 2020. These agreements were repaid as of December 31, 2020.

Banco Itaú

- (6) In March 2019, Loma Negra entered into a loan agreement for EUR 10,880,903 with Banco Itaú Unibanco S.A. Nassau Branch, with partial disbursements subject to the maturity dates of letters of credit, with a term of 2 years at a 4% rate with interest falling due on a half-yearly basis. As of December 31, 2020, the amount pending payment under this loan was 1,141,364.

Banco Macro S.A.

- (7) In December 2019, Loma Negra entered into a new loan agreement with Banco Macro S.A. for the amount of 1,000,000 to be repaid 15 months after execution accruing a variable nominal interest rate based on the BADLAR rate payable on a monthly basis. This agreement was repaid as of December 31, 2020.

Bank overdrafts

- (8) As of December 31, 2020, the Company maintains banks overdrafts of 17,670, accruing an average interest rate of 34%.

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Ferrosur Roca S.A.

HSBC Bank

- (9) On August 12, 2019, Ferrosur Roca S.A. entered into a loan agreement for USD 10,000,000 with Banco HSBC for a term of 365 days at an 8.75% interest rate, with interest falling due on a quarterly basis. As of December 31, 2019, the amount still outstanding under this loan was 826,455. This agreement was repaid as of December 31, 2020.

Bank overdrafts

- (10) As of December 31, 2020, Ferrosur Roca S.A. maintains banks overdrafts for 13,836, accruing an average interest rate of 34%.

The opening of borrowings by company is detailed below:

	2020	2019
Total of borrowings 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	<u>6,440,840</u>	<u>12,537,853</u>

25.3 Movements of borrowings

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

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

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

Fiscal year	
2022	1,543,273
2023	326,310
Total	<u>1,869,583</u>

26. ACCOUNTS PAYABLE

	2020	2019
Non-Current		
Accounts payable for investments in property, plant and equipment	102,435	189,750
Total	<u>102,435</u>	<u>189,750</u>
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	<u>5,393,016</u>	<u>11,891,250</u>

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27. PROVISIONS

	2020	2019
Labor and social security	100,076	118,602
Environmental restoration	290,096	533,434
Civil and other	97,294	106,907
Total	<u>487,466</u>	<u>758,943</u>

Changes in provisions are as follows:

	Labor and social security	Environmental restoration	Civil and other	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	<u>100,076</u>	<u>290,096</u>	<u>97,294</u>	<u>487,466</u>

(*) 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 present value of 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 present value of 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 management best estimates, and considering the opinion of the company external 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.

28. TAX LIABILITIES

	2020	2019
Income tax	2,264,920	77,744
Value added tax	407,713	450,853
Turnover tax	101,834	87,278
Other taxes, withholdings and perceptions	109,592	83,254
Total	<u>2,884,059</u>	<u>699,129</u>

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29. OTHER LIABILITIES

	2020	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 that have low risk of changes in their value. Cash and cash equivalents at the end of each reporting period 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:

	2020	2019	2018
Cash and banks (Note 22)	266,625	387,445	493,805
Short-term investments (Note 16)	4,108,923	1,388,102	4,387,840
Cash and cash equivalents	<u>4,375,548</u>	<u>1,775,547</u>	<u>4,881,645</u>

31. NON-CASH TRANSACTIONS

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

	2020	2019	2018
- Acquisition of financed property, plant and equipment	943,226	4,138,804	1,502,872
- Right of use assets and lease liabilities	4,655	664,724	—
- Sale of interest in Yguazú Cementos S.A.	588,730	—	—

32. SEGMENT INFORMATION

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 consisting of historical figures (not adjusted for inflation) of the identified segments. The information reviewed by the main decision maker consists of the historical details for each month accumulated until the end of the reporting periods being analyzed, which is the reason why they differ from the inflation-adjusted figures as described in Note 2.2.

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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).

	2020	2019	2018
Revenues			
Cement, masonry cement and lime	33,127,520	24,006,607	16,282,614
Concrete	1,799,175	3,953,907	3,657,339
Rail services	3,088,837	2,981,609	2,136,182
Aggregates	356,863	498,112	334,207
Others	173,917	157,252	117,898
Segment-to-segment deletions	<u>(2,287,266)</u>	<u>(2,959,510)</u>	<u>(2,325,008)</u>
Total	36,259,046	28,637,977	20,203,232
Reconciliation—effect from restatement in constant currency	5,364,209	19,115,113	31,034,922
Total	<u>41,623,255</u>	<u>47,753,090</u>	<u>51,238,154</u>

	2020	2019	2018
Cost of sales			
Cement, masonry cement and lime	19,192,151	15,250,255	10,619,292
Concrete	2,291,800	3,761,272	3,421,581
Rail services	3,031,098	2,610,253	1,913,366
Aggregates	439,325	525,504	360,466
Others	114,556	102,866	67,057
Segment-to-segment deletions	<u>(2,287,266)</u>	<u>(2,959,510)</u>	<u>(2,325,008)</u>
Total	22,781,664	19,290,640	14,056,754
Reconciliation—effect from restatement in constant currency	6,244,714	15,415,519	24,336,661
Total	<u>29,026,378</u>	<u>34,706,159</u>	<u>38,393,415</u>

	2020	2019	2018
Selling, administrative and other expenses			
Cement, masonry cement and lime	2,380,026	1,770,540	1,084,763
Concrete	30,491	119,696	117,878
Rail services	168,615	181,658	149,810
Aggregates	(1,247)	(7,733)	(4,173)
Others	70,910	58,852	39,610
Total	2,648,795	2,123,013	1,387,888
Reconciliation - effect from restatement in constant currency	658,661	1,620,982	2,271,866
Total	<u>3,307,456</u>	<u>3,743,995</u>	<u>3,659,754</u>

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	2020	2019	2018
<u>Depreciation and amortization</u>			
Cement, masonry cement and lime	801,603	721,976	415,892
Concrete	188,627	61,987	32,222
Rail services	250,098	183,342	137,274
Aggregates	22,533	18,879	24,139
Others	4,426	270	2,669
Total	1,267,287	986,454	612,196
Reconciliation - effect from restatement in constant currency	2,608,023	2,668,868	3,115,845
Total	3,875,310	3,655,322	3,728,041
<u>Revenues less cost of sales, selling and administrative expenses, and other gains and losses</u>			
Cement, masonry cement and lime	11,555,343	6,985,812	4,578,559
Concrete	(523,116)	72,939	117,880
Rail services	(110,876)	189,698	73,006
Aggregates	(81,215)	(19,659)	(22,086)
Others	(11,549)	(4,466)	11,231
Total	10,828,587	7,224,324	4,758,590
Reconciliation - Effect from restatement in constant currency	(1,539,166)	2,078,612	4,426,395
Total	9,289,421	9,302,936	9,184,985
<u>Reconciling items</u>			
Tax on debits and credits to bank accounts	(489,365)	(549,783)	(532,369)
Income (loss) from interest in companies	(403,791)	—	—
Asset impairment - Rail Services	(784,448)	—	—
Asset impairment - Aggregates	(162,506)	—	—
Financial results (loss), net	1,067,767	(2,068,017)	(3,007,069)
Income tax	(2,263,560)	(2,200,136)	(2,304,174)
Net profit for the year from discontinued operations	5,128,601	1,020,255	743,697
Net profit for the year	11,382,119	5,505,255	4,085,070

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, 2019 and 2018, 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 a going 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 participates 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.

The Group's capital structure consists of the net debt (borrowings 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.

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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:

	2020	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 borrowings (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

	2020	2019
<u>Financial Assets</u>		
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
	2020	2019
<u>Financial Liabilities</u>		
Amortized cost	17,059,774	27,380,623

At the end of this reporting period, 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 borrowings and accounts receivable.

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33.3 Financial risk management objectives

The treasury function offers services to business, coordinates access to domestic and international financial markets, monitors and manages the financial risks related to the Group's operations through internal risk reports, which analyze exposures depending on the degree and extent thereof. These risks include market risk (including currency risk, interest rate at fair value and price risk), credit risk and liquidity risk. The Company and its subsidiaries do not employ or traded derivative financial instruments for speculative purposes. Monitoring compliance with these provisions policy is made by the executive committee and the internal audit team.

33.4 Foreign exchange risk management

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

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

	2020	2019
Liabilities:		
United States Dollars	6,366,932	10,883,971
Euros	1,636,418	3,820,520
Reales	41	—
	2020	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 on the balance sheet day 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 for the year	1,299,509	404,074
Decrease in of shareholders' equity	1,299,509	404,074

33.5 Interest rate risk management

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

	2020	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

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- (1) Fixed term deposits at fixed rates
- (2) Short-term investments at floating rates
- (3) Includes borrowings, as detailed in Note 25.

33.5.1. Interest rate sensitivity analysis

The sensitivity analysis below has been determined on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible 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 resulting in 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 periodically.

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 enhancements.

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.

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 Board of Directors 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 borrowings and financial resources, as explained in Note 25.

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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 reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

<u>Borrowings</u>	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

<u>Leases</u>	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 reporting period. The following table provides information on how the fair values of these financial assets and liabilities are measured (particularly, valuation techniques and inputs used).

<u>Financial assets / (financial liabilities)</u>	<u>Fair value at:</u>		<u>Hierarchy level</u>
	2020	2019	
<u>Assets:</u>			
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 borrowings based on the interest rates offered to the Group (Level 3) for financial borrowings 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 approximate their fair values.

34. GUARANTEES GRANTED TO SUBSIDIARIES

The Company guarantees the bank overdrafts 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.

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35. RESTRICTED ASSETS

As of the date of these consolidated financial statements, the Group has judicial 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 limestone 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 debt balance net of 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. TRUST OF ADMINISTRATION

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 trustor 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.

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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.

Pursuant to Exhibits I and II of the above-mentioned resolution, a clear procedure has been laid down whereby each concessionaire must submit the projects of the works to be funded with the trust funds, the circuit to study the projects by the different agencies (National Committee for Transportation Regulation, ADIP and Secretariat of Transportation), the requirements for approval and the contents of the administrative act to be handed down by the competent authority approving the project and the maximum amount to be assigned to the trust accounts for such project.

Based on the 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 km. 259 and km. 288,215 Parish Sur - Azul Norte in the Cañuelas-Olavarria 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.

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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 expires 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 8, 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.

In addition, on March 29, 2021, through Resolution No. 219/2021, the CNRT approved the Rules for the National Registry of Railroad Operators and granted such capacity to Ferrosur Roca S.A. and the other current railway concessionaires. Pursuant to such Resolution, once the “open access” scheme is in force, any registered railroad operator will be allowed to provide railroad services regardless of who holds the ownership or possession of the facilities of the loading point or destination. In this sense, the National Government must adopt the necessary measures in order to resume the full administration of the railway infrastructure.

The registration in the railroad operators registry is subject to the compliance of certain requirements depending on the type of service (transport of people or goods), the filing of the information required by the CNRT, the compliance with any other regulations issued by the CNRT and the applicable law, and the compliance with the payment of a registration fee and annual fee. The obligations of the operators under this Registry includes the notification to the CNRT of any changes in its corporate structure, the sale of its equity and/or any circumstance adversely affecting the railroad services or the compliance with the requirements and conditions pursuant to which the registration was granted, among others; and the filing of its annual financial statements. The rules also created a set of provisions for determining the regime of violations to the rules and provide that the CNRT will prepare an annual report on each operator’s performance and compliance with the rules and other applicable law.

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. However, 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.

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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.

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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 achieving high production and profitability standards, the Group has decided its 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 price amount 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 results, that has been classified within the financial statements net 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 as for the period ended December 31, 2019 and 2018, 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 results of the discontinued operations, which have been included in the profit for the year, were as follows:

	2020	2019	2018
Revenues	2,969,459	5,276,393	4,903,157
Operating costs and expenses	(2,236,741)	(3,766,185)	(3,618,156)
Financial results, net	(159,589)	(394,142)	(474,842)
Reclassification of foreign exchange gains/(losses) recognized in other comprehensive income	303,484	—	—
Gain on disposal of discontinued operations (*)	5,769,070	—	—
Profit (loss) before income tax	6,645,683	1,116,066	810,159
Income tax	(1,517,082)	(95,811)	(66,461)
Net profit for the year from discontinued operations	5,128,601	1,020,255	743,698
Net profit for the year from discontinued operations attributable to:			
Owners of the parent company	4,876,687	520,347	379,298
Non-controlling interest	251,914	499,908	364,399
Net profit for the year from discontinued operations per (basic and diluted) share attributable to:			
Owners of the parent company (in pesos)	8.1820	0.8730	0.6364
Non-controlling interest (in pesos)	0.4227	0.8387	0.6114

(*) It is the agreed price of the transaction, which amounted to 9,013,416, net of the derecognition of the equity value of the long term 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, 2019 and 2018 are as follows:

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	2020	2019	2018
Net cash generated by operating activities	837,590	1,511,718	1,576,277
Net cash used in investing activities	(137,227)	(48,890)	(167,013)
Net cash used in financing activities	(2,573,229)	(1,570,984)	(660,367)
Total funds used during the fiscal year for discontinued operations	(1,872,865)	(108,155)	748,897

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

	2019
Assets	
Property, plant and equipment	7,517,437
Inventories	875,908
Other assets	90,427
Trade receivables	518,002
Cash and banks	1,719,399
Total assets	10,721,173
Liabilities	
Borrowings	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 changes in the decisions adopted by 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:

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a. Economic Activity

The economic activity in 2019 showed a downturn that subsequently sustained remained stable and then increased due to the COVID-19 pandemic in 2020. Certain sectors have had 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. Fiscal Imbalance

The decrease in the activity and the subsequent reduction in collections led to a significant fiscal imbalance, with the Argentine economy estimated to fall by 10% in 2020, as compared to an estimated 4% decrease in the global GDP.

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 salaries and 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) a credit line for SMEs with a 24% annual subsidized rate, and (iv) a 0% rate credit line for small taxpayers and self-employed workers. The imbalance due to money issuance is an inflation factor and also favors the widening of the exchange rate 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.

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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 by the National Executive due to a gradual flexibilization of the isolation scheme established in March.

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 sums 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.

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45. 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 April 29, 2021, the date when the consolidated financial statements were available for issue.

45.1 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.L., thus bringing about a change of the Company's parent company. This company belongs to the same economic group.

45.2 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.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO
SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2020, Loma Negra C.I.A.S.A. had the following classes of securities registered pursuant to Section 12(b) of the Exchange Act:

<u>No.</u>	<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Exchange on Which Registered</u>
I	Ordinary Shares of Loma Negra C.I.A.S.A., with a par value of Ps.0.10 per share and each entitled to one vote.	LOMA	NYSE*
II	American Depositary Shares, each representing 5 Ordinary Shares of Loma Negra C.I.A.S.A.	LOMA	NYSE

* Not for trading, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the New York Stock Exchange.

I. ORDINARY SHARES

The following is a description of our share capital and the rights of the holders of our ordinary shares registered under Section 12 of the Securities Exchange Act of 1934, as amended. These rights are set forth in our bylaws or are provided by Argentine corporate law and the rules and regulations of the CNV and the listing rules of BYMA. This summary does not purport to be complete and is qualified by reference to our by-laws, Argentine corporate law, the rules and regulations of the CNV and the listing rules of BYMA. For more complete information, you should read our bylaws, a copy of which is filed as Exhibit 1.1 to the Annual Report on Form 20-F.

General

Our share capital as of December 31, 2020 consisted of Ps.59,602,649, represented by 596,026,490 ordinary, book entry shares, with a par value of Ps.0.10 per share and each entitled to one vote. All outstanding shares are fully paid as of the date of this annual report.

The registry for our ordinary shares is maintained with Caja de Valores in Argentina. Only those persons whose names appear on such share registry are recognized as owners of our ordinary shares. Transfers, encumbrances and liens on our ordinary shares must be registered in our share registry and are only enforceable against us and third parties from the moment registration takes place. If the share registry is not properly updated, investors will have a claim for proper registration and damages, if applicable, against the registrar.

Ordinary Shares

Voting Rights.

Under our bylaws, each ordinary share entitles the holder thereof to one vote at any meeting of our shareholders. Under the Argentine General Companies Law, a shareholder is required to abstain from voting on any resolution in which it has a direct or indirect interest that conflicts with, or is different from, that of the company. In the event that such shareholder votes on such resolution, and the relevant resolution would not have been approved without the shareholders' vote, such shareholder may be held liable for damages to the company, other shareholders and third parties, and the resolution may be declared void by a competent court.

Pursuant to Section 244 of the Argentine General Companies Law, all shareholders' meetings, whether convened on a first or second quorum call, require the affirmative vote of the majority of shares with right to vote in order to approve the following decisions: the voluntary winding up of the company in advance, transfer of the domicile of the company outside of Argentina, a fundamental change to our corporate purpose of the company, total or partial mandatory repayment by the shareholders of the paid in capital and a merger or a spin off, where we will not be the surviving entity. In the aforementioned cases, the plurality of votes granted by a certain class of shares shall not be considered. Also, under Section 284 of the Argentine General Companies Law, plurality of votes will not be applicable to the election of syndics or members of the supervisory committee; provided that, the Argentine General Companies Law allows for the election of up to one third of vacant supervisory committee members positions through the cumulative voting system in terms similar to those described in the election of the members of the board of directors. For further information regarding cumulative voting rights, see "—Election of Directors, Quorum and Resolutions" below.

We do not have any class of shares affording multiple votes. In accordance with Argentine General Companies Law, as long as we remain an entity authorized to publicly offer our ordinary shares, we will not issue additional shares of any class that entitle the holder to more than one vote per share. For further information regarding voting rights, see "—Shareholders' Meetings" in the Annual Report on Form 20-F.

The rights of holders of our stock may be modified through a resolution of our extraordinary shareholders meeting.

Redemption and Appraisal Rights.

Our ordinary shares may be redeemed in connection with a reduction in capital by the vote of a majority of shareholders at an extraordinary shareholders' meeting. Any shares so redeemed must be canceled by us.

Whenever our shareholders approve a spin-off or merger in which we are not the surviving corporation (except where the shares to be received by our shareholders are admitted to public offering or are listed), a fundamental change in our corporate purpose, change of our domicile outside of Argentina, withdrawal, denial or voluntary retirement from public offering or delisting, our continuation in the case of withdrawal of the authorization to perform activities or cancellation of the public offering authorization, or a total or partial recapitalization following a mandatory reduction of our capital, any shareholder that voted against such action that was approved or did not attend the meeting at which the decision was taken, may withdraw and receive the book value of its shares, determined on the basis of our latest balance sheet prepared or that should have been prepared in accordance with Argentine laws and regulations, provided that such shareholder exercises its appraisal rights within a determined period. Appraisal rights must be exercised within the five days following the adjournment of the meeting at which the resolution was adopted, in the event that the dissenting shareholder voted against such resolution, or within 15 days following such adjournment if the dissenting shareholder did not attend such meeting and can prove that he was a shareholder on the date of such meeting. In the case of merger or spin-off, appraisal rights may not be exercised if the shares to be received as a result of such transaction are authorized for public offering or listed. Appraisal rights are extinguished if the resolution giving rise to such rights is revoked at another shareholders' meeting held within 75 days of the meeting at which the resolution was adopted.

Payment on the appraisal rights must be made within one year of the date of the shareholders' meeting at which the resolution was adopted, except in the case of our withdrawal, denial or voluntary retirement from the public offering regime of the CNV, our delisting or any continuation of the withdrawal of the authorization to perform activities. In any such case the payment period is reduced to 60 days from the date of the adjournment of the shareholders' meeting or following the publication of the withdrawal, denial or approval of the voluntary retirement from the public offering regime of the CNV.

Preemptive and Accretion Rights.

Under the Argentine General Companies Law, in the event of a capital increase, holders of existing ordinary shares of any given class have a preemptive right to subscribe for a number of shares of the same class, so that they may maintain the same proportion of shares in that class. In addition, shareholders are entitled to accretion rights which allow them to subscribe for shares that are not otherwise subscribed by other existing shareholders in proportion to the percentage of shares for which subscribing existing shareholders have exercised their preemptive rights. Shares not subscribed by the shareholders by virtue of their exercise of preemptive rights or accretion rights may be offered to third parties.

Preemptive rights and accretion rights may be waived only by each shareholder on a case-by-case basis. Additionally, the Argentine General Companies Law permits shareholders at a special shareholders' meeting to suspend or limit the preemptive rights relating to the issuance of new shares in specific and exceptional cases in which the interest of our Company requires such action and, additionally, under the following specific conditions: (i) the issuance is expressly included in the list of matters to be addressed at the shareholders' meeting; and (ii) the shares to be issued are to be paid in-kind or in exchange for payment under preexisting obligations.

Furthermore, Article 12 of the Negotiable Obligations Law No. 23,576, as amended, permits shareholders at a special shareholders' meeting to suspend preemptive subscription rights for the subscription of convertible bonds under the conditions described above. According to said law, preemptive rights may also be eliminated in the event that a given company enters into an underwriting agreement with an agent for the placement of the bonds, by means of a shareholders resolution passed with an affirmative vote of at least 50% of the outstanding share capital with a right to exercise such preemptive rights, so long as votes against such resolution do not represent 5% or more of the share capital. This provision on elimination also applies to the issuance of warrants over shares of capital stock or other securities convertible into capital stock.

Under Section 194 of the Argentine General Companies Law, the right to preemptive subscription must be exercised within thirty days following the announcement to the shareholders that they can exercise their rights. Such announcement must be published for a period of three days in the Official Gazette of the Republic of Argentina and in an Argentine newspaper of wide circulation. According to the Argentine General Companies Law, companies admitted to the public offering regime may, upon authorization of an extraordinary shareholders' meeting, reduce this period to ten days. However, pursuant to the Capital Markets Law, in the event of a capital increase by means of shares offered to the public (i) preemptive rights will be exercised within the public offering placement process described in the offering plan of distribution, provided that (a) the issuer's by-laws include an express provision to this effect (as it is the case of our by-laws); and (b) the shareholders' meeting approving the capital increase approves the exercise of the preemptive rights through such process; and (ii) except expressly provided in the issuer's by-laws (as it is not the case of our by-laws), the shareholders exercising the preemptive right will not enjoy accretion rights. Holders of ADSs may be restricted in their ability to exercise preemptive rights if a registration statement under the Securities Act relating thereto has not been filed or is not effective or an exemption is not available. In addition, holders of ADSs wishing to exercise their preemptive rights in connection with our ordinary shares underlying their ADSs directly will have to request to the depository of the ADSs the cancellation of their ADSs and the release and delivery of the underlying ordinary shares, for which purposes, holders of the ADSs will need to have a custody account with Caja de Valores, or other custody account in Argentina.

In accordance with Argentine General Companies Law, as long as we remain being an entity authorized to publicly offer our ordinary shares, we will not issue additional shares of any class that entitle the holder to more than one vote per share.

Liquidation Rights.

In the case of our liquidation or dissolution, our assets will be applied to satisfy our outstanding liabilities and then proportionally distributed among our holders of ordinary shares.

Election of Directors, Quorum and Resolutions

Currently, the shareholders present at any annual ordinary meeting may determine the size of the board of directors, provided that there shall be no less than three and no more than fourteen. Any director so appointed will serve for one fiscal year and is eligible for reelection.

Members of our board of directors shall remain in office until replaced. In the event that any member resigns, a designated substitute director will take his or her place. If no substitute has been designated by the shareholders, the supervisory committee will have to name a new director until the following shareholders' meeting, unless another form of appointment of directors in case of vacancy is provided for in the bylaws.

Under our bylaws, quorum for board meetings is the majority of board members present physically or by any electronic media, and any action may be taken by the affirmative vote of an absolute majority of those that are entitled to vote on such action, having the president double vote in the event of a tie. The board of directors has full power of management over the company within the scope of our corporate purpose, including borrowing money. The powers of the board of directors may only be modified through an amendment of our bylaws approved at an extraordinary shareholders' meeting.

Under the Argentine General Companies Law, board members materially interested or having a conflicting interest with the company shall notify the board of directors and the members of our supervisory committee of such situation and must refrain from participating in the debate, under penalty of being liable for damages.

The Argentine General Companies Law allows for cumulative voting to elect up to one third of vacant board positions. The positions within the one third of vacancies not appointed under cumulative voting rights and the remaining vacant board positions are elected using the ordinary voting system. Cumulative voting is a system designed to protect holders with non-controlling interests, as it gives rise to the possibility, but does not ensure, that non-controlling interests will be able to elect some of their candidates to our board of directors. Under this system, the number of votes corresponding to members participating in the proceeding is multiplied by the number of contemplated vacancies, and can only be applied to vote to appoint up to one third of the vacancies. The larger the number of vacancies, the greater the possibility that minority groups of shareholders will win positions in our board of directors.

Shareholders' Liability.

Shareholders' liability for the losses of a company is limited to their respective shareholding in the company. Under the Argentine General Companies Law, however, shareholders who voted in favor of a resolution that is subsequently declared void by a court as contrary to Argentine law or a company's bylaws (or regulation, if any) may be held jointly and severally liable for damages to such company, other shareholders or third parties resulting from such resolution. In addition, a shareholder who votes on a business transaction in which the shareholder's interest conflicts with that of the company may be liable for damages under the Argentine General Companies Law, but only if the transaction would not have been validly approved without such shareholder's vote.

In addition, the shareholders are liable for damages derived to the company from the shareholders' willful misconduct (*dolo*) or negligence (*culpa*). The shareholders are jointly and severally liable for any damages derived from any act of the company that (a) conceals the prosecution of interests different from the interests of the company, or (b) constitute a mere resort for breaching the law, violating principles of public policy or good faith, or frustrating third parties' rights ("piercing of the corporate veil doctrine").

Under the Argentine Bankruptcy Law No. 24,522, the bankruptcy of the company may be extended to its controlling shareholder if it (a) used the company to perform acts in its own interest and in detriment of the company's interest and disposed of the company's assets as if they were of the controlling shareholder, all in fraud of the company's creditors; or (b) who unlawfully diverted the company's corporate interest subjecting it to a unified management in the interest of the controlling shareholder or its group; or (c) with respect to whom there is an indivisible confusion with the assets of the company, or a major part thereof, that impedes the clear delimitation of the assets and liabilities of each of such parties.

Form and Transfer of Shares

Our current share capital is represented by book-entry shares. The registry for our ordinary shares is maintained by Caja de Valores in Argentina. Only those persons whose names appear on such share registry are recognized as owners of our ordinary shares. Transfers, encumbrances and liens on our ordinary shares must be registered in our share registry and are only enforceable against us and third parties from the moment registration takes place. If the share registry is not properly updated, investors will have a claim for proper registration and damages, if applicable, against the registrar.

Mandatory Public Offers Required Pursuant to Argentine Capital Markets Law and the CNV Rules.

Mandatory Public Offer in the Case of Significant Acquisition of Our Capital Stock and Votes. Pursuant to Law No. 27,440 and General Resolution No. 779/2018 (the "General Resolution"), the regulations on tender offers ("OPAs") were substantially modified in December 2018. This resolution eliminates the mandatory partial tender offer in the event of an acquisition of a "*significant interest*" in the capital stock of a listed company that does not imply an acquisition of a controlling interest in the target listed company.

The General Resolution provides that a mandatory public offer is required to be made by a person who has effectively reached the control of a listed company (i) through the acquisition of shares or securities that grant, directly or indirectly, voting rights in said company; (ii) through agreements with other holders of securities that, in a concerted manner, grant the necessary votes to control the corporate resolutions in ordinary meetings, or to elect or revoke the majority of the board members or members of the supervisory committee, or to establish a common policy with regards to management or whose purpose is to significantly influence the same, as well as, any other agreement that, with the same purpose, regulates the exercise of the right to vote in the management body or in whom it delegates the management; or (iii) indirectly or as a result of a corporate reorganization process.

Pursuant to the Argentine Capital Markets Law, a person will have, individually or together with other persons, a controlling interest when: (i) directly or indirectly reach a percentage of voting rights equal to, or greater than, 50%, excluding from the calculation those shares that belong, directly or indirectly, to the affected company; or (ii) have obtained less than 50% of the voting rights but act as a controlling shareholder (understood as any person which, directly or indirectly, owns, individually or jointly, a participation that grants the necessary votes to control the corporate resolutions in ordinary shareholders' meetings, or to appoint or remove the majority of the members of the board of directors or supervisory committee).

Among the assumptions of concerted action, to those already provided for in the CNV rules, the General Resolution incorporates the assumption of concerted action in the case of shareholders agreements that allow appointing directors or resolving main matters of the operation of the target company.

The Argentine Capital Markets Law provides that the OPA procedure will be conducted after the acquisition of control. The deadline for submitting the offer is one month as from the date when the controlling interest is obtained. Listed companies that resolve to delist their shares from the public offering regime must launch a mandatory tender offer to acquire their shares, subscription rights, and bonds convertible into shares or share options. In the event of a breach of the obligation to make a mandatory OPA, with prior notice to the obligors, the CNV will resolve for the auctioning of the acquired shares, and may suspend the political rights of the person obliged to launch the tender offer, who will also be subject to the penalties provided by the Argentine Capital Markets Law.

For mandatory tender offer bids due to an acquisition of a controlling interest, the Argentine Capital Markets Law, regulated by the General Resolution, establishes that the "equitable price" offered must be the highest of: (i) the highest price that the offeror would have paid or agreed for the securities subject to the bid during the 12 months prior to the date of the agreement or payment that allowed the control participation to be reached; and (ii) the average price of the securities subject to the offer during the semester immediately prior to the date of the announcement of the transaction by which the change in the controlling interest is agreed upon. This last guideline does not apply when the percentage of shares listed on a market authorized by the CNV represents at least 25% of the capital stock of the issuer and the liquidity conditions provided by the General Resolution are met.

Public Offers in the Case of Voluntary Withdrawal from the Public Offer and Listing System in Argentina. The Argentine Capital Markets Law and the CNV rules also provide that, when a company whose shares are publicly offered voluntarily agrees to withdraw from the public offer and listing system, the company must follow the procedures contemplated in CNV rules and must also launch a mandatory public offer to acquire the full amount of its shares and/or stock warrants or securities convertible into shares or stock options, in accordance with the provisions of the CNV rules. The public offer need not be addressed to any shareholders who voted for withdrawal at the relevant shareholders' meeting. The public offer may be made solely as a sale transaction, and payment thereunder must be made in cash.

The company's own shares may be bought solely by using earned and net profits or freely-available cash reserves, provided that they are fully paid-up, and for the amortization or disposition thereof, within the term established in Section 221 of the Argentine General Companies Law. The company must provide the CNV with proof of the company's financial capacity to buy such shares as well as proof of the fact that the company's financial soundness will not be adversely affected as a result of payment of the shares.

In the case of mandatory OPAs due to squeeze-out or delisting, the Argentine Capital Markets Law establishes that the following price criteria must be considered: (i) the highest price that the offeror would have paid or agreed for the securities subject to the offer during the 12 months prior to the request of the minority shareholder or unilateral declaration of acquisition in squeeze-out cases or from delisting resolution; (ii) the average price of the securities subject to the offer during the semester immediately prior to the request of the minority shareholder or unilateral declaration of acquisition in squeeze-out cases or as of the delisting resolution; (iii) the equity value of the shares, considering a delisting special balance, if applicable; (iv) the value of the company calculated according to criteria of discounted cash flows and/or indicators applicable to comparable companies or businesses; and (v) the liquidation value of the company. In these cases, the “equitable price” must never be lower than the higher of those indicated in points (i) and (ii) of this paragraph.

Mandatory or Voluntary Acquisition Public Offer in the Event of Almost Total Control (Squeeze Out). If one person directly or indirectly owns 95% or more of the outstanding shares of a company whose shares are publicly offered in Argentina, any minority shareholder may require the controlling shareholder to launch a mandatory public offer for all the outstanding shares of the company. Additionally, a person who directly or indirectly owns 95% or more of the outstanding shares of a public company in Argentina may unilaterally make the decision to buy all of the outstanding shares of the company within six months of the date on which said person attains said 95% ownership of the company, and withdraw the company from the system for public offer and listing of shares. The price offered must be fair, in accordance with the criteria listed above and established in the Argentine Capital Markets Law and the CNV rules.

Public Offer for Sale (OPV). OPV or “Oferta Pública de Venta” is defined as the market transaction by which a natural or legal person, acting individually or in concert with other persons, irrevocably offers the sale of shares with voting rights of a listed company, for a pre-fixed term, and subject to a special procedure to control the terms and conditions of the offer.

Competing offers. The General Resolution establishes new conditions, terms and procedures for the authorization of competing tender offer bids. Such tender offer bids must comply with the general provisions applicable to OPAs and with the following conditions: (i) they must be submitted up to 5 calendar days prior to the end date of the initial offer acceptance period; (ii) they must be directed to an equal or greater number of securities; (iii) they must improve the previous offer by raising by 15% the value of the consideration offered or by extending the offer to a higher number of securities, as the case may be. In the event that the acceptance period of the preceding offer ends before the competing offer, the term of the preceding one must be extended until the expiration of the competitor’s term.

The initial offeror will have a term of seven calendar days from the announcement of the competing offer to ratify or improve its offer. The authorization of the competing offer allows the initial offeror to desist from its offer.

II. AMERICAN DEPOSITARY SHARES

The following is a description of our American Depositary Shares, or ADS, representing Ordinary Shares of Loma Negra C.I.A.S.A. and the rights of the holders of our ADSs registered under Section 12 of the Securities Exchange Act of 1934, as amended. This summary is subject to and qualified in its entirety by reference to the deposit agreement (the “Deposit Agreement”), dated as of November 3, 2017, among the company, Citibank, N.A., as depositary, and the holders and beneficial owners of ADSs issued thereunder, including the form of American depositary receipts. For more complete information, you should read the entire Deposit Agreement and the form of ADR. The form of Deposit Agreement (including the form of ADR) is incorporated by reference as an exhibit 2.1 to Loma Negra C.I.A.S.A.’s annual report on Form 20-F for the year ended December 31, 2020. Capitalized terms shall have the meaning stated herein or the meaning stated in the Deposit Agreement.

Depository.

Citibank, N.A. will act as the depository bank for our American Depositary Shares. Citibank, N.A.'s depository offices are located at 388 Greenwich Street, New York, New York 10013. The depository bank typically appoints a custodian to safe keep the securities on deposit. In our case, the custodian is Citibank, N.A. – Buenos Aires Branch.

General.

Each ADS represents the right to receive five fully paid ordinary shares on deposit with the custodian. An ADS also represents the right to receive any other property received by the depository bank or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. We and the depository bank may agree to change the ADS-to-ordinary share ratio by amending the deposit agreement. This amendment may give rise to, or change, the depository fees payable by ADS owners. The custodian, the depository bank and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depository bank, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the ADSs. The depository bank, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depository bank, and the depository bank (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as owner of ADSs and those of the depository bank. As an ADS holder you appoint the depository bank to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of ordinary shares will continue to be governed by the laws of Argentina, which are different from the laws in the United States.

As an owner of ADSs, we will not treat you as one of our shareholders and you will not have direct shareholder rights. The depository bank will hold on your behalf the shareholder rights attached to the shares underlying your ADSs. As an owner of ADSs you will be able to exercise the shareholders rights for the ordinary shares represented by your ADSs through the depository bank only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement you will, as an ADS owner, need to arrange for the cancellation of your ADSs and become a direct shareholder.

The manner in which you own the ADSs (i.e., in a brokerage account vs. as registered holder, or as holder of certificated vs. uncertificated ADSs) may affect your rights and obligations, and the manner in which, and extent to which, the depository bank's services are made available to you. As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depository bank in your name reflecting the registration of uncertificated ADSs directly on the books of the depository bank (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depository bank. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depository bank to the holders of the ADSs. The direct registration system includes automated transfers between the depository bank and The Depository Trust Company, or DTC, the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC.

The registration of the ordinary shares in the name of the depositary bank or the custodian shall, to the maximum extent permitted by applicable law, vest in the depositary bank or the custodian the record ownership in the applicable ordinary shares with the beneficial ownership rights and interests in such ordinary shares being at all times vested with the beneficial owners of the ADSs representing the ordinary shares. The depositary bank or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

Voting Rights.

As a holder, you generally have the right under the deposit agreement to instruct the depositary bank to exercise the voting rights for the underlying ordinary shares in the shares represented by your ADSs. At our request, the depositary bank will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary bank to exercise the voting rights of the securities represented by ADSs. We intend to give notice of shareholders' meetings to the depositary bank in writing together with voting materials at least 30 days in advance of the applicable shareholders' meeting so that the distribution of notices and voting materials to holders of ADSs can coincide with the publication of the corresponding notices to shareholders in Argentina. Pursuant to the Argentine General Companies Law and our bylaws notices to shareholders' meetings must be published in Argentina at least 20 but not more than 45 days prior to the date of the shareholders' meeting. See section "Item 10.B Memorandum and Articles of Association—Shareholders' Meetings" of the Annual Report on Form 20-F.

If the depositary bank receives voting instructions from a holder of ADSs before the voting instructions cut-off date specified by the depositary bank in each case, it will endeavor to vote the securities represented by the holder's ADSs in accordance with such voting instructions. If the depositary bank receives timely voting instructions from a holder of ADSs which fail to specify the manner in which the securities represented by the holder's ADSs are to be voted, the depositary bank shall (unless otherwise specified in the applicable notice) deem such ADS holder to have instructed the depositary bank to vote in favor of the applicable resolutions. If we request the depositary bank to distribute voting materials to the ADS holders at least 30 days before the shareholders' meeting date and the depositary bank does not timely receive voting instructions from a holder of ADSs on or before the date established by the depositary for such purpose, the depositary bank shall deem such ADS holder to have instructed the depositary bank to give a discretionary proxy to a person designated by our board of directors with respect to the deposited securities represented by the holder's ADSs and the depositary shall endeavor, insofar as practicable and permitted under applicable law, the provisions of the deposit agreement, our bylaws, applicable laws and the provisions of the deposited securities, to give or cause the custodian to give a discretionary proxy to the person so designated by our board of directors to vote such deposited securities; provided, however, that no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which our board of directors informs the depositary that (x) we do not wish such proxy given, (y) substantial opposition exists or (z) the matter to be voted on materially and adversely affects the rights of holders of our ordinary shares.

Please note that the ability of the depositary bank to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary bank in a timely manner.

Dividends and Distributions

As a holder, you generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of a specified record date.

Distributions of Cash. Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary bank will arrange for the funds to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to the Argentine laws and regulations.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The amounts distributed to holders will be net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary bank will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depository bank will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depository bank holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of Shares. Whenever we make a free distribution of shares for the securities on deposit with the custodian, we will deposit the applicable number of shares with the custodian. Upon receipt of confirmation of such deposit, the depository bank will either distribute to holders new ADSs representing the shares deposited or modify the ADS-to-share ratio, in which case each ADS you hold will represent rights and interests in the additional shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-share ratio upon a distribution of shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the Deposit Agreement. In order to pay such taxes or governmental charges, the depository bank may sell all or a portion of the new shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (i.e., the U.S. securities laws) or if it is not operationally practicable. If the depository bank does not distribute new ADSs as described above, it may sell the shares received upon the terms described in the Deposit Agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights. Whenever we intend to distribute rights to purchase additional shares, we will give prior notice to the depository bank and we will assist the depository bank in determining whether it is lawful and reasonably practicable to distribute rights to purchase additional ADSs to holders.

The depository bank will establish procedures to distribute rights to purchase additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the Deposit Agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depository bank is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to purchase new shares other than in the form of ADSs.

The depository bank will not distribute the rights to you if:

- we do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- we fail to deliver satisfactory documents to the depository bank; or
- it is not reasonably practicable to distribute the rights.

The depository bank will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depository bank is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions. Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depository bank and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depository bank in determining whether such distribution is lawful and reasonably practicable.

The depositary bank will make the election available to you only if it is reasonably practicable and if we have provided all of the documentation contemplated in the Deposit Agreement. In such case, the depositary bank will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the Deposit Agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in Argentina would receive upon failing to make an election, as more fully described in the Deposit Agreement.

Other Distributions. Whenever we intend to distribute property other than cash, shares or rights to purchase additional shares, we will notify the depositary bank in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary bank in determining whether such distribution to holders is lawful and reasonably practicable. If it is reasonably practicable to distribute such property to you and if we provide all of the documentation contemplated in the Deposit Agreement, the depositary bank will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the Deposit Agreement. In order to pay such taxes and governmental charges, the depositary bank may sell all or a portion of the property received.

The depositary bank will not distribute the property to you and will sell the property if:

- we do not request that the property be distributed to you or if we ask that the property not be distributed to you; or
- we do not deliver satisfactory documents to the depositary bank; or
- the depositary bank determines that all or a portion of the distribution to you is not reasonably practicable.

The net proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Notice Requirements.

We will furnish to the depositary bank copies in English of all notices of shareholders' meetings and other reports and communications that are made generally available to shareholders. Upon receipt thereof, the depositary bank will, upon our request, mail such reports to all owners. The depositary bank will make available for inspection by owners at its principal office, at the office of the custodian and at any other designated transfer office, any notices, reports and communications received from us that are made generally available to shareholders.

Redemption.

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary bank in advance. If it is practicable and if we provide all of the documentation contemplated in the Deposit Agreement, the depositary bank will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary bank will convert the redemption funds received into U.S. dollars upon the terms of the Deposit Agreement and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary bank. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as the depositary bank may determine.

Changes Affecting Shares.

The shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value of the underlying ordinary shares represented by our ordinary shares, a split-up, cancellation, consolidation or reclassification of such underlying shares or a recapitalization, reorganization, merger, consolidation or sale of assets.

If any such change were to occur, your ADSs would, to the extent permitted by law, represent the right to receive the property received or exchanged in respect of the shares held on deposit. The depository bank may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the shares. If the depository bank may not lawfully distribute such property to you, the depository bank may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Amendments and Termination.

We may agree with the depository bank to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the shares represented by your ADSs (except as permitted by law).

We have the right to direct the depository bank to terminate the deposit agreement. Similarly, the depository bank may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depository bank must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depository bank will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depository bank will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depository bank will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

Inspection Rights.

The depository bank will maintain ADS holder records at its depository office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depository bank will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Transfer, Combination and Split Up of ADRs.

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depository bank and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the depository bank deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depository bank with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of Shares upon Cancellation of ADSs.

As a holder, you will be entitled to present your ADSs to the depository bank for cancellation and then receive the corresponding number of underlying shares at the custodian's offices. Your ability to withdraw the shares may be limited by U.S. and Argentine legal considerations applicable at the time of withdrawal. In order to withdraw the shares represented by your ADSs, you will be required to pay to the depository bank the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the shares being withdrawn. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depository bank may ask you to provide proof of identity and genuineness of any signature and such other documents as the depository bank may deem appropriate before it will cancel your ADSs. The withdrawal of the shares represented by your ADSs may be delayed until the depository bank receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depository bank will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (1) the transfer books for the shares or ADSs are closed, or (2) shares are immobilized on account of a shareholders' meeting or a payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

ADS holders who are non-Argentine entities that are not registered with the applicable public registry of commerce of Argentina and who withdraw deposited securities for their own account, are required to register with a local public registry of commerce to exercise certain shareholder rights, including voting rights.

Limitations on Depository Liability.

The deposit agreement limits our obligations and the depository bank's obligations to you. Please note the following:

- We and the depository bank are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- The depository bank disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
- The depository bank disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in shares, for the validity or worth of the shares and the underlying shares, for any tax consequences that result from the ownership of ADSs, for the creditworthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice or for any actions of or failure to act by, or any information not provided by DTC or any participant in DTC.
- We and the depository bank will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.
- We and the depository bank disclaim any liability if we or the depository bank are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our bylaws, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.

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- We and the depository bank disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in our bylaws or in any provisions of or governing the securities on deposit.
 - We and the depository bank further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
 - We and the depository bank also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of shares but is not, under the terms of the deposit agreement, made available to you.
 - We and the depository bank may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.
 - We and the depository bank also disclaim liability for any consequential, indirect or punitive damages resulting from any breach of the terms of the deposit agreement or otherwise.
 - We, the depository bank and the custodian disclaim any liability for any action or failure to act by any holder or any beneficial owner of ADSs relating to their obligations under Argentine law or regulation relating to foreign investment in Argentina and the withdrawal of shares upon cancellation of ADSs.
 - Nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depository bank and you as ADS holder.
 - Nothing in the deposit agreement precludes Citibank, N.A. (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the deposit agreement obligates Citibank, N.A. to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.



São Paulo, August 20, 2020

Messrs.

LOMA NEGRA C.I.A.S.A.

Cecilia Grierson 355, 4th Floor,

City of Buenos Aires, Argentina

Ref.: Transfer of Know-How

Dear Sirs,

Following our conversations we, **InterCement Participações S.A.**, a company incorporated under Brazilian Law, with its registered office at Avenida das Nações Unidas, 12.495 – 14º floor, 04578-000, taxpayer No. 10.456.140/0001-22, duly represented by Messrs. Flávio Aidar and Paulo Diniz, with the necessary powers to make this Offer (hereinafter, the “**Licensor**”), hereby irrevocably offer you, **Loma Negra C.I.A.S.A.**, a company incorporated under Argentine Law, with its registered office at Cecilia Grierson 355, 4th Floor, City of Buenos Aires, Argentina, Tax ID No. (CUIT) 30-50053085-1 (hereinafter, the “**Recipient party**” or “**Licensee**” or “**Affiliate**”), hereafter jointly referred to as the “**Parties**”, to formalize the terms and conditions of the transfer of Know-How (as defined below) to be used in the manufacture and production of cement products, subject to the terms and conditions attached hereto as **Exhibit I** (the “**Offer**”).

Should you wish to accept this Offer please proceed to transfer, before the expiration of this Offer as provided below, the amount in Brazilian Reais equivalent to US\$100 (one hundred US Dollars) to Banco Bradesco, Agencia 2372-8, Conta nº 7484-5, account holder INTERCEMENT PARTICIPAÇÕES S.A., before the expiration of this Offer as provided below.

This Offer shall expire after the 45 following days of its reception by the Licensee. Yours truly,

InterCement Participações, S.A.

By: /s/ Sergio D. Faifman
Name: Sergio D. Faifman
Title: Chief Executive Officer

By: /s/ Marcos I. Gradin
Name: Marcos I. Gradin
Title: Chief Financial Officer

EXHIBIT I TO OFFER DATED AUGUST 20, 2020

ARTICLE 1 - RECITALS

- A. The Licensor is a company engaged, in particular, but without limitation, in the activities of management, consulting, supporting services.
- B. The Recipient Party is an industrial company dedicated to the production and selling of all kinds of cement, together with clinker and other building materials.
- C. The Parties belong to the same group of companies (the “InterCement Group” or “Group”) owned, directly or indirectly, by InterCement Participações, S.A.
- D. The Group operates in *six* different countries.
- E. The current worldwide trends of change in the cement industry demand an industrial and operating increasing efficiency, the use of more sophisticated tools and innovative components, processes and Know-How and such become more and more crucial to ensure the competitiveness of the Recipient Party and its subsidiaries.
- F. Withal and within the current configuration of the Group and the framework of specialization and exploitation of synergies, the Licensor is the entity selected to concentrate the development and to disseminate the InterCement Group entrepreneurial and operational knowledge.
- G. Given the above, the InterCement Group, through InterCement Participações, S.A. -as the Licensor- offers to grant a License (as defined below) to the Recipient Party, so that on its turn - as the Licensee - shall have access to the Know-How (as defined below) possessed and developed by InterCement Participações, S.A., such as technology and process, industrial sustainability and innovation.

ARTICLE 2 - DEFINITIONS

Unless if otherwise provided in this Offer, the following words and expressions will have the following meanings

- | | |
|------------------------|---|
| “Force Majeure” | in relation to either party, any circumstances beyond the reasonable control of that party; |
| “Know-How” | all technical information possessed by the Licensor (whether confidential or non-confidential and whether owned directly or acquired through other entities) relating to designing and manufacturing of Products and aimed to optimize the performance and the Licensee operations, which result from the activities developed by Licensor as listed in Schedule A. |
| “License” | right to use all information and all Know-How, tools and best practices including but not limited to secrets, |

“Licensor”	processes, systems, manuals and domain knowledge; INTERCEMENT PARTICIPAÇÕES, S.A.
“Manufacture Know-How”	the Know-How resulting from the activities listed in Schedule A, rendered by the Licensor to the Recipient Party with respect to current needs or upon request, as applicable;
“Offer”	this offer including all its schedules;
“Products”	all types of components and products currently being manufactured by the Recipient Party, namely cement, clinker, hydrated lime, concrete and other building materials;
“Recipient Party” or “Licencee”	LOMA NEGRA COMPAÑIA INDUSTRIAL ARGENTINA SOCIEDAD ANÓNIMA , a company registered under the laws of Argentina;
“Remuneration”	the remuneration of the Licensor for the Know-How provided, calculated in accordance with the provisions settled in Schedule B;
“Restricted information”	any information which is disclosed by either party to the other pursuant to or in connection with this Offer (whether orally or in writing, and whether or not such information is expressly stated to be confidential or marked as such);
“Territory”	Argentina as the country in which the Licensee operates;
“Year of this Offer”	the period of thirty-six (36) months as of the date of acceptance of this Offer, or the date of deferment by the local relevant authority, and each consecutive renewed periods of twelve (12) months.

ARTICLE 3 – OBJECT

The Licensor herewith grants the Licensee a non-exclusive and non-transferable License to be used in the manufacture and production of cement Products. The Licensee is not entitled to assign the Know How to other entities for any purpose without the prior consent of the Licensor. The License granted hereunder covers the entire area of the application of the Know How, including further technical developments. The Licensee acknowledges that the License is restricted to the exploitation of the Know How to the manufacturing and sales/distribution activities of the Products.

ARTICLE 4 – DURATION

This Offer shall commence as of the date of its acceptance by the Licensee and shall remain in force for an initial period of three (3) years and shall thereafter be renewed automatically for further successive 1 (one) year periods unless either party terminates this Offer by giving to the other party not less than three months' prior written notice in accordance with Clause 16, which cannot occur before the end of the aforesaid initial period.

ARTICLE 5 – IMPROVEMENTS AND NEW DEVELOPMENTS BY LICENSOR

The Know-How covered by this Offer shall correspond to those listed in Schedule A. The Licensor is obliged to inform of and share with the Licensee all improvements or technical modifications concerning the Know How. Schedule A shall be updated and agreed in writing by the Licensor and the Recipient Party if the scope of this Offer changes.

Upon request of the Licensee, the Licensor shall provide appropriate support in due form and give specific information about improvements or technical modifications.

ARTICLE 6 – OBLIGATION OF THE LICENSEE

The Licensor shall be entitled to require from the Licensee to prove and to undertake that the Know How is not used for the research and development, manufacturing and sales/distribution activities of any third- party products.

The Licensee shall use its best efforts to exploit the Know How. The Licensee is not entitled to infringe third party rights while using the Know How. The Licensor guarantees that the License granted hereunder does not infringe any third-party rights.

ARTICLE 7 – ROYALTY

In consideration for the Know-How licensed through this Offer, the Licensee shall pay to the Licensor a fee (the "Royalty Fee" or "License Fee") determined in accordance with Schedule B.

Schedule B shall be reviewed from time to time by the Parties and, if required, updated and agreed in writing by the Licensee and the Licensor.

The Licensee is obliged to continue paying the License Fee until the end of this Offer, as long as the

Licensee uses the Know How, even if the Know-How becomes publicly known.

The Licensor shall invoice the Royalty Fee on a quarterly basis.

The quarterly settlements indicated above shall be based on the turnover of the prior quarter. One adjustment settlement (positive or negative) should take place after the end of the Financial Year; such settlement should correspond to the difference between the total value of the Royalty Fee for the Financial Year, calculated based on the final real data for that Financial Year, and the sum of the settlements made during that Financial Year. The adjustment settlement should be made in the form of a true-up invoice.

All payments due to the Licensor under this Offer should be payable by the Recipient Party after deducting from the Royalty Fees any withholding tax or other indirect tax that may be levied on the payments by the tax authorities.

All sums invoiced under this Offer shall be increased by VAT at the legal rate and other taxes (excluding withholding tax), if applicable.

ARTICLE 8 – PAYMENT

The Licensor shall issue invoices in Brazilian Reais.

Payment shall be made by the Recipient Party to the Licensor in arrears within 60 (sixty) days following the date on which the invoice is received.

The terms of payments as provided above shall also apply to any true-up payments that may be required. Invoices shall be sent to the Recipient Party at its registered office by post, electronic post or any other

means agreed between the Parties.

The invoiced amounts shall be paid by the Recipient Party in Brazilian Reais into a bank account to be designated by the Licensor.

Brazilian legal late Interest rate per annum shall be payable by the Licensee in the event of late payment of the invoice.

ARTICLE 9 – REPRESENTATIONS AND WARRANTIES – OBLIGATIONS OF THE PARTIES

The Licensor represents and warrants that it has full authority to grant the License provided hereunder and that all necessary corporate authorizations and actions have been given and taken.

The Licensor further represents and warrants that it will maintain the Know-How throughout the term of this Offer.

The Recipient Party represents to the Licensor that the Know-How and support provided and their delivery in the Territory shall not give rise to any claims from third parties based on Know-How.

ARTICLE 10 – INFRINGEMENT AND VALIDITY CHALLENGES

The Parties of this Offer shall inform each other promptly of any infringement of the Know-How. The Licensor shall defend the Know-How against validity challenges of third parties. The Licensor shall take the necessary actions against infringers of the Know-How.

All costs and legal fees relating to an invalidity proceeding shall be borne by the Licensor; the same shall apply for all costs relating to infringement proceedings.

ARTICLE 11 – THIRD PARTIES RIGHTS

If the Licensee is charged with the infringement of third-party rights due to the exploitation of the Know How, the Licensee shall immediately inform the Licensor about this allegation.

Under the supervision of the Licensor, the Licensee shall defend itself against such an infringement allegation. The Licensee shall not be entitled, without the prior written consent of the Licensor, to make any acknowledgment in such dispute or enter into any settlement negotiations.

If the Licensee is ordered to stop using the Know How or part of it by a final judgement, and if the Licensor finally fails to secure the Licensee's right to further use these rights, the Licensee shall be entitled to stop the payment of the License Fee, or part of it, as the case may be. In addition, the Licensor shall cover any damage compensation the Licensee is ordered to pay to the third party for the past. The Licensee shall have no further rights against the Licensor due to inability to continue using the Know How.

In any and all further disputes with third parties, each Party shall cover its own costs, provided, however, that the Licensor shall cover the costs of the Licensee if the Licensee is finally enjoined from using the Know How and if the Licensor finally fails to secure the right of the Licensee to continue to use the Know How. This payment obligation includes court costs and reasonable attorney's fees.

All claims for damages that can be asserted due to defective products manufactured by the Licensee shall be borne by the Licensee, who is exclusively liable for such defects.

ARTICLE 12 – CONFIDENTIALITY

Save as may be required under this Offer, neither party shall disclose, or permit to be disclosed to any third party, or use any confidential information relating to the business of the other during this Offer and thereafter. The confidential information includes in particular but is not limited to the Know-How handed over by the Licensor.

The provisions set forth above shall not apply to:

- Information which at the time of disclosure is published or otherwise generally available to the public;
- Information which after disclosure by one party is published or becomes generally available to the public;
- Information which was in the possession of one party at the time of disclosure and which was not acquired directly or indirectly from the other;
- Information rightfully acquired by one party from a third party who did not obtain it under pledge of secrecy to the other.

Upon termination of this Offer, the Parties shall return to each other all documents, files or other evidence and copies thereof containing confidential information. Licensee shall maintain the secrecy of the confidential information after termination and shall not exploit the Know-How after termination of this Offer insofar as long as the Know-How is still secret.

The Parties acknowledge that pursuant to the Argentine Capital Markets Law No. 26,831 and the Rules of the National Securities and Exchange Commission of Argentina (*Comisión Nacional de Valores - CNV*), this Offer is subject to the prior consideration and consent by the Audit Committee of the Licensee and shall

be reported as a relevant event (*Hecho Relevante*) at the CNV's Public Financial Information Report System ("*Autopista de la Información Financiera*") and the Buenos Aires Stock Exchange Public Reporting System (BYMA). In addition, any material event reported under those systems would have to be reported under a

6-K form before the United States Securities and Exchange Commission. Such relevant event shall need to be reported upon acceptance of this Offer by the Licensee. Notwithstanding the above, the relevant event shall only disclose the existence and acceptance of the Offer but shall not reveal any specific as to the Know-How handed over by the Licensor.

ARTICLE 13 – RELATIONSHIP CREATED

The relationship between the Parties is that of a customer and an independent counterpart, and under no circumstances shall either party, its agents or employees be deemed agents or representatives of the other party. Neither party shall have the right to enter into any contracts or commitments in the name of or on behalf of the other party in any respect whatsoever. In addition, neither party shall hold itself out to anyone, or otherwise represent, that it has any such authority vis-a-vis the other party.

ARTICLE 14 – TERMINATION

Subject to the provisions of Clause 4, this Offer may also be terminated by either of the Parties in respect of any material breach of the terms set out in this Offer if such breach is not rectified within thirty (30) days of receipt of written notification of the breach, which is to be sent by the Party affected by the breach to the defaulting Party.

This Offer may be terminated by any of the Parties without cause at any time by delivery of written notice to the other Party with 120 days in advance.

The Offer may be terminated by each of the Parties by a ten (10) day-notice in writing upon any of the following events:

- a Force Majeure or other circumstance beyond a Party's reasonable control occurs which hinders the Party's performance under this Offer for more than six (6) months;
- a Party materially breaches this Offer so that the other Parties' adherence to this Offer cannot reasonably be expected; or
- where the Licensor or the Recipient Party enters into liquidation whether voluntarily or compulsorily other than for the purposes of a reconstruction or amalgamation; or
- where the Licensor or the Recipient Party makes any arrangement or composition with its creditors or has a receiver appointed over all or any part of its assets or takes or suffers any similar action in consequence of a debt; or
- where the Licensor or the Recipient Party are no longer part of the InterCement Group.

The termination of the Offer shall be without prejudice to the rights of either the Licensor or the Recipient Party accrued until the date of termination according to this Offer.

ARTICLE 15 – FORCE MAJEURE

Neither Party shall be liable for any failure to perform under this Offer (except for the payment of any sums due hereunder) if such failure is due to causes beyond its reasonable control, such as, but not limited to, epidemics, fire, flood, strikes, labour disputes or other industrial disturbances (declared or undeclared)

war, embargoes, blockades, legal restrictions, riots, insurrections, governmental regulations, and the unavailability of means of transportation.

Promptly following the date any event of force majeure commences the party concerned shall advise the other party in writing of the date and the nature of the event and upon receipt of such notification the operation of the Offer (except obligations to make payment of invoices due) shall be suspended until the event of force majeure ceases.

ARTICLE 16 – NOTICES

All notices issued or served under this Offer shall be in writing, which includes for the avoidance of doubt email or facsimile communications, and shall be validly sent if sent by email or facsimile to the email address or facsimile number of the parties or such other number or address as each last gave written notice of to the other. Email or facsimile notices shall be confirmed by registered mail, but failure to do so shall not render any notice invalid. Notices may also be sent by registered mail or by leaving the same at the respective addresses of the parties. Notices sent by registered mail shall be deemed to have been delivered on the seventh day after posting excluding Saturdays and Sundays and public holidays in either the Licensor's or Recipient Party' Territory.

ARTICLE 17 – MISCELLANEOUS

Any amendment to this Offer, as well as any additions or omissions, can only be agreed in writing with the mutual consent of the Parties.

Neither Party shall assign or transfer any of its rights or obligations under this Offer, either in whole or in part, to any third party without the prior written consent of the other Party. Any such assignment or transfer without the prior written consent of the other Party shall be deemed null and void.

Whenever possible, the provisions of this Offer shall be interpreted so as to be valid and enforceable under applicable law. However, if one or more provisions of this Offer is found to be invalid, illegal or unenforceable (in whole or in part), the remainder of the provisions and of this Offer shall not be affected and shall continue in full force and effect as if the invalid, illegal or unenforceable provision(s) had never existed. Moreover, in this case, the Parties shall amend the invalid, illegal or unenforceable provision(s) or any part thereof and/or agree on a new provision, which embodies as closely as possible the purpose of the invalid, illegal or unenforceable provision(s).

Any failure or delay by a Party in exercising any right under this Offer, the exercise or partial exercise of any right under this Offer, or any reaction or absence of reaction by a Party in the event of breach by the other Party of one or more provisions of this Offer shall not operate or be construed as a waiver (either express or implied, in whole or in part) of its rights under this Offer or under said provision(s) or preclude the further exercise of any such rights. Any waiver of a right must be express and in writing.

If there has been an express written waiver by one Party following a specific failure by the other Party, this waiver may not be invoked by the other Party in favour of either a new failure, similar to the prior one, or a failure of another nature.

The headings used in this Offer are for reference purposes only and shall in no way affect the meaning or interpretation of this Offer.

Translations of this Offer into any language other than Spanish may be made but are for convenience purposes only, even when executed by one Party or both Parties.

ARTICLE 18 – GOVERNING LAW

This Offer shall be governed by and construed in accordance with the laws of Brazil and all claims, disputes and matters in difference shall be decided by arbitration in Brazil under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules..

ARTICLE 19 – ENTIRE AGREEMENT

This Offer (and its Schedules) contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and replaces all prior agreements and understandings, whether written or oral, with respect to the same subject matter still in force between the Parties.

SCHEDULE A

MANUFACTURE KNOW-HOW OFFER

The Offer shall include, but not be limited to the provision of common rules, policies, procedures, systems, databases, tools, and best practices, know-how and experience to Recipient Party in the areas presented hereunder.

InterCement Participações, S.A. is continuously developing the Know-How hereby rendered to the Licensee and, as a result, is continuously providing such Know-How to the Licensee through the business intelligence sharing platforms and through several other tools as presented below.

SCHEDULE A.1

Technology and Process

Technology and process know-how are built up and provided by InterCement Participações, S.A. in order to optimize the industrial performance of the manufacturing activities of the Licensee, namely in the following areas:

- Raw Materials
- Technologies & Industrial Process
- Quality of Products
- Maintenance.
- Engineering Projects

Such purpose is ensured through the methodologies and tools mentioned hereunder.

Access to:

1. The Performance Program, in particular to the following contents:
 - 1.1. Database of industrial KPIs, costs and sustainability
A Database of Industrial KPIs, Costs and Sustainability to provide knowledge on monitoring several aspects of industrial performance.
 - 1.2. Benchmarking Programs;
A Benchmarking Program to monitor the performance of the factory against best practices and detect areas of industrial performance improvement.
 - 1.3. Industrial Dash Boards;
An Industrial Dashboard, a tool to monitor industrial performance progress.
 - 1.4. Performance web site.
A Performance website that compiles know-how on performance, namely metrics, indicators, evaluation procedures, surveys, best practices, costs, methodologies and other information.

2. Knowledge contents and training contents regarding efficiency on:
 - 2.1. Raw Materials rationalization;
 - 2.2. Industrial process optimization;
 - 2.3. Products' quality;
 - 2.4. Maintenance - Mechanical Engineering & Electric.
3. A maintenance Portal, providing maintenance systems tools, including policies, plans, maintenance standards, and specific tools developed by InterCement Participações S.A. within SAP PM;
4. Methodologies, tools and database about classification and evaluation of raw material reserves;
5. Information about new products or processes resulting from research and development. Access to Central Laboratory
6. Support information systems in this area, including specific developments in SAP PM, dash board industrial, performance website, database of raw materials, T&P website, technical documentation, guidelines, best practices, and technical manuals.
7. Engineering Projects: Includes: Budgets, Detail Engineering, Management and Commissioning in conjunction with the UN

Industrial Sustainability and Innovation

InterCement Participações S.A. built up and provides specific knowledge and know-how materialized in methodologies and tools aimed to reduce the impact of those manufacturing activities on populations and the environment.

Such purpose is ensured through the methodologies and tools mentioned hereunder. Access to:

1. Studies and best practices in sustainability, as well as know-how acquired in various forums of specialty, internal databases, protocols, corporate and international guidelines in this area; On-going support for implementation of action plans; Internal guidelines and protocols that are shared with business or operating units within the Group; Training materials; Support for relationships with local authorities on sustainability topics; Tools to share best practices.
2. Studies conducted centrally regarding key performance indicators (KPIs), databases and surveys (e.g. CO2 emissions, management of rehabilitation of quarries and biodiversity conservation water consumption, etc.); Regular diagnosis of plants situations (e.g. water, quarry rehabilitation, biodiversity, risks, etc.) and know-how to improve performance.
3. Tools for evaluation and self-assessment in the field of sustainability and internal (productive inter- units) and external (industry inter-players) benchmarking of sustainability performance to detect gaps and promote the improvement of performance; Self-assessment tools as CKHIC, questionnaires, check-lists, risk assessments and audits.
4. Innovations that may result from R & D projects developed by Licensor in conjunction with universities and research institutes. The innovations and improvements achieved are shared by the Interbook platform.

SCHEDULE B

MANUFACTURE KNOW-HOW ROYALTY FEE

The Licensor shall charge the Recipient Party a royalty fee for the Know-How licensed through this Offer

("Royalty Fee"). The Royalty Fee shall equal to 1% (one percent) of the Recipient Party Turnover.

For this purpose, the amount of Argentinean Pesos corresponding to the Royalty Fee shall be converted into Brazilian Reais. Turnover shall have the meaning of net revenue in nominal values not adjusted for inflation pursuant to unconsolidated financial information of Loma Negra C.I.A.S.A.

Subsidiaries of Loma Negra C.I.A.S.A.

Entity	Jurisdiction of Incorporation/Organization
Cofesur S.A.U.	Argentina
Ferrosur Roca S.A.	Argentina
Recycomb S.A.U.	Argentina

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Sergio Faifman, certify that:

1. I have reviewed this annual report on Form 20-F of Loma Negra C.I.A.S.A.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: April 29, 2021

/s/ Sergio D. Faifman

Name: Sergio D. Faifman

Title: Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Marcos Gradin, certify that:

1. I have reviewed this annual report on Form 20-F of Loma Negra C.I.A.S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: April 29, 2021

/s/ Marcos I. Gradin

Name: Marcos I. Gradin

Title: Chief Financial Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of Title 18, United States Code), each of the undersigned officers of Loma Negra C.I.A.S.A. (the "Company"), does hereby certify, to such officer's knowledge, that:

The annual report on Form 20-F for the fiscal year ended December 31, 2020 of the Company (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 29, 2021

/s/ Sergio D. Faifman

Name: Sergio D. Faifman

Title: Chief Executive Officer

/s/ Marcos I. Gradin

Name: Marcos I. Gradin

Title: Chief Financial Officer